

City of Chehalis



Quarterly Council Financial Report Second Quarter 2019

**For the Period Ending
June 30, 2019
(January through June)**

The City of Chehalis, Washington

**CHEHALIS CITY COUNCIL MEETING
AGENDA REPORT**

TO: The Honorable Mayor and City Council

FROM: Jill Anderson, City Manager

BY: Chun Saul, Finance Director

MEETING OF: July 22, 2019

SUBJECT: **2019 Second Quarter Financial Status Report**

DISCUSSION

This document provides a summary review of the City's financial activities and status for the second quarter 2019.

The reports have been formatted to be consistent with the approved budget for ease of comparison and review of information. Comparisons and variances shown are based on straight line projections. The percentage year-to-date (YTD) target for June is 50% (6 of 12 months).

First report provides a summary review of all City funds with their beginning cash balances, total revenues and transfers in, total expenditures and transfers out, changes in fund balances during the year, and estimated ending cash balances.

Second set of reports provide two-year comparative financial data of actual revenues and expenditures compared to the budget for the General Fund and the major enterprise funds.

CITY-WIDE OVERVIEW

Overall, on a city-wide basis, the city has received \$13,544,620 or 51.0% of the 2019 revenue budget (including transfers-in) and has expensed \$10,858,178 or 38.0% of the 2019 appropriations (including transfers-out) through the second quarter. Total city-wide revenues exceeded total expenditures by \$2,691,442 during this period. The city-wide total fund balance as of June 30, 2019 is \$22,887,839.

Other than the General Fund, all other funds are restricted funds that are used to account for specific revenues or resources that are legally restricted or designated to finance particular activities of the city, such as Transportation Benefit District, utilities, and Airport funds.

Total revenues received is about 1.0% or \$256,969 ahead of the YTD target amount. Total tax revenues from the General Fund and Transportation Benefit District fund makes up about \$189,040 of this variance.

Total year-to-date expenditures is about 12% or \$3,444,337 below the YTD target amount. This variance is mostly due to capital expenditures. Total 2019 capital expenditure budget is \$6,886,655 and only \$293,440 or 4.3% of the 2019 budget have been expensed. This is \$3,149,888 or 45.7% below the YTD target amount.

For the most part, the city funds operated within the normal budget parameters and resulted in positive changes in fund balances, except for the General Fund.

The revenue and expenditure variances for the General Fund and the major enterprise funds are explained in detail in the fund overview section below.

Bottom Line: The City operated within normal budget parameters.

GENERAL FUND OVERVIEW

The General Fund received 51.4% of the 2019 revenue budget including transfers-in in the first half of 2019. This is \$134,653 ahead of the YTD target. Total YTD expenditures is 51.6% of the 2019 budget. This is \$171,172 above the YTD target amount. At the end of second quarter, the General Fund total expenditures and transfers-out exceeded total revenues by \$452,685 (54.4% of the YTD target).

The fund balance for the General Fund as of June 30, 2019 is \$1,351,577, which is about 13.8% of the General Fund revenue budget. The estimated fund balance at the end of 2019 is \$971,929 or 10% of the general fund's operating revenues.

General Fund Revenues:

Total tax revenues received is \$4,387,909 or 51.5% of the 2019 budget. This is \$124,463 ahead of the YTD target amount. Total tax revenues make up 87.0% of total general fund revenues received through June 2019.

Property Tax revenue received through June 2019 is \$999,773 or 56.8% of the 2019 budget and \$118,962 ahead of the YTD target amount.

Sales Tax revenue received is \$2,550,684 or 49.6% of the 2019 budget. This total includes \$2,409,186 for regular local sales and use tax, \$68,503 for Brokered Natural Gas sales tax, and \$72,995 for Criminal Justice sales tax.

Sales tax is the City's largest revenue source. Sales tax revenues make up 50.6% of the total General Fund revenues received through June 2019.

The regular local sales and use tax received is 48.5% of the 2019 budget and is \$75,904 below the YTD target amount.

About \$171,469 (or 7.1%) of the YTD 2019 local sales and use tax is from construction activities (construction of buildings, heavy and civil engineering, and specialty trade contractors). As predicted, the sales tax from construction activities declined by \$77,605 (or 31.2%) when compared to this time last year. Sales taxes from motor vehicle and parts dealers and home and garden supplies stores increased by \$51,343, whereas, sales taxes from general merchandise stores declined by \$38,498 when compared to last year YTD. Local sales and use tax revenues trend will be closely monitored throughout the year.

Utility Tax revenue received is \$807,314 or 51.2% of the 2019 budgeted amount. Electricity utility tax revenue received is 56.4% of the 2019 budget and \$35,085 ahead of the YTD target amount. However, telephone utility tax revenue received is 39.0% of the 2019 budget and \$27,444 below the YTD target amount. Total utility tax revenues make up 16% of the General Fund total revenues received through June 2019.

License and Permit fee revenue received is \$110,794 or 55.2% of the 2019 budget and \$10,507 ahead of the YTD target amount. This includes business licenses and permit fees and non-business licenses and permit fees (i.e., building permit fees, animal licenses, and gun permits).

Intergovernmental revenue is \$124,471 or 47.3% of the 2019 budget and \$7,015 below the YTD target amount. This category includes intergovernmental grants, state shared revenues, and the Main Street B&O Tax Credit.

2019 YTD state Shared revenue received is \$79,010 or 35.9% of the 2019 budget and \$31,092 below the YTD target amount. This category includes Multimodal Transportation, Streamlined Sales Tax (SST) Mitigation, Criminal Justice Special Program, Marijuana Enforcement, Marijuana Excise Tax, DUI cities, Liquor Excise Tax and Liquor Board Profits, and PUD Privilege Tax. PUD Privilege Tax is budgeted for \$75,113 and is expected to be received in July.

The City received \$37,500 in Main Street B&O Tax Credit and has used it to reduce the B&O Tax payment liability.

Charges for goods and services revenue received is \$133,519 or 35.1% of the 2019 budget and \$56,653 below the YTD target amount. This category includes charges for fire and police services, plan check review fees, and recreation program fees. Recreation program fees make up about 51% of the 2019 budget in this category. YTD parks and recreation program revenue received is 29.2% of the 2019 budget and \$40,383 below the YTD target amount. A significant portion of the recreation program fee revenues are typically received during the summer months.

General Fund Expenditures and Transfers-out

Total YTD expenditures and transfers-out through June is \$5,498,459 or 51.6% of the 2019 budget. This is \$171,172 above the YTD target amount.

Total YTD expenditures for salaries and benefits is \$3,436,997 or 48.1% of the 2019 budget. Total salaries and benefits make up 62.5% of the total general fund expenditures including transfers-out or 73.5% of the total YTD general fund operating expenditures.

