



2019 First Quarter Financial Report

Period Ending March 31, 2019

Presenter: Chun Saul

4/22/2019

Discussion

- 2019 First Quarter (January through March) Operating Results
- Budget to Actual Comparison – Target 25% (3/12 months)
- City-wide Total for All Funds Combined - Overview
- General Fund Overview
 - Revenues, Expenditures & Fund Balance Summary
 - Revenues by Source – Budget to Actual and Trend
 - Expenditures by Department – Budget to Actual
- Enterprise Funds Overview
 - Combined Utilities Funds (Wastewater, Water, Storm Water)
 - Airport Fund
- Treasurer's Report
 - Cash, Deposits & Investments as of 3/31/2019

Overview All Funds Combined –Continued

- On a city-wide basis (combined total for all funds)
- YTD Revenues and transfers-in are 20.9% of the 2019 budget.
 - Property tax, 1st half will be received in May
 - Airport grant revenues, expect to be received late in 2019
- YTD Expenditures and transfers-out are 16.0% of the 2019 budget.
 - Operating expenditures spent 23.4% of the 2019 budget
 - Most operating expenditures are within normal projection
 - About 1.7% of capital outlay budget has been spent
 - Projects expect to take off after 1st quarter
 - About 3.1% of debt service budget has been spent
 - Significant amounts scheduled in May/June/November
- Total revenues exceeded total expenditures by \$943,173.

Bottom Line: Overall, YTD revenues and expenditures are as projected and within budget parameters for the 1st quarter.

Overview – All City Funds Combined

City of Chehalis
Revenues, Expenditures/Expenses and Changes in Fund Balance
All City Funds Combined - Budget to Actual
For the First Quarter Ending March 31, 2019

YTD
Target
25%

City-Wide, All Funds	2019 Budget	2019 YTD Actual	YTD % of Budget	YTD Variance
Revs. & Transfers In	\$25,946,171	\$ 5,425,173	20.9%	\$ (1,061,370)
Exps. & Transfers Out	\$27,958,925	\$ 4,482,000	16.0%	\$ 2,507,731
Changes in Fund Balance	\$ (2,012,754)	\$ 943,173	-46.9%	\$ 1,446,362
Beginning Fund Balance	\$16,764,866	\$20,196,398	120.5%	
Ending Fund Balance	\$14,752,112	\$21,139,571	143.3%	

General Fund Overview

City of Chehalis
Revenues, Expenditures and Changes in Fund Balance
General Fund - Budget to Actual
For the First Quarter Ending March 31, 2019

YTD
Target
25%

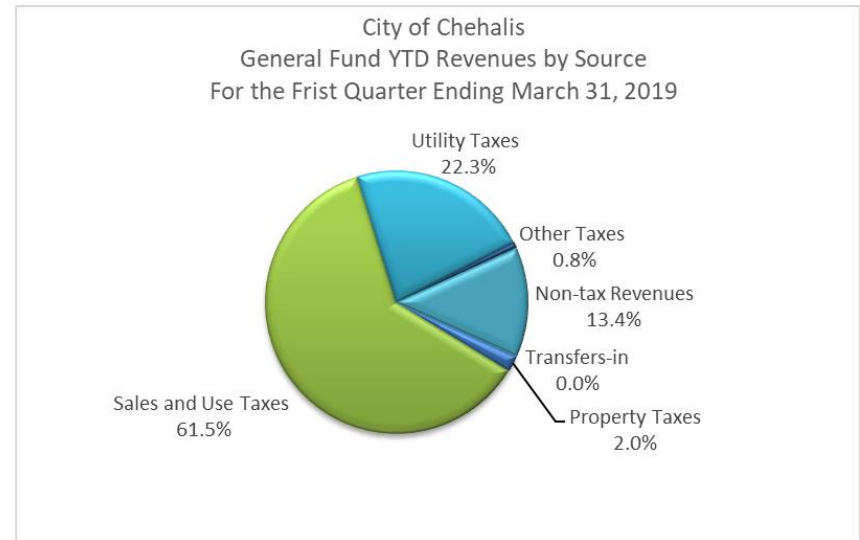
General Fund	2019 Budget	2019 YTD Actual	YTD % of Budget	YTD Variance
Revenues & Transfers-In	\$ 9,822,242	\$ 2,089,931	21.3%	\$ (365,630)
Exps. & Transfers-out	\$ 10,019,670	\$ 2,454,977	24.5%	\$ 49,941
Changes in Fund Balance	\$ (197,428)	\$ (365,046)	184.9%	\$ (315,689)
Beginning Fund Balance	\$ 969,625	\$ 1,804,262		
Ending Fund Balance	\$ 772,197	\$ 1,439,216		
<i>Ending Fund Balance % of Revenue</i>		14.7%		

