



15728 Main Street, Mill Creek, WA 98012  
Administration 425-745-1891  
Police 425-745-6175  
All Other Departments 425-551-7254

DATE: April 30, 2019  
TO: Mayor and Council  
THROUGH: Bob Stowe, Interim City Manager  
FROM: Peggy Lauerman, Director of Finance and Administration  
SUBJECT: Financial Reports for the period ending March 31, 2019

---

Attached for your review is the City's budget status report as of March 31, 2019.

As you will recall from the last quarterly report, the Citywide Funds showed a surplus of \$1,755,490 which was added to the City's 2019-2020 reserves.

Citywide Funds currently show a deficit due to the timing of regular and EMS property tax collections in addition to grant money due for the 35<sup>th</sup> road construction project of \$927,000. Collection of these two revenue streams will generate approximately \$4,900,000 for the City in the second quarter.

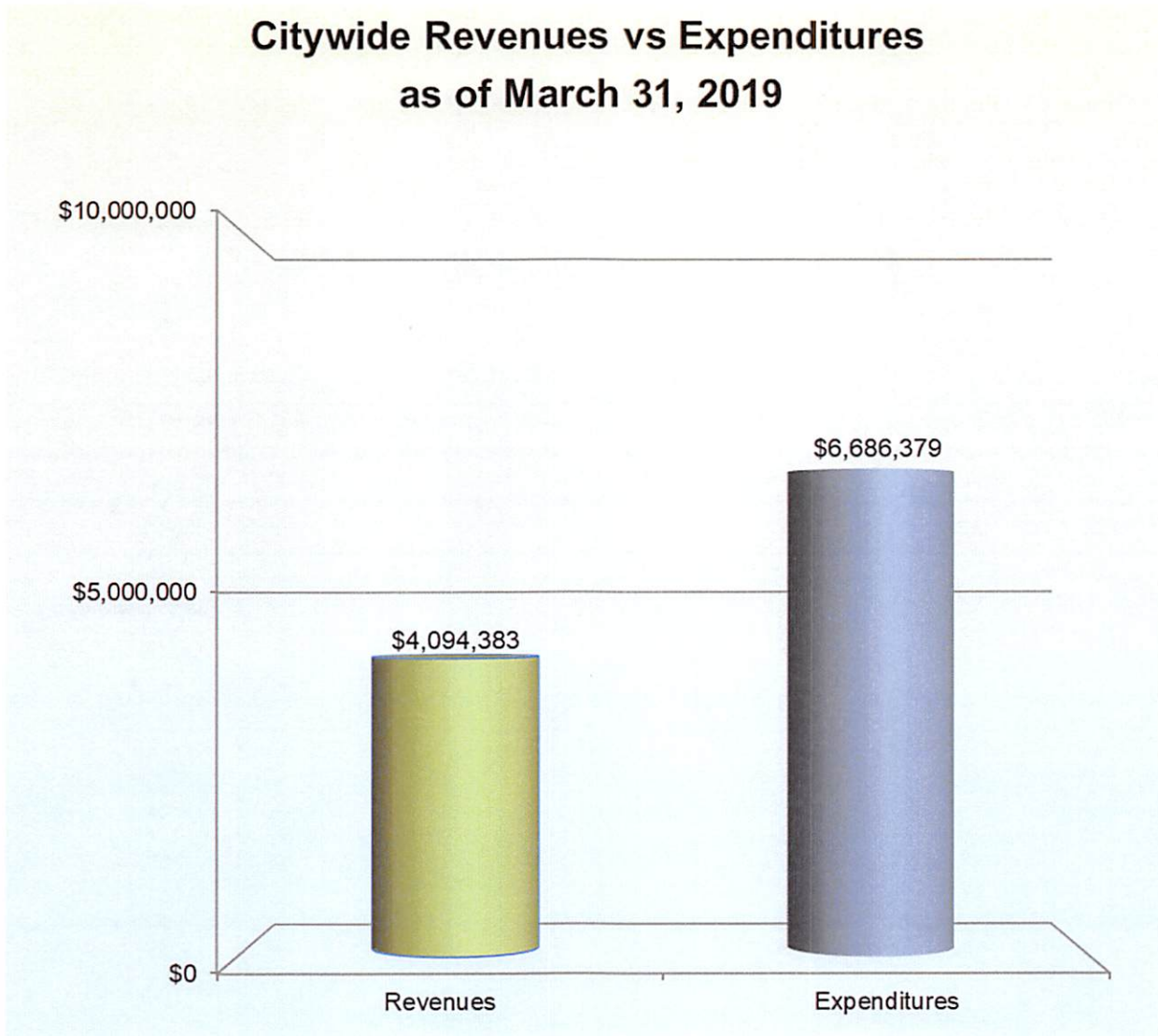
Please contact Interim City Manager Stowe or me if you have any questions concerning the attached financial data.

