



# 2020 Third Quarter Financial Report

Period Ending September 30, 2020

Presenter: Chun Saul  
10/26/2020

# Discussion

- Budget to Actual Comparison As of 9/30/2020 – YTD Target 75% (9/12 months)
  
- ❖ ***2020 Amended Budget includes the second 2020 budget amendment.***
  
- City-wide Overview - Total for All Funds Combined
- General Fund Overview
  - Revenues, Expenditures, and Fund Balance
  - Revenues Status by Source
  - Expenditures Status by Category
- Enterprise Funds Overview
  - Utilities Funds (Wastewater, Water, Storm Water)
  - Airport Fund
- Treasurer's Report
  - Cash, Deposits & Investments as of 9/30/2020

# Overview – All City Funds Combined Budget to Actual As of 9/30/2020

	2020 Amended Budget	2020 YTD 9/30/2020	YTD % of Budget	Budget to Actual Variance Positive (Negative)
<b>Chehalis City-Wide, All Funds</b>				
Revs. & Transfers In	\$ 28,187,547	\$ 18,934,138	67.2%	\$ (2,206,522)
Exps. & Transfers Out	32,028,090	18,455,599	57.6%	5,565,469
Increase (Decrease) in Fund Balance	(3,840,543)	478,539	-12.5%	\$ 3,358,947
Beginning Fund Balance	23,401,490	23,401,490	100.0%	5,850,373
Ending Fund Balance	\$ 19,560,947	\$ 23,880,029	122.1%	\$ 9,209,320

- **YTD revenue variance. About \$2.06 (or 93%) million of this variance is attributable to the following:**
  - \$1,725,000 Bond issue proceeds received in October
  - \$707,535 TIB grant revenue not yet received
  - \$316,675 RCO grant revenue not yet received
  
- **YTD expenditure variance is consisted of the following:**
  - Operating budget: used 68.5% of the budget (\$1.16 million below target amount)
  - Capital budget: used 37.0% of the budget (\$4.06 million below target)
    - ✓ Transportation, Utilities and Airport capital projects
    - ✓ Purchase of future fire station site and temporary buildings
  - Debt Services budget: used 58.6% of budget (\$425K below the target)
    - ✓ Some are on semi-annual and annual payment schedule (due in Nov and Dec)
  
- **Bottom Line: Overall, all city funds and departments operated within the budget parameters.**

# General Fund Status Budget to Actual As of 9/30/2020

City of Chehalis  
General Fund - Budget to Actual  
For the Period Ending September 30, 2020

	2020 Amended Budget	YTD Actual 9/30/2020	YTD Actual % of Budget	Variance YTD Actual vs. Target Positive (Negative)
Chehalis General Fund				
Revenues & Transfers-In	\$ 9,902,152	\$7,176,915	72.5%	\$ (249,703)
Expenditures & Transfers-Out	10,274,462	7,074,301	68.9%	631,546
Revenues Over (Under) Expenditures	(372,310)	102,614	-27.6%	381,843
Beginning Fund Balance	1,462,124	1,462,124		
Ending Fund Balance	\$ 1,089,814	\$1,564,738		
Ending Fund Balance % of Revenue Budget	11.0%	15.8%		

# General Fund Revenues

## Budget to Actual As of 9/30/2020

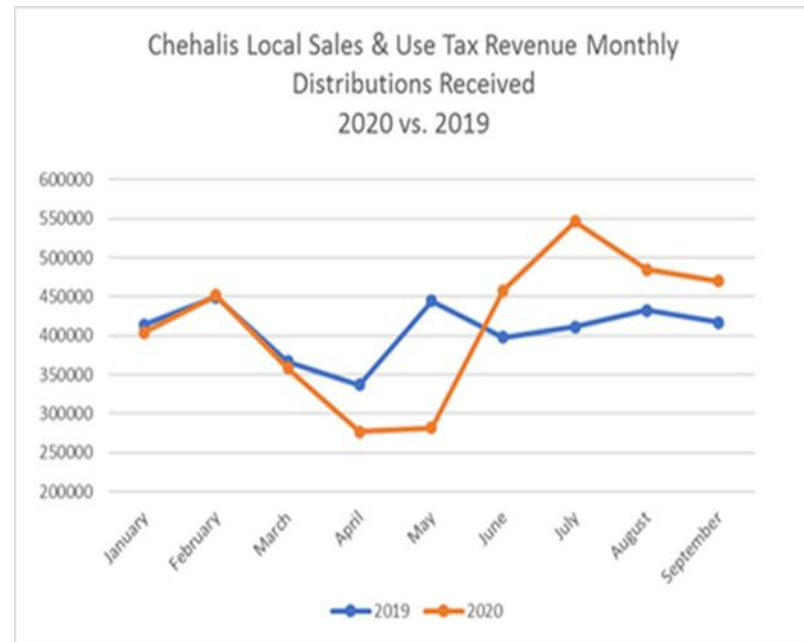
- YTD Revenue Received is 72.5% of budget (\$249,703 below the YTD target)