YTD revenue variance is due to property tax & recreation program revenue. Normal for 1st Qtr.

Bottom line: General Fund operated within normal budget parameters for the 1st quarter.

General Fund Revenues by Source

- Total tax revenues make up 86.6% of total general fund revenues received.
- Sales and use tax is the largest revenue source and makes up 61.5% of total received.
- Utility taxes make up 22.3% of total received and includes: electric, gas, telephone, cable, solid waste, water & sewer business.
- Non-tax revenues include: charges for goods & services, intergovernmental revenues (state shared and grants), fines, and other misc.



General Fund Revenues - Budget to Actual

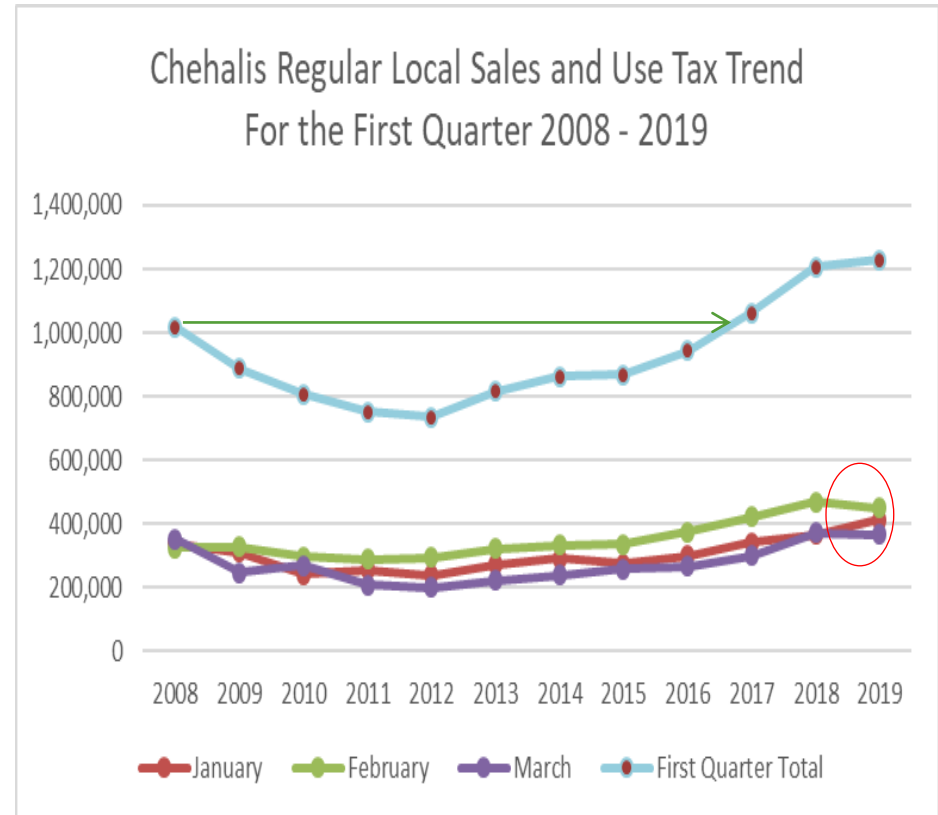
Target
25%

General Fund Revenues	2019 Adopted Budget	YTD Actual 3/31/2019	YTD % of Budget	2019 YTD Variance Positive (Negative)	YTD Actual 3/31/2018	2019-2018 YTD Variance
Tax Revenues:						
Property Tax	\$ 1,761,623	\$ 42,193	2.4%	\$ (398,213)	\$ 16,065	\$ 26,128
Sales and Use Tax	5,142,110	1,285,328	25.0%	(200)	1,246,326	39,002
Utility Taxes	1,576,490	465,686	29.5%	71,564	513,956	(48,270)
Other Taxes	46,670	16,112	34.5%	4,445	13,495	2,617
Total Tax Revenues	8,526,893	1,809,319	21.2%	(322,404)	1,789,842	19,477
Non-Tax Revenues:						
Licenses and Permits	200,575	47,325	23.6%	(2,819)	40,724	6,601
Intergovernmental	262,971	83,922	31.9%	18,180	90,944	(7,022)
