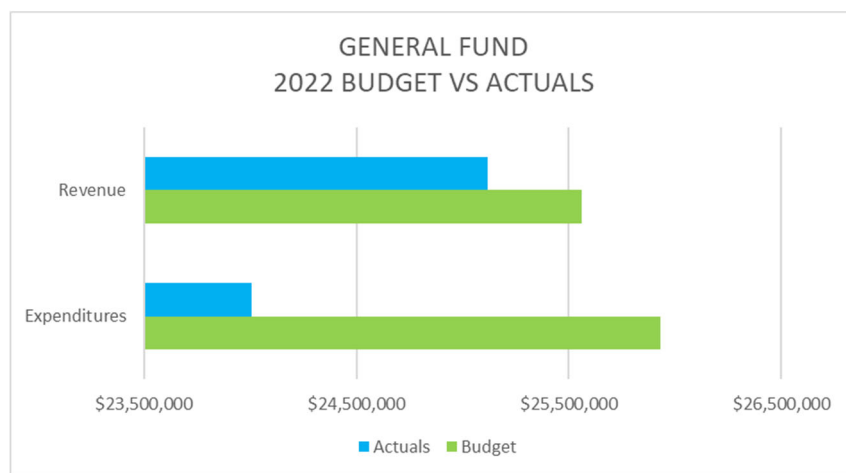


2022 4TH QUARTER FINANCIAL REPORT

This report provides an overview of the City's overall financial position for the fiscal period ending December 31, 2022, reflecting financial data available May 15, 2023.

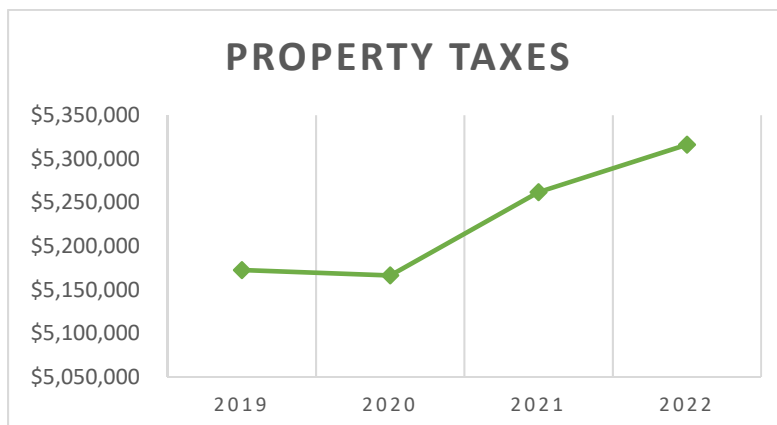
GENERAL FUND

As the economy continued to recover from the COVID-19 pandemic, the City continued to see upward trends in both revenue and expenditures. One contributing factor to these trends was inflationary pressures that impacted both the City's collected amount of sales tax and the cost of the City's expenditures. Despite the impact of inflation, the City's General Fund Operating Revenue finished \$531,731 (2.1%) under budgeted projections while Operating Expenditures were \$1,922,399 (7.4%) under budget at year-end. Overall, the General Fund Operating Revenue exceeded Operating Expenditures by \$1,019,909 in 2022.



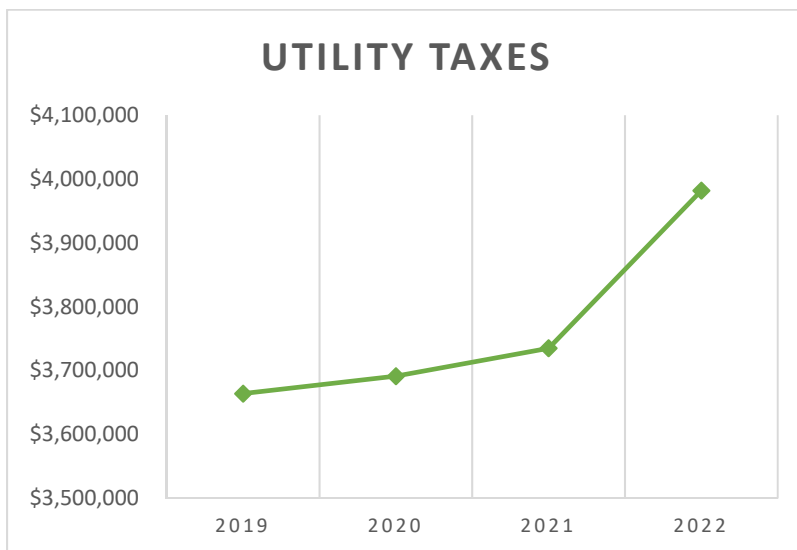
Revenue

Property Tax collected in 2022 was \$5,316,334 which was a \$54,448 increase from the prior year and \$5,277 above budget. Property tax levies by the City are based on the assessed value of the City which has steadily increased over the past few years.