Total YTD expenditures for supplies is \$178,119 or 45.6% of the 2019 budget. Total YTD expensed for services is \$1,064,530 or 49.8% of the 2019 budget. Services include but not limited to annual WCIA insurance, computer software & hardware maintenance, facilities maintenance, and other professional and intergovernmental services.

Police and Fire make up 49.6% of the total YTD General Fund expenditures and transfers-out or 58.3% of the General Fund operating expenditures.

All departments, except Human Resources, Fire, and Planning and Building departments, operated within the YTD target amounts. The exceptions are summarized below:

The Human Resources department expensed 56.9% of its 2019 budget and \$8,595 above the YTD target amount. Attorney fees incurred for labor contract negotiations exceeded the 2019 budget by \$17,041 as of June 2019. The 2019 second budget amendment proposal includes additional appropriations for this item.

The Fire department expensed 52.4% of its 2019 budget and \$52,371 above the YTD target amount. The key factors for this variance are a combination of certain annual payments being paid in the first half of the year (i.e. WCIA insurance, H.S.A. contributions for the firefighters, fire code inspection and enforcement services provided by Riverside Fire Authority, etc.) and the monthly rent (\$3,000 per month) for the temporary fire station at Lewis County Fire District #6 which was not included in the 2019 adopted budget. An additional budget appropriation for 2019 rent in the amount of \$36,000 is being requested in the 2019 second budget amendment proposal.

The Planning and Building department's YTD expenditure is 66.3% of the 2019 budget and \$49,615 above the YTD target amount. This is mainly due to \$54,951 paid for professional services related to the flood storage master plan phase 2. Total professional services agreement for this project is \$85,000 which is to be reimbursed by the Flood Authority grant. The service agreement was approved by the City Council on November 1, 2018; however, the revenues and expenditures relating to this project were not included in the 2019 adopted budget. The 2019 second budget amendment proposal includes these items.

The 2019 budget as amended in April 2019 includes transfers-out in the amount of \$851,479, which includes setting aside funds for building abatement, compensated absences, debt service, public facilities, automotive and equipment, and 4% of local sales and use taxes for dedicated street fund. A total of \$748,038 or 87.9% of the 2019 budget has been transferred to the appropriate reserve funds.

Bottom Line: Overall, the general fund operated within the budget parameters.

ENTERPRISE FUNDS

Wastewater Fund

Total YTD operating revenues received through the second quarter is \$2,834,764 or 51.8% of the 2019 budget. This is \$98,963 ahead of the YTD target amount. The key contributing factors for year-to-date revenues exceeding the YTD target amount are 1) annual discharge service fee of \$175,000 was received in the first half of 2019, thus exceeding the YTD target by \$35,000 and 2) investment interest earnings exceeded the YTD target by \$40,000.

Total operating expenditures is \$1,466,278 or 48.2% of the 2019 budget; whereas, total expenditures incurred for capital expenditures is 11.4% of the 2019 budget.

Total revenues exceeded total expenditures by \$334,397 during the first half of 2019.

Water Fund

Total YTD operating revenues received through the second quarter is \$1,481,063 or 52.6% of the 2019 budget. This is \$72,422 ahead of the six-month target amount. YTD investment interest earnings exceeded the YTD target by \$53,094, and charges for services exceeded the YTD target by \$18,884.

Total operating expenditures through the second quarter is \$1,199,582 or 48.3% of the 2019 budget. However, only 2.3% of the 2019 budget has been spent for debt service and capital outlays.

Total revenues exceeded the total expenditures by \$273,702 for the first half of 2019.

Storm and Surface Water Fund

Total YTD operating revenues received in the first half of 2019 is \$374,752 or 46.8% of the 2019 budget. This is \$25,618 below the six-month target amount.

Total operating expenditures is \$255,525 or 46.8% of the 2019 budget. However, only 5% of the 2019 capital outlay budget has been spent through June.

Total revenues exceeded total expenditures by \$107,217 during the first half of 2019.

Airport Fund

Total operating revenues received in the first half of 2019 is \$857,959 or 53.8% of the 2019 budget. This is \$59,992 ahead of the YTD target amount. Fuel sales revenue and interest earnings are \$49,523 and \$11,176 ahead of the YTD target amount, respectively.

Intergovernmental revenues (grants) received is 4.2% of the 2019 budget. The grant revenue budget includes the FAA and WSDOT grants for the Taxiway Realignment project. The grant reimburses 95% of the eligible costs incurred. Taxiway realignment project has not started as of June 2019; thus, no grant payments have been received for this project.

YTD total operating expenditures is \$572,027 or 48.8% of the 2019 budget. However, only 1.8% of the 2019 capital budget has been spent through June 2019. The 2019 budget for the Taxiway Realignment project is \$2,803,678, and the construction of the federal project is expected to begin in late July 2019.

Total revenues exceeded total expenditures by \$332,905 during the first half of 2019.

TREASURER’S REPORT – CASH AND INVESTMENTS

The city’s total cash, deposits, and investments as of June 30, 2019 is \$22,887,839. About 82.7% or \$18,922,462 of the city’s cash is invested and earns interests. The remaining 17.3% or \$3,965,356 is held at the city or deposited in non-interest-bearing checking accounts to cover on-going operational cash flow needs. A summary of cash funds and investment types are as follows:

City of Chehalis Cash, Deposits & Investment - Total Combined All Funds		
Account Type	Balance 6/30/2019	% of Total
Imprest Petty Cash Funds	\$ 6,250	0.03%
Checking	3,959,106	17.30%
Money Market & Savings	187,332	0.82%
Local Government Investment Pool (LGIP)	16,359,797	71.48%
US Govt Agency Securities	2,375,353	10.38%
Total	\$ 22,887,839	100.00%

Other than the General Fund, all other funds are restricted funds which account for specific revenues or resources that are legally restricted or designated to finance particular activities of the city, such as Transportation Benefit District, utilities, and Airport funds.

Only about 5.9% or \$1,351,577 of the total balance belongs to the General Fund. A total of \$14,541,286 or 63.5% of the total balance belongs to the combined utilities funds, and \$1,384,323 or 6.1% of the total balance belongs to the Airport fund. The table below provides summary totals for each fund.

Total Cash, Deposits & Investments by Funds	Balance 6/30/2019	% of Total
General Fund	\$ 1,351,577	5.9%
TBD Fund	1,629,628	7.1%
Utilities Funds	14,541,286	63.5%
Airport Fund	1,384,323	6.0%
Capital Project Funds	1,770,728	7.7%
All other funds	2,210,297	9.7%
Total	\$ 22,887,839	100.0%

Total investment interest earnings through June 30, 2019 totaled \$211,050. The LGIP average net earnings rate for the first six-months of 2019 was 2.5192%

FISCAL IMPACT

As shown.

