



CITY OF MEDINA

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Date: February 12th, 2024
To: Honorable Mayor and City Council
Via: Stephen R. Burns, City Manager
From: Ryan Wagner, Finance & HR Director
Subject: 2023 End of Year Financial Report

The 2023 End of Year Reporting includes:

- December 13th Month AP Check Register Activity Detail
- 2022 Audit Update
- Assistant Finance Director Job Opening
- Updated December 2023 Financial Report
- 2023 End of Year Numbers and Memo

The 2022 Audit is Nearing Completion!

Our audit lead this year from the State Auditor's Office is Kevin Lee. The 2022 audit process includes testing into the City's internal controls, and some points of emphasis have been payroll, City credit cards, accounts payable, and employee accruals.

As we start to wrap up the audit, I will also be sending out an email to the Council for volunteers to sit at our closing meeting where we discuss the fiscal year, and any findings are reported.

Please let me know if you have any questions about the process.

Assistant Finance Director – Position Filled

I am excited to announce that the city has hired Kimberly Terhaar to be our next Assistant Finance Director. Her first day was January 23rd.

Kim brings 20 years of experience in finance and accounting to Medina, most recently as a Controller with Philips Ultrasound inc. and as a Senior Manager at Fujifilm Sonosite.

She will be a valuable member of our team, and please stop by to say hello the next time you are at City Hall.

December 13th Month 2023 Financial Summary

	DECEMBER ACTUAL	YTD ACTUAL	2023 ANNUAL BUDGET	% of Budget Total	REMAINING BUDGET
General Fund					
Property Tax	\$39,140	\$4,329,063	\$4,318,656	100.24%	(\$10,407)
Sales Tax	\$271,908	\$1,904,907	\$1,870,785	101.82%	(\$34,122)
Affordable & Sup. Housing	\$1,361	\$9,466	\$0	--	(\$9,466)
Criminal Justice	\$8,864	\$106,831	\$98,782	108.15%	(\$8,049)
B & O Tax: Utility & Franchise Fee	\$1,408	\$1,074,804	\$897,637	119.74%	(\$177,167)
Leasehold Excise Tax	\$0	(\$2,480)	\$6,589	-37.64%	\$9,069
General Government (includes Hunts Point)	\$90,160	\$399,746	\$441,401	90.56%	\$41,655
Passports, General Licenses & Permits	\$155	\$3,598	\$6,050	59.47%	\$2,452
Fines, Penalties, Traffic Infr.	\$826	\$16,246	\$18,000	90.25%	\$1,754
Misc. Invest. Facility Leases	\$27,340	\$394,174	\$265,869	148.26%	(\$128,305)
Disposition of Capital Assets	\$0	\$18,288	\$0	--	(\$18,288)
General Fund Total	\$441,162	\$8,254,643	\$7,923,769	104.18%	(\$330,874)
Development Services Fund Total	\$66,581	\$1,336,010	\$1,011,344	132.10%	(\$324,666.04)
Development Services Fund Transfers In from GF	\$0	\$0	\$0	--	\$0.00
Street Fund Total	\$5,939	\$132,760	\$135,166	98.22%	\$90,446
Street Fund Transfers In	\$42,917	\$553,000	\$553,000	100.00%	\$200,764
Tree Fund Total	\$0	\$950	\$3,075	30.89%	\$2,125
Capital Fund Total	\$40,542	\$1,857,173	\$1,253,264	148.19%	(\$603,909)
Levy Stabilization Fund Total	\$0	\$0	\$0	--	\$0
Levy Fund Transfers In GF	\$541,667	\$1,000,000	\$1,000,000	100.00%	\$0
NonRevenue Trust Funds Total	\$865	\$12,607	\$0	--	(\$12,607)
Master Investments Total	\$0	\$3,000,000	\$0	--	(\$3,000,000)
Total (All Funds)	\$555,090	\$11,594,144	\$10,326,618	112.27%	(\$1,267,526)
Total (All Funds) Transfers In	\$584,583	\$1,553,000	\$1,553,000	100.00%	\$0