2022 4TH QUARTER FINANCIAL REPORT

Utility Taxes collected in 2022 were \$3,981,894 which was a \$246,730 (6.6%) increase from the prior year but \$61,759 (1.5%) below budgeted expectations. The City collects utility tax on the usage of electricity, natural gas, solid waste disposal, cable TV, telephone, and surface water. The City continues to see an increase in utility tax collections over past years.

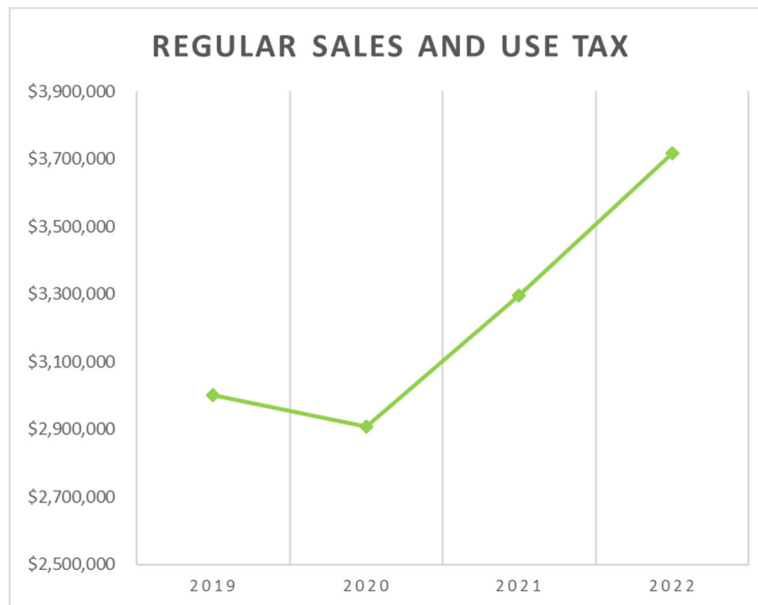


The table below demonstrates actual revenues compared to budget and prior year collections by the different utility categories:

Utility Tax Type	2021 YE Total	2022 YE Total	Change from 2021	
			Amount	Percent
Electricity	\$ 1,286,615	\$ 1,351,306	\$ 64,691	5.0%
Natural Gas	400,265	\$ 457,688	57,424	14.3%
Solid Waste	403,436	\$ 511,814	108,378	26.9%
Cable TV	877,863	\$ 873,987	(3,877)	-0.4%
Telephone	266,829	\$ 244,281	(22,548)	-8.5%
SWM 13%	500,156	\$ 542,818	42,661	8.5%
YE Total	\$ 3,735,164	\$ 3,981,894	\$ 246,730	0.00%

2022 4TH QUARTER FINANCIAL REPORT

Sales and Use Tax (Regular) collection increased \$422,582 (16.7%) over the prior year. In 2022, the City collected \$3,717,713 in sales tax which exceeded budget by \$292,713 (8.5%).

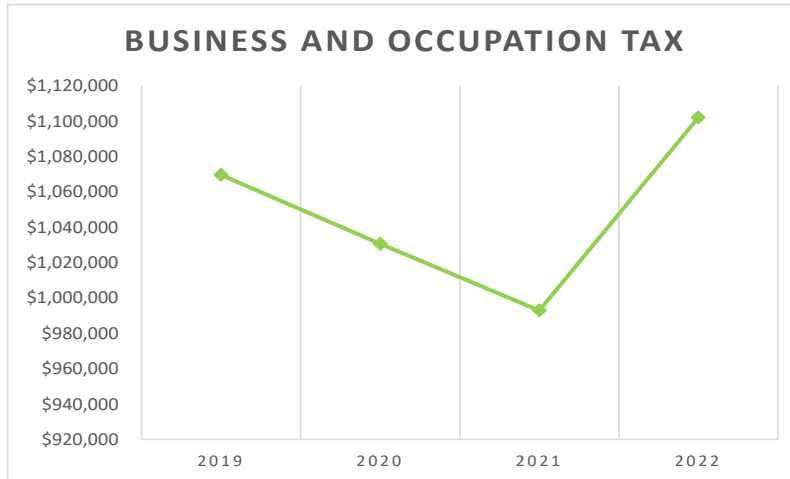


The following table breaks out the City's retail taxes by major business sector (the table includes both "regular" and "one-time" retail sales tax):

