



City Council Business Agenda Item
City of Kenmore, WA

Subject/Topic:
February 2019 Financial Report

For Council Meeting Agenda of: June 17, 2019

Department: Finance and Administration

Prepared by: Joanne Gregory

Proposed Council Action/Motion:
Receive and File February 2019 Financial
Report for the City of Kenmore, Washington

Initial & Date
Approved by Department Head: 5/31/19
Approved by City Attorney:
Approved by Finance Director: 5/31/19
Approved by City Manager:

Exhibits/Attachments:
February 2019 Financial Report for the City of
Kenmore, Washington.

INFORMATION/BACKGROUND:

The February 2019 monthly financial report is presented for Council review. This provides the opportunity for the City Council and the community to receive information on the City of Kenmore's biennium to date revenues and expenditures in comparison to the City's 2019-2020 adopted biennial budget. The budget was adopted on November 19, 2018.

FISCAL CONSIDERATION:

February is the second month of the 2019-2020, 24 month biennium. As of February, revenues exceeded expenditures in the General Fund by \$174,140.

COUNCIL GOAL/BUDGET OBJECTIVE BEING ADDRESSED:

Kenmore Budget Policy 9a: A revenue/expenditure report will be produced monthly so that it can be directly compared to the actual results of the fiscal year to date. Kenmore Budget Policy 9b: All budget amendments, both revenues and expenditures, will be noted in the monthly report.

Priority Based Budgeting Result: Governance: Supports decision-making with timely and accurate short-term and long-range analysis that enhances vision and planning.



MEMORANDUM

TO: Rob Karlinsey, City Manager
FROM: Joanne Gregory, Finance Director
DATE: May 30, 2019
RE: February 2019 Financial Reports for the City of Kenmore, Washington

February 2019 financial information is presented for your review and delivery to the City Council. Attached you will find the following reports:

- General Fund Summary
- Street Fund Summary
- Cash and Investment Report
- Investment Schedule
- Sales Tax Receipts by Business Type
- Retail Sales and Use Tax Distribution
- Real Estate Excise Tax Report
- Report for Transportation Benefit District

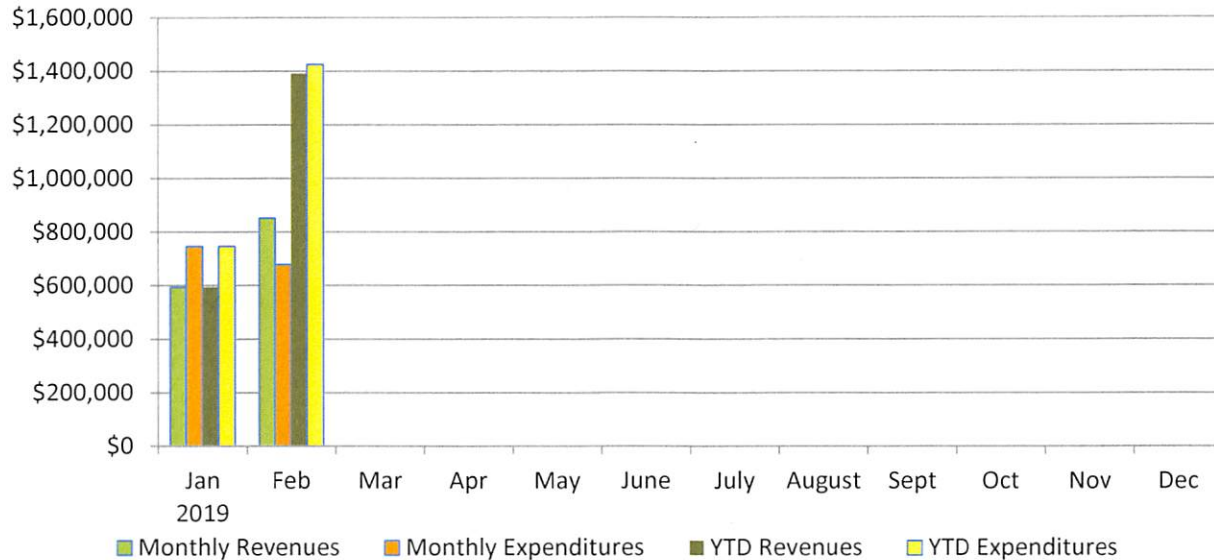
If you would like additional information or have any questions regarding the financial reports, please feel free to contact me.

GENERAL FUND

The first section of the monthly financial report is a review of the General Fund. This fund accounts for operational activities and includes all financial resources except those required or elected to be accounted for in another fund. Revenues include various taxes, per capita distributions from the State, fines and forfeitures, permits and licenses, and fees for service. In the context of the biennial budget, February is the second month (8%) of the 2019-2020 biennial budget period. For the month of February, revenues exceeded expenditures in the General Fund by \$174,140.