RECOMMENDATION

It is recommended that the City Council review this information and let staff know if there are any questions.

SUGGESTED MOTION

N/A

City of Chehalis
Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
2019 Second Quarter Financial Statements - All Funds
As of June 30, 2019

Fund Type/Name	Beginning Fund Balance		Revenues & Transfers			Expenditures & Transfers			Changes in Fund Balance		Ending Fund Balance	
	2019 Amended Budget	Actual 1/1/2019	2019 Amended Budget	YTD 6/30/2019 Actual	YTD % of Budget	2019 Amended Budget	YTD 6/30/2019 Actual	YTD % of Budget	2019 Amended Budget	YTD 6/30/2019 Actual	2019 Amended Budget	Actual 6/30/2019
General Funds:												
General Fund	\$ 1,804,262	\$ 1,804,262	\$ 9,822,242	\$ 5,045,774	51.4%	\$ 10,654,575	\$ 5,498,459	51.6%	\$ (832,333)	\$ (452,685)	971,929	\$ 1,351,577
Dedicated Street Fund	163,772	163,772	199,518	109,640	55.0%	172,520	88,917	51.5%	26,998	20,723	190,770	184,495
Building Abatement Fund	101,209	101,209	80,330	80,897	100.7%	80,000	80,000	100.0%	330	897	101,539	102,106
Compensated Absences Fund	93,841	93,841	101,850	101,296	99.5%	-	-	0.0%	101,850	101,296	195,691	195,137
Total General Funds	2,163,084	2,163,084	10,203,940	5,337,607	52.3%	10,907,095	5,667,376	52.0%	(703,155)	(329,769)	1,459,929	1,833,315
Special Revenue Funds:												
Arterial Street Fund	125,142	125,142	165,504	75,160	45.4%	170,218	48,335	28.4%	(4,714)	26,825	120,428	151,967
Transportation Benefit Dist. Fund	1,110,158	1,110,158	992,518	579,238	58.4%	1,175,000	59,768	5.1%	(182,482)	519,470	927,676	1,629,628
Tourism Fund	263,943	363,943	225,985	112,800	49.9%	305,435	76,503	25.0%	(79,450)	36,297	184,493	400,240
Community Block Grant Fund	24,190	24,190	1,000	44	4.4%	1,000	-	0.0%	-	44	24,190	24,234
HUD Block Grant Fund	86,259	86,259	1,420	878	61.8%	1,000	-	0.0%	420	878	86,679	87,137
Total Special Revenue Funds	1,609,692	1,709,692	1,386,427	768,120	55.4%	1,652,653	184,606	11.2%	(266,226)	583,514	1,343,466	2,293,206
Debt Service Funds:												
2011 G.O. Bond Fund	1	1	99,563	99,563	100.0%	99,563	12,282	12.3%	-	87,281	1	87,282
Total Debt Service Fund	1	1	99,563	99,563	100.0%	99,563	12,282	12.3%	-	87,281	1	87,282
Capital Project Funds:												
Public Facilities Reserve Fund	439,638	339,638	350,780	1,011,852	288.5%	96,724	10,886	11.3%	254,056	1,000,966	693,694	1,340,604
Automotive/Equip. Reserve Fund	94,311	94,311	182,010	183,351	100.7%	81,780	3,846	4.7%	100,230	179,505	194,541	273,816
First Quarter REET Fund	62,712	62,712	106,280	48,186	45.3%	40,821	40,821	100.0%	65,459	7,365	128,171	70,077
Second Quarter REET Fund	71,769	71,769	106,470	48,313	45.4%	33,851	33,851	100.0%	72,619	14,462	144,388	86,231
Total Capital Project Funds	668,430	568,430	745,540	1,291,702	173.3%	253,176	89,404	35.3%	492,364	1,202,298	1,160,794	1,770,728
Proprietary Funds:												
Garbage Fund	7,706	7,706	6,745	5,498	81.5%	7,252	1,867	25.7%	(507)	3,631	7,199	11,337
Wastewater Fund	5,112,880	5,112,880	5,472,262	2,835,245	51.8%	5,750,639	2,500,848	43.5%	(278,377)	334,397	4,834,503	5,447,277
Water Fund	7,437,091	7,437,091	2,885,647	1,514,313	52.5%	4,270,340	1,240,611	29.1%	(1,384,693)	273,702	6,052,398	7,710,793
Storm & Surface Water Fund	1,264,662	1,264,662	800,770	374,796	46.8%	786,526	267,579	34.0%	14,244	107,217	1,278,906	1,371,879
Airport Fund	1,051,418	1,051,418	4,423,173	1,063,969	24.1%	4,429,286	731,064	16.5%	(6,113)	332,905	1,045,305	1,384,323
Total Proprietary Funds	14,873,757	14,873,757	13,588,597	5,793,821	42.6%	15,244,043	4,741,969	31.1%	(1,655,446)	1,051,852	13,218,311	15,925,609
Fiduciary Funds:												
Firemen's Pension Fund	877,319	877,319	191,236	116,684	61.0%	78,500	29,388	37.4%	112,736	87,296	990,055	964,615
City Agency Fund	4,114	4,114	360,000	137,123	38.1%	360,000	128,153	35.6%	-	8,970	4,114	13,084
Total Fiduciary Funds	881,433	881,433	551,236	253,807	46.0%	438,500	157,541	35.9%	112,736	96,266	994,169	977,699
TOTAL ALL CITY FUNDS	\$ 20,196,397	\$ 20,196,397	\$ 26,575,303	\$ 13,544,620	51.0%	\$ 28,595,030	\$ 10,853,178	38.0%	\$ (2,019,727)	\$ 2,691,442	\$ 18,176,670	\$ 22,887,839

Note: May contain rounding differences of +/-

City of Chehalis
 Comparative Revenues and Expenditures - Budget to Actual
 June 2018 and 2019
 General Fund