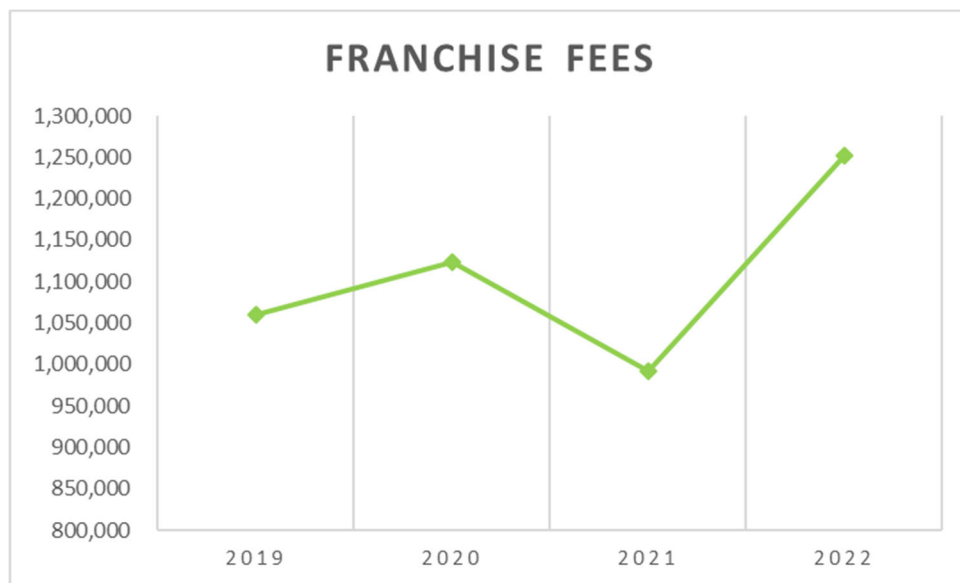
Component Group	2021 YE Total	2022 YE Total	Change from 2021	
			Amount	Percent
Construction	\$ 781,537	\$ 975,624	\$ 194,087	24.8%
Manufacturing	54,875	47,650	(7,225)	-13.2%
Transportation & Warehousing	7,056	26,370	19,314	273.7%
Wholesale Trade	159,723	205,248	45,525	28.5%
Automotive	143,251	103,161	(40,089)	-28.0%
Retail Trade	1,135,370	1,268,847	133,477	11.8%
Services	1,016,670	1,168,587	151,917	14.9%
Miscellaneous	194,514	182,067	(12,447)	-6.4%
YE Total	\$3,492,997	\$3,977,555	\$ 484,559	13.87%

2022 4TH QUARTER FINANCIAL REPORT

The City received \$1,148,616 in **Business and Occupation Tax** in 2022. This amount was a \$155,650 (15.7%) increase over the prior year but fell short of budget by \$222,384 (16.2%). Collections of Business and Occupation Tax are on an upward trend as the City refines its filing process and pursues delinquent payments.

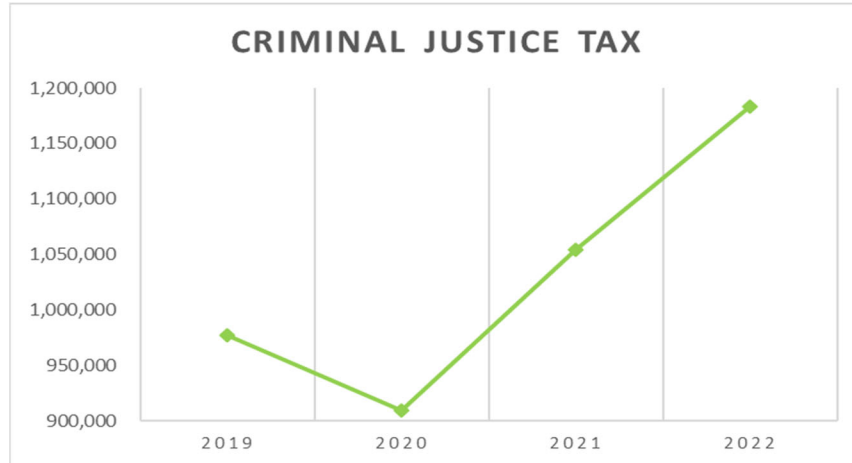


Franchise Fees help the City recoup the cost of allowing a utility to use its public space. In 2022, the City collected \$1,252,638 in franchise fees which was \$72,362 (5.5%) less than budget but \$260,115 (26.2%) over the prior year.