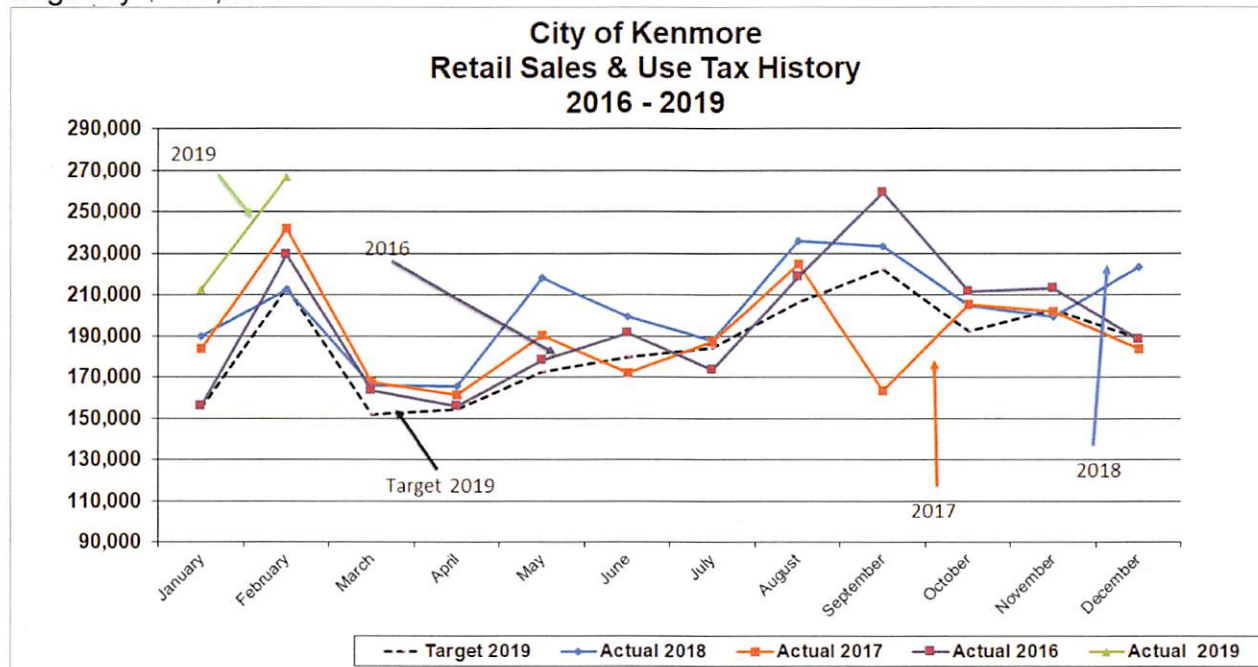
The following chart illustrates the monthly revenue and expenditure activity in the General Fund through February 2019.

