

City of Chehalis



Quarterly Council Financial Report First Quarter 2019

**For the Period Ending
March 31, 2019
(January through March)**

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: April 22, 2019

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

DISCUSSION

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

The reports have been formatted to be consistent with the budget for ease of comparison and review of information. Comparisons and variances shown are based on straight line projections. The percentage year-to-date target for March is 25% (3 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 provides 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 \$5,425,173 or 20.9% of the 2019 revenue budget (including transfers-in) and has expensed \$4,482,000 or 16.0% of the 2019 approved appropriations (including transfers-out) during the first quarter. Total city-wide revenues exceeded total expenditures by \$943,173 during this period. The city-wide total fund balance as of March 31, 2019 is \$21,139,571.

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 utilities and Airport.

Total revenues received is about 4.1% or \$1.1 million below the YTD target amount. Property tax revenues and intergovernmental grant revenues for the Airport are key factors for this variance.

Most of the normal recurring operating expenditures are close to the YTD target amounts. However, debt service payments (spent 2.8% of the 2019 budget), capital expenditures (spent 1.4% of the 2019 budget), and the related fund transfers-out will occur after the first quarter.

For the most part, the city operated within the normal budget parameters and resulted in positive changes in fund balances. Exceptions are the General Fund and the Firemen's Pension Fund that had negative changes in fund balances, which means total expenditures exceeded total receipts.

The Firemen's Pension fund shows a \$10,866 decrease in fund balance. Firemen's pension fund revenues come from a portion of general property tax and fire insurance premium tax. The first half of property tax payment and the annual fire insurance premium tax will be received in May.

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 2019 Adopted Budget includes use of reserves (beginning cash) in the amount of \$197,428 due to the 2019 appropriations exceeding the 2019 revenue projections. At the end of first quarter, the general fund expenditures and transfers-out exceeded the revenues by \$365,046 (184.9% of the 2019 budget).

The ending fund balance for the General Fund as of March 31, 2019 was \$1,439,216, which is about 15% of the General Fund revenue budget.

The proposed amendment to the 2019 budget includes the fund balance in access of 10% reserve policy be assigned and reserved for future capital (i.e. facilities and vehicle replacements, etc.) and employment liability payment needs, a total of \$626,780. On April 8, 2019, Ordinance No. 997-B – Amending the 2019 Budget was presented to the Council and was passed on first reading. The second reading of the Ordinance is scheduled at the April 22, 2019 Council meeting. The 2019 estimated ending fund balance, as presented in the proposed budget amendment, is \$971,929, which is about 10% of the general fund's revenue budget.

General Fund Revenues:

Total tax revenues make up 86.6% of total general fund revenues received through March 2019. Total tax revenues received is \$1,809,319 or 21.2% of the 2019 budget. This is \$322,404 below the target amount. Overall tax revenues showed a \$19,477 (or 1.1%) increase from 2018 first quarter.

Property Tax revenue received is \$42,193 or 2.4% of the 2019 budget. This is the normal trend for this time of the year. The first half of 2019 property tax is due in April and will be received by

the city in May. Until then, the actual property tax revenues will be below the YTD target %. This amount includes both the regular levy and EMS levy.

Sales Tax revenue received is \$1,285,328 or 25.0% of the 2019 budget. This total includes \$1,230,249 for regular sales and use tax, \$18,414 for Brokered Natural Gas sales tax, and \$36,665 for Criminal Justice sales tax.

For the regular sales and use tax revenue received \$1,230,294 is 24.8% of the 2019 budget and is \$12,296 below the YTD target amount.

Sales tax is the City's largest revenue source. Sales tax revenues make up 61.5% of the total General Fund revenues received in the first quarter of 2019.

About \$99,585 (or 8.1%) 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 \$31,132 (or 23.8%) when compared to 2018 first quarter. Sales tax revenues trend will be closely monitored throughout the year.

Utility Tax revenue received is \$465,686 or 29.5% of the 2019 budgeted amount. This is a \$48,270 decrease from this time last year. About \$31,269 of the variance is from water and sewer utility taxes, mainly due to a change in accounting methods in 2018. The 2018 first quarter water and sewer utility tax calculation was adjusted and reconciled in December 2018. The 2019 YTD combined total electricity and garbage utility tax revenues increased by \$9,588; whereas, the combined total gas, cable and telephone utility taxes decreased by \$26,589 (or 16.4%) when compared to 2018 first quarter. Total utility tax revenues make up 22% of the General Fund total revenues received in the first quarter of 2019.

License and Permit fee revenue received is \$47,325 or 23.6% of the 2019 budget. This includes business licenses and permit fees and non-business licenses and permit fees (i.e., building permit fees, animal licenses, and gun permits). Business license and permit revenue is 26.0% of the 2019 budget while building permit fee revenue is 19.2% of the 2019 budget.

Intergovernmental revenue is \$83,922 or 31.9% of the 2019 budget. This category includes intergovernmental grants, state shared revenues, and the Main Street B&O Tax Credit.

State Shared revenue received is \$38,502 or 17.5% of the 2019 budget. 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. The actual YTD revenue is below the target due to the PUD Privilege Tax that is budgeted for \$75,113, which will be distributed in mid-year.

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

Charges for goods and services revenue received is \$51,330 or 13.5% of the 2019 budget. 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 budget in this category. Parks and recreation program revenue is 4.5% of the 2019 budget. A significant portion of the recreation program fee revenues are typically received during the summer months.

General Fund Expenditures and Transfers-out

Total expenditures and transfers for the first quarter is \$2,454,977 or 24.5% of the 2019 budget. This is \$49,941 below the target amount.

