



2019 Third Quarter Financial Report

Period Ending September 30, 2019

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10/28/2019

Discussion

- 2019 Third Quarter (January through September) Operating Results
- Budget to Actual Comparison – Target 75% (9/12 months)
- City-wide Total for All Funds Combined Overview
- General Fund Overview
 - Revenues, Expenditures & Fund Balance Summary
 - Revenues by Source – Budget to Actual
 - Expenditures by Department – Budget to Actual
- Enterprise Funds Overview
 - Combined Utilities Funds (Wastewater, Water, Storm Water)
 - Airport Fund
- Treasurer's Report
 - Cash & Investments as of 9/30/2019

Overview – All City Funds Combined

		2019 YTD	YTD % of	YTD Variance
City-Wide, All Funds	2019 Budget	9/30/2019	Budget	Positive (Negative)
Revs. & Transfers In	\$ 30,974,993	\$ 20,908,578	67.5%	\$ (2,322,667)
Exps. & Transfers Out	33,699,477	17,047,111	50.6%	8,227,497
Increase (Decrease) in Fund Balance	(2,724,484)	3,861,467	-141.7%	\$ 5,904,830
Plus Beginning Fund Balance	20,196,397	20,196,397	100.0%	5,049,099
Ending Fund Balance	\$ 17,471,913	\$ 24,057,864	137.7%	\$ 10,953,929

Key factors for YTD variance:

Revenues: Grants budget for Taxiway & Rec Park projects \$4.2 million. YTD receipt \$659,375. \$2.5 million below YTD target. Additional \$659,375 received in October.

Expenditures:

Capital budget \$11.3 million, YTD spent \$1.7 million (14.8% of the Budget). \$6.5 million below YTD target. About \$3.3 million – expect to carryover to 2020
Operating budget \$18.7 million, YTD spent \$12.98 million (69.5% of the budget).

Bottom Line: Overall, YTD revenues and expenditures are as projected and within budget parameters for the 3rd quarter.

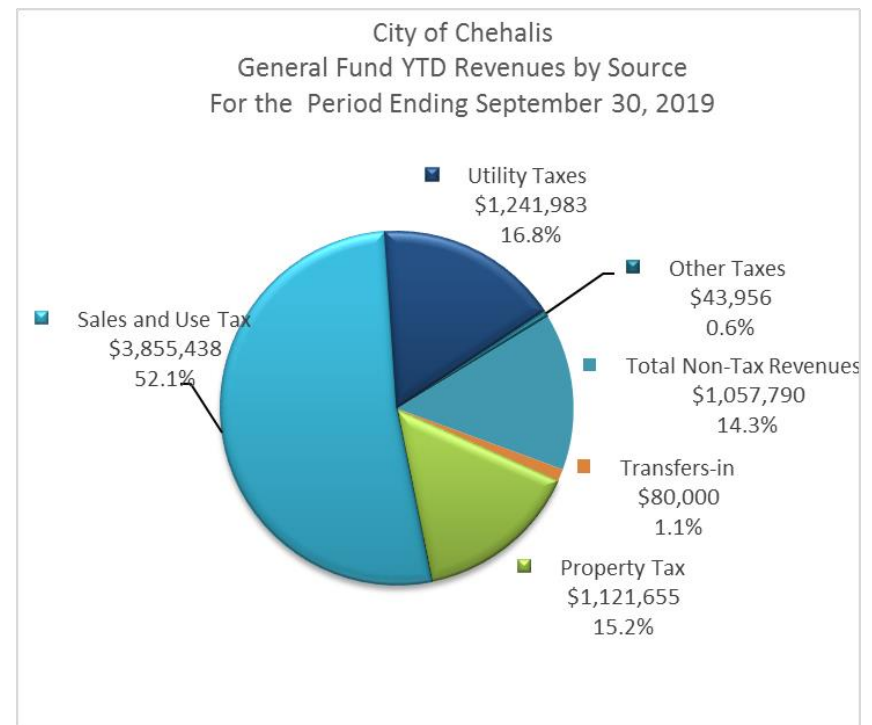
General Fund Overview

General Fund	2019 Budget	2019 YTD 9/30/2019	YTD % of Budget	YTD Variance Positive (Negative)
Revs. & Transfers In	\$ 10,123,662	\$ 7,400,822	73.1%	\$ (191,925)
Exps. & Transfers Out	11,137,493	8,114,628	72.9%	238,492
Increase (Decrease) in Fund Balance	(1,013,831)	(713,806)	70.4%	\$ 46,567
Plus Beginning Fund Balance	1,804,262	1,804,262	100.0%	451,066
Ending Fund Balance	\$ 790,431	\$ 1,090,456	138.0%	\$ 497,633
Ending Fund Balance % of Revenue Budget	7.8%	10.8%		
Ending Fund Balance % of Expenditure Budget	7.1%	9.8%		

Bottom line: For the most part, the General Fund operated within the budget parameters.