City of Kenmore, Washington
Monthly Financial Report
February 2019

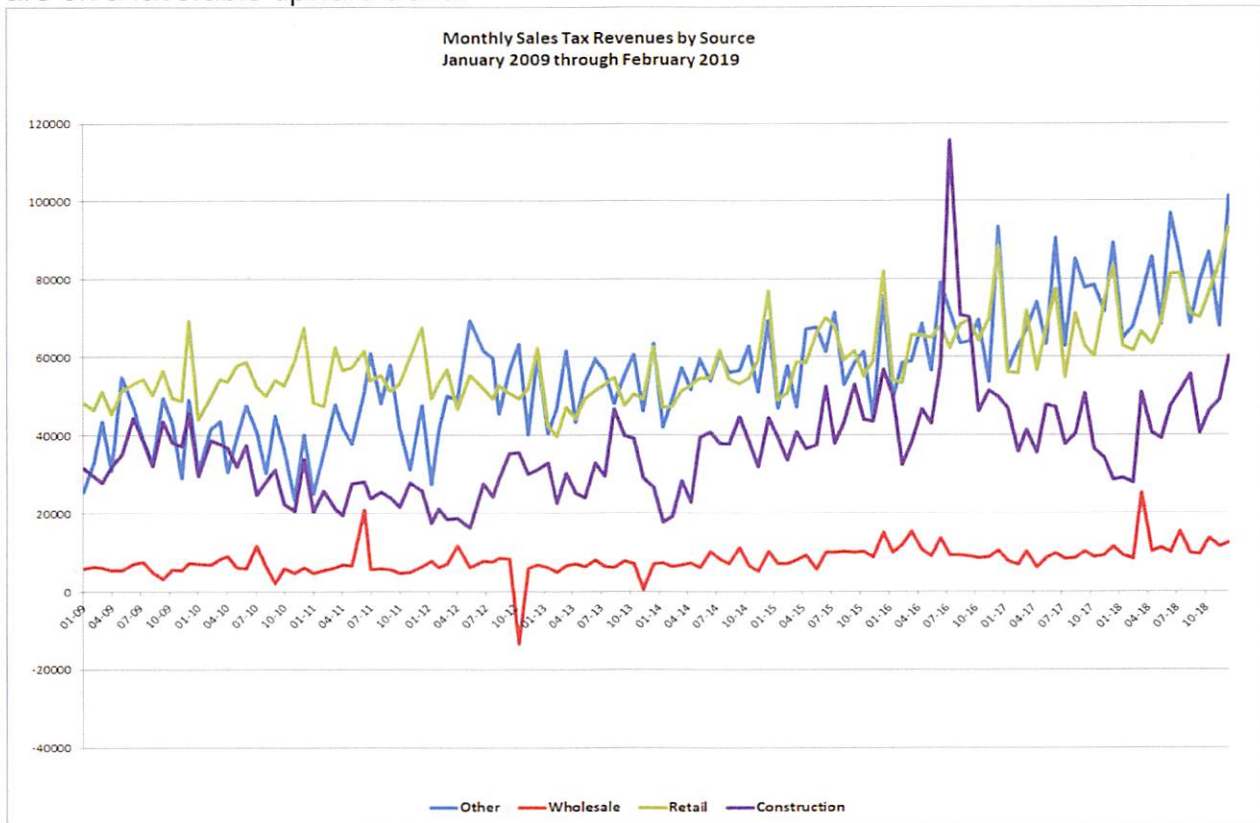


Total **revenues** for the month were **\$851,846**. Biennium to date revenues are \$1,391,527, which is 5.5% of the budgeted revenues of \$25,927,872. Primary sources of revenue for the month included property taxes in the amount of \$56,313, development fees & permits in the amount of \$62,188, retail sales and use taxes in the amount of \$266,881, franchise fees in the amount of \$252,172 and utility taxes in the amount of \$106,059.

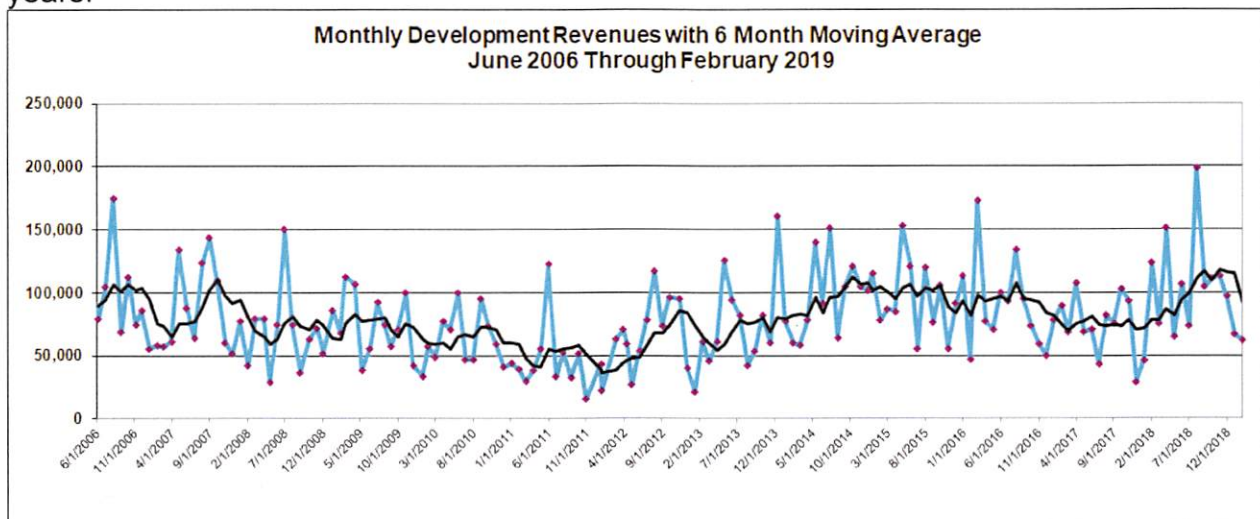
A summary of sales tax revenues received in February is attached. These receipts are based on December sales activity. The chart below gives a historical perspective of monthly sales tax receipts over the last several years. The black dotted Target 2019 line is a monthly average of actual receipts during 2016, 2017, and 2018. The green line represents 2019 actual receipts, which are \$76,846 above 2018 and ahead of the 2019 target by \$110,917.



The following chart illustrates the historical trends of sales tax receipts from the major segments: construction, retail, wholesale, other (agriculture, services, manufacturing, transportation and utilities) from January 2009 through February 2019. Retail and Other are on a favorable upward trend.



The following chart illustrates the development revenue activity over the last twelve years.



February 2019 expenditures were \$677,706. Biennium to date expenditures are \$1,424,346, which is 5.5% of the biennial budget expenditures of \$25,927,872.