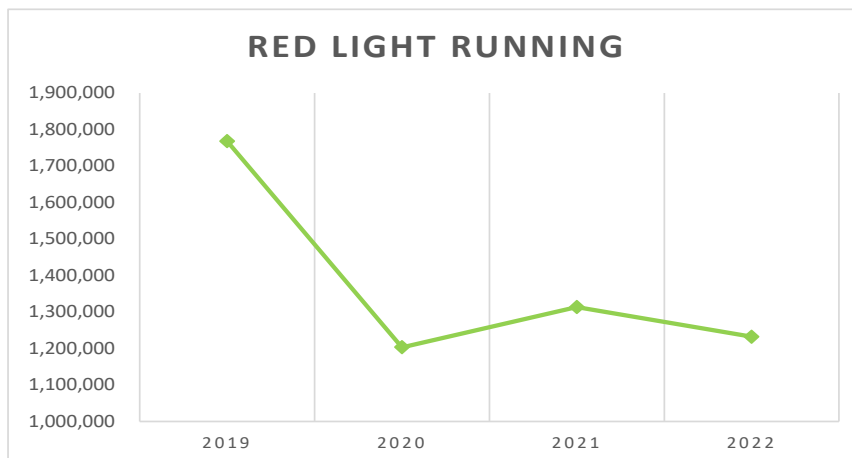


2022 4TH QUARTER FINANCIAL REPORT

Criminal Justice Sales Tax is a sales tax imposed by King County but shared with its cities and towns. State law allows counties to impose a .1% sales tax in which the receipts are dedicated for criminal justice purposes. In 2022, the City collected \$1,183,324 in Criminal Justice Sales Tax which was \$43,028 (3.8%) more than budget but \$129,465 (12.3%) over the prior year.

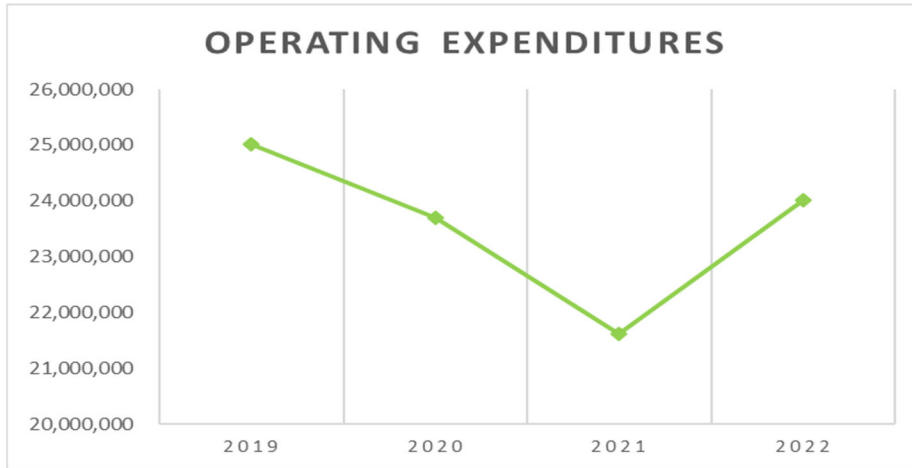


Red Light Running Infractions is revenue received from fines generated by the red light camera ticketing system installed at select intersections in the City. Proceeds from the cameras declined as the COVID-19 pandemic lockdowns impacted traffic in 2020. Since that time, annual revenue has leveled off and not returned to pre-pandemic levels. This is likely the result of an increase of people working from home and the cameras becoming a familiar deterrent. In 2022, the City collected \$1,231,918 in red light running fee revenue which was \$31,918 (2.7%) more than budget but \$18,082 (1.4%) less than the prior year.



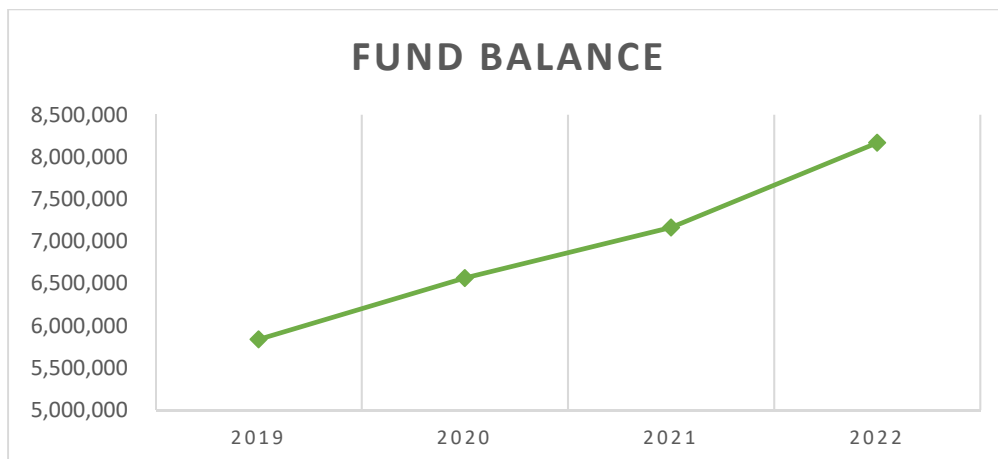
Expenditures

General Fund expenditures were \$24,007,095 which was \$1,922,399 (7.4%) less than the adopted budget. General Fund expenditures also increased \$2,397,956 (11.1%) over the prior year.



Fund Balance

In 2022, the General Fund’s Fund Balance increased \$1,019,909 (14.2%) from the prior year to \$8,183,861. The City is required by code to maintain a fund balance that is equal to or greater than 16.67% of its annual operating expenditures. For 2022, the required fund balance for the General Fund is \$4,001,983. The 2022 ending fund balance exceeds the required amount by \$4,181,878 and is equal to 34.1% of annual operating expenditures.