Charges for Goods & Services	380,343	51,330	13.5%	(43,756)	40,270	11,060
Fines and Forfeitures	120,110	29,110	24.2%	(918)	27,482	1,628
Miscellaneous Other	251,350	68,925	27.4%	6,088	255,273	(186,348)
Total Non-Tax Revenues	1,215,349	280,612	23.1%	(23,225)	454,693	(174,081)
Transfers-in	80,000	-	0.0%	(20,000)	-	-
Total Revenues	\$ 9,742,242	\$ 2,089,931	21.5%	\$ (345,629)	\$ 2,244,535	\$ (154,604)

- 2019 YTD Variance \$345K below target. Normal trend for 1st quarter. 1st half of property tax comes in May & majority of recreation program fees received during the summer months.
- Comparison to 2018 YTD: Utility tax revenues declined from 2018. 2018 Misc. other is due to \$189K one-time donation for recreation park ballfield (moved to Public Facilities Fund later in 2018).

General Fund Revenues – Regular Local Sales Tax Trend

- Regular local sales tax rate = 1% (total tax rate 8.2%)
- 2- month lag time between month of sales and revenue distribution.
- 2019 YTD is \$1,230,249 or 24.75% of the 2019 budget:
 - \$12,296 below target.
 - \$99,585 (8.1%) from construction
- Comparison to 1Q 2008
 - Steep decline since 2008
 - Finally reached to 2008 level in latter part of 2016
 - 2017&2018 increases from construction activities
- Comparison to 1Q 2018:
 - Overall total about \$ 23K Increase
 - Increase from January \$49K
 - Decreased in Feb & March consecutively - \$25K
 - Sales tax from construction decreased by \$31,132 (23.8%) from 1st Q 2018