Total City cash (\$17,966,370) and long-term investments (\$9,986,113), at the end of February, totaled \$27,952,483. Proposition 1 levy funds of \$8M are included in this cash balance. The Other Funds Monthly Activity graphs compare biennium to date revenues and expenditures to the 2019-2020 biennial budget.

Total non-General Fund revenues were \$1,093,698 and total non-General Fund expenditures were \$316,412.

In the **Street Fund** revenue from gas tax distributions were \$35,532. \$56,145 was expended for maintenance and operations during the month.

In the **Transportation Capital Fund**, there were no expenditures this month.

The **Park Impact Fee** fund received \$10,362 in revenues during the month.

There was \$94,778 in revenues for the **Transportation Impact Fee** fund during the month.

The **Real Estate Excise Tax** Fund received \$84,215 of real estate excise taxes (REET) in February from sales activity that occurred in January. 27 transactions were reported during the month. The 2019 year to date revenue is lower than the 2018 revenue by \$30,111, and the 2019 target by \$63,718.

The **Park Capital** fund had expenditures in the amount of \$11,536 on park improvement projects.

The **Walkways & Waterways Debt Service** Fund collected \$13,581 in property taxes related to the Prop 1 Bond for a biennium to date total revenue of \$17,174.

The **Transportation Benefit District** Fund received \$30,947 in vehicle license fees during the month.

SUMMARY

This concludes the financial report for the City of Kenmore as of **February 28, 2019**. I appreciate your feedback and encourage you to contact me if you have any questions prior to the City Council meeting.

City of Kenmore, Washington
General Fund Summary Report
February 28, 2019



	CURRENT PERIOD 2019-2020				PREVIOUS PERIOD 2017-2018			
	MONTH	BIENNIUM TO DATE	% of	BIENNIUM BUDGET	MONTH	BIENNIUM TO DATE	% of	BIENNIUM BUDGET
	February 2019	2019-2020	BUDGET	2019-2020	February 2017	2017-2018	BUDGET	2017-2018
REVENUES								
Beginning Fund Balance		4,934,368		4,934,368		3,138,914		3,131,687
Property Taxes	56,313	72,268	0.7%	10,224,205	45,839	9,479,714	99.9%	9,491,704
Sales and Use Taxes	334,159	604,138	10.7%	5,662,000	301,838	6,020,092	101.9%	5,906,291
Utility Taxes	106,059	222,289	9.0%	2,466,355	140,950	2,375,561	87.4%	2,717,485
Other Taxes	22,324	34,623	19.0%	181,868	19,954	181,601	83.3%	218,113
Development Fees & Permits	62,188	128,413	6.9%	1,854,042	89,647	2,172,030	105.9%	2,050,518
Franchise Fees	252,172	252,172	13.8%	1,831,835	6,678	1,731,286	99.3%	1,743,476
Intergovernmental and Grants	6,888	54,089	5.1%	1,057,677	733	982,674	116.8%	841,615
Investment Interest	7,152	10,395	10.9%	95,300	3,700	125,116	240.6%	52,000
Fines and Forfeitures	0	0	n/a	0	0	16,791	0.0%	0
Transfers and Other Revenues	4,593	13,139	0.5%	2,554,590	33,607	2,107,146	131.6%	1,600,972
Total Revenues	851,846	1,391,527	5.4%	25,927,872	642,946	25,192,011	102.3%	24,622,174
Total Revenues & Beginning Fund Balance		6,325,895		30,862,240		28,330,925		27,753,861

	CURRENT PERIOD 2019-2020				PREVIOUS PERIOD 2017-2018			
	MONTH	BIENNIUM TO DATE	% of	BIENNIUM BUDGET	MONTH	BIENNIUM TO DATE	% of	BIENNIUM BUDGET
	February 2019	2019-2020	BUDGET	2019-2020	February	2017-2018	BUDGET	2017-2018
EXPENDITURES								
Cost Center								
City Council	27,158	49,221	12.3%	400,337	11,342	346,852	105.3%	329,426
City Manager	101,642	205,694	6.2%	3,331,467	104,093	3,316,565	99.6%	3,328,297
City Clerk	75,033	86,655	10.1%	856,966	65,407	474,950	111.7%	425,368
Finance	86,642	344,621	18.6%	1,851,887	47,752	1,757,967	105.1%	1,672,775
Legal	22,119	22,119	4.2%	530,000	27,989	525,190	105.0%	500,000
Interfund Transfers	0	0	0.0%	1,602,484	0	1,198,406	85.4%	1,403,228
Public Safety	79,160	83,327	0.9%	9,133,991	40,800	8,340,562	94.7%	8,806,304
Engineering & Environmental Services	52,904	99,615	6.0%	1,658,620	47,364	1,416,078	100.1%	1,415,011
Community Development	72,920	128,125	7.5%	1,698,893	39,866	1,445,670	84.3%	1,715,510
Developmental Services	60,935	179,150	7.4%	2,436,502	89,401	2,371,159	111.3%	2,131,288
Parks & Facility Maintenance	99,193	225,820	9.3%	2,426,725	85,501	2,203,157	77.2%	2,854,489
Total Expenditures	677,706	1,424,346	5.5%	25,927,872	559,513	23,396,557	95.2%	24,581,696
Ending Fund Balance	174,140	4,901,548	0	4,934,368		4,934,368		3,172,165
Total Expenditures and Ending Fund Balance		6,325,895		30,862,240		28,330,925		27,753,861