2022 4TH QUARTER FINANCIAL REPORT

General Fund Details

General Fund	2022		2022 Year-End Budget vs Actual		Prior Year Comparison		
	Adopted Budget	Year-End Actual	Amount	Percentage	2021 Actuals	2022 Vs Prior Year	2022 Vs Prior Year %
Summary of Sources and Uses							
Operating Revenues							
Property Tax	\$ 5,311,057	\$ 5,316,334	\$ 5,277	0.1%	\$ 5,261,886	\$ 54,448	1.0%
Utility Tax	4,043,653	3,981,894	(61,759)	-1.5%	3,735,164	246,730	6.6%
Sales Tax	3,700,000	3,977,555	277,555	7.5%	3,492,997	484,558	13.9%
B+O Tax	1,371,000	1,148,616	(222,384)	-16.2%	992,966	155,650	15.7%
Franchise Fees	1,325,000	1,252,638	(72,362)	-5.5%	992,524	260,115	26.2%
Criminal Justice Tax	1,140,296	1,183,324	43,028	3.8%	1,053,859	129,465	12.3%
Gambling Tax	45,000	42,893	(2,107)	-4.7%	30,454	12,439	40.8%
Leasehold Tax	240,000	224,134	(15,866)	-6.6%	217,443	6,691	3.1%
Taxes Subtotal	\$ 17,176,006	\$ 17,127,389	\$ (48,617)	0%	\$ 15,777,294	\$ 1,350,095	8.6%
Business Licenses and Permits	220,000	287,321	67,321	30.6%	247,101	40,220	16.3%
Other Licenses and Permits	21,500	18,872	(2,628)	-12.2%	27,382	(8,510)	-31.1%
Intergovernmental (Grants, etc.)	1,615,797	1,553,388	(62,409)	-3.9%	1,428,158	125,230	8.8%
Charges for Services:							
General Government Services	373,600	373,609	9	0.0%	388,000	(14,391)	-3.7%
Court	92,085	91,443	(642)	-0.7%	87,974	3,469	3.9%
Public Safety	118,250	94,650	(23,600)	-20.0%	96,206	(1,555)	-1.6%
Culture and Recreation	838,900	310,817	(528,083)	-62.9%	80,374	230,443	286.7%
Red Light Running Infractions	1,200,000	1,231,918	31,918	2.7%	1,250,000	(18,082)	-1.4%
Other fees and penalties	158,600	94,837	(63,763)	-40.2%	199,709	(104,873)	-52.5%
Fees/Charges/Fines Subtotal	\$ 4,638,732	\$ 4,056,856	\$ (581,876)	-13%	\$ 3,804,903	\$ 251,952	6.6%
Interest Income	38,000	118,929	80,929	213.0%	65,484	53,445	81.6%
Rentals and Leases	437,394	443,423	6,029	1.4%	323,153	120,270	37.2%
Contributions and Donations	57,550	70,093	12,543	21.8%	11,757	58,336	496.2%
Miscellaneous	24,000	38,898	14,898	62.1%	36,061	2,837	7.9%
Interfund Charges	1,654,387	1,414,317	(240,070)	-14.5%	2,118,941	(704,625)	-33.3%
Prior Period Adjustments	-	305,066	305,066	0.0%	-	305,066	0.0%
Transfers In	1,532,665	1,452,033	(80,632)	-5.3%	875,000	577,033	65.9%
Insurance Recoveries	-	-	-	0.0%	9,784	(9,784)	-100.0%
Other Revenues Subtotal	\$ 3,743,996	\$ 3,842,758	\$ 98,762	2.6%	\$ 3,440,181	\$ 402,578	11.7%
Total Operating Revenues	\$ 25,558,734	\$ 25,027,003	\$ (531,731)	-2.1%	\$ 23,022,378	\$ 2,004,625	26.9%
Operating Expenditures							
City Council	\$ 94,294	\$ 57,611	(36,683)	-38.9%	53,744	3,867	7.2%
City Manager/Administration	1,673,825	1,925,165	251,340	15.0%	1,463,938	461,227	31.5%
City Clerk	779,842	789,018	9,176	1.2%	657,584	131,433	20.0%
Human Resources	464,381	441,702	(22,679)	-4.9%	333,498	108,203	32.4%
Finance	1,414,793	1,383,757	(31,036)	-2.2%	1,309,884	73,873	5.6%
Technology Services	1,051,356	1,074,083	22,727	2.2%	928,130	145,953	15.7%
City Attorney	823,375	754,306	(69,069)	-8.4%	665,202	89,103	13.4%
Municipal Court	1,624,705	1,594,073	(30,632)	-1.9%	1,354,356	239,717	17.7%
Public Safety - Business Office	1,199,394	1,049,920	(149,474)	-12.5%	730,106	319,814	43.8%
Police	10,649,923	9,679,648	(970,275)	-9.1%	10,132,376	(452,728)	-4.5%
Social Services	527,893	351,066	(176,827)	-33.5%	532,259	(181,192)	-34.0%
Parks, Recreation, and Senior Services	5,049,713	3,415,880	(1,633,833)	-32.4%	3,153,313	262,567	8.3%
Transfers Out	576,000	1,490,868	914,868	158.8%	294,748	1,196,119	405.8%
Total Operating Expenditures	\$ 25,929,494	\$ 24,007,095	\$ (1,922,399)	-7.4%	\$ 21,609,139	\$ 2,397,956	11.1%
Total Operating Income (Loss)	\$ (370,760)	\$ 1,019,909			\$ 1,413,239		