Total salaries and benefits make up 68.5% of the total General Fund expenditures for the first quarter of 2019.

At the end of the first quarter, salaries and benefits totaled \$1,681,490 or 23.5% of the 2019 budget. Total expensed for supplies is \$72,518 or 18.6% of the 2019 budget. Total expensed for outside services is \$466,758 or 30.8% of the 2019 budget. Outside services includes but not limited to the annual WCIA insurance, computer software & hardware maintenance, and other professional and intergovernmental services.

All departments, except Fire and Planning and Building departments, operated within the budget parameters.

The Fire department's YTD expenditure is 27.2% of the 2019 budget and \$47,771 above the 25% target amount. This was due to a combination of annual WCIA insurance, 1/3 of the annual H.S.A. contributions for the firefighters, and annual payment (\$27,500) for fire code inspection and enforcement services provided by Riverside Fire Authority (RFA) being paid in the first quarter.

The Planning and Building department's YTD expenditure is 34.8% of the 2019 budget and \$29,717 above the 25% target amount. A combination of annual WCIA insurance and permit software system annual maintenance paid in the first quarter are the main contributing factors.

Police and Fire make up 56.7% (\$1,392,948) of the total general fund expenditures and transfers.

Public Works Streets and Facilities & Parks make up 16.4% (\$402,139) of the total general fund expenditures.

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

ENTERPRISE FUNDS

Wastewater Fund

Total operating revenues received in the first quarter is \$1,269,758 or 23.2% of the 2019 budget. This is \$98,143 below the three-month target amount. The key contributing factors for year-to-

date revenues being below the target amount are 1) annual discharge service fee is budgeted for \$175,000 but has not yet been received and 2) payments from Napavine and Lewis County Sewer District #1 for the cost sharing of CRWRF capital facilities is budgeted for \$277,378, however, these payments are received in June and December each year.

Total operating expenditures is \$762,730 or 25.1% of the 2019 budget. Total expenditures incurred for debt service and capital expenditures is 0.8% of the 2019 budget.

Total revenues exceeded total expenditures by \$487,120 during the first quarter of 2019.

Water Fund

Total operating revenues received in the first quarter is \$676, 572 or 24.1% of the 2019 budget. This is \$24,749 below the three-month target amount. Utility Hookup and Connection revenue is budgeted for \$94,440; however, only \$3,571 (or 3.8%) has been realized through the first quarter.

Total operating expenditures is \$580,960 or 23.4% of the 2019 budget. However, total expenditure incurred for debt service and capital expenditures is 1.5% of the 2019 budget.

Total revenues exceeded the total expenditures by \$88,528 during the first quarter of 2019.

Storm and Surface Water Fund

Total operating revenues received in the first quarter is \$183,089 or 22.9% of the 2019 budget. This is \$17,096 below the three-month target amount.

Total operating expenditures is \$123,480 or 22.6% of the 2019 budget. However, total capital expenditures for the first quarter is 2.0% of the 2019 budget.

Total revenues exceeded total expenditures by \$54,795 during the first quarter of 2019.

Airport Fund

Total operating revenues received in the first quarter is \$418,470 or 26.2% of the 2019 budget. Fuel sales is \$46,978 or 57% higher than this time last year. Total rent and lease revenues is also increased by \$15,853 or 6.0% from this time last year. Intergovernmental revenue (grant) is 2.8% 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.

Total operating expenditures is \$286,469 or 24.4% of the 2019 budget. However, capital expenditures through the end of the first quarter is \$54,100 or 1.8% of the 2019 budget. The budget for the Taxiway Realignment project is \$2,803,678 which has not been spent. The construction of the federal project is expected to begin in July 2019.

Total revenues exceeded total expenditures by \$167,386 during the first quarter of 2019.

TREASURER'S REPORT – CASH AND INVESTMENTS

The city's total cash, deposits, and investments as of March 31, 2019 is \$21,139,571. About 83% or \$17,623,491 of the city's cash is invested and earns interests. The remaining 17% or \$3,516,073 is deposited in non-interest-bearing checking accounts to cover on-going operational 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 3/31/2019	% of Total
Imprest Petty Cash Funds	\$ 4,650	0%
Checking	3,511,423	17%
Money Market & Savings	187,297	1%
Local Government Investment Pool (LGIP)	15,060,848	71%
US Govt Agency Securities	2,375,353	11%
Total	\$ 21,139,571	100%

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 utilities and Airport.

Only about 6.81% or \$1,439,216 of the total balance belongs to the General Fund. A combined total of \$14,453,745 or 68.37% of the total balance is for the combined utilities funds. About 5.77% or \$1,218,804 of the total balance belongs to the Airport fund. The table below provides a summary totals for each fund types:

Total Cash, Deposits & Investments by Fund Types	Balance 3/31/2019	% of Total
General Fund	\$ 1,439,216	6.81%
General Fund Reserve Funds	408,907	1.93%
Special Revenue Funds	1,934,328	9.15%
G.O.B. Fund	1	0.00%
Capital Project Funds	812,002	3.84%
Utilities Funds	14,453,745	68.37%
Airport Fund	1,218,804	5.77%
Firemen's Pension Fund	866,453	4.10%
Agency Fund	6,115	0.03%
Total	\$ 21,139,571	100.00%

Total investment interest earnings through March 31, 2019 totaled \$107,896. The LGIP average net earnings rate for the first quarter 2019 and 2018 were 2.5094% and 1.4987%, respectively.

