



CITY OF MEDINA

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Date: February 14, 2022
To: Honorable Mayor and City Council
Via: Steve Burns, Interim City Manager
From: Julie Ketter, Finance & HR Director
Subject: December 2021 Financial Reporting

The Final 2021 Reporting includes:

- December 2021 Revenue & Expense Summary
- December 2021 Cash Position Report
- Comparative Summary by Fund
- December 2021 "13th" Month AP Check Register Activity Detail (5.1)

Key Items include:

GENERAL FUND

Revenue:

- Property Tax is at \$4M (100% of budget) as of December 2021. Property Tax normally is deposited during the April/May and October/November fiscal periods.
- Sales Tax Revenues are \$2M (26% above budget) as of December 2021. This continues the 2020 pace, elevated due to COVID impacts causing increased destination-based receipts. Additional destination-based receipts are high due to the large amount of development activity and the increase costs of their building supplies. In creating the 2021 budget, staff and Council decided to budget this revenue conservatively rather than planning for sporadic windfalls caused by large expensive destination-based purchases. The COVID related impacts *were* expected to lessen as the year progressed. This represents a 27% increase over prior year.
- Utility Taxes & Franchise Fees are remitted mostly by the quarter. The year-to-date amount reflected in December, \$945K represents receipts of 4th quarter 2020 and 2021 Q1, Q2 & Q3 amounts. This is 6% above budget expectations due to residents still staying home more due to pandemic than was predicted at time of budget drafting in 2020
- Development fees continue to come in at a stunning pace; associated expenses will take 1-2 years to catch up with receipts.
- Hunts Point's 2021 contract payments for police services have been received and are reflected in General Government revenues. The contract receipts for 2021 are \$17K below line-item budget due to 2020 PD cost savings Medina is contractually obligated to pass along to Hunts Point in 2021.
- Note: asset disposal is high due to a \$41K receipt caused by a return and 2021 refund of camera equipment purchased in 2020. It is flagged in the General Fund this way in order to track it for eventual repurchases.

Expense:

- Overall General Fund & Street Operations expenses for the year came in 5% below budget. This was mainly due impact from COVID (cancelled fireworks), postponed expenses (moving Police Guild contract negotiation to 2022, IT purchases) and staffing turnover (Exec, DS, PW)

CAPITAL FUND

- There is \$1.9M of REET (real estate excise tax) revenue year-to-date, reflecting December 2020 - November's real estate activity. This is 219% of the receipts we had anticipated for the entire year when drafting the (amended) budget. So far the predicted, eventual, slowing of home sales in Medina has yet to show itself.
- The first half of the Federal ARPA (covid relief funds) was received; \$459K. The second half is expected in 2022 and is reflected in the 2022 budget adopted in November.
- Capital expense budget was only 69% spent due to delay of some items into 2022.

CASH POSITION

- As of 12/30/2021, the City's total cash balances were at a robust \$9.8M. However, approximately 60% of that is restricted---such as REET receipts, ARPA funds & Development Service customer deposits.

Year End Carryover Balances

The Comparative Summary by Fund reflects the unaudited year end balances for 2021 that will be carried into 2022. It is the City's policy to carry a balance, equal to 25% of next year's General Fund expenses, forward from the prior year in that fund. This is to cover monthly expenses until the City's major source of funding (property taxes) is received in the spring. As of 12/31/2021 there is \$824K in excess of the 25% requirement needed to start 2022. This is mainly due to higher than typical Sales Tax receipts and moving Development Services out of the General Fund in 2022, thus lowering the amount needed to achieve 25%.

GENERAL FINANCE NOTES:

The Finance Committee met 2/8/2022. 2021's financial statements were reviewed. Special emphasis was given to the excess carryover balance of \$842K, more than is necessary to meet the policy requirement of 25%. This amount was due mostly to one-time impacts-- the removal of the Development Services Department from the General Fund into its own Enterprise Fund and sales tax receipts that are likely to be slowing in the future. Staff recommended four possible options to consider for those funds:

- If some is to be spent, apply it towards one-time expenses. Specifically, it was recommended that \$200K of it to be kept in the General Fund to cover anticipated Comp Plan expenses in 2022-23.
- As done last year, transfer to the Contingency Fund to continue the rebuilding effort.
- The Levy Stabilization Fund is currently on target to meet its goal of a \$2M balance by 12/31/2025, but there is no restriction against putting in more. The \$2M is intended to act as a "piggy bank" to draw on for from 2026-2029, filling in the General Fund expense vs. revenue gap that will creep back in as property taxes are back to being capped at no more than a 1% annual increase, not enough to keep up with inflation's influence on expenses.