** December is month 12 of 12 = 100%

2022 4TH QUARTER FINANCIAL REPORT

ENTERPRISE FUNDS

MARINA

The Marina's Operating Income was \$1,816,896, exceeding budgeted expectations by \$554,173 (43.9%). Operating revenue was \$5,290,715, a \$469,198 (9.7%) increase over the prior year. Operating expenditures were \$3,473,819, a \$483,219 (16.2%) increase over the prior year. Overall, Operating Income decreased \$14,021 (0.8%) from 2021.

Marina Fund Summary of Sources and Uses	2022		2022 YTD Budget vs Actual		Prior Year Comparison		
	Adopted Budget	YTD Actual	Amount	Percentage	2021 Actuals	2022 Vs Prior Year	2022 Vs Prior Year %
Operating Revenue							
Charges for Services	\$ 3,359,357	\$ 3,603,095	\$ 243,738	7.3%	\$ 3,455,337	\$ 147,757	4.3%
Fuel Sales	1,161,785	1,629,012	467,227	40.2%	1,225,751	403,261	32.9%
Parking Fines & Moorage Late Fees	20,000	14,905	(5,095)	-25.5%	13,848	1,057	7.6%
Intergovernmental Revenue	-	15,521	15,521	0.0%	21,787	(6,266)	-28.8%
Miscellaneous Revenues	76,644	28,182	(48,462)	-63.2%	104,793	(76,611)	-73.1%
Operating Revenue Subtotal	\$ 4,617,786	\$ 5,290,715	\$ 672,929	14.6%	\$ 4,821,517	\$ 469,198	9.7%
Operating Expense							
Salaries and Benefits	\$ 1,149,730	\$ 1,058,278	\$ (91,452)	-8.0%	\$ 1,005,147	\$ 53,130	5.3%
Supplies	193,643	137,323	(56,320)	-29.1%	120,206	17,117	14.2%
Fuel Purchases	1,045,000	1,364,274	319,274	30.6%	1,040,404	323,870	31.1%
Services	400,560	397,153	(3,407)	-0.9%	396,639	514	0.1%
Services - Interfund	566,130	516,791	(49,339)	-8.7%	428,203	88,588	20.7%
Total Operating Expenses (excl. depreciation)	\$ 3,355,063	\$ 3,473,819	\$ 118,756	3.5%	\$ 2,990,600	\$ 483,219	16.2%
Operating Income/(Loss)	\$ 1,262,723	\$ 1,816,896	\$ 554,173	43.9%	\$ 1,830,917	\$ (14,021)	-0.8%
Non-Operating Revenue							
Bond Revenue	\$ 2,217,000	\$ -	\$ (2,217,000)	-100.0%	\$ -	\$ -	0.0%
Interest Income	10,000	122,457	112,457	1124.6%	26,436	96,021	363.2%
Transfers In	4,362,468	-	(4,362,468)	-100.0%	1,385,916	(1,385,916)	-100.0%
Prior Period Adjustments	-	20,118	20,118	0.0%	-	20,118	0.0%
Non-operating Revenue Subtotal	\$ 6,589,468	\$ 142,575	\$ (6,446,893)	-97.8%	\$ 1,412,352	\$ (1,269,777)	-89.9%
Non-operating Expense							
Capital Outlay	\$ 4,350,000	\$ 377,917	\$ (3,972,083)	-91.3%	\$ 148,164	\$ 229,752	0%
Debt Service	779,468	780,344	876	0.1%	780,142	202	0.0%
Transfers Out	4,029,468	-	(4,029,468)	-100.0%	1,385,916	(1,385,916)	-100.0%
Non-operating Expense Subtotal	\$ 9,158,936	\$ 1,158,261	\$ (8,000,675)	-87.4%	\$ 2,314,223	\$ (1,155,962)	-50.0%
Change in Net Position	\$ (1,306,745)	\$ 801,211	\$ 2,107,956	-161.3%	\$ 929,046	\$ (127,835)	-13.8%

** December is month 12 of 12 = 100%

Net Position increased \$801,211 in 2022 resulting in an ending Net Position of \$15,172,306. The unrestricted portion of the 2022 Ending Net Position is \$3,881,886.