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 First Quarter Financial Statements - All Funds
As of March 31, 2019

Fund Type/Name	Beginning Fund Balance		Revenues & Transfers			Expenditures & Transfers			Changes in Fund Balance		Ending Fund Balance	
	2019 Adopted Budget	Actual 1/1/2019	2019 Adopted Budget	YTD 3/31/2019 Actual	YTD % of Budget	2019 Adopted Budget	YTD 3/31/2019 Actual	YTD % of Budget	2019 Adopted Budget	YTD 3/31/2019 Actual	2019 Adopted Budget	Actual 3/31/2019
General Funds:												
General Fund	\$ 969,625	\$ 1,804,262	\$ 9,822,242	\$ 2,089,931	21.3%	\$ 10,019,670	\$ 2,454,977	24.5%	\$ (197,428)	\$ (365,046)	772,197	\$ 1,439,216
Dedicated Street Fund	122,027	163,772	199,518	61,454	30.8%	172,520	12,359	7.2%	26,998	49,095	149,025	212,867
Building Abatement Fund	100,109	101,209	330	514	155.8%	80,000	-	0.0%	(79,670)	514	20,439	101,723
Compensated Absences Fund	92,868	93,841	1,850	476	25.7%	-	-	0.0%	1,850	476	94,718	94,317
Total General Funds	1,284,629	2,163,084	10,023,940	2,152,375	21.5%	10,272,190	2,467,336	24.0%	(248,250)	(314,961)	1,036,379	1,848,123
Special Revenue Funds:												
Arterial Street Fund	102,565	125,142	165,504	38,278	23.1%	170,218	24,493	14.4%	(4,714)	13,785	97,851	138,927
Transportation Benefit Dist. Fund	710,655	1,110,158	992,518	295,850	29.8%	1,175,000	32,996	2.8%	(182,482)	262,854	528,173	1,373,012
Tourism Fund	229,451	263,943	225,985	47,637	21.1%	305,435	-	0.0%	(79,450)	47,637	150,001	311,580
Community Block Grant Fund	21	24,190	1,000	(78)	-7.8%	1,000	-	0.0%	-	(78)	21	24,112
HUD Block Grant Fund	71,043	86,259	1,420	438	30.8%	1,000	-	0.0%	420	438	71,463	86,697
Total Special Revenue Funds	1,113,735	1,609,692	1,386,427	382,125	27.6%	1,652,653	57,489	3.5%	(266,226)	324,636	847,509	1,934,328
Debt Service Funds:												
2011 G.O. Bond Fund	-	1	99,563	-	0.0%	99,563	-	0.0%	-	-	-	1
Total Debt Service Fund	-	1	99,563	-	0.0%	99,563	-	0.0%	-	-	-	1
Capital Project Funds:												
Public Facilities Reserve Fund	189,273	439,638	85,780	92,450	107.8%	96,724	1,816	1.9%	(10,944)	90,634	178,329	530,272
Automotive/Equip. Reserve Fund	93,331	94,311	230	479	208.3%	81,780	-	0.0%	(81,550)	479	11,781	94,790
First Quarter REET Fund	23,942	62,712	106,280	26,206	24.7%	40,821	-	0.0%	65,459	26,206	89,401	88,918
Second Quarter REET Fund	32,198	71,770	106,470	26,252	24.7%	33,851	-	0.0%	72,619	26,252	104,817	98,022
Total Capital Project Funds	338,744	668,431	298,760	145,387	48.7%	253,176	1,816	0.7%	45,584	143,571	384,328	812,002
Proprietary Funds:												
Garbage Fund	5,964	7,706	6,745	1,121	16.6%	7,252	158	2.2%	(507)	963	5,457	8,669
Wastewater Fund	4,840,131	5,112,880	5,472,262	1,270,213	23.2%	5,750,639	783,093	13.6%	(278,377)	487,120	4,561,754	5,600,000
Water Fund	6,861,925	7,437,091	2,883,295	696,155	24.1%	4,269,140	607,627	14.2%	(1,385,845)	88,528	5,476,080	7,525,619
Storm & Surface Water Fund	957,458	1,264,662	800,770	183,089	22.9%	786,526	128,294	16.3%	14,244	54,795	971,702	1,319,457
Airport Fund	523,082	1,051,418	4,423,173	539,272	12.2%	4,429,286	371,886	8.4%	(6,113)	167,386	516,969	1,218,804
Total Proprietary Funds	13,188,560	14,873,757	13,586,245	2,689,850	19.8%	15,242,843	1,891,058	12.4%	(1,656,598)	798,792	11,531,962	15,672,549
Fiduciary Funds:												
Firemen's' Pension Fund	828,308	877,319	191,236	8,600	4.5%	78,500	19,466	24.8%	112,736	(10,866)	941,044	866,453
City Agency Fund	10,890	4,114	360,000	46,836	13.0%	360,000	44,835	12.5%	-	2,001	10,890	6,115
Total Fiduciary Funds	839,198	881,433	551,236	55,436	10.1%	438,500	64,301	14.7%	112,736	(8,865)	951,934	872,568
TOTAL ALL CITY FUNDS	\$ 16,764,866	\$ 20,196,398	\$ 25,946,171	\$ 5,425,173	20.9%	\$ 27,958,925	\$ 4,482,000	16.0%	\$ (2,012,754)	\$ 943,173	\$ 14,752,112	\$ 21,139,571