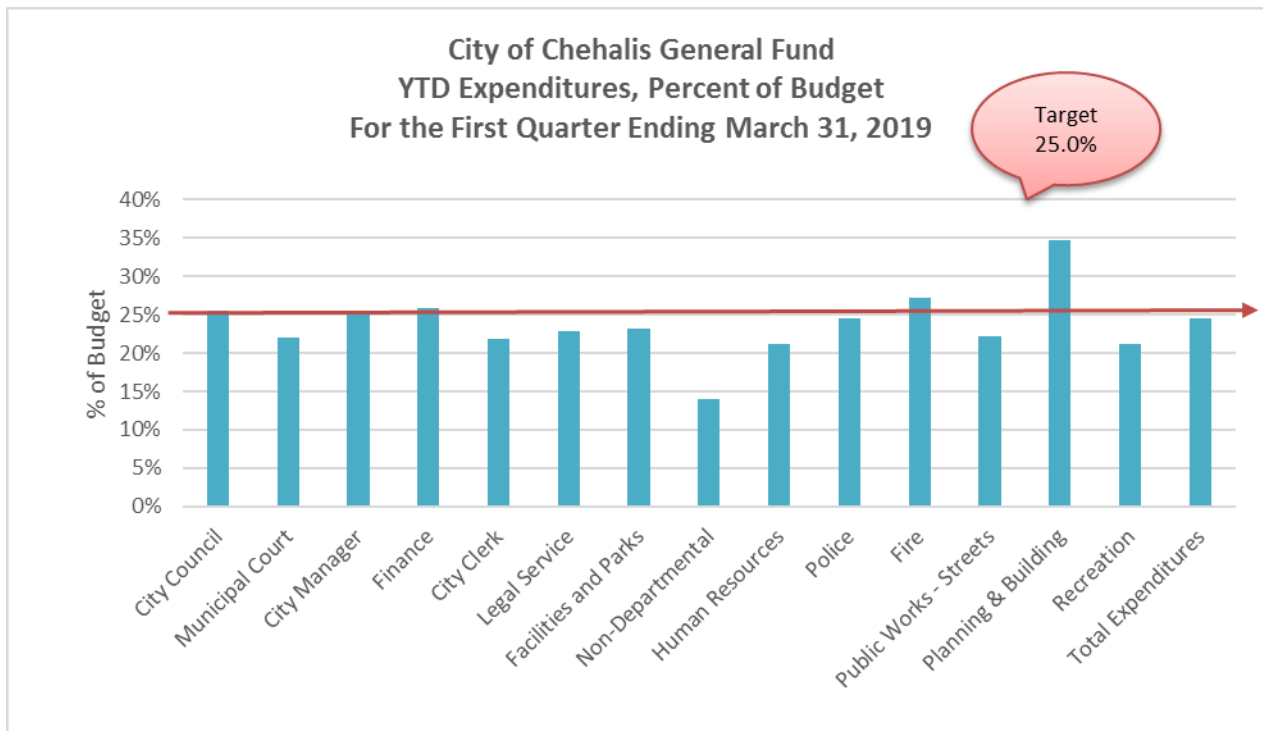
General Fund Expenditures by Department and Activity – Budget to Actual

Target
25%

General Fund Expenditures by Department / Function	2019 Adopted Budget	YTD Actual 03/31/2019	2019 YTD % of Budget	% of YTD Total
Departmental Current Expenditures:				
City Council	\$ 97,825	\$ 24,933	25.5%	1%
Municipal Court	496,226	109,646	22.1%	4%
City Manager	190,628	48,446	25.4%	2%
Finance	292,481	75,752	25.9%	3%
City Clerk	86,347	18,931	21.9%	1%
Legal Service	74,633	17,019	22.8%	1%
Facilities and Parks	1,154,667	268,446	23.2%	11%
Non-Departmental	330,567	46,468	14.1%	2%
Human Resources	124,278	26,261	21.1%	1%
Police	3,282,629	806,168	24.6%	33%
Fire	2,156,036	586,780	27.2%	24%
Public Works - Streets	601,350	133,693	22.2%	5%
Planning & Building	303,793	105,665	34.8%	4%
Recreation	482,879	102,397	21.2%	4%
Total Departmental Current Expenditures	9,674,339	2,370,605	24.5%	97%
Total Debt Service/Capital/Transfers	345,331	84,372	24.4%	3.4%
Total Expenditures	\$ 10,019,670	\$ 2,454,977	24.5%	100.0%