**City of Mill Creek  
2019-2020 Budget Status Report  
For the Quarter Ending, March 31, 2019  
Executive Summary**



On March 31, 2019, the City concluded the first quarter of the 2019-2020 biennium. The budget period described in this report is 12.5% complete.

**Citywide Revenues vs Expenditures  
as of March 31, 2019**



## City Wide Funds – Surplus/ (deficit)

• General Fund	\$ (1,707,607)*
• Street Fund	\$ 9,087
• Capital Improvement Funds	\$ (802,863)**
• Surface Water	\$ ( 74,043)***
• Other net	\$ ( 16,570)****

Budget vs Actual Figures		Inflow/Outflow	2019-20 Budget	% of Budget
City Wide Total	Inflow	\$ 4,094,383	\$ 47,491,455	8.6%
	Outflow	\$ 6,686,379	\$ 50,485,657	13.2%
General Fund	Inflow	\$ 1,793,360	\$ 28,195,366	6.4%
	Outflow	\$ 3,500,967	\$ 28,181,353	12.4%
Street Fund	Inflow	\$ 115,113	\$ 1,051,000	11.0%
	Outflow	\$ 106,026	\$ 1,079,047	9.8%
Capital Improvement Funds	Inflow	\$ 2,041,285	\$ 13,261,000	15.4%
	Outflow	\$ 2,844,148	\$ 15,954,281	17.8%
Surface Water	Inflow	\$ 58,020	\$ 4,200,000	1.4%
	Outflow	\$ 132,063	\$ 3,980,748	3.3%

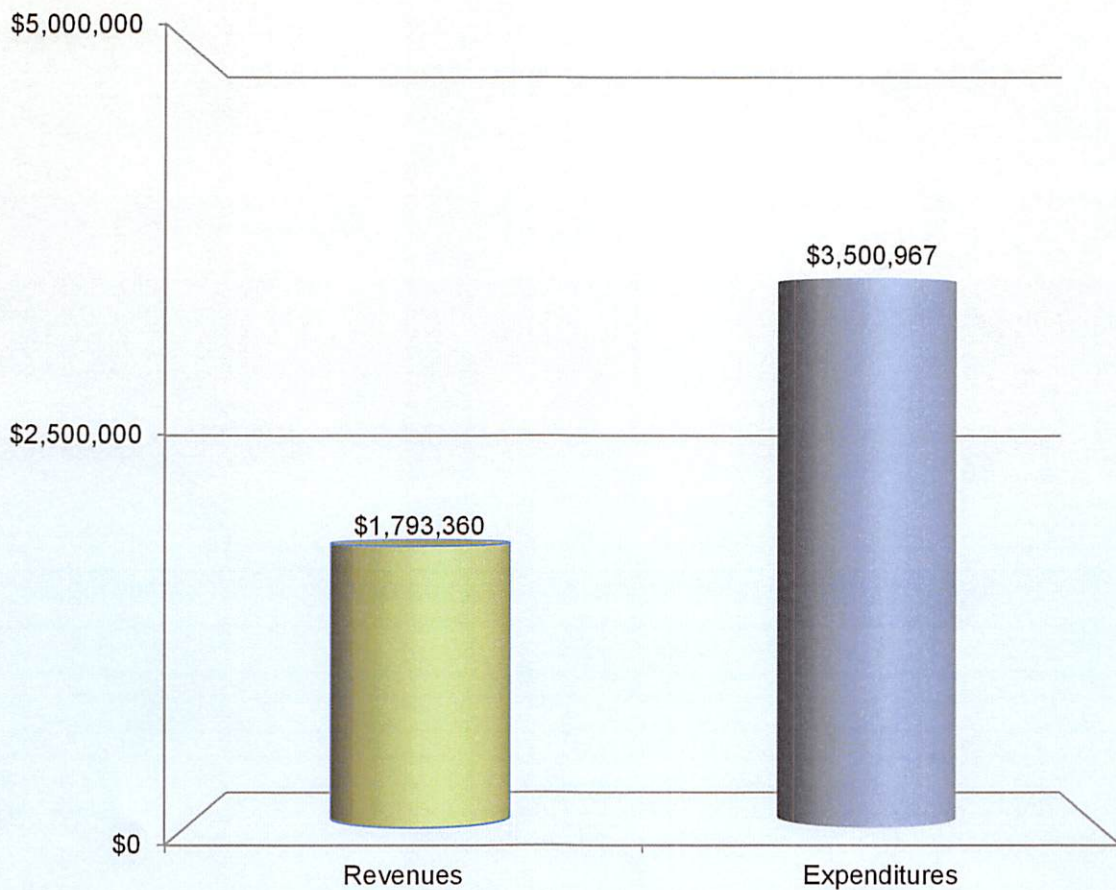
\*Expenditures outpaced revenues due to the timing of the collection of regular and EMS property taxes. Expenditures in the first quarter include the fire payment of \$983,000 for contracted fire services.