GENERAL FUND (#001)	2018	YTD	2018	YTD Target % of Budget*		50.0%	2019	2019-2018
	Amended Budget	6/30/2018 Actual	YTD % of Budget	2019 Amended Budget	YTD 6/30/2019 Actual	2019 YTD % of Budget	YTD Variance [^]	YTD Variance
Revenues:								
Taxes:								
Property Taxes	\$ 1,639,220	\$ 902,760	55.1%	\$ 1,761,623	\$ 999,773	56.8%	\$ 118,962	\$ 97,013
Sales and Use Taxes	4,909,128	2,464,554	50.2%	5,142,110	2,550,684	49.6%	(20,371)	86,130
Utility Taxes	1,588,620	818,172	51.5%	1,576,490	807,314	51.2%	19,069	(10,858)
Other Taxes	50,222	27,237	54.2%	46,670	30,138	64.6%	6,803	2,901
Total Taxes	8,187,190	4,212,723	51.5%	8,526,893	4,387,909	51.5%	124,463	175,186
Non-Tax Revenues:								
Licenses and Permits	188,435	76,988	40.9%	200,575	110,794	55.2%	10,507	33,806
Intergovernmental Revenues ⁽¹⁾	316,519	135,656	42.9%	262,971	124,471	47.3%	(7,015)	(11,185)
Charges for Goods & Services	321,205	108,899	33.9%	380,343	133,519	35.1%	(56,653)	24,620
Fines and Forfeitures	114,085	60,856	53.3%	120,110	61,656	51.3%	1,601	800
Miscellaneous Other	310,738	169,969	54.7%	251,350	147,425	58.7%	21,750	(22,544)
Total Non-Tax Revenues	1,250,982	552,368	44.2%	1,215,349	577,865	47.5%	(29,810)	25,497
Other Fund Sources:								
Transfers-in	-	-	0.0%	80,000	80,000	100.0%	40,000	80,000
Total Other Fund Sources	-	-	0.0%	80,000	80,000	100.0%	40,000	80,000
Total Revenues & Fund Sources	\$ 9,438,172	\$ 4,765,091	50.5%	\$ 9,822,242	\$ 5,045,774	51.4%	\$ 134,653	\$ 280,683
Expenditures								
Operating Expenditures by Department:								
City Council	\$ 77,498	\$ 37,110	47.9%	\$ 97,825	\$ 44,871	45.9%	\$ 4,042	\$ 7,761
Municipal Court	489,082	221,777	45.3%	496,226	231,078	46.6%	17,035	9,301
City Manager	262,340	124,162	47.3%	190,628	92,448	48.5%	2,866	(31,714)
Finance	273,990	127,243	46.4%	296,333	140,575	47.4%	7,592	13,332
City Clerk	81,252	33,486	41.2%	86,347	36,198	41.9%	6,976	2,712
Legal Service	-	-	0.0%	74,633	33,286	44.6%	4,031	33,286
Facilities and Parks	1,073,729	514,033	47.9%	1,154,667	558,109	48.3%	19,225	44,076
Non-Departmental	421,189	97,959	23.3%	330,567	83,500	25.3%	81,784	(14,459)
Human Resources	122,749	45,289	36.9%	124,278	70,734	56.9%	(8,595)	25,445
Police	3,200,771	1,611,265	50.3%	3,282,629	1,593,712	48.5%	47,603	(17,553)
Fire	2,296,930	1,100,618	47.9%	2,156,036	1,130,389	52.4%	(52,371)	29,771
Public Works - Streets	568,451	226,823	39.9%	601,350	260,424	43.3%	40,251	33,601
Planning & Building	325,880	153,621	47.1%	303,793	201,511	66.3%	(49,615)	47,890
Recreation	481,740	203,082	42.2%	482,879	202,811	42.0%	38,629	(271)
Total Operating Expenditures	9,675,601	4,496,468	46.5%	9,678,191	4,679,646	48.4%	159,450	183,178
Other Expenditures:								
Debt Service	114,385	57,216	50.0%	114,432	57,216	50.0%	-	-
Capital Expenditures	143,760	70,480	49.0%	10,473	13,559	129.5%	(8,323)	(56,921)
Transfers-out	562,527	360,768	64.1%	851,479	748,038	87.9%	(322,299)	387,270
Total Other Expenditures	820,672	488,464	59.5%	976,384	818,813	83.9%	(330,621)	330,349
Total Expenditures	\$ 10,496,273	\$ 4,984,932	47.5%	\$ 10,654,575	\$ 5,498,459	51.6%	(171,172)	\$ 513,527
Changes in Fund Balance	\$ (1,058,101)	\$ (219,841)	20.8%	\$ (832,333)	\$ (452,685)	54.4%	(36,519)	\$ (232,844)

Foot Note:

* The target percentage of budget is calculated as the month of reporting (6 for June) divided by the number of months (12) in the year.

[^] Variance from YTD target amount to YTD actual amount. Positive variance, if YTD revenue>target amount and YTD expenditure<target amount.

(1) Main Street Tax Credit is moved from Utility B&O Tax line to Intergovernmental Revenue line.

City of Chehalis
 Comparative Revenues and Expenditures - Budget to Actual
 June 2018 and 2019
 Wastewater Fund

	2018 Amended Budget	YTD 6/30/2018 Actual	2018 YTD % of Budget	YTD Target % of Budget*		50.0%	2019 YTD Variance [^]	2019-2018 YTD Variance
				2019 Amended Budget	YTD 6/30/2019 Actual	2019 YTD % of Budget		
Wastewater Fund (#404)								
Revenues:								
Operating Revenues:								
Charges for Goods & Services	\$ 5,447,792	\$ 2,738,796	50.3%	\$ 5,393,872	\$ 2,749,648	51.0%	\$ 52,712	\$ 10,852
Intergovernmental Revenues	10,905	10,903	100.0%	-	-	0.0%	-	(10,903)
Late Payment Fees	51,000	25,768	50.5%	42,910	26,691	62.2%	5,236	923
Interest Earnings	60,000	24,952	41.6%	29,130	54,565	187.3%	40,000	29,613
Rental Income	3,545	3,545	100.0%	4,140	3,545	85.6%	1,475	-
Miscellaneous Other	1,100	1,356	123.3%	1,550	315	20.3%	(460)	(1,041)
Total Operating Revenues	5,574,342	2,805,320	50.3%	5,471,602	2,834,764	51.8%	98,963	29,444
Other Fund Sources:								
Capital Grants	-	-	0.0%	-	-	0.0%	-	-
Custodial Activities	555	566	102.0%	660	481	72.9%	151	(85)
Debt Proceeds	-	-	0.0%	-	-	0.0%	-	-
Total Other Fund Source	555	566	102.0%	660	481	72.9%	151	(85)
Total Revenues & Fund Sources	\$ 5,574,897	\$ 2,805,886	50.3%	\$ 5,472,262	\$ 2,835,245	51.8%	\$ 99,114	\$ 29,359
Expenditures:								
Operating Expenditures:								
Operating Expenditures	\$ 3,349,574	\$ 1,492,611	44.6%	\$ 3,041,234	\$ 1,466,278	48.2%	\$ 54,339	\$ (26,333)
Total Operating Expenditures:	3,349,574	1,492,611	44.6%	3,041,234	1,466,278	48.2%	54,339	(26,333)
Other Expenditures:								
Custodial Activities	600	538	89.7%	600	481	80.2%	(181)	(57)
Debt Service	1,909,145	955,657	50.1%	1,879,905	939,952	50.0%	1	(15,705)
Capital Expenditures	294,873	10,903	3.7%	828,900	94,137	11.4%	320,313	83,234
Transfers-out	-	-	0.0%	-	-	0.0%	-	-
Total Other Expenditures	2,204,618	967,098	43.9%	2,709,405	1,034,570	38.2%	320,133	67,472
Total Expenditures	\$ 5,554,192	\$ 2,459,709	44.3%	\$ 5,750,639	\$ 2,500,848	43.5%	\$ 374,472	\$ 41,139
Changes in Fund Balance	\$ 20,705	\$ 346,177	1671.9%	\$ (278,377)	\$ 334,397	-120.1%	\$ 473,586	\$ (11,780)
<i>Operating Income (deficit)</i>	<i>\$ 2,224,768</i>	<i>\$ 1,312,709</i>	<i>59.0%</i>	<i>\$ 2,430,368</i>	<i>\$ 1,368,486</i>	<i>56.3%</i>	<i>\$ 153,302</i>	<i>\$ 55,777</i>