	DECEMBER ACTUAL	YTD ACTUAL	2023 ANNUAL BUDGET	% of Budget Total	REMAINING BUDGET
EXPENDITURES:					
General Fund					
Legislative	\$10,592	\$54,082	\$70,500	76.71%	\$16,418
Municipal Court	\$9,380	\$59,141	\$62,000	95.39%	\$2,859
Executive	\$22,156	\$271,387	\$281,185	96.52%	\$9,798
Finance	\$31,156	\$562,002	\$588,991	95.42%	\$26,989
Legal	\$35,506	\$270,910	\$327,200	82.80%	\$56,290
Central Services	\$123,074	\$1,167,094	\$1,261,218	92.54%	\$94,124
Police Operations	\$272,729	\$2,502,951	\$2,669,889	93.75%	\$166,938
Fire & Medical Aid	\$0	\$814,686	\$827,788	98.42%	\$13,102
Public Housing, Environmental & Mental Health Fees	\$0	\$30,467	\$42,058	72.44%	\$11,591
Recreational Services	\$367	\$40,455	\$48,500	83.41%	\$8,045
Parks	\$49,430	\$646,309	\$652,610	99.03%	\$6,301
General Fund Subtotal	\$554,392	\$6,419,483	\$6,764,827	94.90%	\$345,344
General Fund Transfers Out	\$616,316	\$1,478,000	\$1,478,000	100.00%	\$0
General Fund Total	\$1,170,708	\$7,897,483	\$8,309,939	95.04%	\$412,456
Development Services Fund Total	\$138,239	\$1,097,721	\$1,017,003	107.94%	(\$80,718)
City Street Fund Total	\$71,399	\$637,591	\$667,167	95.57%	\$29,576
Tree Fund Total	\$888	\$25,431	\$40,000	63.58%	\$14,569
Capital Fund Total	\$81,603	\$712,744	\$1,090,000	65.39%	\$377,256
Capital Fund Transfers Out	\$6,250	\$75,000	\$75,000	100.00%	\$0
NonRevenue Trust Funds Total	\$2,181	\$33,176	\$0	0.00%	(\$33,176)
Master Investments Total	\$336,734	\$5,052,106	\$0	0.00%	(\$5,052,106)
Total (All Funds)	\$1,185,436	\$8,926,146	\$9,537,291	93.59%	\$611,145
Total (All Funds) Transfers Out	\$622,566	\$1,553,000	\$1,553,000	100.00%	\$0

2023 End of Year Comprehensive Summary

DESCRIPTION	2020 Year-end Actuals	2021 Year-end Actuals	2022 Year-end Actuals	2023 Year-end Actuals	2024 Adopted Budget	General Fund Year End Carryover Balances
GENERAL FUND						2024
BEGINNING FUND BALANCE	\$ 1,181,753	\$ 2,194,185	\$ 3,404,759	\$ 3,358,599	\$ 3,715,759	Fund Balance
REVENUES	7,983,720	8,946,181	7,890,020	8,254,643	8,121,201	Excess/(Shortfall)
OPERATING TRANSFERS-IN	-	-	-	-	-	\$1,882,140
EXPENDITURES	6,601,288	6,608,475	6,019,717	6,419,483	7,103,856	
OPERATING TRANSFERS-OUT	370,000	1,127,132	1,916,463	1,478,000	860,000	25% Policy Minimum
<i>Year end carryover balance</i>	\$ 2,194,185	\$ 3,404,759	\$ 3,358,599	\$ 3,715,759	\$ 3,873,104	\$1,990,964
						46.7%
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	\$ 9,583	\$ 7,330	\$ 74,928	\$ 44,424	\$ 92,593	
REVENUES	65,875	128,931	58,692	132,760	122,096	
OPERATING TRANSFERS-IN	370,000	377,132	405,628	553,000	535,000	
EXPENDITURES	438,128	438,465	494,824	637,591	645,427	
OPERATING TRANSFERS-OUT	-	-	-	-	-	
<i>Year end carryover balance</i>	\$ 7,330	\$ 74,928	\$ 44,424	\$ 92,593	\$ 104,262	
DEV. SERVICES FUND						<i>Note: \$450,000 of DS Balance is Held within Advanced Deposits Is Not Considered Usable Funds</i>
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ 835,725	\$ 946,093	
REVENUES	-	-	974,237	1,370,721	1,121,500	
OPERATING TRANSFERS-IN	-	-	1,010,835	-	-	
EXPENDITURES	-	-	1,149,347	1,260,354	1,098,936	
OPERATING TRANSFERS-OUT	-	-	-	-	-	
<i>Year end carryover balance</i>	\$ -	\$ -	\$ 835,725	\$ 946,093	\$ 968,657	
TREE FUND						
BEGINNING FUND BALANCE	\$ 113,572	\$ 110,072	\$ 86,032	\$ 74,646	\$ 50,165	
REVENUES	-	-	2,310	950	3,075	
OPERATING TRANSFERS-IN	-	-	-	-	-	
EXPENDITURES	3,500	24,040	13,696	25,431	30,000	
OPERATING TRANSFERS-OUT	-	-	-	-	-	
<i>Year end carryover balance</i>	\$ 110,072	\$ 86,032	\$ 74,646	\$ 50,165	\$ 23,240	
LEVY STABILIZATION FUND						
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 500,000	\$ 1,000,000	\$ 2,000,000	
OPERATING TRANSFERS-IN	-	500,000	500,000	1,000,000	400,000	
OPERATING TRANSFERS-OUT	-	-	-	-	-	
<i>Year end carryover balance</i>	\$ -	\$ 500,000	\$ 1,000,000	\$ 2,000,000	\$ 2,400,000	Must have min. of \$2M by 12/31/2025
CAPITAL PROJECTS FUND						
BEGINNING FUND BALANCE	\$ 1,994,772	\$ 3,226,736	\$ 5,018,214	\$ 5,931,306	\$ 7,000,736	
REVENUES	1,841,084	2,443,145	2,151,364	1,857,173	1,300,000	
OPERATING TRANSFERS-IN	-	-	-	-	-	
EXPENDITURES	609,120	651,667	1,238,272	712,744	1,495,000	<i>Note: CPF balances do not include contractor retainage activity amounts</i>
OPERATING TRANSFERS-OUT	-	-	-	75,000	75,000	
<i>Year end carryover balance</i>	\$ 3,226,736	\$ 5,018,214	\$ 5,931,306	\$ 7,000,736	\$ 6,730,736	
CONTINGENCY FUND						
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 250,000	\$ 250,000	\$ 250,000	
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	
OPERATING TRANSFERS-IN	\$ -	\$ 250,000	\$ -	\$ -	\$ -	
OPERATING TRANSFERS-OUT	\$ -	\$ -	\$ -	\$ -	\$ -	
<i>Year end carryover balance</i>	\$ -	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	
TOTAL ALL FUNDS BUDGET						
BEGINNING FUND BALANCE	\$ 3,361,128	\$ 5,599,771	\$ 9,395,381	\$ 11,556,148	\$ 14,055,346	
REVENUES	9,890,679	11,518,257	11,076,623	11,616,248	10,667,872	
OPERATING TRANSFERS-IN	370,000	1,127,132	1,916,463	1,553,000	935,000	
EXPENDITURES	7,652,036	7,722,647	8,915,856	9,055,603	10,373,219	
OPERATING TRANSFERS-OUT	370,000	1,127,132	1,916,463	1,553,000	935,000	
<i>Year end carryover balance</i>	\$ 5,599,771	\$ 9,395,381	\$ 11,556,148	\$ 14,116,794	\$ 14,349,999	