General Fund Revenues by Source

- Total YTD tax revenues make up 84.7% of total general fund revenues received.
- Sales tax is the largest revenue source and makes up 52.1% of total revenues received.
 - Local regular sales & use tax
 - Brokered Natural Gas sales tax
 - Criminal Justice sales tax
- Utility taxes make up 16.8% of total received and includes: electric, gas, telephone, cable, solid waste, water & sewer business.
- Property taxes make up 15.2% of total revenues received.
- Non-tax revenues include: licenses & Permits, charges for goods & services, intergovernmental revenues (state shared and grants), fines, and other misc.



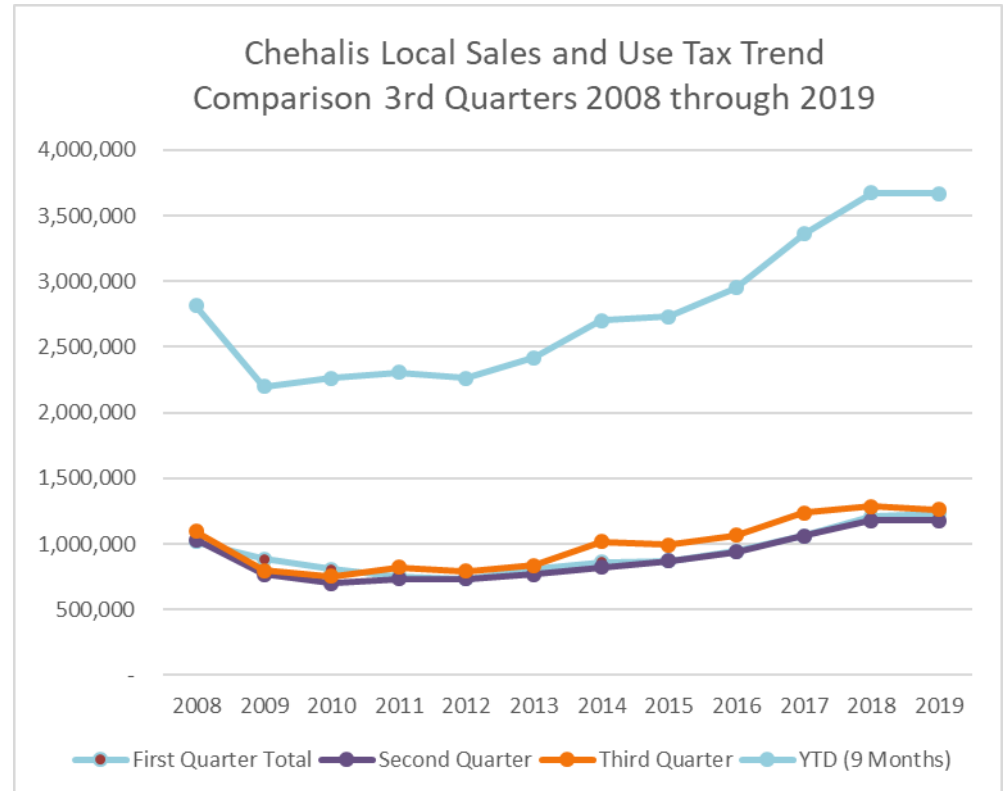
General Fund Revenues - Budget to Actual

General Fund Revenues	2019 Budget	YTD Actual 9/30/2019	YTD % of Budget	2019 YTD Variance Positive (Negative)
Tax Revenues:				
Property Tax	\$ 1,926,749	\$ 1,121,655	58.2%	\$ (323,407)
Sales and Use Tax	5,142,110	\$ 3,855,438	75.0%	(1,145)
Utility Taxes	1,576,490	\$ 1,241,983	78.8%	59,616
Other Taxes	46,670	\$ 43,956	94.2%	8,954
Total Tax Revenues	8,692,019	\$ 6,263,032	72.1%	(255,982)
Non-Tax Revenues:				
Licenses and Permits	187,925	\$ 192,546	102.5%	51,602
Intergovernmental	361,521	\$ 269,398	74.5%	(1,743)
Charges for Goods & Services	434,687	\$ 281,656	64.8%	(44,359)
Fines and Forfeitures	120,110	\$ 90,323	75.2%	241
Miscellaneous Other	247,400	\$ 223,867	90.5%	38,317
Total Non-Tax Revenues	1,351,643	\$ 1,057,790	78.3%	44,058
Transfers-in	80,000	\$ 80,000	100.0%	20,000
Total Revenues	\$ 10,123,662	\$ 7,400,822	73.1%	\$ (191,925)