Foot Note:

* The target percentage of budget is calculated as the month of reporting (6 for June) divided by the number of months (12) in the year.

[^] Variance from YTD target amount to YTD actual amount. Positive variance, if YTD revenue>target amount and YTD expenditure<target amount.

City of Chehalis
Comparative Revenues and Expenditures - Budget to Actual
June 2018 and 2019
Water Fund

	2018 Amended Budget	YTD 6/30/2018 Actual	2018 YTD % of Budget	YTD Target % of Budget*		2019 YTD % of Budget	2019 YTD Variance [^]	2019-2018 YTD Variance
				2019 Amended Budget	YTD 6/30/2019 Actual			
WATER FUND (#405)								
Revenues:								
Operating Revenues:								
Charges for Goods & Services	\$ 2,814,784	\$ 1,373,006	48.8%	\$ 2,742,940	\$ 1,390,354	50.7%	\$ 18,884	\$ 17,348
Late Payment Fees	31,000	16,430	53.0%	27,720	14,914	53.8%	1,054	(1,516)
Interest Earnings	94,400	38,543	40.8%	45,402	75,795	166.9%	53,094	37,252
Other Misc. Revenues	1,000	948	94.8%	1,220	-	0.0%	(610)	(948)
Total Operating Revenues	2,941,184	1,428,927	48.6%	2,817,282	1,481,063	52.6%	72,422	52,136
Other Funding Source								
Inerfund Loan Repayment	16,800	-	0.0%	68,095	33,250	48.8%	(798)	33,250
Capital Grants	-	-	0.0%	-	-	0.0%	-	-
Custodial Activities	100	(5)	-5.5%	270	-	0.0%	(135)	5
Debt Proceeds	-	-	0.0%	-	-	0.0%	-	-
Other Resources	-	2,733	0.0%	-	-	0.0%	-	(2,733)
Total Other Fund Source	16,900	2,728	16.1%	68,365	33,250	48.6%	(933)	30,522
Total Revenues & Fund Sources	\$ 2,958,084	\$ 1,431,655	48.4%	\$ 2,885,647	\$ 1,514,313	52.5%	\$ 71,490	\$ 82,658
Expenditures								
Operating Expenditures								
Operating Expenditures	2,318,091	1,109,820	47.9%	2,484,278	1,199,582	48.3%	42,557	89,762
Total Operating Expenditures	2,318,091	1,109,820	47.9%	2,484,278	1,199,582	48.3%	42,557	89,762
Other Expenditures								
Custodial Activities	100	378	378.0%	100	-	0.0%	50	(378)
Debt Service	343,576	12,350	3.6%	321,662	12,792	4.0%	148,039	442
Capital Expenditures	290,570	34,568	11.9%	1,464,300	28,237	1.9%	703,913	(6,331)
Interfund Loan Disbursements	279,430	-	0.0%	-	-	0.0%	-	-
Total Other Expenditures	913,676	47,296	5.2%	1,786,062	41,029	2.3%	852,002	(6,267)
Total Expenditures	\$ 3,231,767	\$ 1,157,116	35.8%	\$ 4,270,340	\$ 1,240,611	29.1%	\$ 894,559	\$ 83,495
Change in Fund Balance	\$ (273,683)	\$ 274,539	-100.3%	\$ (1,384,693)	\$ 273,702	-19.8%	\$ 966,049	\$ (837)
<i>Operating Income (deficit)</i>	\$ 623,093	\$ 319,107	51.2%	\$ 333,004	\$ 281,481	84.5%	\$ 29,865	\$ (37,626)

Foot Note:

* The target percentage of budget is calculated as the month of reporting (6 for June) divided by the number of months (12) in the year.

[^] Variance from YTD target amount to YTD actual amount. Positive variance, if YTD revenue>target amount and YTD expenditure<target amount.

City of Chehalis
 Comparative Revenues and Expenditures - Budget to Actual
 June 2018 and 2019
 Storm and Surface Water Fund

	2018 Amended Budget	YTD 6/30/2018 Actual	2018 YTD % of Budget	YTD Target % of Budget*		2019 YTD % of Budget	2019 YTD Variance [^]	2019-2018 YTD Variance
				2019 Amended Budget	YTD 6/30/2019 Actual			
Storm Water Fund (#406)								
Revenues:								
Operating Revenues:								
Charges for Goods & Services	\$ 611,100	\$ 323,949	53.0%	\$ 786,170	\$ 357,915	45.5%	\$ (35,170)	\$ 33,966
Fines and Forfeitures	5,000	4,119	82.4%	5,000	2,758	55.2%	258	(1,361)
Interest Earnings	13,250	5,995	45.2%	9,570	13,537	141.5%	8,752	7,542
Other Misc. Revenues	-	-	0.0%	-	542	0.0%	542	542
Total Operating Revenues	629,350	334,063	53.1%	800,740	374,752	46.8%	(25,618)	40,689
Other Fund Sources:								
Capital Grants	-	-	0.0%	-	-	0.0%	-	-
Custodial Activities	30	21	70.0%	30	44	146.7%	29	23
Debt Proceeds	-	-	0.0%	-	-	0.0%	-	-
Total Other Fund Sources	30	21	70.0%	30	44	146.7%	29	23
Total Revenues & Fund Sources	\$ 629,380	\$ 334,084	53.1%	\$ 800,770	\$ 374,796	46.8%	\$ (25,589)	\$ 40,712
Expenditures:								
Operating Expenditures:								
Operating Expenditures	491,175	228,158	46.5%	545,676	255,525	46.8%	17,313	27,367
Total Operating Expenditures	491,175	228,158	46.5%	545,676	255,525	46.8%	17,313	27,367
Other Expenditures:								
Custodial Activities	50	21	42.0%	50	44	88.0%	(19)	23
Capital Expenditures	230,000	13,682	5.9%	240,800	12,010	5.0%	108,390	(1,672)
Transfers-out	-	-	0.0%	-	-	0.0%	-	-
Total Other Expenditures	230,050	13,703	6.0%	240,850	12,054	5.0%	108,371	(1,649)
Total Expenditures	721,225	241,861	33.5%	786,526	267,579	34.0%	125,684	25,718
Changes in Fund Balance	\$ (91,845)	\$ 92,223	-100.4%	\$ 14,244	\$ 107,217	752.7%	\$ 100,095	\$ 14,994
<i>Operating Income (deficit)</i>	\$ 138,175	\$ 105,905	76.6%	\$ 255,064	\$ 119,227	46.7%	\$ (8,305)	\$ 13,322

