



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

DATE: November 26, 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 September 30, 2019

Attached for your review is the City's budget status report as of September 30, 2019. This report represents 37.5% 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 9/30/2019	% of Budget
Revenues			
Regular & EMS Property Tax	15,800,000	4,229,132	26.8%
Sales Tax	6,715,000	2,795,180	41.6%
Licenses & Permits	1,366,000	490,624	35.9%
Grants/Intergovernmental	788,400	246,873	31.3%
Charges for Services	2,585,700	1,197,165	46.3%
Fines	382,000	84,895	22.2%
Miscellaneous	558,266	331,717	59.4%
Total Revenues	28,195,366	9,375,586	33.3%

	2019-2020 Budget	Actuals Through 9/30/2019	% of Budget
Expenditures			
Legislative	148,102	88,336	59.6%
City Manager	641,960	351,236	54.7%
Finance & Administration	1,489,353	492,577	33.1%
Communication & Marketing	954,538	366,245	38.4%
Information Technology	1,099,698	356,307	32.4%
Human Resources	330,388	124,640	37.7%
City Clerk	270,057	105,514	39.1%
Public Safety	10,349,517	3,863,896	37.3%
Fire Services	7,959,759	2,948,059	37.0%
Non-Department	636,560	276,139	43.4%
Community Development	1,588,813	495,346	31.2%
Public Works	1,996,786	780,686	39.1%
Recreation	715,822	260,136	36.3%
Total Expenditures	28,181,353	10,509,115	37.3%

Change in Fund Balance	14,013	(1,133,529)
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Beginning Fund Balance	5,841,442	6,086,147
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Ending Fund Balance	5,855,455	4,952,618
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General Fund Revenues and Expenditures - Budget to Actual

- ❖ Sales tax revenue received through September is approximately 11% or \$277 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 September 30. This is due to the annual PUD privilege tax payment of \$89 thousand which was received in October.
- ❖ Charges for services revenues are significantly higher than projected mainly due to passport fees. Through September, passport fee revenue totaled \$472 thousand, or 48% 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, and due to professional services (legal).
- ❖ 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 9/30/19	% of Budget
SPECIAL REVENUE FUNDS			
City Street Fund			
Beginning Fund Balance	129,768	71,495	
Revenues	1,051,000	664,733	63.2%
Expenditures	(1,079,047)	(346,472)	32.1%
Ending Fund Balance	101,721	389,756	
City Hall North			
Beginning Fund Balance	556,222	539,198	
Revenues	374,000	153,953	41.2%
Expenditures	(817,441)	(145,258)	17.8%
Ending Fund Balance	112,781	547,893	
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	-	11,667	

- ❖ 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 September 30.
- ❖ Debt service principal payments are not due until December.

Other Funds Revenues and Expenditures - Budget vs Actual

	2019-2020 Budget	Actuals Through 9/30/19	% of Budget
CAPITAL PROJECT FUNDS			
Real Estate Excise Tax			
Beginning Fund Balance	3,413,733	3,425,872	
Revenues	1,550,000	1,627,116	105.0%
Expenditures	(4,771,641)	(1,554,842)	32.6%
Ending Fund Balance	<u>192,092</u>	<u>3,498,146</u>	
Capital Improvement			
Beginning Fund Balance	1,414,806	1,416,557	
Revenues	740,000	62,651	8.5%
Expenditures	(1,062,640)	(73,832)	6.9%
Ending Fund Balance	<u>1,092,166</u>	<u>1,405,376</u>	
Park Capital Improvement			
Beginning Fund Balance	2,816,780	2,843,816	
Revenues	2,951,000	1,715,483	58.1%
Expenditures	(2,980,000)	(1,792,636)	60.2%
Ending Fund Balance	<u>2,787,780</u>	<u>2,766,663</u>	
Road Improvement			
Beginning Fund Balance	2,223,108	2,210,485	
Revenue	8,020,000	2,877,843	35.9%
Expenditures	(7,140,000)	(2,370,755)	33.2%
Ending Fund Balance	<u>3,103,108</u>	<u>2,717,573</u>	

- ❖ Real Estate Excise Tax revenue received to date is significantly higher than projected. \$700 thousand was received in July from the sale of apartment complexes.
- ❖ Capital project expenditures are expected to fluctuate based on timing of projects. Spending in the Park Capital Improvement fund reflects progress on Exploration Park and MCSP Turf & Light projects.