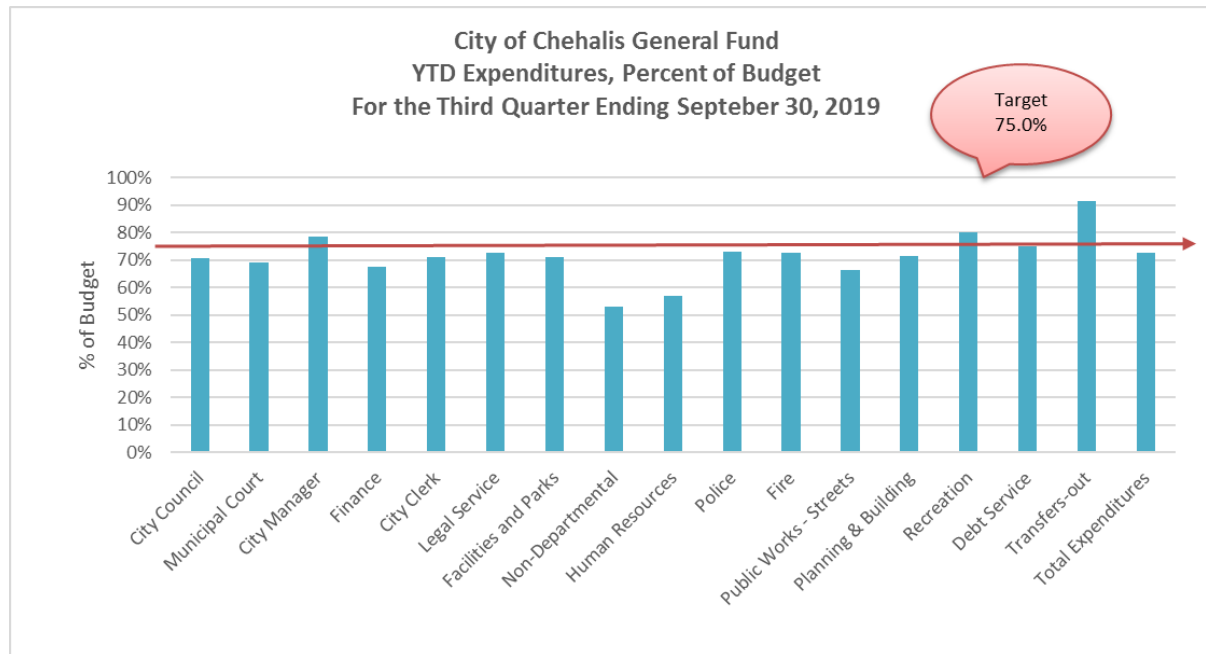
- Property Tax: 2nd half of 2019 tax distribution is in November
- Sales and Use Tax includes: Local sales and use tax \$57,386 below YTD target, Brokered Natural Gas and Criminal Justice sales tax \$56,242 ahead of YTD target amount.
- Utility tax includes: Electric utility tax is \$91,139 ahead of YTD target; Telephone utility is \$43,859 below YTD target.
- Licenses & Permits: Licenses \$25K ahead of YTD target, Building Permits \$28K ahead of YTD target (Jackson HWY MF units)
- Charges for Goods & Services: Includes plan check review fees, police & fire services, and recreation program fees. Plan check fees \$14K below YTD target. Fire service to Green Hills \$25K rec'd in October.

General Fund Revenues – Local Sales Tax Trend

- Local sales tax rate = 1% (total tax rate 8.2%)
- 2- month lag time between month of sales and revenue distribution.
- 2019 YTD is \$3,670,249 or 73.87% of the 2019 budget:
 - \$379,335 (10.3%) from construction
 - \$3,290,914 (89.7%) from non-construction
 - \$57,386 below YTD target.
- YTD 3Q 2019 Comparison to 3Q 2018:
 - Overall decrease \$3,459 (or -0.1%)
 - Sales tax from non-construction sources increased 4.6% or \$152,659
 - Sales tax from construction activities decreased by \$156,118 (41.2%)



General Fund Expenditures by Department and Activity – Budget to Actual



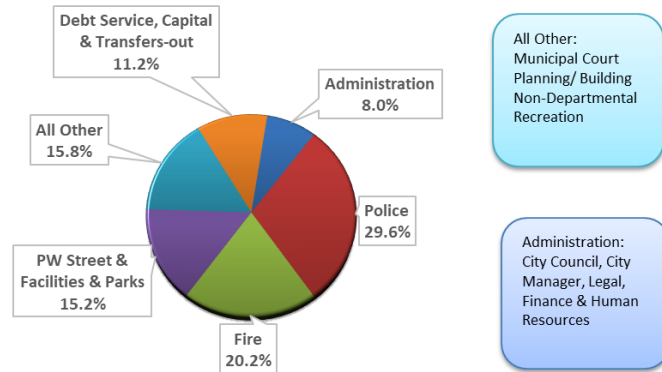
Overall, for the most departments operated within normal budget parameters.