Foot Note:

* The target percentage of budget is calculated as the month of reporting (6 for June) divided by the number of months (12) in the year.

[^] Variance from YTD target amount to YTD actual amount. Positive variance, if YTD revenue > target amount and YTD expenditure < target amount.

City of Chehalis
Comparative Revenues and Expenditures - Budget to Actual
June 2018 and 2019
Airport Fund

Airport Fund (#407)	2018 Amended Budget	YTD 6/30/2018 Actual	2018 YTD % of Budget	YTD Target % of Budget* 50.0%		2019 YTD % of Budget	2019 YTD Variance^	2019-2018 YTD Variance
				2019 Amended Budget	YTD 6/30/2019 Actual			
Revenues:								
Operating Revenues:								
Fuel sales	\$ 486,000	\$ 214,100	44.1%	\$ 470,073	\$ 284,559	60.5%	\$ 49,523	\$ 70,459
Other Misc. Revenues	1,700	43,578	2563.4%	1,375	2,045	148.7%	1,358	(41,533)
Late Payment Fees	-	60	0.0%	-	14	0.0%	14	(46)
Interest Earnings	-	3,623	0.0%	3,140	12,746	405.9%	11,176	9,123
Rents & Royalties	1,112,500	559,838	50.3%	1,121,347	558,595	49.8%	(2,079)	(1,243)
Total Operating Revenues	1,600,200	821,199	51.3%	1,595,935	857,959	53.8%	59,992	36,760
Other Fund Sources:								
Intergovernmental - Capital Grants	308,000	133,787	43.4%	2,644,795	110,812	4.2%	(1,211,586)	(22,975)
Custodial Activities	182,059	89,369	49.1%	182,443	94,253	51.7%	3,032	4,884
Interfund Loan Receipts	279,430	-	0.0%	-	-	0.0%	-	-
Proceeds from Sale of Capital Asset	-	-	0.0%	-	945	0.0%	945	945
Debt Proceeds (Bonds/Loans)	-	-	0.0%	-	-	0.0%	-	-
Operating Transfers In	-	-	0.0%	-	-	0.0%	-	-
Total Other Fund Sources	769,489	223,156	29.0%	2,827,238	206,010	7.3%	(1,207,609)	(17,146)
Total Revenues & Fund Sources	\$ 2,369,689	\$ 1,044,355	44.1%	\$ 4,423,173	\$ 1,063,969	24.1%	\$(1,147,618)	\$ 19,614
Expenditures:								
Operating Expenditures								
Operating Expenditures	1,070,331	490,751	45.9%	1,173,077	572,027	48.8%	14,512	81,276
Total Operating Expenditures	1,070,331	490,751	45.9%	1,173,077	572,027	48.8%	14,512	81,276
Other Expenditures:								
Custodial Activities	182,014	48,050	26.4%	183,059	54,637	29.8%	36,893	6,587
Debt Service	336,014	32,451	9.7%	31,377	16,485	52.5%	(797)	(15,966)
Capital Expenditures	613,073	70,665	11.5%	2,973,678	54,665	1.8%	1,432,174	(16,000)
Interfund Loan Payment	16,800	-	0.0%	68,095	33,250	48.8%	798	33,250
Total Other Expenditures	1,147,901	151,166	13.2%	3,256,209	159,037	4.9%	1,469,067	7,871
Total Expenditures	\$ 2,218,232	\$ 641,917	28.9%	\$ 4,429,286	\$ 731,064	16.5%	\$ 1,483,579	\$ 89,147
Changes in Fund Balance	\$ 151,457	\$ 402,438	265.7%	\$ (6,113)	\$ 332,905	-5445.9%	\$ 335,961	\$ (69,533)
<i>Operating Income (deficit)</i>	\$ 529,869	\$ 330,448	62.4%	\$ 422,858	\$ 285,932	67.6%	\$ 74,503	\$ (44,516)

Foot Note:

* The target percentage of budget is calculated as the month of reporting (6 for June) divided by the number of months (12) in the year.

^ Variance from YTD target amount to YTD actual amount. Positive variance, if YTD revenue>target amount and YTD expenditure<target amount.



2019 Second Quarter Financial Report

Period Ending June 30, 2019

Presenter: Chun Saul

7/22/2019

Discussion

- 2019 Second Quarter (January through June) Operating Results
- Budget to Actual Comparison – Target 50% (6/12 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 6/30/2019

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 June 30, 2019

City-Wide, All Funds	2019 Budget	2019 YTD Actual	YTD % of Budget	YTD Variance
Revs. & Transfers In	\$ 26,575,303	\$ 13,544,620	51.0%	\$ 256,969
Exps. & Transfers Out	\$ 28,595,030	\$ 10,853,178	38.0%	\$ 3,444,337
Changes in Fund Balance	\$ (2,019,727)	\$ 2,691,442	-133.3%	\$ 3,701,306
Beginning Fund Balance	\$ 20,196,397	\$ 20,196,397	100.0%	
Ending Fund Balance	\$ 18,176,670	\$ 22,887,839	125.9%	

YTD revenue variance:

- General fund property tax and TBD sales tax ahead of YTD target
- Transfers between funds 83% complete

YTD expenditures and transfers-out is 38.0% of the 2019 budget.

- Operating expenditures is \$8,604,003 or 47.4% of the 2019 budget
- Capital outlays spent \$293,440 or 4.3% of the 2019 budget
 - Projects expect to take off after 2nd quarter

Bottom Line: Overall, YTD revenues and expenditures are as projected and within budget parameters for the 2nd quarter.