\*\*The City expects to receive \$927,000 in grant monies for the 35<sup>th</sup> Avenue reconstruction project in Q2, 2019.

\*\*\*Principal and interest payment of \$43,000 were paid to the General Fund on the \$500,000 loan made to the Surface Water Fund in 2018. In addition, expenditures related to the aging infrastructure project were \$39,000.

\*\*\*\*Acquisition of vehicles in the Equipment Replacement Fund.

## General Fund Revenues vs Expenditures as of March 31, 2019



### I. ECONOMIC INFORMATION

The State Economic and Revenue Forecast for March, 2019 indicates that the Washington economy is continuing to expand at a rapid pace. Washington annual personal income growth continued to lead the nation in 2018. Seattle home prices continue to weaken though housing construction remains strong. Washington manufacturing activity continues to expand but exports declined over the year. Seattle area consumer price inflation remains above the national average.

The Washington economic forecast is very similar to the November forecast. The forecast expects 2.2% Washington employment growth this year, the same rate expected in the November forecast. Employment growth is anticipated to average 1.1% per year in 2020 through 2023, which is also the same rate as in the November forecast. The forecast

for nominal personal income growth this year is 4.6%, down from 4.7% in the November forecast.

**II. GENERAL FUND - REVENUES**

	Actuals Through 3/31/2019	% of Budget	2019-2020 Budget
Revenues			
Regular & EMS Property Tax	135,376	0.9%	15,800,000
Sales Tax	913,526	13.6%	6,715,000
Licenses & Permits	166,764	12.2%	1,366,000
Grants/Intergovernmental	89,176	11.3%	788,400
Charges for Services	342,531	13.2%	2,585,700
Fines	25,382	6.6%	382,000
Miscellaneous	120,606	21.6%	558,266
Total Revenues	1,793,360	6.4%	28,195,366

Revenues are currently lagging as a result of the timing of the collection of regular and EMS property tax. The City expects to collect approximately \$4,000,000 in property taxes in the next quarter.

Retail trade sales tax for the period was \$327,584 with service sales tax coming in at \$270,495. Sales tax collections for this quarter represents proceeds from November, December, 2018 and January, 2019. The state has a two month lag from collection to remittance to jurisdictions.

Beginning this biennium, recreation is being reported in the general fund. The amounts related to recreation and rental activity was \$80,670.

The City received \$48,000 for the cell tower lease which is reported in miscellaneous revenue.

III. GENERAL FUND – EXPENDITURES

	Actuals Through 3/31/2019	% of Budget	2019-2020 Budget
Expenditures			
Legislative	25,284	17.1%	148,102
City Manager	87,775	13.7%	641,960
Finance & Administration	178,245	12.0%	1,489,353
Communication & Marketing	112,823	11.8%	954,538
Information Technology	105,161	9.6%	1,099,698
Human Resources	43,448	13.2%	330,388
City Clerk	32,460	12.0%	270,057
Public Safety	1,244,552	12.0%	10,349,517
Fire Services	982,686	12.3%	7,959,759
Non-Department	213,783	33.6%	636,560
Community Development	158,085	9.9%	1,588,813
Public Works	231,385	11.6%	1,996,786
Recreation	85,278	11.9%	715,822
Total Expenditures	3,500,967	12.4%	28,181,353

Non Departmental expenditures included payments for property and liability insurance, voter registration and memberships.