*Non-Departmental expenditures have been moved to other General Fund Cost Centers

City of Kenmore, Washington
Street Fund Summary Report
February 28, 2019



	MONTH <u>February 2019</u>	BIENNIUM TO DATE <u>2019-2020</u>	% of <u>BUDGET</u>	BUDGET <u>2019-2020</u>
REVENUES				
Beginning Fund Balance		926,962		926,962
Fuel Tax	35,532	71,167	7.1%	1,006,385
Investment Interest	864	1,371	27.4%	5,000
Miscellaneous	0	5,964	298.2%	2,000
ROW Permit Fees/Inspections	8,344	8,658	3.6%	240,000
Multimodal Transportation	0	0	0.0%	62,910
Transfer from General Fund	0	0	0.0%	1,602,484
Transfer from TBD	0	0	0.0%	716,000
Total Revenues	44,740	87,160	2.4%	3,634,779
Total Revenues & Beginning Fund Balance		1,014,122		4,561,741
		BIENNIUM TO DATE <u>2019-2020</u>	% of <u>BUDGET</u>	BUDGET <u>2019-2020</u>
EXPENDITURES				
Salary and Benefits	48,477	98,894	7.5%	1,320,880
Maintenance & Operations	56,145	109,584	5.1%	2,163,899
Capital	130,980	132,327	88.2%	150,000
Total Expenditures	235,603	340,806	9.4%	3,634,779
Ending Fund Balance		673,316		926,962
Total Expenditures and Ending Fund Balance		1,014,122		4,561,741

City of Kenmore, Washington
Cash and Investment Report
February 28, 2019



<u>Fund</u>	Beg. Cash & Inv. from Prev. Mo.	Monthly Revenues	Monthly Expenditures	End. Cash & Inv. Current Month
General	\$4,727,408	\$851,846	\$677,706	4,901,548
Street	864,178	44,740	235,603	673,315
Transportation Capital	1,302,464	24,595	0	1,327,058
Public Art	69,569	122	0	69,690
Park Impact Fee	604,462	11,581	0	616,043
Transportation Impact Fee	2,757,857	99,873	0	2,857,730
Swamp Creek Basin	1,456,413	2,544	0	1,458,957
Transportation Benefit District	142,153	31,346	0	173,499
Sammamish Bridge Replacement	1,429,650	649,088	7,518	2,071,221
Walkways & Waterways Debt Service	193,556	13,581	0	207,137
Real Estate Excise Tax	841,414	91,230	0	932,644
Kenmore Village	3	0	0	3
Park Capital	73,775	0	11,536	62,240
Walkways & Waterways Bond	6,810,901	15,618	0	6,826,519
Surface Water Management	856,026	23,564	55,067	824,524
Surface Water Capital	-1,302	0	5,229	(6,531)
Public Works Shop Fund	0	0	0	0
Strategic Reserve	1,310,797	2,290	0	1,313,087
Strategic Opportunities	2,171,075	3,847	0	2,174,922
Equipment Replacement	508,424	888	165	509,147
Trust & Agency	881,855	78,791	1,295	959,351
Totals	\$27,000,678	\$1,945,544	\$994,118	\$27,952,104

<u>Fund</u>	Cash, Savings, Local Govt Investment Pool	(> One Year) Fixed Investments	Total
General	\$50,818	\$4,851,113	4,901,931
Street	-176,685	850,000	673,315
Transportation Capital	1,327,059	0	1,327,059
Public Art	54,690	15,000	69,690
Park Impact Fee	-313,955	930,000	616,045
Transportation Impact Fee	2,827,733	30,000	2,857,733
Swamp Creek Basin	58,958	1,400,000	1,458,958
Transportation Benefit District	173,499	0	173,499
Sammamish Bridge Replacement	2,071,221	0	2,071,221
Walkways & Waterways Debt Service	207,137	0	207,137
Real Estate Excise Tax	932,642	0	932,642
Kenmore Village	0	0	0
Park Capital	62,239	0	62,239
Walkways & Waterways Bond	6,826,519	0	6,826,519
Surface Water Management	314,524	510,000	824,524
Surface Water Capital	-6,531	0	(6,531)
Public Works Shop Fund	0	0	0
Strategic Reserve	463,088	850,000	1,313,088
Strategic Opportunities	2,174,923	0	2,174,923
Equipment Replacement	59,147	450,000	509,147
Trust & Agency	859,346	100,000	959,346
Totals	\$17,966,371	\$9,986,113	\$27,952,483