2023 General Fund, Year in Review

General Fund Revenue Highlights

2023 General Fund revenue came in at \$8.25M, which is approximately 4% higher than what was budgeted.

Utility and franchise fee revenue was almost 20% over what was planned for 2023, which led to over \$177K in additional revenue. With rising costs associated with utilities, the city should expect higher revenue in this area going forward as Medina collects a percentage of the total bill for residents.

For the second year in a row, investment interest earnings have outperformed expectations. With high rates, the city brought in an additional \$46K over what was budgeted for in 2023.

While we do not budget for donations, \$54K was generously gifted by residents in 2023 to assist in funding projects around Medina, an example being additional electronic speed signs for high traffic areas.

General Fund Expenditure Highlights

Finance

Auditor costs are 71% under budget. With the 2022 audit starting so late in the year, some of the cost will be covered within the 2024 budget.

Central Services

Advertising costs were 78% over budget in 2023, with rising costs and an emphasis of pushing more notices out to the community being the main driver.

Technical services came in at 10% over budget for 2023, backup server costs and other city IT projects came at a higher cost than expected.

Savings elsewhere in the Central Services department still led to the overall budget being 7.5% under what was allocated in 2023.

Police

Uniforms and vests came in about 80% over budget for 2023. This was driven by the schedule of which officers needed replacements, along with the need to fully gear two new officers. Based on discussions with the department, this should fall back in line with expectations in 2024.

Vehicle expenses came in at 17% over budget for 2023, due to higher-than-expected gas prices and an emphasis on contacts and visibility within the community.

