



15728 Main Street, Mill Creek, WA 98012
Administration 425-745-1891
Police 425-745-6175
All Other Departments 425-551-7254

DATE: September 24, 2019
TO: Mayor and Council
THROUGH: Michael Ciaravino, City Manager
FROM: Tara Dunford, Interim Director of Finance and Administration
SUBJECT: Financial Reports for the period ending June 30, 2019

Attached for your review is the City's budget status report as of June 30, 2019. This report represents 25% of the 2019-2020 biennium.

Please contact City Manager Ciaravino or me if you have any questions concerning the attached financial data.

General Fund Revenues and Expenditures - Budget to Actual

	2019-2020 Budget	Actuals Through 6/30/2019	% of Budget
Revenues			
Regular & EMS Property Tax	15,800,000	4,127,056	26.1%
Sales Tax	6,715,000	1,792,093	26.7%
Licenses & Permits	1,366,000	288,808	21.1%
Grants/Intergovernmental	788,400	170,028	21.6%
Charges for Services	2,585,700	687,754	26.6%
Fines	382,000	60,979	16.0%
Miscellaneous	558,266	182,847	32.8%
Total Revenues	28,195,366	7,309,565	25.9%

	2019-2020 Budget	Actuals Through 6/30/2019	% of Budget
Expenditures			
Legislative	148,102	82,682	55.8%
City Manager	641,960	201,172	31.3%
Finance & Administration	1,489,353	318,670	21.4%
Communication & Marketing	954,538	232,305	24.3%
Information Technology	1,099,698	215,897	19.6%
Human Resources	330,388	92,913	28.1%
City Clerk	270,057	75,700	28.0%
Public Safety	10,349,517	2,547,989	24.6%
Fire Services	7,959,759	1,965,373	24.7%
Non-Department	636,560	240,329	37.8%
Community Development	1,588,813	334,075	21.0%
Public Works	1,996,786	517,935	25.9%
Recreation	715,822	161,459	22.6%
Total Expenditures	28,181,353	6,986,499	24.8%

Change in Fund Balance	14,013	323,066
Beginning Fund Balance	5,841,442	6,086,147
Ending Fund Balance	5,855,455	6,409,213

General Fund Revenues and Expenditures - Budget to Actual

- ❖ Sales tax revenue received through June is approximately 7% or \$97 thousand higher than projected.
- ❖ Licenses and permits revenue is lower than projected at this point due to the cyclical nature of building permit revenue.
- ❖ Grants and intergovernmental revenues are lower than projected as of June 30. This is due to the annual PUD privilege tax payment of approximately \$80 thousand which will not be received until third or fourth quarter.
- ❖ Charges for services revenues are significantly higher than projected mainly due to passport fees. Through June, passport fee revenue totaled \$331 thousand, or 34% of the biennial revenue estimate of \$975 thousand.
- ❖ Revenue from fines is slightly lower than projected due to civil infractions revenue, which is somewhat unpredictable by nature. This revenue can also fluctuate based on schedules of officers assigned to the Traffic Safety Unit.
- ❖ Legislative and City Manager expenditures are higher than projected due to the cost of the Interim City Manager and City Manager search contracts, which were not included in 2019-2020 budget projections.
- ❖ Non-departmental expenditures include annual payments for property and liability insurance, voter registration and memberships.

Other Funds Revenues and Expenditures - Budget vs Actual

	2019-2020 Budget	Actuals Through 6/30/19	% of Budget
SPECIAL REVENUE FUNDS			
City Street Fund			
Beginning Fund Balance	129,768	71,495	
Revenues	1,051,000	423,394	40.3%
Expenditures	(1,079,047)	(240,302)	22.3%
Ending Fund Balance	<u>101,721</u>	<u>254,587</u>	
City Hall North			
Beginning Fund Balance	556,222	539,198	
Revenues	374,000	98,168	26.2%
Expenditures	(817,441)	(117,023)	14.3%
Ending Fund Balance	<u>112,781</u>	<u>520,343</u>	
DEBT SERVICE FUNDS			
Debt Service Fund			
Beginning Fund Balance	13,991	12,455	
Revenues	20,641	-	0.0%
Expenditures	(34,632)	(788)	2.3%
Ending Fund Balance	<u>-</u>	<u>11,667</u>	

- ❖ Street revenue is higher than projected due to a \$300 thousand grant from the Transportation Improvement Board which was not included in the original budget. This new revenue source and the related expenditures will be included in the mid-biennium adjustment.
- ❖ City Hall North expenditure budget includes \$440 thousand for the roof and \$80 thousand for HVAC, none of which had been spent as of June 30.
- ❖ Debt service principal payments are not due until December.