Other Funds Revenues and Expenditures - Budget vs Actual

	2019-2020 Budget	Actuals Through 9/30/19	% of Budget
ENTERPRISE FUNDS			
Surface Water Utility			
Beginning Fund Balance	702,060	649,684	
Revenues	4,200,000	4,149,199	98.8%
Expenditures	(3,980,748)	(804,947)	20.2%
Ending Fund Balance	921,312	3,993,936	

INTERNAL SERVICE FUNDS

Equipment Replacement			
Beginning Fund Balance	1,679,081	1,660,624	
Revenues	262,449	147,401	56.2%
Expenditures	(375,155)	(242,791)	64.7%
Ending Fund Balance	1,566,375	1,565,234	

- ❖ Surface Water Utility revenues as of September 30 include \$3.3 million in LTGO bond proceeds (\$2 million higher than planned in original 2019-2020 budget).
- ❖ 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.

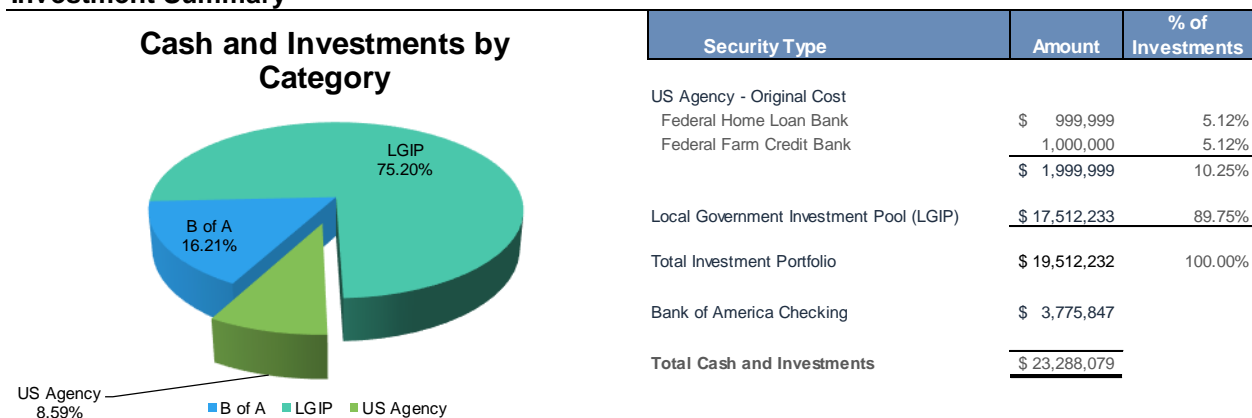
Cash and Investments Balances

	9/30/2019	12/31/2018
Cash Bank Accounts ⁽¹⁾	\$ 3,775,847	\$ 108,583
State Local Government Investment Pool (LGIP)	\$17,512,233	\$ 14,377,057
US Government Agency Securities ⁽²⁾	\$ 1,999,999	\$ 4,751,731
Total Cash and Investment Holdings	\$23,288,079	\$ 19,237,371

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

(2) Investments are reported at original cost

Investment Summary



Economic Information

The State Economic and Revenue Forecast for September 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 personal income growth was highest in the nation in 2018. Seattle home prices declined over the year, but Washington housing construction remains strong. Washington exports declined sharply over the year due to decline in transportation equipment exports (Boeing). Washington manufacturing activity continues to expand. Seattle consumer price inflation remains above the national average.

Compared to June, the Washington economic forecast has slightly higher personal income and housing construction and slightly lower employment. The forecast expects 1.9% Washington employment growth this year, down from 2.2% expected in the June forecast. Employment growth is anticipated to average 1.2% per year in 2020 through 2023, which is the same rate expected in the June forecast. The forecast for nominal personal income growth this year is 4.8%, down slightly from 4.9% in the June forecast.