



2019 Fourth Quarter Financial Report

Period Ending December 31, 2019

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01/27/2020

Discussion

- Budget to Actual Comparison – Target 100% (12/12 months)
- City-wide Overview - Total for All Funds Combined
- General Fund Overview
 - Revenues, Expenditures & Fund Balance Summary
 - Revenues by Source – Budget to Actual
 - Expenditures by Department – Budget to Actual
- Enterprise Funds Overview
 - Utilities: Wastewater, Water and Storm Water funds
 - Airport Fund
- Treasurer's Report
 - Cash & Investments as of 12/31/2019

Overview – All City Funds Combined

All City Funds Combined - Budget to Actual For the Fourth Quarter Ending December 31, 2019

City-Wide, All Funds	2019 Budget	2019 YTD 12/31/2019	YTD % of Budget	Budget to Actual
				Variance Positive (Negative)
Revs. & Transfers In	\$31,649,006	\$ 31,028,217	98.0%	\$ (620,789)
Exps. & Transfers Out	33,853,633	27,819,828	82.2%	6,033,805
Balance	(2,204,627)	3,208,389	-145.5%	\$ 5,413,016
Plus Beginning Fund Balance	20,196,397	20,196,397	100.0%	-
Ending Fund Balance	\$17,991,770	\$ 23,404,786	130.1%	\$ 5,413,016

Key factors for YTD variance:

Revenues: Grants for Taxiway Realignment & Rec Park projects \$4.2 million. YTD receipt \$3.4 million. \$820K remaining to be received in 2020.

Expenditures:

Capital budget balance \$4.7 million.

Budget \$11.3 million; YTD spent \$6.6 million (58.58% of the 2019 budget). About \$3.0 million has been re-appropriated in the 2020 adopted budget. Additional amount to be carried over to 2020 through a budget amendment.

Operating budget balance \$1.4 million.

Budget \$18.8 million; YTD spent \$7.7 million (93.9% of the 2019 budget). Payroll budget spent 95.1%; Services budget spent 87.8%.

Bottom Line: Overall, all city funds and departments operated within the appropriated budget parameters.

General Fund Overview

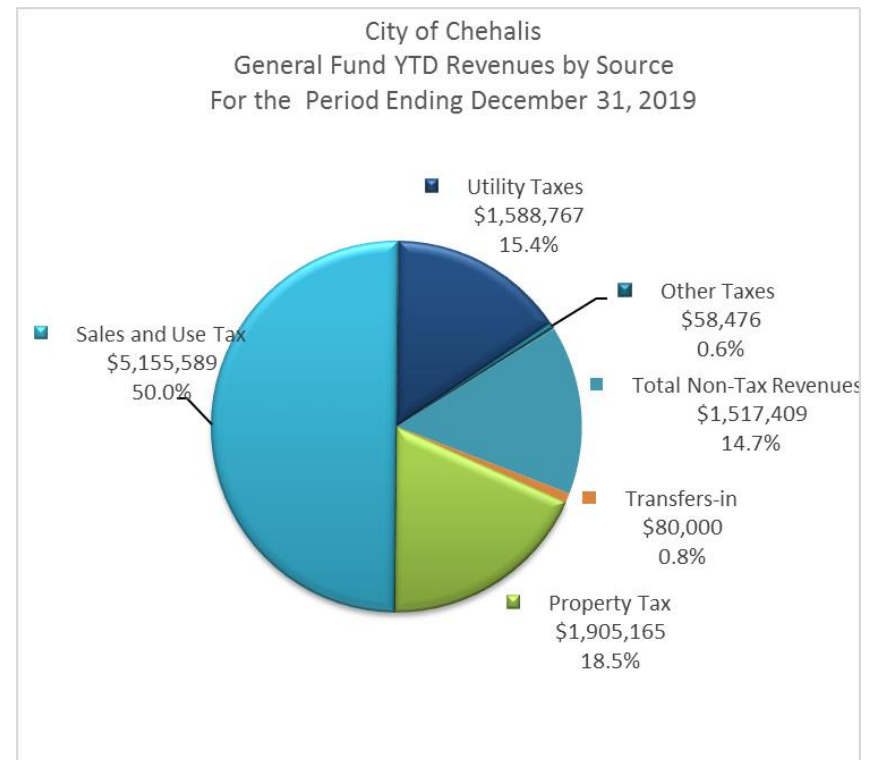
General Fund - Budget to Actual For the Fourth Quarter Ending December 31, 2019