Exceptions:

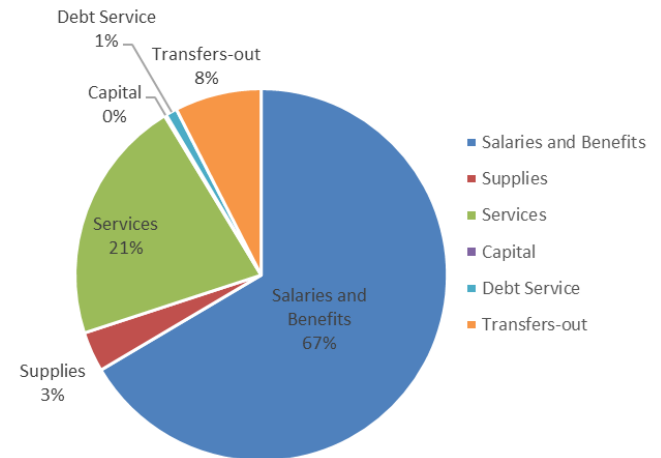
- Non-Departmental: Election cost, voter registration, & main street tax contribution not yet paid. Spent \$77K of \$156K LEOFF1 medical budget.
- HR: Professional services for labor negotiations still in progress.
- Recreation: Significant portion of operating expenditures incur during the summer months. Part-time payroll cost exceeded 2019 budget by \$8,535.
- Transfers-out to reserve funds 100% complete, except 4% of sales tax (based on future monthly sales tax amounts)

General Fund Expenditures Proportion – By Department & By Category

General Fund Expenditures by Department/Function
For the Third Quarter Ending September 30, 2019



General Fund Expenditures by Category
YTD Actual 9/30/2019



Police and Fire make up 50.0% of the General Fund YTD total expenditures. It is 56.0% of the General Fund operating expenditures (excluding capital, debt service & transfers).

YTD Salaries and Benefits \$5.6 million (73.2% of the 2019 budget). It is 67% of the General Fund total YTD expenditures, or 74.6% of the total operating expenditures (excluding capital, debt service, and transfers)

Enterprise Funds - Utilities

- Combined Utilities Funds Summary (Wastewater, Water & Stormwater)
 - YTD Operating Revenues received is 77.0% of the 2019 Budget & is \$183,692 ahead of YTD target amount.
 - Charges for services: \$29,783 below the YTD target.
 - Hookup/Connection Fees: Exceeded the 2019 budget by \$86,233
 - YTD Interest income: Exceeded the 2019 budget by \$131,070
 - YTD Operating expenditures is 67.0% of the 2019 Budget
 - YTD Capital expenditures is 20.8% of the 2019 budget. \$1.4 million below the YTD target amount. About \$1.0 million of 2019 budget is being carried over to 2020.
 - Debt service YTD is 58.1% of the 2019 budget
 - Overall, total revenues exceeded total expenditures by \$1,106,695.

Enterprise Fund - Airport

➤ Airport Fund Summary

- YTD Operating revenues received is 87.5% of the 2019 budget
 - Fuel sales 106.4% of 2019 Budget and is \$147,434 ahead of YTD target amount.
 - Rents & Leases 75.4% of 2019 Budget.
- YTD Operating expenditures is 77.8% of the 2019 budget
 - Fuel purchase is 92% of the 2019 budget, exceeding TYD target by \$67,986.
- YTD Capital expenditures is 12.7% of the 2019 budget
 - Taxiway Realignment project (\$2.8Mil) – some delays due to the weather, but is progressing well as projected.
- Overall, YTD total revenues exceeded total expenditures by \$703,638

Treasurer's Report

- The City's total cash and Investments as of September 30, 2019 is \$24,057,864.
 - **Only about 4.5% or \$1,090,456 of the total balance belongs to the General Fund.**
 - **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.)**
- About 89.1% or \$21,428,755 of the total balance is invested and earned interests. The following table shows summary totals by investment types:

City of Chehalis Cash, Deposits & Investment - Total Combined All Funds		
Account Type	Balance 9/30/2019	% of Total
Revolving Cash Funds (on-hand)	\$ 4,650	0.02%
Checking	2,624,459	10.91%
Money Market & Savings	187,377	0.78%
Local Government Investment Pool (LGIP)	18,866,025	78.42%
US Govt Agency Securities	2,375,353	9.87%
Total	\$ 24,057,864	100.00%

- YTD Investment interest through September 2019 is \$323,008. Interests are allocated to each City fund based on their proportionate share of the total investments.
- The YTD average net earnings rate for Local Government Investment Pool (LGIP) was 2.448%.

Closing

- Questions?
- Thank you!