The General Fund balance at the end of the quarter was \$4,466,102 compared to \$5,724,000 for the same period in the previous period. The net decrease in fund balance of \$1,257,000 is the result of the one-time transfer in December, 2018 of \$1,045,000 in addition to the Surface Water loan net balance of \$450,000.

**Cash and Investments: (see Cash and Investment Report)**

The City’s cash and investment balances are \$494,396 and \$16,263,284, respectively. The City invests in U.S. Government Securities and the Local Government Investment Pool (LGIP). As of March 31, 2019, the City had \$4,001,731 invested in securities and \$12,261,554 invested in the LGIP.

## General Fund Revenues and Expenditures - Budget vs Actual

	Actuals Through 3/31/2019	% of Budget	2019-2020 Budget
<b>Revenues</b>			
Regular & EMS Property Tax	135,376	0.9%	15,800,000
Sales Tax	913,526	13.6%	6,715,000
Licenses & Permits	166,764	12.2%	1,366,000
Grants/Intergovernmental	89,176	11.3%	788,400
Charges for Services	342,531	13.2%	2,585,700
Fines	25,382	6.6%	382,000
Miscellaneous	120,606	21.6%	558,266
Total Revenues	1,793,360	6.4%	28,195,366
<b>Expenditures</b>			
Legislative	25,284	17.1%	148,102
City Manager	87,775	13.7%	641,960
Finance & Administration	178,245	12.0%	1,489,353
Communication & Marketing	112,823	11.8%	954,538
Information Technology	105,161	9.6%	1,099,698
Human Resources	43,448	13.2%	330,388
City Clerk	32,460	12.0%	270,057
Public Safety	1,244,552	12.0%	10,349,517
Fire Services	982,686	12.3%	7,959,759
Non-Department	213,783	33.6%	636,560
Community Development	158,085	9.9%	1,588,813
Public Works	231,385	11.6%	1,996,786
Recreation	85,278	11.9%	715,822
Total Expenditures	3,500,967	12.4%	28,181,353
Change in Fund Balance	(1,707,607)		14,013
Beginning Fund Balance	6,173,709	105.7%	5,841,442
Ending Fund Balance	4,466,102	76.3%	5,855,455

## Other Funds Revenues and Expenditures - Budget vs Actual

	Through 3/31/19	% of Budget	2019-2020 Budget
<b>SPECIAL REVENUE FUNDS</b>			
<b>City Street Fund</b>			
Beginning Fund Balance	71,494		129,768
Revenues	115,113	11.0%	1,051,000
Expenditures	(106,026)	9.8%	(1,079,047)
Ending Fund Balance	<u>80,581</u>		<u>101,721</u>
<b>City Hall North</b>			
Beginning Fund Balance	542,553		556,222
Revenues	46,140	12.3%	374,000
Expenditures	(40,302)	4.9%	(817,441)
Ending Fund Balance	<u>548,392</u>		<u>112,781</u>
<b>DEBT SERVICE FUNDS</b>			
<b>Debt Service Fund</b>			
Beginning Fund Balance	12,455		13,991
Revenues	0	0.0%	20,641
Expenditures	0	0.0%	(34,632)
Ending Fund Balance	<u>12,455</u>		<u>0</u>