General Fund Overview

City of Chehalis
Revenues, Expenditures/Expenses and Changes in Fund Balance
General Fund - Budget to Actual
For the First Quarter Ending June 30, 2019

City-Wide, All Funds	2019 Budget	2019 YTD Actual	YTD % of Budget	YTD Variance
Revs. & Transfers In	\$ 9,822,242	\$ 5,045,774	51.4%	\$ 134,653
Exps. & Transfers Out	\$ 10,654,575	\$ 5,498,459	51.6%	\$ (171,172)
Changes in Fund Balance	\$ (832,333)	\$ (452,685)	54.4%	\$ (36,519)
Beginning Fund Balance	\$ 1,804,262	\$ 1,804,262	100.0%	
Ending Fund Balance	\$ 971,929	\$ 1,351,577	139.1%	
Ending Fund Balance % of Revenue	9.9%	13.8%		

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

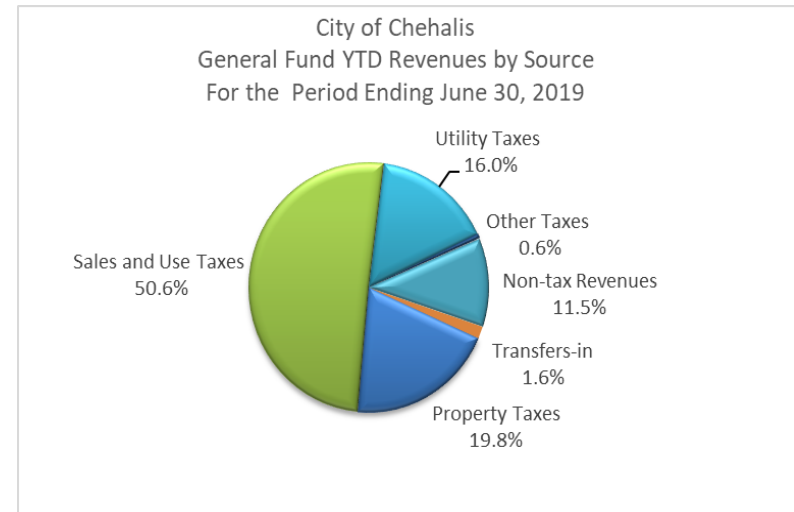
General Fund Revenues -Budget to Actual

General Fund Revenues	2019 Budget	YTD Actual 6/30/2019	YTD % of Budget	2019 YTD Variance Positive (Negative)	YTD Actual 6/30/2018	2019-2018 YTD Variance
Tax Revenues:						
Property Tax	\$ 1,761,623	\$ 999,773	56.8%	\$ 118,962	\$ 902,760	\$ 97,013
Sales and Use Tax	5,142,110	2,550,684	49.6%	(20,371)	2,464,554	86,130
Utility Taxes	1,576,490	807,314	51.2%	19,069	818,172	(10,858)
Other Taxes	46,670	30,138	64.6%	6,803	27,237	2,901
Total Tax Revenues	8,526,893	4,387,909	51.5%	124,463	4,212,723	175,186
Non-Tax Revenues:						
Licenses and Permits	200,575	110,794	55.2%	10,507	76,988	33,806
Intergovernmental	262,971	124,471	47.3%	(7,015)	135,656	(11,185)
Charges for Goods & Services	380,343	133,519	35.1%	(56,653)	108,899	24,620
Fines and Forfeitures	120,110	61,656	51.3%	1,601	60,856	800
Miscellaneous Other	251,350	147,425	58.7%	21,750	169,969	(22,544)
Total Non-Tax Revenues	1,215,349	577,865	47.5%	(29,810)	552,368	25,497
Transfers-in	80,000	80,000	100.0%	40,000	-	80,000
Total Revenues	\$ 9,822,242	\$ 5,045,774	51.4%	\$ 134,653	\$ 4,765,091	\$ 280,683

- Property Tax: Ahead of the YTD target. This is due to the timing of processing rather than an increase in revenues and is expected to even out over the next payment period. (2019 GF property tax budget \$122,403 increase from 2018 from use of banked capacity and 1% increase)
- Sales and Use Tax includes: Local regular sales and use tax, Brokered Natural Gas, and Criminal Justice sales tax. Local regular sales and use tax YTD is \$77,605 below the YTD target amount while other sales taxes received is \$57,234 ahead of the YTD target amount.
- Utility tax includes: electric, gas, telephone, cable, solid waste, water and sewer business.
- Charges for Goods & Services: includes plan check review fees, police & fire services, and recreation program fees. Recreation program fee makes up 51% of this category. Most revenues received during summer months.

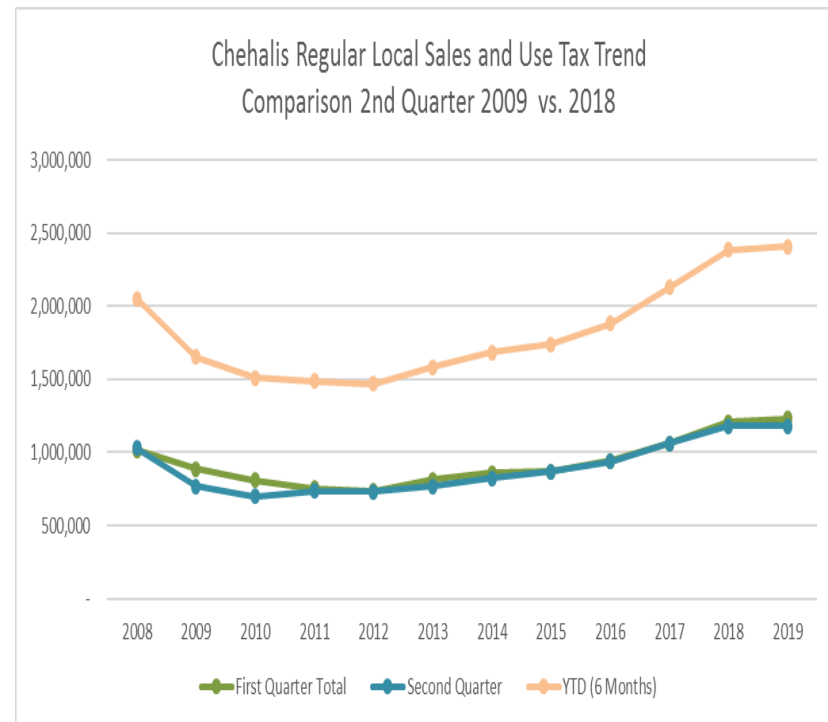
General Fund Revenues by Source

- Total tax revenues make up 87.0% of total general fund revenues received.
- Sales tax is the largest revenue source and makes up 50.6% of total revenues received.
 - Local regular sales & use tax
 - Brokered Natural Gas sales tax
 - Criminal Justice sales tax
- Utility taxes make up 16.0% of total received and includes: electric, gas, telephone, cable, solid waste, water & sewer business.
 - YTD Telephone utility tax is 39.0% of the 2019 budget (\$27K below target)
 - YTD electric utility tax is 56.4% of the 2019 budget (\$35K above the target)
- Non-tax revenues include: charges for goods & services, intergovernmental revenues (state shared and grants), fines, and other misc.