Note: May contain rounding differences of +/-1

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

<u>GENERAL FUND (#001)</u>	<u>2018</u> <u>Amended</u> <u>Budget</u>	<u>YTD</u> <u>3/31/2018</u> <u>Actual</u>	<u>2018</u> <u>YTD % of</u> <u>Budget</u>	<u>YTD Target % of Budget*</u>		<u>2019</u> <u>YTD % of</u> <u>Budget</u>	<u>2019</u> <u>YTD</u> <u>Variance[^]</u>	<u>2019-2018</u> <u>YTD</u> <u>Variance</u>
				<u>2019</u> <u>Adopted</u> <u>Budget</u>	<u>YTD</u> <u>3/31/2019</u> <u>Actual</u>			
Revenues:								
Taxes:								
Property Taxes	\$ 1,639,220	\$ 16,065	1.0%	\$ 1,761,623	\$ 42,193	2.4%	\$ (398,213)	\$ 26,128
Sales and Use Taxes	4,909,128	1,246,326	25.4%	5,142,110	1,285,328	25.0%	(200)	39,002
Utility Taxes	1,588,620	513,956	32.4%	1,576,490	465,686	29.5%	71,564	(48,270)
Other Taxes	50,222	13,495	26.9%	46,670	16,112	34.5%	4,445	2,617
Total Taxes	8,187,190	1,789,842	21.9%	8,526,893	1,809,319	21.2%	(322,404)	19,477
Non-Tax Revenues:								
Licenses and Permits	188,435	40,724	21.6%	200,575	47,325	23.6%	(2,819)	6,601
Intergovernmental Revenues ⁽¹⁾	316,519	90,944	28.7%	262,971	83,922	31.9%	18,180	(7,022)
Charges for Goods & Services	321,205	40,270	12.5%	380,343	51,330	13.5%	(43,756)	11,060
Fines and Forfeitures	114,085	27,482	24.1%	120,110	29,110	24.2%	(918)	1,628
Miscellaneous Other	310,738	255,273	82.2%	251,350	68,925	27.4%	6,088	(186,348)
Total Non-Tax Revenues	1,250,982	454,693	36.3%	1,215,349	280,612	23.1%	(23,225)	(174,081)
Other Fund Sources:								
Transfers-in	-	-	0.0%	80,000	-	0.0%	(20,000)	-
Total Other Fund Sources	-	-	0.0%	80,000	-	0.0%	(20,000)	-
Total Revenues & Fund Sources	\$ 9,438,172	\$ 2,244,535	23.8%	\$ 9,822,242	\$ 2,089,931	21.3%	\$ (365,629)	\$ (154,604)
Expenditures								
Current Expenditures by Department:								
City Council	\$ 77,498	\$ 17,580	22.7%	\$ 97,825	\$ 24,933	25.5%	\$ (477)	\$ 7,353
Municipal Court	489,082	105,320	21.5%	496,226	109,646	22.1%	14,411	4,326
City Manager	262,340	62,013	23.6%	190,628	48,446	25.4%	(789)	(13,567)
Finance	273,990	74,844	27.3%	292,481	75,752	25.9%	(2,632)	908
City Clerk	81,252	16,992	20.9%	86,347	18,931	21.9%	2,656	1,939
Legal Service	-	-	0.0%	74,633	17,019	22.8%	1,639	17,019
Facilities and Parks	1,073,729	271,083	25.2%	1,154,667	268,446	23.2%	20,221	(2,637)
Non-Departmental	421,189	49,061	11.6%	330,567	46,468	14.1%	36,174	(2,593)
Human Resources	122,749	23,213	18.9%	124,278	26,261	21.1%	4,809	3,048
Police	3,200,771	842,281	26.3%	3,282,629	806,168	24.6%	14,489	(36,113)
Fire	2,296,930	594,908	25.9%	2,156,036	586,780	27.2%	(47,771)	(8,128)
Public Works - Streets	568,451	108,802	19.1%	601,350	133,693	22.2%	16,645	24,891
Planning & Building	325,880	81,302	24.9%	303,793	105,665	34.8%	(29,717)	24,363
Recreation	481,740	95,757	19.9%	482,879	102,397	21.2%	18,323	6,640
Total Current Expenditures	9,675,601	2,343,156	24.2%	9,674,339	2,370,605	24.5%	47,980	27,449
Other Expenditures:								
Debt Service	114,385	28,608	25.0%	114,432	28,608	25.0%	-	-
Capital Expenditures	143,760	52,565	36.6%	6,200	6,554	105.7%	(5,004)	(46,011)
Transfers-out	562,527	48,381	8.6%	224,699	49,210	21.9%	6,965	829
Total Other Expenditures	820,672	129,554	15.8%	345,331	84,372	24.4%	1,961	(45,182)
Total Expenditures	\$ 10,496,273	\$ 2,472,710	23.6%	\$ 10,019,670	\$ 2,454,977	24.5%	49,941	\$ (17,733)
Changes in Fund Balance	\$ (1,058,101)	\$ (228,175)	21.6%	\$ (197,428)	\$ (365,046)	184.9%	(315,689)	\$ (136,871)

Foot Note:

* The target percentage of budget is calculated as the month of reporting (3 for March) 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
 March 2018 and 2019
 Wastewater Fund