## Other Funds Revenues and Expenditures - Budget vs Actual

	Through 3/31/19	% of Budget	2019-2020 Budget
<b>CAPITAL PROJECT FUNDS</b>			
<b>Real Estate Excise Tax</b>			
Beginning Fund Balance	3,425,873		3,413,733
Revenues	288,736	18.6%	1,550,000
Expenditures	(876,734)	18.4%	(4,771,641)
Ending Fund Balance	<u>2,837,875</u>		<u>192,092</u>
<b>Capital Improvement</b>			
Beginning Fund Balance	1,423,372		1,414,806
Revenues	0	0.0%	740,000
Expenditures	0	0.0%	(1,062,640)
Ending Fund Balance	<u>1,423,372</u>		<u>1,092,166</u>
<b>Park Capital Improvement</b>			
Beginning Fund Balance	2,861,713		2,816,780
Revenues	0	0.0%	2,951,000
Expenditures	(359,011)	12.0%	(2,980,000)
Ending Fund Balance	<u>2,502,701</u>		<u>2,787,780</u>
<b>Road Improvement</b>			
Beginning Fund Balance	3,102,086		2,223,108
Revenue	834,032	10.4%	8,020,000
Expenditures	(1,606,200)	22.5%	(7,140,000)
Ending Fund Balance	<u>2,329,919</u>		<u>3,103,108</u>

## Other Funds Revenues and Expenditures - Budget vs Actual

	Through 3/31/19	% of Budget	2019-2020 Budget
<b>ENTERPRISE FUNDS</b>			
<b>Surface Water Utility</b>			
Beginning Fund Balance	649,684		702,060
Revenues	58,020	1.4%	4,200,000
Expenditures	(132,063)	3.3%	(3,980,748)
Ending Fund Balance	<u>575,641</u>		<u>921,312</u>
<b>INTERNAL SERVICE FUNDS</b>			
<b>Equipment Replacement</b>			
Beginning Fund Balance	1,635,650		1,679,081
Revenues	35,423	13.5%	262,449
Expenditures	(62,874)	16.8%	(375,155)
Ending Fund Balance	<u>1,608,199</u>		<u>1,566,375</u>

## Cash and Investments Balances

	3/31/2019	12/31/2018
Cash Bank Accounts <sup>(1)</sup>	\$ 494,396	\$ 108,583
State Local Government Investment Pool (LGIP)	\$12,261,554	\$ 14,377,057
US Government Agency Securities <sup>(2)</sup>	\$ 4,001,731	\$ 4,751,731
<b>Total Cash and Investment Holdings</b>	<b>\$16,757,681</b>	<b>\$ 19,237,371</b>

(1) Reflects General Ledger balances, not actual bank cash balances.

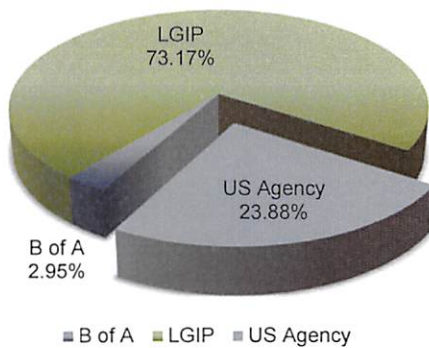
(2) Investments are reported at original cost

## Cash and Investments By Fund

	General	REET	CIP	Parks	Roads	Surface Water	Equipment Replacement	Other	Totals
Securities	3,001,758	499,973	-	500,000	-	-	-	-	4,001,731
LGIP	1,255,011	2,232,155	1,423,254	1,997,236	2,321,919	575,174	1,600,328	856,476	12,261,554
Cash	209,334	105,747	118	5,465	7,999	467	7,872	157,395	494,396
<b>Totals</b>	<b>4,466,102</b>	<b>2,837,875</b>	<b>1,423,372</b>	<b>2,502,701</b>	<b>2,329,919</b>	<b>575,641</b>	<b>1,608,199</b>	<b>1,013,871</b>	<b>16,757,681</b>