General Fund Revenues	2020 Amended Budget	YTD Actual 9/30/2020	YTD % of Budget Rec'd	Variance YTD Target vs. Actual	YTD Actual 9/30/2019	2019-2020 YTD Variance
Property Taxes	\$ 1,937,842	\$ 1,150,165	59.4%	\$ (303,217)	\$ 1,121,655	\$ 28,510
Sales and Use Taxes	4,893,500	3,874,094	79.2%	203,969	3,855,438	18,656
Utility Taxes	1,592,635	1,237,453	77.7%	42,977	1,241,983	(4,530)
Other Taxes	50,168	45,241	90.2%	7,615	43,956	1,285
Subtotal for Tax Revenues	8,474,145	6,306,953	74.4%	(48,656)	6,263,032	43,921
Non-Tax Revenues	1,275,982	797,564	62.5%	(159,426)	970,363	(172,799)
Custodial Receipts	107,025	72,398	67.6%	(7,871)	87,427	(15,029)
Transfers-in	45,000	-	0.0%	(33,750)	80,000	(80,000)
<b>Total Revenues</b>	<b>\$ 9,902,152</b>	<b>\$ 7,176,915</b>	<b>72.5%</b>	<b>\$ (249,703)</b>	<b>\$ 7,400,822</b>	<b>\$ (223,907)</b>

- Property tax** – normal for this time of year (2<sup>nd</sup> half property tax received in November)
- Sales and Use taxes** – Includes local sales tax, brokered natural gas and criminal justice sales tax.
- Non-tax revenues** - includes licenses & permits, charges for services (i.e. court service and fire protection), recreation fees, state shared revenues, intergovernmental grants and other miscellaneous revenues.
  - \$316K RCO grant budgeted is not yet received.

# Chehalis Local Sales and Use Tax Distributions Received through 9/30/2020

- Chehalis local sales and use tax (1% of the 8.2% total sales tax)
- Local sales tax distributions continued to recover since June following the sharp decline in April and May.
- 2020 YTD received is \$3,731,919 (79.3% of the amended budget):
  - \$202,374 (4.3%) ahead of the YTD target.
  - YTD revenue is 1.7% or \$61,676 increase from this time last year
- **Washington State Economic and Revenue Forecast Update 9/30/2020:**
  - *Washington unemployment rate declined to 8.5% in August from 16.3% in April*
  - *Income, employment, housing activity are currently at higher levels than expected in June, which will create more revenue going forward.*
  - *COVID19 – level of uncertainty remains high*
  - *Forecast does not expect that collections over the next several months will show the same strength*



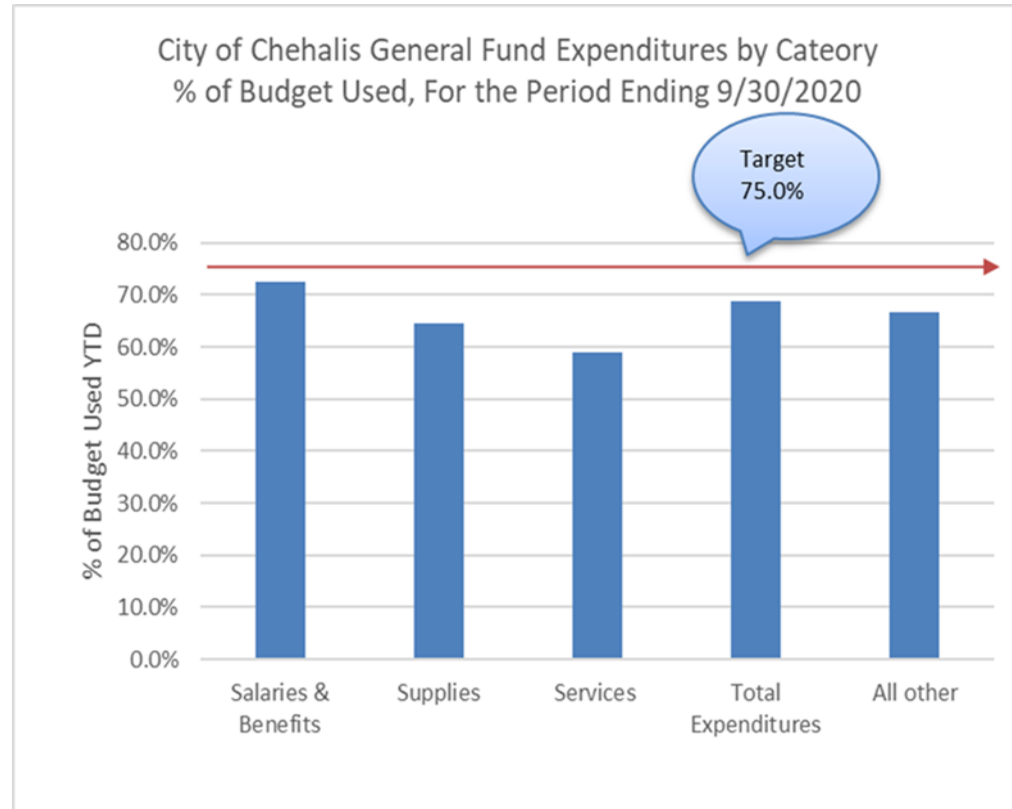
- ❖ 2- month lag time between month of sales activity and revenue distribution to the City.
- ❖ September distribution is for July sales activities. (\$600 per week supplemental unemployment benefit and other federal benefits were in effect)