	2018 Amended Budget	YTD 3/31/2018 Actual	2018 YTD % of Budget	YTD Target % of Budget* 25.0%		2019 YTD % of Budget	2019 YTD Variance [^]	2019-2018 YTD Variance
				2019 Adopted Budget	YTD 3/31/2019 Actual			
Wastewater Fund (#404)								
Revenues:								
Operating Revenues:								
Charges for Goods & Services	\$ 5,447,792	\$ 1,195,404	21.9%	\$ 5,393,872	\$ 1,220,074	22.6%	\$ (128,394)	\$ 24,670
Intergovernmental Revenues	10,905	10,903	100.0%	-	-	0.0%	-	(10,903)
Late Payment Fees	51,000	13,455	26.4%	42,910	14,041	32.7%	3,314	586
Interest Earnings	60,000	8,229	13.7%	29,130	32,098	110.2%	24,816	23,869
Rental Income	3,545	3,545	100.0%	4,140	3,545	85.6%	2,510	-
Miscellaneous Other	1,100	1,006	91.5%	1,550	-	0.0%	(388)	(1,006)
Total Operating Revenues	5,574,342	1,232,542	22.1%	5,471,602	1,269,758	23.2%	(98,143)	37,216
Other Fund Sources:								
Capital Grants	-	-	0.0%	-	-	0.0%	-	-
Custodial Activities	555	538	96.9%	660	455	68.9%	290	(83)
Debt Proceeds	-	-	0.0%	-	-	0.0%	-	-
Total Other Fund Source	555	538	96.9%	660	455	68.9%	290	(83)
Total Revenues & Fund Sources	\$ 5,574,897	\$ 1,233,080	22.1%	\$ 5,472,262	\$ 1,270,213	23.2%	\$ (97,853)	\$ 37,133
Expenditures:								
Operating Expenditures:								
Operating Expenditures	\$ 3,349,574	\$ 805,187	24.0%	\$ 3,041,234	\$ 762,730	25.1%	\$ (2,422)	\$ (42,457)
Total Operating Expenditures:	3,349,574	805,187	24.0%	3,041,234	762,730	25.1%	(2,422)	(42,457)
Other Expenditures:								
Custodial Activities	600	22	3.7%	600	-	0.0%	150	(22)
Debt Service	1,909,145	19,791	1.0%	1,879,905	19,773	1.1%	450,203	(18)
Capital Expenditures	294,873	10,903	3.7%	828,900	590	0.1%	206,635	(10,313)
Transfers-out	-	-	0.0%	-	-	0.0%	-	-
Total Other Expenditures	2,204,618	30,716	1.4%	2,709,405	20,363	0.8%	656,988	(10,353)
Total Expenditures	\$ 5,554,192	\$ 835,903	15.0%	\$ 5,750,639	\$ 783,093	13.6%	\$ 654,567	\$ (52,810)
Changes in Fund Balance	\$ 20,705	\$ 397,177	1918.3%	\$ (278,377)	\$ 487,120	-175.0%	\$ 556,714	\$ 89,943
<i>Operating Income (deficit)</i>	<i>\$ 2,224,768</i>	<i>\$ 427,355</i>	<i>19.2%</i>	<i>\$ 2,430,368</i>	<i>\$ 507,028</i>	<i>20.9%</i>	<i>\$ (100,564)</i>	<i>\$ 79,673</i>

Foot Note:

* The target percentage of budget is calculated as the month of reporting (3 for March) 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
March 2018 and 2019
Water Fund

	2018 Amended Budget	YTD 3/31/2018 Actual	2018 YTD % of Budget	YTD Target % of Budget* 25.0%		2019 YTD % of Budget	2019 YTD Variance [^]	2019-2018 YTD Variance
				2019 Adopted Budget	YTD 3/31/2019 Actual			
WATER FUND (#405)								
Revenues:								
Operating Revenues:								
Charges for Goods & Services	\$ 2,814,784	\$ 608,248	21.6%	\$ 2,742,940	\$ 634,314	23.1%	\$ (51,421)	\$ 26,066
Late Payment Fees	31,000	10,242	33.0%	27,720	7,121	25.7%	191	(3,121)
Interest Earnings	94,400	15,009	15.9%	45,402	38,137	84.0%	26,787	23,128
Other Misc. Revenues	1,000	948	94.8%	1,220	-	0.0%	(305)	(948)
Total Operating Revenues	2,941,184	634,447	21.6%	2,817,282	679,572	24.1%	(24,749)	45,125
Other Funding Source								
Inerfund Loan Repayment	16,800	-	0.0%	68,095	16,583	24.4%	(441)	16,583
Capital Grants	-	-	0.0%	-	-	0.0%	-	-
Custodial Activities	100	(5)	-5.5%	270	-	0.0%	(68)	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	16,583	24.3%	(508)	13,855
Total Revenues & Fund Sources	\$ 2,958,084	\$ 637,175	21.5%	\$ 2,885,647	\$ 696,155	24.1%	\$ (25,257)	\$ 58,980
Expenditures								
Operating Expenditures								
Operating Expenditures	2,318,091	498,547	21.5%	2,484,278	580,960	23.4%	40,110	82,413
Total Operating Expenditures	2,318,091	498,547	21.5%	2,484,278	580,960	23.4%	40,110	82,413
Other Expenditures								
Custodial Activities	100	378	378.0%	100	-	0.0%	25	(378)
Debt Service	343,576	12,284	3.6%	321,662	12,734	4.0%	67,682	450
Capital Expenditures	290,570	34,568	11.9%	1,463,100	13,933	1.0%	351,842	(20,635)
Interfund Loan Disbursements	279,430	-	0.0%	-	-	0.0%	-	-
Total Other Expenditures	913,676	47,230	5.2%	1,784,862	26,667	1.5%	419,549	(20,563)
Total Expenditures	\$ 3,231,767	\$ 545,777	16.9%	\$ 4,269,140	\$ 607,627	14.2%	\$ 459,658	\$ 61,850
Change in Fund Balance	\$ (273,683)	\$ 91,398	-33.4%	\$ (1,383,493)	\$ 88,528	-6.4%	\$ 434,401	\$ (2,870)
<i>Operating Income (deficit)</i>	\$ 623,093	\$ 135,900	21.8%	\$ 333,004	\$ 98,612	29.6%	\$ (64,858)	\$ (37,288)