City of Kenmore, Washington
Investment Schedule
February 28, 2019



			Average Yield to Maturity-Securities				Overall Average Yield		2.06%
Report by Security	Investment #	Type	Maturity Date	Purchase Date	Rate	Yield	Principal or Balance	Yield Equivalents	
Morgan Stanley									
	3134G9GR2	FHLMC	8/18/2020	8/7/2017	1.60%	1.62%	999,500.00	16,191.90	
	3130ACTL8	FHLB	11/25/2020	12/22/2017	1.95%	1.95%	997,650.00	19,454.18	
	3134GSEU5	FHLB	2/24/2021	5/23/2018	2.62%	2.62%	996,714.35	26,153.78	
	3133EHXL2	FHLB	3/5/2020	9/19/2017	1.54%	1.54%	999,000.00	15,384.60	
	3130AB3N4	FHLB	10/29/2019	4/28/2017	1.55%	1.55%	1,000,750.00	15,511.63	
Total Morgan Stanley Purchases							4,993,614.35	92,696.08	
Time Value Investments									
	3130A7RL1	FHLB	4/19/2021	1/26/2017	1.80%	1.80%	992,893.00	17,872.07	
	3133EJSU4	FFCB	12/26/2019	7/11/2018	2.53%	2.53%	1,001,561.00	25,339.49	
	76116FAG2	RFCSP	1/15/2021	5/31/2018	2.50%	2.50%	999,718.18	24,992.95	
	3135G0G23	FNMA	4/29/2019	11/24/2015	1.35%	1.35%	998,326.00	13,477.40	
Total TVI Purchases							3,992,498.18	81,681.92	
Sound Community Bank CD's									
Total Sound Community Bank CD's							0.00	0.00	
Opus Bank CD's									
	11495975	CD	8/10/2019	8/10/2018	2.37%	2.40%	1,000,000.00	24,000.00	
Total Cascade Bank CD's							1,000,000.00	24,000.00	
TOTAL ALL SECURITIES							\$ 9,986,112.53	\$ 198,378.01	
Banner Checking and Savings						0.07% Banner	2,949,374.61	2,064.56	
Opus Savings						2.55% Opus	3,071,106.30	78,313.21	
LGIP - Primary Account						2.49% LGIP	3,829,063.26	95,343.68	
LGIP - Bond Proceeds Account						2.49% LGIP	8,116,826.28	202,108.97	
Total Accounts							\$ 27,952,482.98	576,208.43	

City of Kenmore, Washington
SALES TAX RECEIPTS BY BUSINESS TYPE
February 2019

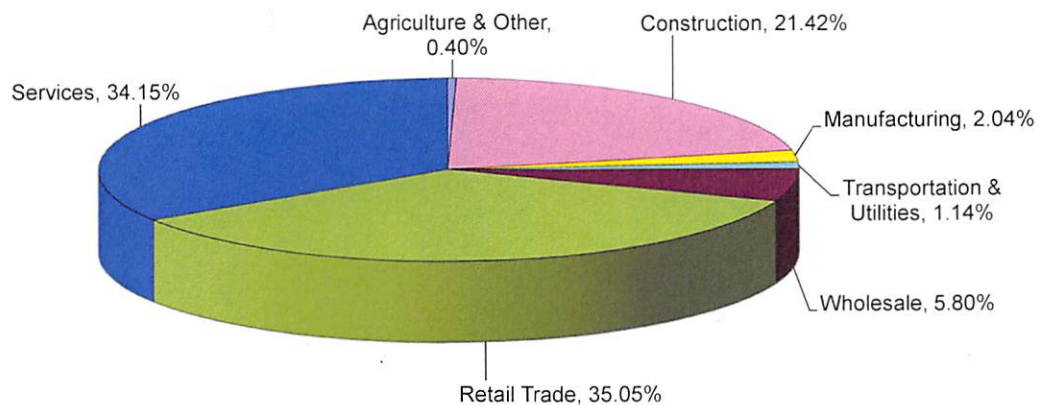
	SALES TAX	USE TAX	TOTAL	PERCENT
AGRICULTURE & OTHER	194.91	0.00	194.91	0.1%
CONSTRUCTION	59,976.22	89.25	60,065.47	22.5%
MANUFACTURING	3,337.91	50.41	3,388.31	1.3%
TRANSPORTATION & UTILITIES	1,981.90	430.04	2,411.94	0.9%
WHOLESALE	12,158.91	230.05	12,388.96	4.6%
RETAIL TRADE	92,828.63	422.99	93,251.62	34.9%
SERVICES	79,726.31	2,785.19	82,511.50	30.9%
INFORMATION	9,130.56	86.35	9,216.91	3.5%
PUBLIC SERVICES	8.74	3,442.62	3,451.36	1.3%
	<u>259,344.09</u>	<u>7,536.90</u>	<u>266,880.99</u>	<u>100.0%</u>