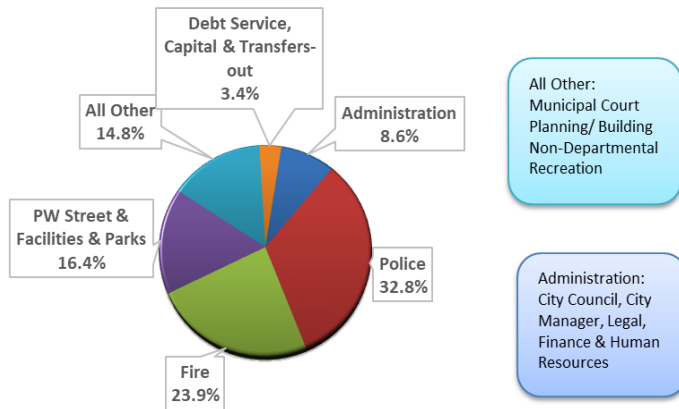
The YTD % is higher than the 25% target for some departments mainly due to certain annual expenses (i.e. insurance, computer software/hardware maintenance, intergovernmental services) are paid in the first quarter. Overall, the General Fund operated within normal budget parameters.

General Fund Expenditures – Budget to Actual

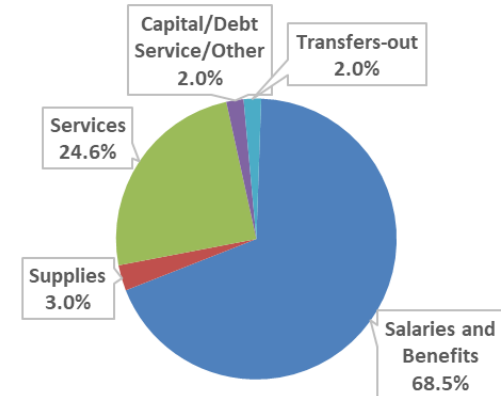


General Fund Expenditures Proportion – By Department & By Category

General Fund Expenditures by Department/Function
For the First Quarter Ending March 31, 2019



General Fund Expenditures by Category
YTD Actual For the First Quarter Ending 03/31/2019



Police and Fire make up 56.7% of the General Fund YTD expenditures

Salaries and Benefits were 68.5% of the General Fund YTD expenditures

Enterprise Funds Summary

- Combined Utilities Funds (Wastewater, Water & Stormwater)
 - Operating revenues received YTD is 25.7% of the 2019 Budget
 - Charges for fixed and volume : 22.7% of the budget
 - Other operating revenues (i.e. late fees & interest): 50.9% of the budget
 - Operating expenditures spent YTD is 24.2% of the 2019 Budget
 - Capital expenditures spent YTD is 0.8% of the 2019 budget
 - Debt service spent YTD is 1.5% of the 2019 budget (significant amount scheduled in May/June & Nov)
 - Overall, total revenues exceeded total expenditures by \$630,443
- Airport Fund
 - Operating revenues received YTD is 26.2% of the 2019 budget
 - Fuel sales 27.5% ; Rents & Leases 25.2%
 - Operating expenditures spent YTD is 24.4% of the 2019 budget
 - Capital expenditures spent YTD is 1.8% of the 2019 budget
 - Taxiway Realignment project (\$2.8Mil) expected to start in July
 - Overall, YTD total revenues exceeded total expenditures by \$167,386

Treasure's Report

- The City's total cash, deposits & Investments as of March 31, 2019 is \$21,139,571
 - **Other than the General Fund, all other funds are restricted funds which accounts for specific revenues or resources that are legally restricted or designated to finance particular activities the city (i.e., utilities, airport, TBD, etc.)**
- Summary totals by funds:

Total Cash, Deposits & Investments by Funds	Balance 3/31/2019	% of Total
General Fund	\$ 1,439,216	6.8%
TBD Fund	1,373,012	6.5%
Utilities Funds	14,453,745	68.4%
Airport Fund	1,218,804	5.8%
All other funds	2,654,794	12.6%
Total	\$ 21,139,571	100.0%

- About 83% or \$17,623,491 of the total was invested and earn interests. (\$15.0Mil in LGIP, \$2.4Mil in US Govt Agency Bonds)
- YTD Investment interest earned through March 2019 is \$107,896.
- The average annual net earnings rate for Local Government Investment Pool (LGIP) for the 1st quarter was 2.5094%.

Closing

- Questions?
- Thank you!