General Fund	2019 Budget	2019 YTD 12/31/2019	YTD % of Budget	Budget to Actual
				Variance Positive (Negative)
Revs. & Transfers In	\$ 10,138,662	\$ 10,305,406	101.6%	\$ 166,744
Exps. & Transfers Out	11,169,208	10,619,031	95.1%	550,177
Increase (Decrease) in Fund Balance	(1,030,546)	(313,625)	30.4%	\$ 716,921
Plus Beginning Fund Balance	1,804,262	1,804,262	100.0%	-
Ending Fund Balance	\$ 773,716	\$ 1,490,637	192.7%	\$ 716,921
Ending Fund Balance % of Revenue Budget	7.6%	14.7%		
Ending Fund Balance % of Expenditure Budget	6.9%	13.3%		

Bottom line: Overall, the General Fund operated within the appropriated budget parameters.

General Fund Revenues by Source

- Tax revenues make up 84.5% of total general fund revenues received.
- Sales tax is the largest revenue source and makes up 50.0% of total revenues received.
 - Local regular sales & use tax
 - Brokered Natural Gas sales tax
 - Criminal Justice sales tax
- Property taxes make up 18.5% of total revenues received.
- Utility taxes make up 15.4% of total received and includes:
 - electric, gas, telephone, cable, solid waste, water & sewer business.
- 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 12/31/2019	YTD % of Budget	2019 YTD Variance Positive (Negative)
Tax Revenues:				
Property Tax	\$ 1,926,749	\$ 1,905,165	98.9%	\$ (21,584)
Sales and Use Tax	5,142,110	\$ 5,155,589	100.3%	13,479
Utility Taxes	1,576,490	\$ 1,588,767	100.8%	12,277
Other Taxes	46,670	\$ 58,476	125.3%	11,806
Total Tax Revenues	8,692,019	\$ 8,707,997	100.2%	15,978
Non-Tax Revenues:				
Licenses and Permits	200,575	\$ 235,162	117.2%	34,587
Intergovernmental	361,521	\$ 445,178	123.1%	83,657
Charges for Goods & Services	422,037	\$ 390,812	92.6%	(31,225)
Fines and Forfeitures	120,110	\$ 121,965	101.5%	1,855
Miscellaneous Other	262,400	\$ 324,292	123.6%	61,892
Total Non-Tax Revenues	1,366,643	\$ 1,517,409	111.0%	150,766
Transfers-in	80,000	\$ 80,000	100.0%	-
Total Revenues	\$ 10,138,662	\$ 10,305,406	101.6%	\$ 166,744

- Property tax: Historically, about 98% of taxes are collected in the levy year.
- Sales and Use Tax: Local sales and use tax \$51,385 below YTD target but Brokered Natural Gas and Criminal Justice sales tax \$64,864 exceed budget projection.
- Utility taxes: Electric utility exceeded YTD target by \$64,377 but Gas utility is \$27,669 below YTD target; Telephone utility \$63,949 below YTD target.
- Licenses & Permits: Business licenses \$5K and Building permits \$29K exceeded budget.
- Intergovernmental Revenues: Grants \$30K and State shared revenues \$54K exceeded budget.
- Charges for Goods & Services: Includes plan check review fees, police & fire services, and recreation program fees. Recreation program fees makes up 49% of this category and received \$191K (or 97%) of the 2019 budget.