City of Kenmore, Washington
Retail Sales and Use Tax Distribution
February 28, 2019



Industry	Prior 12 Months ending February 2018	Current 12 Months ending February 2019	% Increase/ (Decrease)	% of Total
Agriculture & Other (Landscaping, Animal Hospitals)	\$1,532	\$10,074	557.63%	0.40%
Construction	482,341	538,482 *	11.64%	21.42%
Manufacturing (Printing, Publishing, Other Manuf.)	48,210	51,171	6.14%	2.04%
Transp/Comm/Utilities (Telecomm., Air Transport.)	21,821	28,762	31.81%	1.14%
Wholesale (Lumber, Other Wholesale)	106,241	145,809	37.24%	5.80%
Retail Trade (Eating, Merchandise, Food Stores)	792,671	881,246	11.17%	35.05%
Services (Auction, Recreation, Auto Repair, Financial)	808,263	858,471	6.21%	34.15%
Totals	\$2,261,079	\$2,514,014	11.19%	100%
Increase/(Decrease)		\$252,935	11.19%	

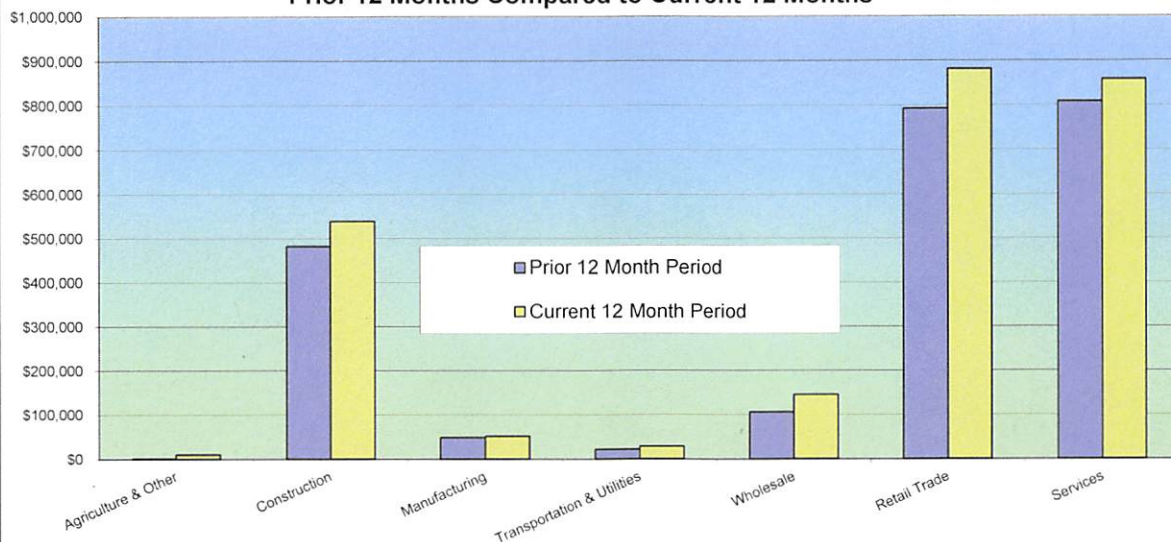
Retail Sales and Use Taxes by Industry
Current 12 Months Ending February 2019



NOTE: Due to the City's Confidentiality Agreement with the Department of Revenue, specific business information cannot be disclosed.

There is a sixty-day lag between sales taxes collected and when they are remitted to the City

Retail Sales and Use Taxes by Industry
Prior 12 Months Compared to Current 12 Months



City of Kenmore, Washington
Real Estate Excise Tax Report
February 28, 2019



Real Estate Excise Taxes (REET)
2016 - 2019 Monthly Receipts

	Actual 2016	Actual 2017	Actual 2018	Actual 2019	Target 2019
January	122,819	176,657	99,205	67,141	132,894
February	70,146	94,134	82,263	84,215	82,181
March	110,066	170,086	89,698		123,284
April	133,161	126,245	148,514		135,973
May	129,599	139,422	144,906		137,976
June	167,575	211,430	181,182		186,729
July	177,426	163,138	181,974		174,179
August	165,397	114,754	115,421		131,857
September	136,176	221,719	128,704		162,200
October	150,786	186,805	97,998		145,196
November	124,437	150,187	102,373		125,666
December	131,651	146,159	112,490		130,100
	\$1,619,239	\$1,900,736	\$1,484,728	\$151,357	\$1,668,234