City of Medina
Revenue & Expense Summary
December 2021

			Amended (12/13/21)		
	DEC ACTUAL	DEC YTD ACTUAL	2021 ANNUAL BUDGET	% of Budget Total	REMAINING BUDGET
REVENUE:					
General Fund					
Property Tax	\$37,189	\$3,991,758	\$3,986,413	100.13%	(\$5,345)
Sales Tax	\$159,961	\$2,006,579	\$1,587,354	126.41%	(\$419,225)
Criminal Justice	\$8,132	\$103,943	\$90,080	115.39%	(\$13,863)
B & O Tax: Utility & Franchise Fee	\$3,593	\$945,462	\$890,524	106.17%	(\$54,938)
Leasehold Excise Tax	\$0	\$911	\$800	113.88%	(\$111)
Building Permits, Planning & Development	\$50,180	\$1,326,233	\$890,611	148.91%	(\$435,622)
General Government (includes Hunts Point)	\$82,518	\$354,342	\$353,811	100.15%	(\$531)
Passports, General Licenses & Permits	\$128	\$1,472	\$8,490	17.34%	\$7,018
Fines, Penalties, Traffic Infr.	\$1,252	\$13,061	\$31,250	41.79%	\$18,189
Misc. Invest. Facility Leases	\$1,669	\$147,550	\$128,007	115.27%	(\$19,543)
Other Revenue, Dispositions	\$225	\$54,871	\$3,000	1829.02%	(\$51,871)
General Fund Total	\$344,848	\$8,946,181	\$7,970,340	112.24%	(\$975,841)
Street Fund	\$6,270	\$128,931	\$143,514	89.84%	\$14,583
Street Fund Transfers In	\$31,428	\$377,132	\$377,132	100.00%	\$0
Tree Fund	\$0	\$0	\$3,075	0.00%	\$3,075
Contingency Fund (Transfers In)	\$250,000	\$250,000	\$250,000	100.00%	\$0
Levy Stabilization Fund (Transfers In)	\$41,667	\$500,000	\$500,000	100.00%	\$0
Capital Fund	\$194,961	\$2,443,145	\$1,215,006	201.08%	(\$1,228,139)
Total (All Funds)	\$546,078	\$11,518,257	\$9,331,935	123.43%	(\$2,186,322)
Total (All Funds) Transfers In	\$73,094	\$1,127,132	\$1,127,132	100.00%	\$0

			Amended (12/13/21)		
	DEC ACTUAL	DEC YTD ACTUAL	2021 ANNUAL BUDGET	% of Budget Total	REMAINING BUDGET
EXPENDITURES:					
General Fund					
Legislative	\$3,235	\$12,421	\$39,600	31.37%	\$27,179
Municipal Court	\$9,482	\$58,889	\$57,000	103.31%	(\$1,889)
Executive	\$68,237	\$332,204	\$339,819	97.76%	\$7,615
Finance	\$27,046	\$530,793	\$524,983	101.11%	(\$5,810)
Legal	\$60,834	\$328,290	\$367,200	89.40%	\$38,910
Central Services	\$138,434	\$886,764	\$941,639	94.17%	\$54,875
Police Operations	\$232,204	\$2,218,499	\$2,380,557	93.19%	\$162,058
Fire & Medical Aid	\$388,977	\$807,954	\$807,954	100.00%	\$0
Public Housing, Environmental & Mental Health	\$0	\$29,381	\$31,238	94.05%	\$1,857
Development & Planning	\$94,675	\$878,341	\$910,642	96.45%	\$32,301
Recreational Services	\$175	\$27,393	\$44,820	61.12%	\$17,427
Parks	\$54,479	\$497,548	\$511,781	97.22%	\$14,233
General Fund Total	\$1,077,779	\$6,608,475	\$6,957,233	94.99%	\$348,758
General Fund Transfers Out	\$323,094	\$1,127,132	\$1,127,132	100.00%	\$0
Street Fund	\$64,882	\$438,465	\$515,112	85.12%	\$76,647
Tree Fund	\$5,065	\$24,040	\$38,000	63.26%	\$13,960
Capital Fund	\$512,588	\$651,667	\$942,000	69.18%	\$290,333
Capital Fund Transfers Out	\$0	\$0	\$0	0.00%	\$0
Total (All Funds)	\$1,660,314	\$7,722,648	\$8,452,344	91.37%	\$729,696
Total (All Funds) Transfers Out	\$323,094	\$1,127,132	\$1,127,132	100.00%	\$0

City of Medina
Revenue & Expense Summary
December 2021

<u>2021 Beginning Cash Balance 1/1/2021</u>		<u>2021 Cash Balance, to date</u>	
<u>TOTAL CASH & INVESTMENTS</u>		<u>TOTAL CASH & INVESTMENTS</u>	
Beginning Year: 1/1/2021		Period Ending 12/31/2021	
WA ST INV POOL	\$ 2,842,687	WA ST INV POOL	\$ 5,550,792
OTHER INVESTMENTS	1,500,000	OTHER INVESTMENTS*	1,500,000
CHECKING	1,580,653	CHECKING	2,732,941
	<u>\$ 5,923,340</u>		<u>\$ 9,783,733</u>

*Bond maturity dates:

\$500K bond (Mar 2021)
3/3/2025
\$1M bond (Aug 2020)
8/5/2024

City of Medina
Revenue & Expense Summary
December 2021

	2019	2020	2021	2021	2022	
DESCRIPTION	Actuals	Actual	Budget, amended 12/13/2021	Year-end Actuals, Unaudited	Adopted Budget	General Fund Year End Carryover Balances
GENERAL FUND						2021 Fund Balance Projected, Excess/(Shortfall)
BEGINNING FUND BALANCE	\$ 837,822	\$ 1,181,753	\$ 2,194,185	\$ 2,194,185	\$ 3,404,759	\$823,739
REVENUES	6,816,529	7,983,720	7,970,340	8,946,181	8,270,543	
OPERATING TRANSFERS-IN	-	-	-	-	-	
EXPENDITURES	6,432,598	6,601,288	6,957,233	6,608,475	6,779,723	
OPERATING TRANSFERS-OUT	40,000	370,000	1,127,132	1,127,132	1,901,527	25% Policy Minimum \$2,170,313
<i>Year end carryover balance</i>	\$ 1,181,753	\$ 2,194,185	\$ 2,080,160	\$ 3,404,759	\$ 2,994,052	34.5%
STREET FUND						<i>Note: GF balances prior to 2022 do not include Development Services' customer deposits or SAO 2019 directive "fiduciary" amounts</i>
BEGINNING FUND BALANCE	\$ 17,469	\$ 16,031	\$ 13,778	\$ 13,778	\$ 81,376	
REVENUES	88,024	65,875	143,514	128,931	118,801	
OPERATING TRANSFERS-IN	387,000	370,000	377,132	377,132	401,527	
EXPENDITURES	476,461	438,128	515,112	438,465	520,328	
OPERATING TRANSFERS-OUT						
<i>Year end carryover balance</i>	\$ 16,031	\$ 13,778	\$ 19,312	\$ 81,376	\$ 81,376	
DEV. SERVICES FUND						
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ -		
REVENUES	-	-	-	-	1,356,895	
OPERATING TRANSFERS-IN	-	-	-	-	1,000,000	
EXPENDITURES	-	-	-	-	1,179,726	
OPERATING TRANSFERS-OUT	-	-	-	-		
<i>Year end carryover balance</i>	\$ -	\$ -	\$ -	\$ -	\$ 1,177,169	
TREE FUND						
BEGINNING FUND BALANCE	\$ 139,689	\$ 113,572	\$ 110,072	\$ 110,072	\$ 86,032	
REVENUES	3,950	-	3,075	-	3,075	
OPERATING TRANSFERS-IN	-	-	-	-	-	
EXPENDITURES	30,067	3,500	38,000	24,040	40,000	
OPERATING TRANSFERS-OUT	-	-	-	-	-	
<i>Year end carryover balance</i>	\$ 113,572	\$ 110,072	\$ 75,147	\$ 86,032	\$ 49,107	
LEVY STABILIZATION FUND						
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ 500,000	
OPERATING TRANSFERS-IN	-	-	500,000	500,000	500,000	
OPERATING TRANSFERS-OUT	-	-	-	-	-	
<i>Year end carryover balance</i>	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ 1,000,000	Must have min. of \$2M by 12/31/2025
CAPITAL PROJECTS FUND						
BEGINNING FUND BALANCE	\$ 1,930,333	\$ 2,049,772	\$ 3,281,736	\$ 3,281,736	\$ 5,073,214	
REVENUES	1,420,455	1,841,084	1,215,016	2,443,145	2,086,618	
OPERATING TRANSFERS-IN	-	-	-	-	-	
EXPENDITURES	954,015	609,120	942,000	651,667	1,510,000	<i>Note: CPF balances do not include contractor retainage activity amounts</i>
OPERATING TRANSFERS-OUT	347,000	-	-	-	-	
<i>Year end carryover balance</i>	\$ 2,049,772	\$ 3,281,736	\$ 3,554,752	\$ 5,073,214	\$ 5,649,832	
CONTINGENCY FUND						
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ 250,000	
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	
OPERATING TRANSFERS-IN	\$ -	\$ -	\$ 250,000	\$ 250,000	\$ -	
OPERATING TRANSFERS-OUT			\$ -		\$ -	
<i>Year end carryover balance</i>	\$ -	\$ -	\$ 250,000	\$ 250,000	\$ 250,000	
TOTAL ALL FUNDS BUDGET						
BEGINNING FUND BALANCE	\$ 2,925,313	\$ 3,361,128	\$ 5,599,771	\$ 5,599,771	\$ 9,395,381	
REVENUES	8,328,957	9,890,679	9,331,945	11,518,257	11,835,932	
OPERATING TRANSFERS-IN	387,000	370,000	1,127,132	1,127,132	1,901,527	
EXPENDITURES	7,893,142	7,652,036	8,452,345	7,722,647	10,029,777	
OPERATING TRANSFERS-OUT	387,000	370,000	1,127,132	1,127,132	1,901,527	
<i>Year end carryover balance</i>	\$ 3,361,128	\$ 5,599,771	\$ 6,479,373	\$ 9,395,381	\$ 11,201,536	