Foot Note:

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[^] 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
 March 2018 and 2019
 Storm and Surface Water Fund

	2018 Amended Budget	YTD 3/31/2018 Actual	2018 YTD % of Budget	YTD Target % of Budget* 25.0%		2019 YTD % of Budget	2019 YTD Variance [^]	2019-2018 YTD Variance
				2019 Adopted Budget	YTD 3/31/2019 Actual			
Storm Water Fund (#406)								
Revenues:								
Operating Revenues:								
Charges for Goods & Services	\$ 611,100	\$ 166,338	27.2%	\$ 786,170	\$ 175,053	22.3%	\$ (21,490)	\$ 8,715
Fines and Forfeitures	5,000	2,260	45.2%	5,000	1,428	28.6%	178	(832)
Interest Earnings	13,250	1,867	14.1%	9,570	6,608	69.0%	4,216	4,741
Other Misc. Revenues	-	-	0.0%	-	-	0.0%	-	-
Total Operating Revenues	629,350	170,465	27.1%	800,740	183,089	22.9%	(17,096)	12,624
Other Fund Sources:								
Capital Grants	-	-	0.0%	-	-	0.0%	-	-
Custodial Activities	30	21	70.0%	30	-	0.0%	(8)	(21)
Debt Proceeds	-	-	0.0%	-	-	0.0%	-	-
Total Other Fund Sources	30	21	70.0%	30	-	0.0%	(8)	(21)
Total Revenues & Fund Sources	\$ 629,380	\$ 170,486	27.1%	\$ 800,770	\$ 183,089	22.9%	\$ (17,104)	\$ 12,603
Expenditures:								
Operating Expenditures:								
Operating Expenditures	491,175	113,936	23.2%	545,676	123,480	22.6%	12,939	9,544
Total Operating Expenditures	491,175	113,936	23.2%	545,676	123,480	22.6%	12,939	9,544
Other Expenditures:								
Custodial Activities	50	21	42.0%	50	-	0.0%	13	(21)
Capital Expenditures	230,000	-	0.0%	240,800	4,814	2.0%	55,386	4,814
Transfers-out	-	-	0.0%	-	-	0.0%	-	-
Total Other Expenditures	230,050	21	0.0%	240,850	4,814	2.0%	55,399	4,793
Total Expenditures	721,225	113,957	15.8%	786,526	128,294	16.3%	68,338	14,337
Changes in Fund Balance	\$ (91,845)	\$ 56,529	-61.5%	\$ 14,244	\$ 54,795	384.7%	\$ 51,234	\$ (1,734)
<i>Operating Income (deficit)</i>	\$ 138,175	\$ 56,529	40.9%	\$ 255,064	\$ 59,609	23.4%	\$ (4,157)	\$ 3,080

Foot Note:

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[^] 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
March 2018 and 2019
Airport Fund

<u>Airport Fund (#407)</u>	<u>2018</u> <u>Amended</u> <u>Budget</u>	<u>YTD</u> <u>3/31/2018</u> <u>Actual</u>	<u>2018</u> <u>YTD % of</u> <u>Budget</u>	<u>2019</u> <u>YTD Target % of Budget*</u> <u>Adopted</u> <u>Budget</u>	<u>2019</u> <u>YTD</u> <u>3/31/2019</u> <u>Actual</u>	<u>2019</u> <u>YTD % of</u> <u>Budget</u> 25.0%	<u>2019</u> <u>YTD</u> <u>Variance^</u>	<u>2019-2018</u> <u>YTD</u> <u>Variance</u>
Revenues:								
Operating Revenues:								
Fuel sales	\$ 486,000	\$ 82,437	17.0%	\$ 470,073	\$ 129,415	27.5%	\$ 11,897	\$ 46,978
Other Misc. Revenues	1,700	-	0.0%	1,375	-	0.0%	(344)	-
Late Payment Fees	-	-	0.0%	-	-	0.0%	-	-
Interest Earnings	-	1,002	0.0%	3,140	5,966	190.0%	5,181	4,964
Rents & Royalties	1,112,500	267,236	24.0%	1,121,347	283,089	25.2%	2,752	15,853
Total Operating Revenues	1,600,200	350,675	21.9%	1,595,935	418,470	26.2%	19,486	67,795
Other Fund Sources:								
Intergovernmental - Capital Grants	308,000	127,439	41.4%	2,644,795	74,482	2.8%	(586,717)	(52,957)
Custodial Activities	182,059	41,077	22.6%	182,443	46,320	25.4%	709	5,243
Interfund Loan Receipts	279,430	-	0.0%	-	-	0.0%	-	-
Proceeds from Sale of Capital Asset	-	-	0.0%	-	-	0.0%	-	-
Debt Proceeds (Bonds/Loans)	-	-	0.0%	-	-	0.0%	-	-
Operating Transfers In	-	-	0.0%	-	-	0.0%	-	-
Total Other Fund Sources	769,489	168,516	21.9%	2,827,238	120,802	4.3%	(586,008)	(47,714)
Total Revenues & Fund Sources	\$ 2,369,689	\$ 519,191	21.9%	\$ 4,423,173	\$ 539,272	12.2%	\$ (566,521)	\$ 20,081
Expenditures:								
Operating Expenditures	1,070,331	213,729	20.0%	1,173,077	286,469	24.4%	6,800	72,740
Total Operating Expenditures	1,070,331	213,729	20.0%	1,173,077	286,469	24.4%	6,800	72,740
Other Expenditures:								
Custodial Activities	182,014	3,783	2.1%	183,059	6,450	3.5%	39,315	2,667
Debt Service	336,014	16,226	4.8%	31,377	8,284	26.4%	(440)	(7,942)
Capital Expenditures	613,073	17,418	2.8%	2,973,678	54,100	1.8%	689,320	36,682
Interfund Loan Payment	16,800	-	0.0%	68,095	16,583	24.4%	441	16,583
Total Other Expenditures	1,147,901	37,427	3.3%	3,256,209	85,417	2.6%	728,635	47,990
Total Expenditures	\$ 2,218,232	\$ 251,156	11.3%	\$ 4,429,286	\$ 371,886	8.4%	\$ 735,436	\$ 120,730
Changes in Fund Balance	\$ 151,457	\$ 268,035	177.0%	\$ (6,113)	\$ 167,386	-2738.2%	\$ 168,914	\$ (100,649)
<i>Operating Income (deficit)</i>	<i>\$ 529,869</i>	<i>\$ 136,946</i>	<i>25.8%</i>	<i>\$ 422,858</i>	<i>\$ 132,001</i>	<i>31.2%</i>	<i>\$ 26,287</i>	<i>\$ (4,945)</i>