# General Fund Expenditures by Category

## Budget to Actual As of 9/30/2020

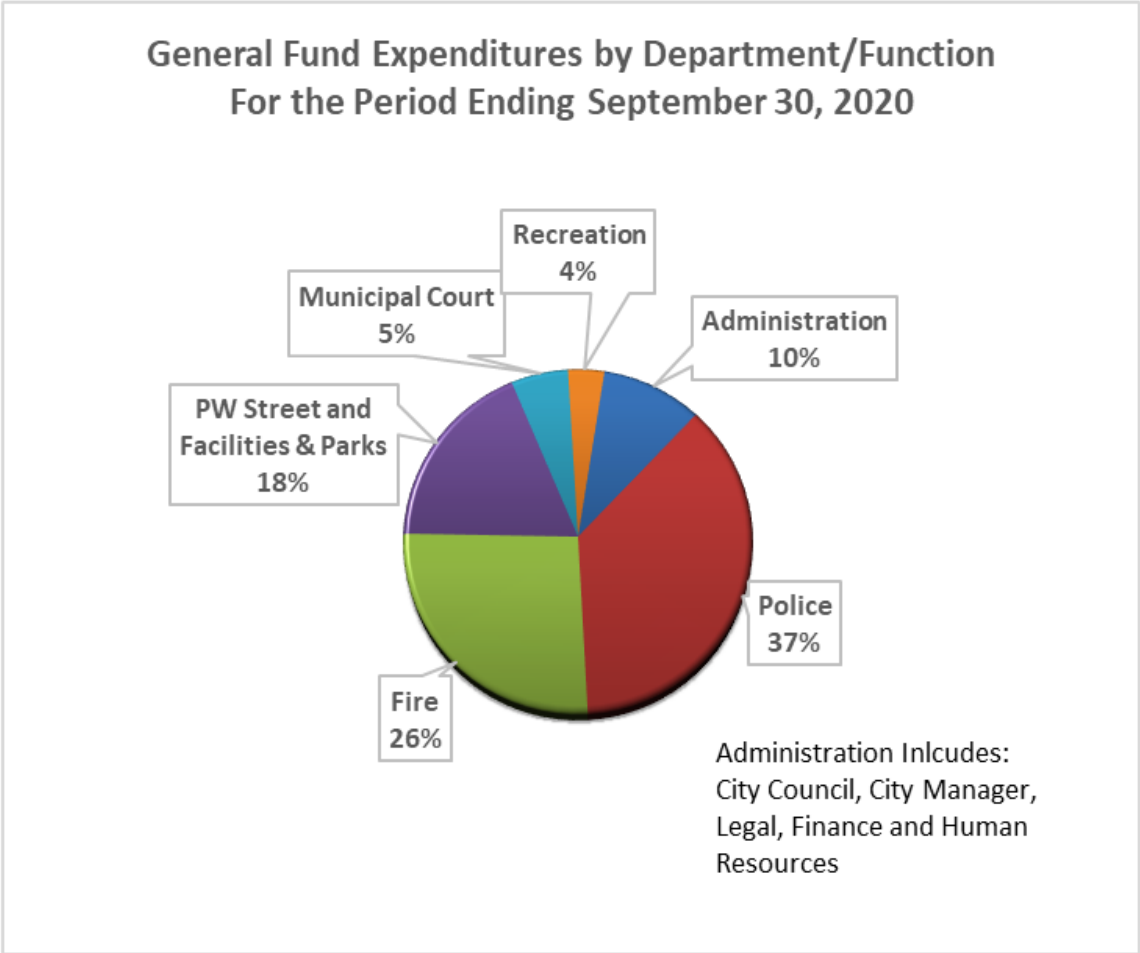
### YTD actual to budget variance \$632K is consisted of:

- Payroll: 72.6% budget spent. \$175K below the YTD target
- Supplies: 64.7% budget spent. \$42K below the YTD target.
- Services: 59.0% budget spent. \$398K below the YTD target:
  - \$169K from Prof Svc for Flood Storage Master Plan (\$316K budget, YTD used \$68K)
  - \$50K Main Street Tax contribution – not until Nov
- All other: debt service, transfers, interfund charges.
  - YTD spent 71.4%. \$1147K below the YTD target



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

# General Fund Expenditures by Function

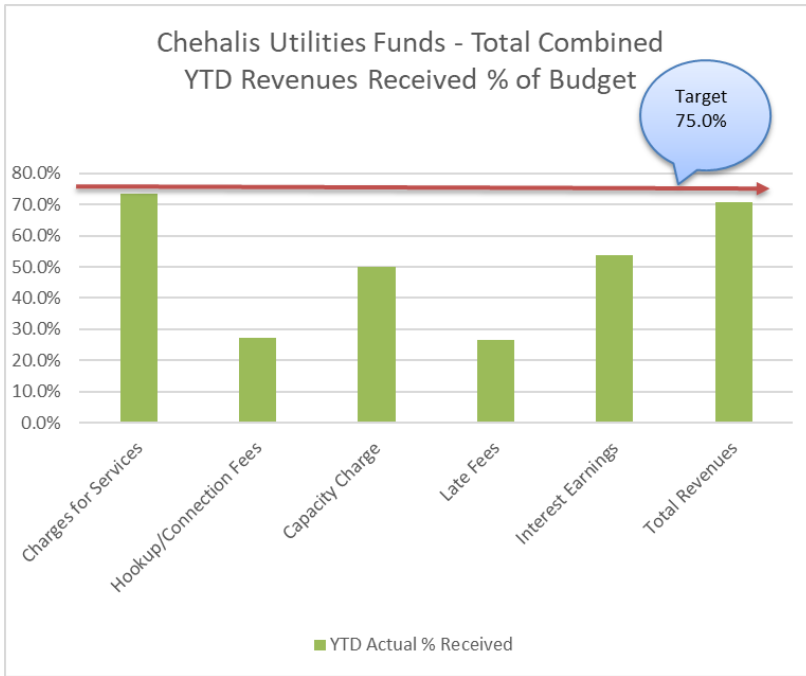




# Utilities Funds – Total Combined Budget to Actual As of 9/30/2020

- Revenues

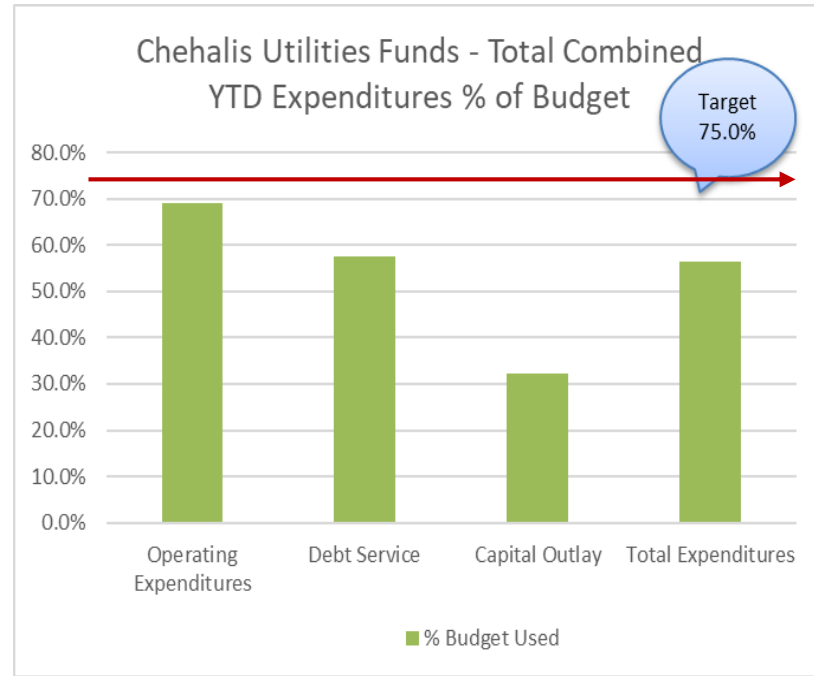
Total YTD revenue is 70.7% of the 2020 budget.  
(\$406,369 below the YTD target)



- Unpaid Balance increased
- Capacity Charge (Semi-annual in June & Dec)
- Late payment fees waived
- Interest rate decline

- Expenditures

Total YTD expenditures is 56.4% of the 2020 budget  
(\$2,179,736 below the YTD target)



Capital projects includes: Riverside Force Main  
Chehalis Pump Station; Chehalis Ave Waterline; Pacific Ave  
Watermain; Snaveley Ave.

