

CITY OF EDGEWOOD  
QUARTERLY FINANCIAL DISCLOSURE TO THE COUNCIL  
**THIRD QUARTER 2022 REVIEW OF FINANCIAL POSITION**

General Statement of Financial Position:

The City has a strong Fund Balance position for all current expense funds for General Government operations, Surface Water operations, Equipment Replacement needs and the ability to fund 2022 Budgeted Capital Expenditures. Street funding continues to be challenged as fuel tax revenues due to both the high cost of fuel and general inflation remain lower. All transfer funding is performed in the fourth quarter, including moving REET and General Fund dollars to fund street maintenance and capital useful life extension costs. We've not found a nuanced way to both identify the need for transfer funding and express the need was known and budgeted...hence we allow the fund to show its deficit until the transfers are booked. Sales tax revenue continues to outperform budgeted expectations. With the current escalating inflation, we will likely test the durability of this revenue stream. Property Tax Revenue came in slightly higher than budgeted and Surface Water fees received to date are also above budget projections. Both revenues are received by the city twice a year, so the quarter-to-date numbers are adjusted down to show we don't expect to see the second half of property tax or surface water fees until November when the second half property tax collections hit our books.

Fees for Services are lower than budgeted to date, which is completely dependent upon project submittal timing, something the city does not control. Third quarter new permit volume has continued to look like an outline of the Alps with sharp ups and downs. Even so, the average volume as evidenced by new submissions in the pipeline is above the prior year. A reminder, the volume of building plans review for tells the upcoming building inspections that occur once the building plan is approved and construction starts to go vertical. The City expects ongoing development activity to continue to outpace the prior year. The city has one of three plans examiner/inspector positions open and posted to hire as well as an open combination inspector appropriated as of March. I have no new update on sharing Fire Review and Inspection with Bonney Lake or Sumner. Regulatory inspection and plans examination personnel are in short supply both for government and private contractors. No interfund transfers have been made which makes the revenues for funds heavily dependent upon them appear underfunded (Street Fund, and Capital Funds). We are discussing the practice some governments use of making quarterly transfers as opposed to what our practice has been of making them at the end of the year when the known deficits are identifiable and we use the discretion of not making the full authorized transfer if not needed or presenting a budget amendment to council if underfunded in the current budget appropriation.

Park Impact Fees collections year-to-date are just under \$400k and Traffic Impact Fees are about \$920k as of September 30.

REET revenue to date is just under \$1.6 million. LID debt is funded by property owner assessments, none of which are in default.

The Strategic Reserve Fund balance, which can only be expended via Council resolution, is slightly over \$1,350,000. Existing bond instruments were purchased before the bond rates began to rise with inflation. The city does not budget interest income, as this type of revenue is used only to preserve purchasing power against inflation.

The city has continued to operate all normal city services during the pandemic. The city received the second tranche of ARPA grant funding on July 5<sup>th</sup>. Staff continues to improve on our development review, processing and inspection services, increase our overall financial oversight practices and increase the headcount of those cross trained in the various support staff task, processes and procedures as a result of increased staffing.

Staff is meeting with our accounting consultant, Clark Nuber, to complete the ARPA grant funding project expenditure plan draft in preparation for review by the City Council. The Mayor has directed an emphasis under the final treasury guidance and consultations with Clark Nuber to focus on Surface Water NPDES efforts and general governance staffing. The draft plan is to enhance both internal capabilities (financial oversight, grant attraction, community engagement as well as to stand up community program abilities.

The City currently has no open or known pending lawsuits.

**Quarterly Reporting:**

- Council has chosen to receive formalized financial position statements quarterly throughout the fiscal year. The Mayor will advise Council of any interim financial concern if/when they occur. Council and the Public have full access to any interim financial data including the City's month end closing documents, as well as any ongoing financial documents such as invoices paid or receipts received, all of which are public records and available by contacting staff. The goal is to provide total access of all financial documentation and tracking information at any point on any day, while streamlining the information into a formalized standardized quarterly update that gives Council and the Public a succinct picture of the City's financial health.
- Quarterly financial disclosure documents will be posted to the City Web site after review by Council in a Study session and review and distribution to the public in a Regular Council Meeting.
- The Mayor and/or the Council have the ability to modify the presentation format and/or the timing of the release of financial information at any time or on an ad hoc basis.

**Budget Amendments:**

Adjustments to the Budget, which are a normal governmental process, happen through a formalized Budget Amendment presented to Council by the Mayor, specifically amending budget line items, requiring approval of a Budget Amendment Ordinance