## Investment Summary

### Cash and Investments by Category



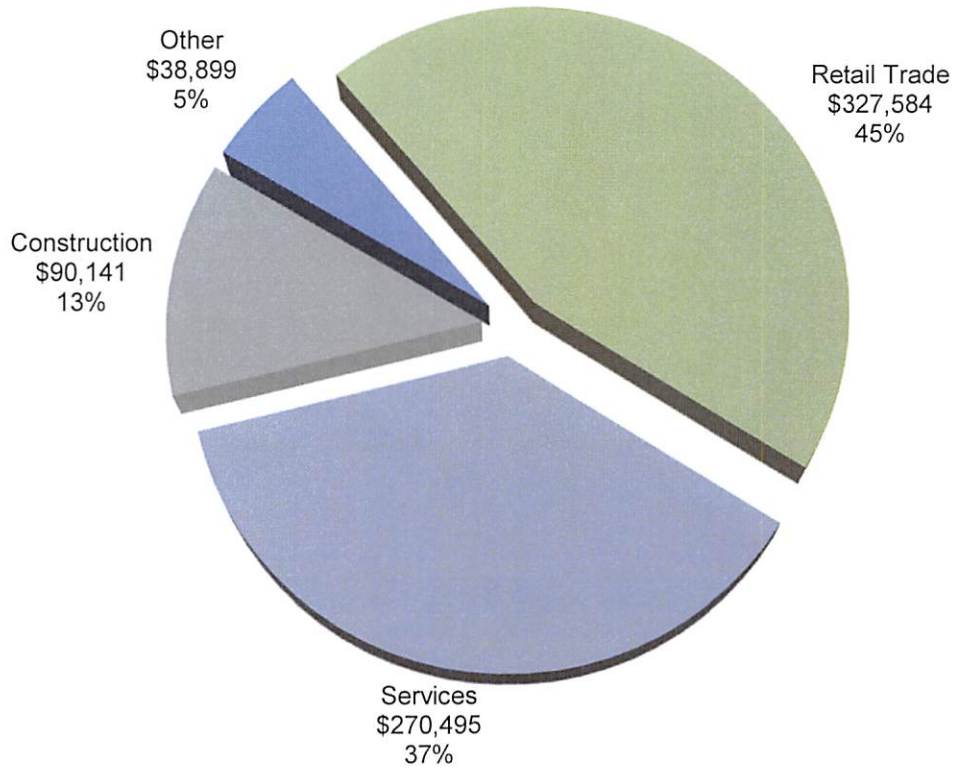
Security Type	Amount	% of Investments
US Agency - Original Cost		
Federal Home Loan Bank	\$ 999,999	6.15%
Federal Farm Credit Bank	1,000,000	6.15%
Federal Home Loan Mortgage Corporation	1,001,840	6.16%
Financing Corporation	999,892	6.15%
	<b>\$ 4,001,731</b>	<b>24.61%</b>
Local Government Investment Pool (LGIP)	<b>\$12,261,554</b>	<b>75.39%</b>
Total Investment Portfolio	\$16,263,284	100.00%
Bank of America Checking	\$ 494,396	
<b>Total Cash and Investments</b>	<b>\$16,757,680</b>	