Foot Note:

* The target percentage of budget is calculated as the month of reporting (3 for March) 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 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

- 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.

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%

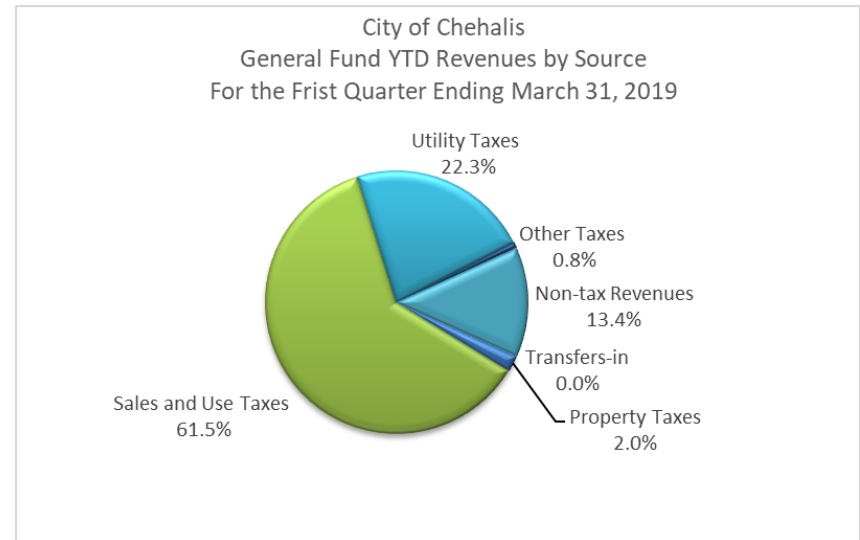
General Fund	2019 Budget	2019 YTD Actual	YTD % of Budget	YTD Variance
Revenues & Transfers-In	\$ 9,822,242	\$ 2,089,931	21.3%	\$ (365,630)
Exps. & Transfers-out	\$ 10,019,670	\$ 2,454,977	24.5%	\$ 49,941
Changes in Fund Balance	\$ (197,428)	\$ (365,046)	184.9%	\$ (315,689)
Beginning Fund Balance	\$ 969,625	\$ 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