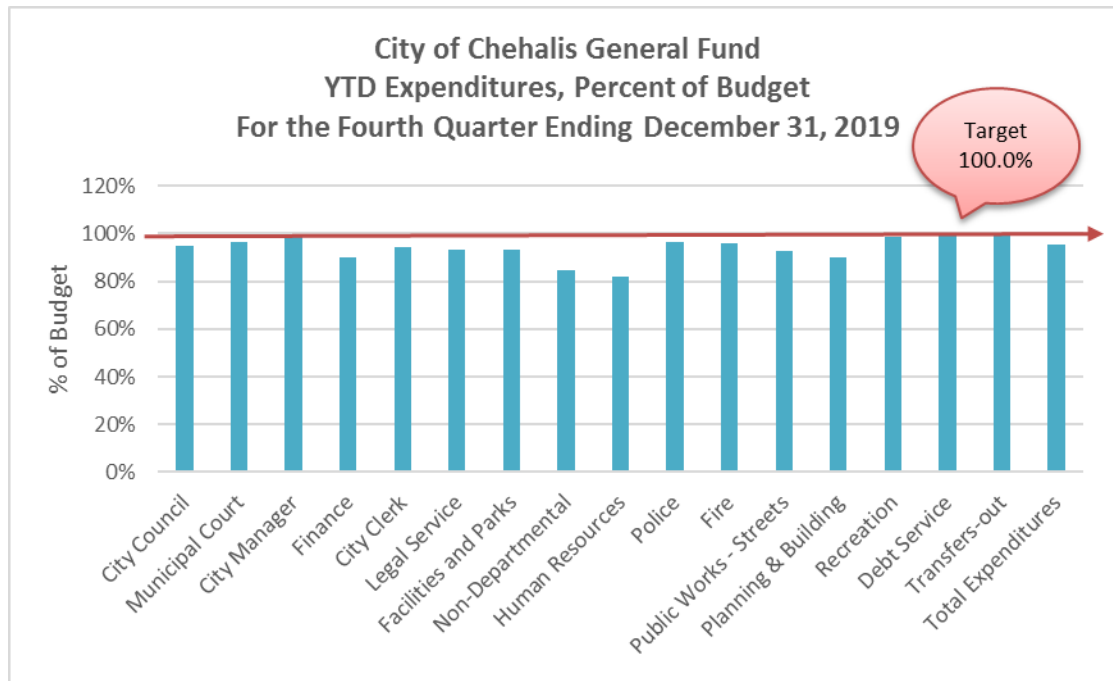
General Fund Revenues – Local Sales Tax Trend

- Local sales tax rate = 1% (total tax rate 8.2%)
- 2- month lag time between month of sales and revenue distribution.
- 2019 YTD is \$4,918,795 or 99.0% of the 2019 budget:
 - ✓ \$287,894 (5.9%) from construction
 - ✓ \$4,630,901 (94.1%) from non-construction
 - ✓ \$51,385 below the 2019 projection.
- YTD 2019 Comparison to YTD 2018:
 - ✓ Overall increase \$3,765 (or 0.1%) from 2018
 - ✓ Non-construction group increased 5.0% or \$221,829
 - ✓ Construction group decreased by \$218,054 (43.1%)
 - ✓ Last 10-year average from construction group: 5% of total local sales tax.

Chehalis Local Sales and Use Tax
Year Totals



General Fund Expenditures by Department and Activity – Budget to Actual

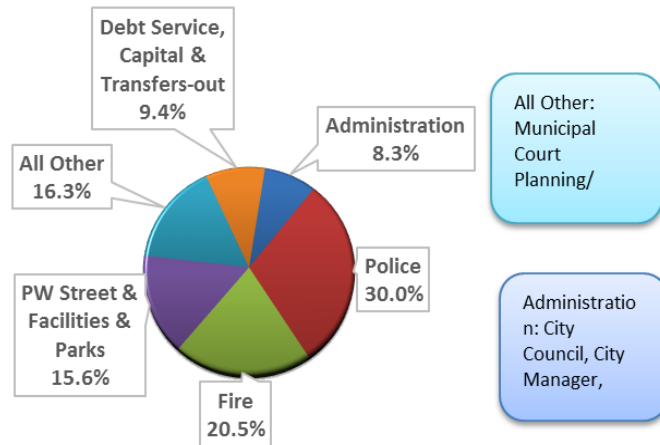


Overall, all departments operated within normal budget parameters.