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 \$2,409,186 or 48.47% of the 2019 budget:
 - \$171,469 (7.1%) from construction
 - \$75,904 below YTD target.
- 2Q 2019 Comparison to 2Q 2018:
 - Overall increase \$23,017 (or 1%)
 - Increase during 1st Quarter \$23,229K
 - Decreased during 2nd Quarter -\$212
 - Sales tax from non-construction sources increased 4.7% or \$100,600
 - Sales tax from construction activities decreased by \$77,605 (31.2%)



General Fund Expenditures by Department and Activity – Budget to Actual

Target
50%

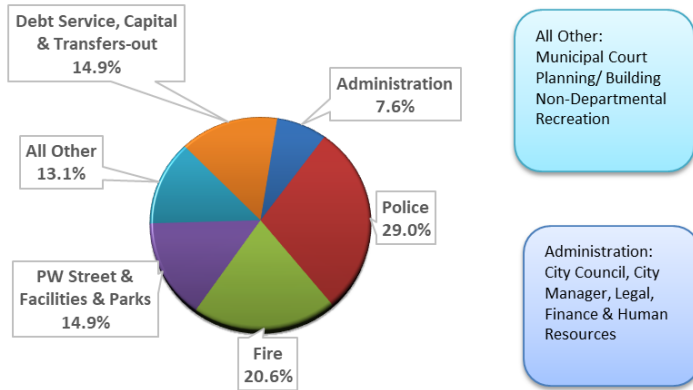
General Fund Expenditures by Department / Function	2019 Budget	YTD Actual 6/30/2019	2019 YTD % of Budget	% of YTD Total
Departmental Operating Expenditures:				
City Council	\$ 97,825	\$ 44,871	45.9%	1%
Municipal Court	496,226	231,078	46.6%	4%
City Manager	190,628	92,448	48.5%	2%
Finance	296,333	140,575	47.4%	3%
City Clerk	86,347	36,198	41.9%	1%
Legal Service	74,633	33,286	44.6%	1%
Facilities and Parks	1,154,667	558,109	48.3%	10%
Non-Departmental	330,567	83,500	25.3%	2%
Human Resources	124,278	70,734	56.9%	1%
Police	3,282,629	1,593,712	48.5%	29%
Fire	2,156,036	1,130,389	52.4%	21%
Public Works - Streets	601,350	260,424	43.3%	5%
Planning & Building	303,793	201,511	66.3%	4%
Recreation	482,879	202,811	42.0%	4%
Total Departmental Operating Expenditures	9,678,191	4,679,646	48.4%	85%
Debt Service	114,432	57,216	50.0%	1.0%
Capital Expenditures	10,473	13,559	129.5%	0.2%
Transfers-out	851,479	748,038	87.9%	13.6%
Total Debt Service/Capital/Transfers	976,384	818,813	83.9%	14.9%
Total Expenditures	\$ 10,654,575	\$ 5,498,459	51.6%	100.0%

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

- HR: Professional services related to collective bargaining union negotiations
- Fire: Space rent for temporary fire station; 2019 H.S.A contributions for firefighters paid in first half; annual WCIA insurance paid in first half
- Planning & Building: Consultant service \$85K for flood storage master plan phase 2. Approved by the Council in Nov. 2018 but not included in the 2019 adopted budget.

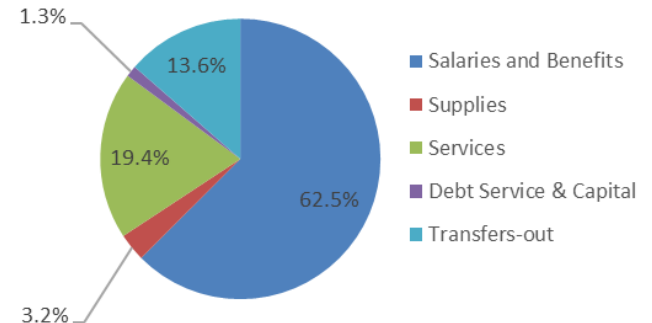
General Fund Expenditures Proportion – By Department & By Category

General Fund Expenditures by Department/Function
For the First Quarter Ending June 30, 2019



Police and Fire make up 49.6% of the General Fund YTD total expenditures & transfers-out. It is 58.6% of the General Fund's operating expenditures (excluding capital, debt service & transfers).

City of Chehalis General Fund
General Fund Expenditures by Categories
2019 YTD Actual 6/30/2019



YTD Salaries and Benefits \$3,436,997 (48.1% of the 2019 budget). It is 62.5% of the General Fund YTD expenditures and transfers-out, or 73.5% of the total operating expenditures (excluding capital, debt service, and transfers)

Enterprise Funds Summary

- Combined Utilities Funds (Wastewater, Water & Stormwater)
 - Operating revenues received YTD is 56.6% of the 2019 Budget
 - Charges for fixed and volume: 50.4% of the budget
 - Other operating revenues (i.e. late fees & interest): 96.1% of the budget
 - Operating expenditures YTD is 48.1% of the 2019 Budget
 - Capital expenditures YTD is 5.3% of the 2019 budget
 - Debt service YTD is 43.3% of the 2019 budget
 - Overall, total revenues exceeded total expenditures by \$715,316
- Airport Fund
 - Operating revenues received YTD is 53.8% of the 2019 budget
 - Fuel sales 60.5% ; Rents & Leases 49.8%
 - Operating expenditures YTD is 48.8% of the 2019 budget
 - Capital expenditures 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 \$332,905

Treasure's Report

- The City's total cash, deposits & Investments as of June 30, 2019 is \$22,887,839,
 - 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 6/30/2019	% of Total
General Fund	\$ 1,351,577	5.9%
TBD Fund	1,629,628	7.1%
Utilities Funds	14,541,286	63.5%
Airport Fund	1,384,323	6.0%
Capital Project Funds	1,770,728	7.7%
All other funds	2,210,297	9.7%
Total	\$ 22,887,839	100.0%

- About 82.7% or \$18,922,462 of the total was invested and earned interests. (\$16.4 Mil in LGIP, \$2.4Mil in US Govt Agency Bonds)
- YTD Investment interest earned through June 2019 is \$211,050.
- The average annual net earnings rate for Local Government Investment Pool (LGIP) for the 1st quarter was 2.5192%.

Closing

- Questions?
- Thank you!