---

# General Fund Revenues

---

## Retail Sales Tax Revenues

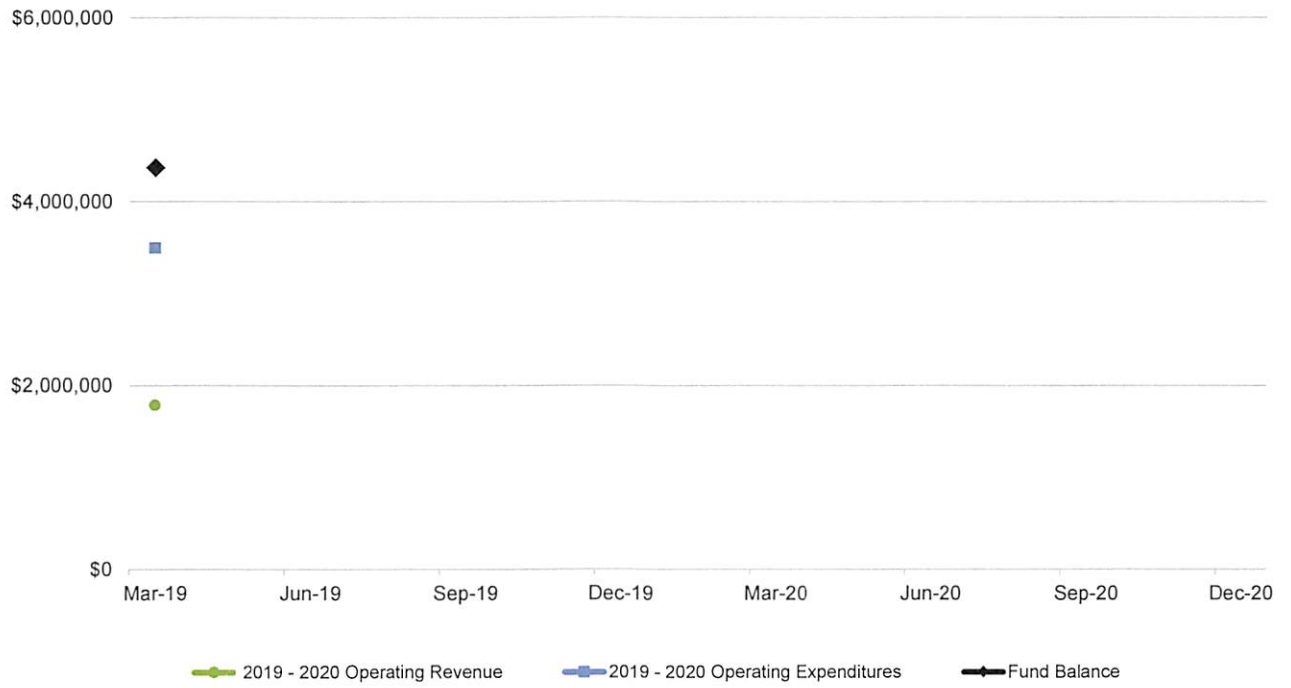


	Retail Trade	Services	Construction	Other	Total
Mar-19	\$327,584	\$270,495	\$90,141	\$38,899	\$727,120

---

## General Fund Revenues, Expenditures and Fund Balance

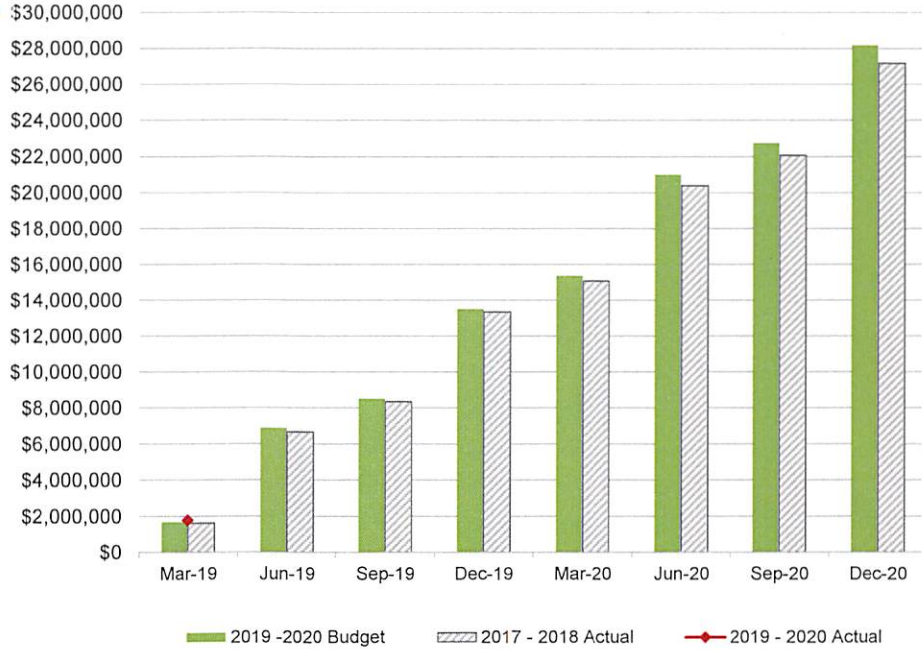
---



# General Fund Revenues and Expenditures

## General Fund Revenues

	2019 -2020 Budget	2019 - 2020 Actual
Mar-19	\$1,707,380	\$1,793,360
Jun-19	\$6,903,400	
Sep-19	\$8,527,356	
Dec-19	\$13,533,776	
Mar-20	\$15,383,437	
Jun-20	\$21,012,459	
Sep-20	\$22,771,744	
Dec-20	\$28,195,366	



## General Fund Expenditures

	2019 -2020 Budget	2019 - 2020 Actual
Mar-19	\$3,381,762	\$3,500,967
Jun-19	\$6,763,525	
Sep-19	\$10,145,287	
Dec-19	\$13,527,049	
Mar-20	\$17,190,625	
Jun-20	\$20,854,201	
Sep-20	\$24,517,777	
Dec-20	\$28,181,353	