2022 4TH QUARTER FINANCIAL REPORT

SURFACE WATER MANAGEMENT

Surface Water Management's Operating Income was \$2,365,341, exceeding budgeted expectations by \$830,690 (54.1%). Operating revenue was \$5,164,946, a \$23,651 (0.5%) increase over the prior year. Operating expenditures were \$2,799,605, a \$694,741 (19.9%) decrease from the prior year. Overall, Operating Income increased \$237,703 (11.2%) over 2021.

Surface Water Management Fund Summary of Sources and Uses	2022		2022 YTD Budget vs Actual		Prior Year Comparison		
	Adopted Budget	YTD Actual	Amount	Percentage	2021 Actuals	2022 Vs Prior Year	2022 Vs Prior Year %
Operating Revenue							
Charges for Services	\$ 4,688,997	\$ 4,745,839	\$ 56,842	1.2%	\$ 4,592,130	\$ 153,709	3.3%
Intergovernmental Revenue	340,000	377,378	37,378	11.0%	549,166	(171,787)	-31.3%
Miscellaneous Revenue	-	41,729	41,729	0.0%	-	41,729	0.0%
Operating Revenue Subtotal	\$ 5,028,997	\$ 5,164,946	\$ 135,949	2.7%	\$ 5,141,296	\$ 23,651	0.5%
Operating Expense							
Salaries and Benefits	\$ 1,651,490	\$ 1,131,652	\$ (519,838)	-31.5%	\$ 1,496,557	\$ (364,905)	-24.4%
Supplies	116,650	71,564	(45,086)	-38.7%	68,497	3,067	4.5%
Services	1,192,343	1,208,778	16,435	1.4%	1,081,626	127,153	11.8%
Services - Interfund	533,863	387,610	(146,253)	-27.4%	366,978	20,632	5.6%
Total Operating Expenses (excl. depreciation)	\$ 3,494,346	\$ 2,799,605	\$ (694,741)	-19.9%	\$ 3,013,658	\$ (214,053)	-7.1%
Operating Income/(Loss)	\$ 1,534,651	\$ 2,365,341	\$ 830,690	54.1%	\$ 2,127,638	\$ 237,703	11.2%
Non-Operating Revenue							
Interest Income	40,000	166,647	126,647	316.6%	46,178	120,469	260.9%
Transfers In	4,229,000	0	(4,229,000)	-100.0%	405,564	(405,564)	-100.0%
Prior Period Adjustments	0	29,959	29,959	0.0%	46,839	(16,880)	-36.0%
Non-operating Revenue Subtotal	\$ 4,269,000	\$ 196,605	\$ (4,072,395)	-10181.0%	\$ 498,580	\$ (301,975)	-60.6%
Non-operating Expense							
Capital Outlay	\$ 4,450,000	\$ 1,354,909	\$ (3,095,091)	-69.6%	\$ 1,540,613	\$ (185,704)	-12.1%
Transfers Out	4,229,000	-	(4,229,000)	-100.0%	323,090	(323,090)	100.0%
Non-operating Expense Subtotal	\$ 8,679,000	\$ 1,354,909	\$ (7,324,091)	-164.6%	\$ 1,863,703	\$ (508,794)	-27.3%
Net Change in Unrestricted Net Position	\$ (2,875,349)	\$ 1,207,037	\$ 4,082,386	-142.0%	\$ 762,514	\$ 444,523	58.3%

** December is month 12 of 12 = 100%

Net Position increased \$1,207,037 in 2022 resulting in an ending Net Position of \$27,983,556. The unrestricted portion of the 2022 Ending Net Position is \$7,686,612.

2022 4TH QUARTER FINANCIAL REPORT

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for types of revenues that are legally restricted to being spent for a specific purpose (excluding expendable trusts or major capital projects).

The following schedule shows the change in cash for Fiscal Year 2022 for the Special Revenue Funds. Also included is the 2022 budget for expenditures and the percent of that budget that was expended.

Special Revenue Funds Activity Summary Year-End December 2022

Fund	Beginning Cash	Revenues	Expenditure Budget	Expenditures	% Expended	Ending Cash
Street	975,987	1,437,005	2,086,415	1,443,001	69.16%	969,991
Arterial Pavement	1,884,388	640,179	1,082,000	589,885	54.52%	1,934,682
Development	3,993,897	1,871,300	3,475,407	2,908,326	83.68%	2,956,871
Police Drug Seizure	107,382	42,055	11,000	-	0.00%	149,437
Hotel-Motel Tax	150,049	93,375	117,000	50,297	42.99%	193,127
Affordable Housing Sales Tax	51,777	34,301	30,000	-	0.00%	86,078
American Rescue Plan Act	3,266,247	4,519,350	2,319,665	2,019,149	87.04%	5,766,448
Redondo Zone	27,774	64,659	104,785	75,614	72.16%	16,819
Waterfront Zone	310,156	180,129	636,733	486,927	76.47%	3,358
PBPW Automation Fee	436,857	130,748	-	-	0.00%	567,605
Abatement	30,518	7,183	1,000	806	80.60%	36,895
Automated Speed Enforcement (ASE)	326,899	410,631	365,000	333,550	91.38%	403,980
Transport Benefit District	2,030,531	1,006,263	950,000	-	0.00%	3,036,794

DEBT SERVICE FUNDS

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal or interest.