# Utilities Funds Status Budget to Actual As of 9/30/2020

## **Combined Total Utilities (Wastewater, Water & Stormwater Funds)**

### ➤ **Revenues:**

- Charges for services: YTD received is 73.4% of the budget (\$134,766 below the YTD target)
- Hookup/Connection fees: YTD received is 27.3% of the budget (\$128,642 below the YTD target)
- Late Fees: YTD received is 26.4% of the budget (\$43,703 below the YTD target)
- Interest Earnings: 53.7% of budget received. \$104,182 decline from this time last year.
- Total YTD revenue is 70.7% of the 2020 budget (\$406,369 below the YTD target)

### ❖ **COVID-19 Impacts on Revenues:**

- Governor's Proclamation (Ratepayer Assistance) effective through December 31, 2020
- Prohibits disconnecting services due to nonpayment or charging late payment fees for residential customers
- Late fees – Revenue loss for the City.
- Unpaid utility bills – Deferred. The City needs to work with customers to collect payments.
- Balance of unpaid bills as of 9/26/20 increased by \$97K compared to this time last year.

### ➤ **Expenditures:**

- Operating expenditures: Spent 69.1 % of the 2020 Budget (\$363K below the YTD target)
- Capital outlay: spent 32.3% of the 2020 budget (\$1.44 million below YTD target)
- Debt Service: spent 57.7% of the 2020 budget (\$377K below the YTD target) – due to semi-annual payment due in December and annual payment in October.
- Total YTD expenditures is 56.4% of the 2020 budget (\$2,1779,736 below the YTD target)

### ➤ **YTD total revenues exceeds total expenditures by \$137,216**

# Airport Fund Status Budget to Actual As of 9/30/2020

## ➤ Revenues:

- Fuels sales: received 93.9% of the 2020 budget (\$116,722 ahead of the YTD target)
- Lease/rent: collected 70.9% of the 2020 budget (\$46,756 below the YTD target)
- **Total revenues: received 79.3% of the 2020 budget (\$75,142 ahead of the YTD target)**

## ➤ Expenditures:

- Operating expenditures: Used 78.7% of the 2020 Budget (\$75,142 exceed the YTD target)
  - Fuel purchased for resale: used 93.2% of the 2020 Budget (\$92,121 exceed the YTD target)
- **Capital outlay: spent 10.7% of the 2020 budget.**
  - Above ground fuel storage project has not yet started (\$500K budget)
- Custodial Activities: Includes disbursement of state taxes collected (sales tax on fuel sales and leasehold excise tax) and refund of lease deposit (\$100K)
  - Refund of developer deposit \$100K not included in the budget. Will do a budget amendment before year-end.
- **Total YTD expenditures is 62.6% of the 2020 budget.**

## ➤ YTD Total revenues exceeds total expenditures by \$333,539

# Treasurer's Report As of 9/30/2020

- The **City's** total cash, deposits & Investments as of September 30, 2020 is \$23,880,29.
  - **Only \$1,564,738 (or 6.6%) of the total cash & investments 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 and services (i.e., utilities, airport, TBD, etc.)**
- Summary totals by investment type:

City of Chehalis Cash, Deposits & Investment - Total Combined All Funds		
Account Type	Balance 9/30/2020	% of Total
Checking & Revolving Cash Fund	2,619,342	11.0%
Money Market & Savings	87,436	0.4%
Local Government Investment Pool (LGIP)	18,668,464	78.2%
US Govt Agency Securities (Bonds)	2,504,787	10.5%
Total	\$ 23,880,029	100.0%

- About 89.0% or \$21,260,687 of the total is invested and earns interests.
- YTD Investment interest earned through September 2020 is \$156,829. This is a \$166,179 (51%) decline from a year ago.
- The average LGIP net earnings rate for the first nine months in 2020 is 0.79% (it was 2.45% a year ago). (1.72% in January 2020; 0.21% at the end of September 2020).

# Closing

- Questions?
- Thank you!