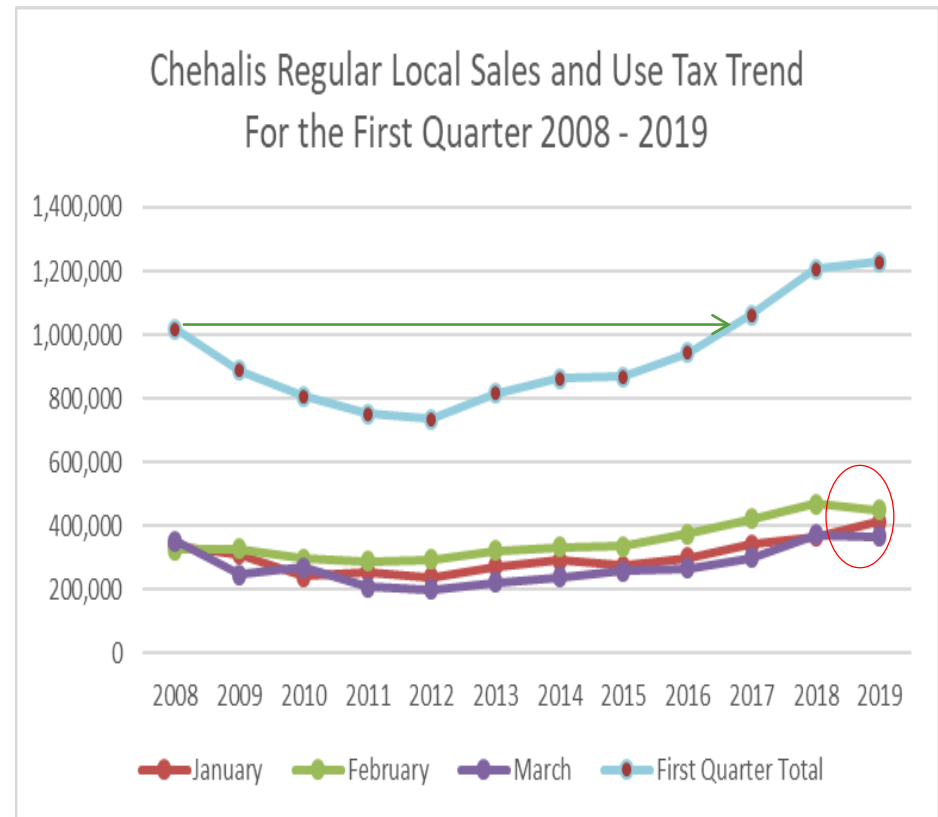
Target
25%

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



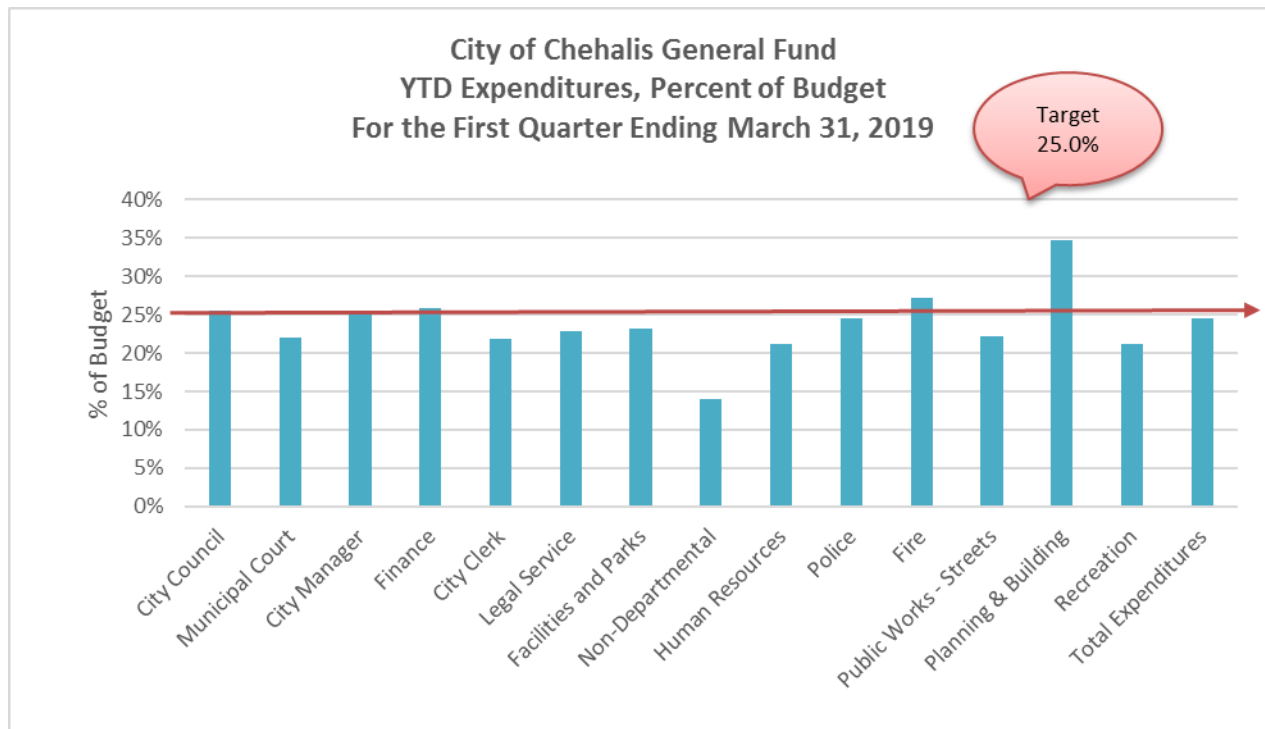
General Fund Expenditures by Department and Activity – Budget to Actual

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%

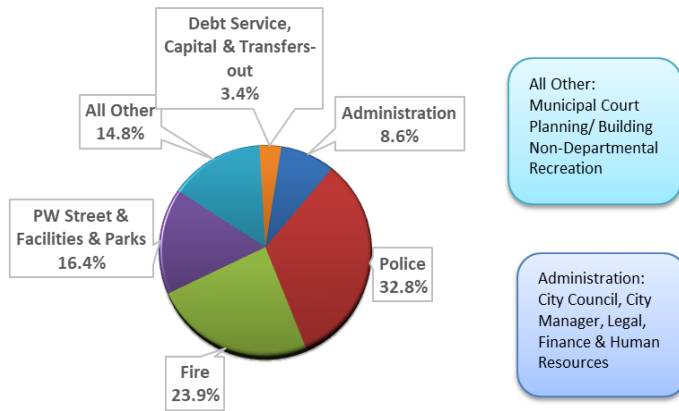
The YTD % is higher than the 25% target for some departments mainly due to certain annual expenses (i.e. insurance, computer software/hardware maintenance, intergovernmental services) are paid in the first quarter. Overall, the General Fund operated within normal budget parameters.

General Fund Expenditures – Budget to Actual

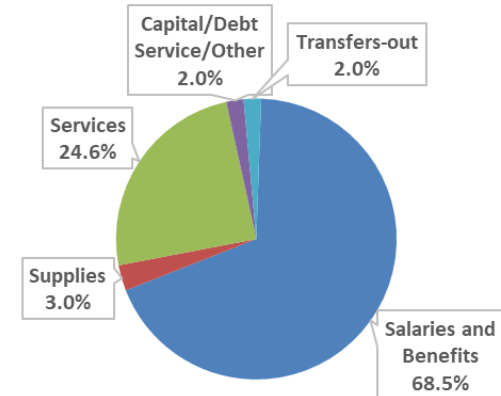


General Fund Expenditures Proportion – By Department & By Category

**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!