The following schedule shows the change in cash for Fiscal Year 2022 for the Debt Service Funds. Also included is the 2022 budget for expenditures and the percent of that budget that was expended.

Debt Service Funds Activity Summary Year-End December 2022

Fund	Beginning Cash	Revenues	Expenditure Budget	Expenditures	% Expended	Ending Cash
REET 1 Eligible Debt Service	7,870	-	7,870	7,870	100.00%	-
REET 2 Eligible Debt Service	9,480	235,083	235,242	235,185	99.98%	9,378
2018 LTGO & Refunding Bonds	113,352	226,000	226,000	226,000	100.00%	113,352

2022 4TH QUARTER FINANCIAL REPORT

CAPITAL PROJECT FUNDS

Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned (intended) for expenditure for capital outlays including acquisition or construction of capital facilities or other capital assets.

The following schedule shows the change in cash for Fiscal Year 2022 for the Capital Project Funds. Also included is the 2022 budget for expenditures and the percent of that budget that was expended.

**Capital Projects Funds Activity Summary
Year-End December 2022**

Fund	Beginning Cash	Revenues	Expenditure Budget	Expenditures	% Expended	Ending Cash
REET 1	3,542,249	993,986	2,799,000	2,758,677	98.56%	1,777,558
REET 2	2,335,994	967,351	1,735,365	1,705,154	98.26%	1,598,191
Park Levy	167,680	179,670	116,000	116,000	100.00%	231,350
Park in Lieu	297,375	5,127	63,000	17,835	28.31%	284,667
One-Time Sales & B&O Tax Revenues	2,376,575	333,989	1,463,500	1,140,514	77.93%	1,570,050
Municipal Capital Improvements	2,471,509	6,604,819	9,600,000	8,832,388	92.00%	243,940
Transportation Capital Improvements	2,113,132	453,487	6,155,000	793,674	12.89%	1,772,945
Traffic in Lieu	128,457	2,409	200,000	-	0.00%	130,866
Traffic Impact - Citywide	578,100	481,529	849,000	172,113	20.27%	887,516
Traffic Impact - Pac Ridge	596,949	7,323	-	-	0.00%	604,272

INTERNAL SERVICE FUNDS

Internal Service Funds are used to report any activity that provides goods or services to other funds, departments, or agencies of the government, or to other governments, on a cost reimbursement basis.

The following schedule shows the change in cash for Fiscal Year 2022 for the Capital Project Funds. Also included is the 2022 budget for expenditures and the percent of that budget that was expended.

**Internal Service Funds Activity Summary
Year-End December 2022**

Fund	Beginning Cash	Revenues	Expenditure Budget	Expenditures	% Expended	Ending Cash
Equipment Rental Operations	316,053	390,414	757,436	701,077	92.56%	5,390
Equipment Rental Replacement	2,212,092	37,354	905,000	332,594	36.75%	1,916,852
Facility Major Repairs	477,377	8,404	389,000	29,079	7.48%	456,702
Computer Replacement	1,394,066	23,378	303,120	227,831	75.16%	1,189,613
Self Insurance	855,915	811,659	778,365	707,958	90.95%	959,616
Unemployment Insurance	514,732	24,594	90,000	37,749	41.94%	501,577

2022 4TH QUARTER FINANCIAL REPORT

City of Des Moines Deposits and Investment Portfolio Year-to-date December 31, 2022

Security Type	Fair Value as of 1/1/2022	2022 Activity	Fair Value as of 12/31/2022	% of Portfolio
Federal Farm Credit Bank	\$ 9,475,640	\$ (451,015)	\$ 9,024,625	17.8%
Federal Home Loan Bank	3,499,550	765,310	4,264,860	8.4%
Federal Home Loan Mtg. Corp.	5,923,256	305,411	6,228,667	12.3%
Freddie Mac	1,000,650	(1,000,650)	-	0.0%
Federal Agricultural Mortgage Corp	770,003	(21,518)	748,485	1.5%
Federal National Mortgage Association	1,492,005	(69,030)	1,422,975	2.8%
US Treasury Notes/Bonds	5,541,865	(247,565)	5,294,300	10.5%
United States Treasury STRIP	2,959,795	(140,471)	2,819,324	5.6%
Key Bank	7,494,394	(3,921,115)	3,573,280	7.1%
LGIP	17,909,690	(716,080)	17,193,610	34.0%
Total	\$ 56,066,847	\$ (5,496,722)	\$ 50,570,125	100.0%