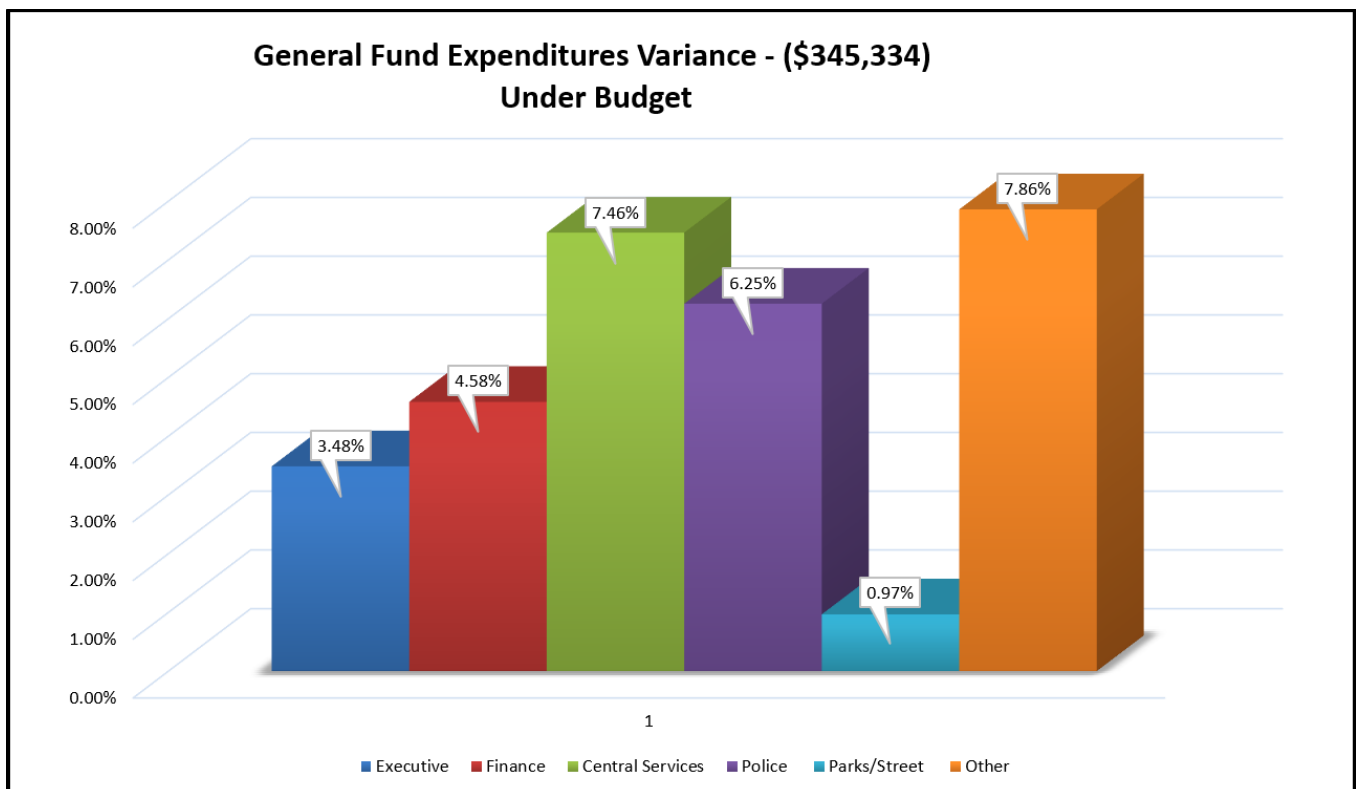
Parks/Streets

Overtime came to 54% over what was budgeted in 2023, this is driven by plowing time during the winter, and weekend trash and trap removal during the hotter summer months. Overtime has been increased in 2024 to cover these potential increases.

Utilities are shown at 86% over budget, however this does not show the full picture. Some of the cost is recouped through our interlocal agreement with Clyde Hill, which will be reflected in 2024. Also, some of the bills were coded to Parks instead of Central Services, so the overall cost more accurately reflects what was budgeted.

Storm drain maintenance over 58% past what was budgeted, heavy fall rains and rising costs attributed to the increase.

The replacement plow truck was purchased and is reflected within the 2023 financials. The budget was adjusted to show this based on the 2023 budget amendment ordinance.



Capital Fund Highlights

Revenue

\$271K in grant funding in 2023, associated with KC Parks Levy and sidewalk and storm water grants.

Capital investment interest earnings came in at 423% of what was budgeted, bringing in an additional \$226K in non-restricted capital funds which can be used for maintenance or facility upgrades for City Hall and the Post Office among other things.

Expenditures

Grant funding and ARPA money used for storm water improvement projects. This is what led to these projects being 45% over budget for 2023, as the ARPA funds had to be utilized.

Overall budget came in at (\$377,256) on the under, however projects like the NE 12th Sidewalk, and the deck/balcony replacement at City Hall have been pushed to 2024.

Development Services Highlights

Revenue

After a down year in 2022 for permit work within Medina, 2023 saw a bounce back. After conservative revenue projections, Development Services came in at 32% above expectations.

Building permit revenue was the main driver, coming in at \$289K more than what was budgeted.

Expenditures

With high revenue numbers in 2023, consulting work and costs follow. That is why we see the department being 8% over budget for the year.

Consulting costs up across the board as shown below,

- Shoreline consultant \$9K over budget
- Arborist \$5K over budget
- Planning Consultant \$102K over budget

Planning consultant costs due to the resignation of our previous Planning Manager, and costs associated with the Comprehensive Plan report. A portion of this cost is recovered through a grant from the Department of Commerce and from 2 months of not paying salary/benefits to someone in the Planning Manager role.