Other Funds Revenues and Expenditures - Budget vs Actual

	2019-2020 Budget	Actuals Through 6/30/19	% of Budget
CAPITAL PROJECT FUNDS			
Real Estate Excise Tax			
Beginning Fund Balance	3,413,733	3,425,872	
Revenues	1,550,000	544,418	35.1%
Expenditures	(4,771,641)	(1,554,842)	32.6%
Ending Fund Balance	192,092	2,415,449	
Capital Improvement			
Beginning Fund Balance	1,414,806	1,416,557	
Revenues	740,000	54,848	7.4%
Expenditures	(1,062,640)	(58,982)	5.6%
Ending Fund Balance	1,092,166	1,412,423	
Park Capital Improvement			
Beginning Fund Balance	2,816,780	2,843,816	
Revenues	2,951,000	912,791	30.9%
Expenditures	(2,980,000)	(1,156,550)	38.8%
Ending Fund Balance	2,787,780	2,600,057	
Road Improvement			
Beginning Fund Balance	2,223,108	2,210,485	
Revenue	8,020,000	1,757,685	21.9%
Expenditures	(7,140,000)	(2,072,645)	29.0%
Ending Fund Balance	3,103,108	1,895,525	

- ❖ Real Estate Excise Tax revenue received to date is significantly higher than projected. It is too early to tell if that positive trend will continue for the remainder of the biennium.
- ❖ Capital Improvement revenues and expenditures to date are low relative to overall budget due to timing and progress of capital projects.

Other Funds Revenues and Expenditures - Budget vs Actual

	2019-2020 Budget	Actuals Through 6/30/19	% of Budget
ENTERPRISE FUNDS			
Surface Water Utility			
Beginning Fund Balance	702,060	649,684	
Revenues	4,200,000	653,042	15.5%
Expenditures	(3,980,748)	(321,676)	8.1%
Ending Fund Balance	921,312	981,050	

INTERNAL SERVICE FUNDS

Equipment Replacement			
Beginning Fund Balance	1,679,081	1,660,624	
Revenues	262,449	94,438	36.0%
Expenditures	(375,155)	(177,364)	47.3%
Ending Fund Balance	1,566,375	1,577,698	

- ❖ Surface Water Utility revenues as of June 30 do not reflect proceeds from the LTGO bond. Proceeds were received in July and will be reflected on the third quarter report.
- ❖ Equipment Replacement budgeted expenditures include only 2019 vehicle and equipment purchases. The budget and supporting asset replacement schedule will be updated with the mid-biennium amendment.

Cash and Investments Balances

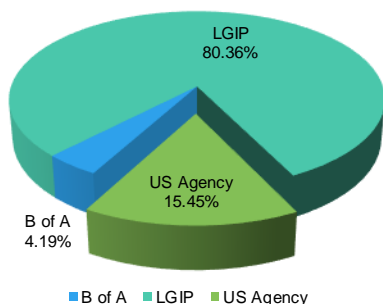
	6/30/2019	12/31/2018
Cash Bank Accounts ⁽¹⁾	\$ 814,584	\$ 108,583
State Local Government Investment Pool (LGIP)	\$15,611,505	\$ 14,377,057
US Government Agency Securities ⁽²⁾	\$ 3,001,731	\$ 4,751,731
Total Cash and Investment Holdings	\$19,427,821	\$ 19,237,371

(1) Reflects General Ledger balances, not actual bank cash balances.

(2) Investments are reported at original cost

Investment Summary

Cash and Investments by Category



Security Type	Amount	% of Investments
US Agency - Original Cost		
Federal Home Loan Bank	\$ 999,999	5.37%
Federal Farm Credit Bank	1,000,000	5.37%
Federal Home Loan Mortgage Corporation	1,840	0.01%
Financing Corporation	999,892	5.37%
	<u>\$ 3,001,731</u>	<u>16.13%</u>
Local Government Investment Pool (LGIP)	<u>\$ 15,611,505</u>	<u>83.87%</u>
Total Investment Portfolio	<u>\$ 18,613,236</u>	<u>100.00%</u>
Bank of America Checking	\$ 814,584	
Total Cash and Investments	<u><u>\$ 19,427,820</u></u>	

Economic Information

The State Economic and Revenue Forecast for June, 2019 indicates that the Washington economy is continuing to expand at a rapid pace. Washington job growth remains strong and the unemployment rate remains near its all-time low. Washington real GDP growth led the nation by a wide margin in 2018. Washington manufacturing activity continues to expand but exports declined over the year due to a reduction in transportation equipment exports. Seattle area consumer price inflation remains above the national average.

The Washington economic forecast is very similar to the March forecast with the exception of slightly higher personal income. The forecast expects 2.2% Washington employment growth this year, the same rate expected in the March forecast. Employment growth is anticipated to average 1.2% per year in 2020 through 2023, which is slightly higher than the 1.1% average in the March forecast. The forecast for nominal personal income growth this year is 4.9%, up from 4.6% in the March forecast.