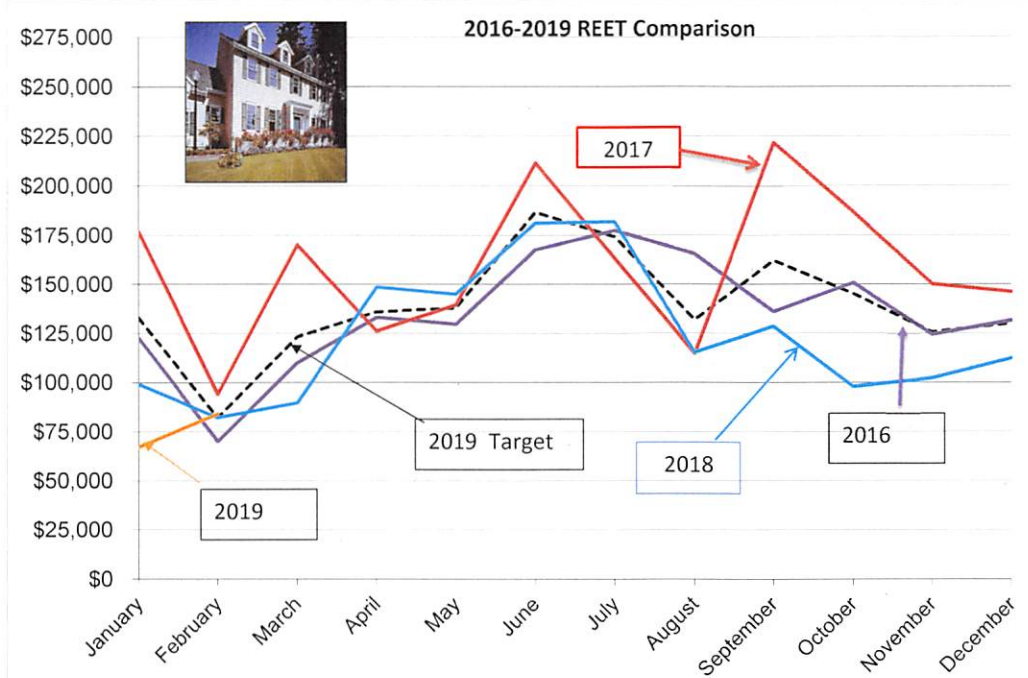
For 2019, REET is \$30,111 less than the same period last year and less than the 2019 target by \$63,718

* NOTE THE 2019 target is computed on a 3 year average (2016-2018) of actual receipts

Real Estate Excise Taxes (REET)
2016 - 2019 Property Sales > \$500,000

sales actually occur in the prior month; there is a 30 day lag between sales and when the City receives the rev.

	2016	2017	2018	2019	2016	2017	2018	2019
January	18,590,517	27,548,430	17,379,581	12,424,500	92,023	136,365	86,029	61,501
February	9,701,034	19,017,050	15,277,640	14,286,900	48,020	94,134	75,624	70,720
March	15,147,174	29,692,641	13,818,387		74,979	146,979	68,401	0
April	21,160,913	19,953,544	23,896,450		104,747	98,770	118,287	0
May	19,813,122	24,277,456	25,710,632		98,075	120,173	127,268	0
June	26,065,161	36,414,050	31,816,871		129,023	180,250	157,494	0
July	24,020,546	28,779,145	32,800,185		118,902	142,457	162,361	0
August	21,648,781	18,859,991	19,693,600		107,161	93,357	97,483	0
September	16,950,242	38,431,272	22,172,221		83,904	190,235	109,752	0
October	21,157,409	31,278,148	14,697,849		104,729	154,827	72,754	0
November	16,916,011		16,347,581		83,734	0	80,921	0
December	20,607,695	25,603,889	19,908,284		102,008	126,739	98,546	0
	\$231,778,605	\$299,855,616	\$253,519,281	\$26,711,400	1,147,305	\$1,484,286	\$1,254,920	\$132,221



Kenmore Transportation Benefit District
Monthly Report
February 28, 2019



<u>Revenues</u>	<u>February 2019</u>	<u>Biennium-to-Date</u>	<u>Percent of Budget</u>	<u>Biennium Budget</u>
Vehicle Fees	30,947	58,608	8.25%	710,000
Investment Interest	399	531	6.63%	8,000
Total Revenues	<u>\$31,346</u>	<u>\$59,139</u>	8.24%	<u>\$718,000</u>
<u>Expenditures</u>				
Reimbursement to Street Fund	<u>0</u>	<u>0</u>	0.00%	<u>716,000</u>
Total Expenditures	<u>0</u>	<u>0</u>	0.00%	<u>716,000</u>
Net Income (Loss)	<u>\$31,346</u>	<u>\$59,139</u>		<u>\$2,000</u>

Monthly TBD Revenues from May 2013 (Inception) to February 2019