- Average spent 95.1% of the 2019 budget.
- Finance (spent 90% of budget): Balance from PT salary/benefits & annual audit fees
- Non-Departmental (spent 84% of budget): Balance from LEOFF 1 medical benefits
- HR (spent 82% of budget): Balance from professional services for labor negotiations still in progress.
- Planning (spent 90% of budget): Balance from payroll budget. Time lapse between filling vacant positions.

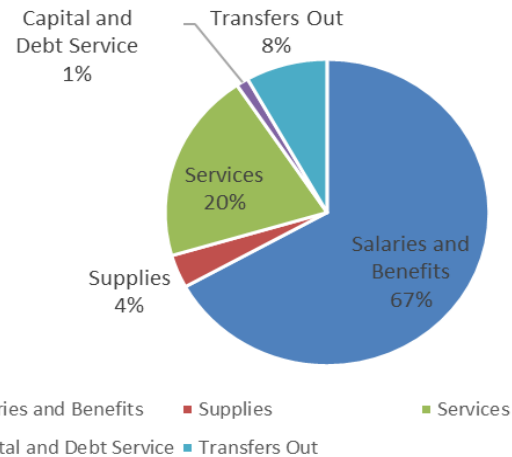
General Fund Expenditures Proportion – By Department & By Category

General Fund Expenditures by Department/Function
For the Fourth Quarter Ending December 31, 2019



Police and Fire make up 50.5% of the General Fund YTD total expenditures.

General Fund Expenditures by Category
YTD Actual 12/31/2019



Salaries and Benefits make up 67% of the General Fund total YTD expenditures.

Enterprise Funds - Utilities

- Combined Utilities Funds Summary (Wastewater, Water & Stormwater)
 - YTD Operating Revenues received is 100.4% of the 2019 budget & exceed the budget by \$315,567.
 - Wastewater \$20K
 - Water \$304K
 - Stormwater -\$9K
 - YTD Operating Expenditures is 92.2% of the 2019 budget. Balance \$484K.
 - Wastewater \$143K
 - Water \$306K
 - Stormwater \$35K
 - YTD Capital Expenditures is 29.9% of the 2019 budget. Balance \$1.8 Million.
 - Wastewater \$398K
 - Water \$1.2 Million
 - Stormwater \$227K
 - About \$1.0 million of 2019 budget balance has been re-appropriated in to the 2020 adopted budget.
 - An amendment to the 2020 budget may be requested to carry over additional 2019 remaining capital budget.
 - Overall, total revenues exceeded total expenditures by \$990K.

Enterprise Fund - Airport

➤ Airport Fund Summary

- YTD Operating Revenues received is 104.9% of the 2019 budget
 - Fuel sales is 102.8% of 2019 budget and exceeds the projection by \$17,378.
 - Rents & Leases is 105.9% of 2019 Budget and exceeds projection by \$65,989.
- YTD Operating Expenditures is 104.5% of the 2019 budget, exceeding YTD target by \$53,256
 - YTD fuel purchases exceeded budget by \$98K.
- YTD Capital Expenditures is 96.1% of the 2019 budget.
 - Taxiway Realignment project (\$2.8Mil). Remaining budget \$116K.
 - Carry-over 2019 budget balance to 2020 through a budget amendment.
- Overall, YTD total revenues exceeded total expenditures by \$118,212.

Treasurer's Report

- The City-wide total cash and Investments as of December 31, 2019 is \$23,404,786.
 - **Only 6.4% or \$1,490,638 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 committed to finance particular activities of the city (i.e., utilities, airport, TBD, etc.)**
- About 87.6% or \$20,517,356 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 12/31/2019	% of Total
Revolving Cash Funds (on-hand)	\$ 4,650	0.0%
Checking	2,882,779	12.3%
Money Market & Savings	187,434	0.8%
Local Government Investment Pool (LGIP)	17,954,569	76.7%
US Govt Agency Securities (Bonds)	2,375,353	10.1%
Total	\$ 23,404,786	100.0%

- 2019 Investment interest through the end of December is \$421,145. Interests are allocated to each City fund based on their proportionate share of the total investments.
- The 2019 average net earnings rate for Local Government Investment Pool (LGIP) was 2.3072%.

Closing

- Questions?
- Thank you!