



# CITY OF MEDINA

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**Date:** September 13, 2021  
**To:** Honorable Mayor and City Council  
**Via:** Michael Sauerwein, City Manager  
**From:** Julie Ketter, Finance & HR Director  
**Subject:** July/August 2021 Financial Reporting

The July/August 2021 Reporting includes:

- July 2021 AP Check Register Activity Detail (5.1)
- August 2021 AP Check Register Activity Detail (5.2)
- July 2021 Revenue & Expense Summary
- July 2021 Cash Position Report
- August 2021 Revenue & Expense Summary
- August 2021 Cash Position Report

Key Items for July/August YTD include:

(Items in red reflect new alerts since prior reporting.)

## GENERAL FUND

### Revenue:

- Property Tax is at \$2.3M (59% of budget) as of August 2021. Property Tax normally is deposited during the April/May and October/November fiscal periods. It is expected that the remaining amounts of our annual total will be received in the fall.
- Sales Tax Revenues are \$1.35M (89% of budget) as of August 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; **however, if receipts continue at this pace, this revenue source could exceed \$2M. This would represent a 26% increase over prior year.**
- Utility Taxes & Franchise Fees are remitted mostly by the quarter. The year-to-date amount reflected in August, \$693K represents receipts of 4<sup>th</sup> quarter 2020 and 2021 Q1 & Q2 amounts..
- 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 Q1 & Q2 contract payments for police services have been received and are reflected in General Government revenues. The contract receipts for 2021 will be \$17K below line-item budget due to 2020 PD cost savings Medina is contractually obligated to pass along to Hunts Point in 2021.
- Traffic fines receipts are low, matched with low court-related expenses. With stepped up enforcement an uptick is expected. However, it is unlikely to bring the revenue & court expenses up to budgeted amounts.
- Note: asset disposal is high due to a \$38K 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:

- Finance pays the full 2021 annual WCIA Insurance Liability premiums in January, \$186K. This single expense accounts for 35% of its overall budget. Additionally, Finance's budget includes amounts for banking fees. With the recent launching of an online DS permit application and payment process, credit card processing fees are exceeding the expense line's budget (Miscellaneous). It is offset by applicant convenience revenue. Staff, in creating the budget, underestimated the willingness of applicants to pay 3% in order to pay by credit cards.
- Legal Department's spending of \$158K through August represents only six months of invoices. Annualized, this pace of spending will manage to keep the department within its budget.
- Fire & Medical Aid pays the contract fees to Bellevue Fire in two installments. The first half was paid in June. **In August, the City paid its LEOFF1 retirees pension obligation of \$30K.**

CAPITAL FUND

- There is \$1.17M of REET (real estate excise tax) revenue year-to-date, reflecting December 2020 - July's real estate activity. This is 150% of the receipts we had anticipated for the entire year when drafting the 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) has been received; \$459K. It is currently being "parked" in the Capital Fund while Council and Staff work to finalize the City's goals for its use.*
- Capital expense budget is only at 9.2% spent. This will increase rapidly as larger projects are scheduled to take place during the last third of the year.

CASH POSITION

- **As of 8/31/2021, the City's total cash balances are at a robust \$9M. However, approximately 60% of that is restricted---such as REET receipts, ARPA funds & Development Service customer deposits.**

GENERAL FINANCE NOTES:

The Finance Committee met July 8<sup>th</sup> to review of Q2 year-to-date financial statements.

Since the budgeting season has begun, please note the (revised) annual budget calendar is attached to this report for your reference.

Items for future 2021 budget amendment (November):

- Update of Salary Schedule (budget attachment A) to reflect Council action on December 14<sup>th</sup>, increasing the City Manager pay and lifting the upper end of the position's salary range to accommodate this action.
- Transfer from General Fund to Contingency Fund of \$251,844, per Finance Committee's 2/24 recommendation.
- PD seasonal OT for extra patrolling as approved by Council May 10<sup>th</sup>, \$23,700.
- Personnel Policy update approved by Council June 14<sup>th</sup>, one-time excess leave cash out for unrepresented employees at 12/31/21 to align balances to new policy. \$50K-\$65K.
- CIP addition, Street improvement for traffic safety; CC approved REET funds of approx..\$102K, July 2021.
- Increase of playground equipment budget +\$50K; approved by CC for use of REET funds, 6/14.

## 2022 Preliminary Budget Calendar City of Medina, Washington

<b>Statutory Dates</b>	<b>Planned/Actual Dates</b>	<b>2022 Budget Process</b>
July 1, 2021	June 14, 2021	Council holds <b>Public Hearing</b> on 6 year Capital Improvement Plan (CIP/TIB/Non-TIB)
July 1, 2021	June 14, 2021	Council approves 6 year Capital Improvement Plan, file w/ Sec of Transp. by 7/31
Sept 13 2021	August 2, 2021	Department Directors begin preparing 2022 Budget Requests.
Sept 27, 2021	August 23, 2021	Department Directors 2022 Budget requests submitted to Finance Director. RCW 35.33.031 and RCW 35A.33.030.
Oct 1, 2021	August 31, 2021	2022 Preliminary Budget estimates are presented to the City Manager by Finance Director for modification, revision or addition. RCW 35.33.031 and RCW 35A.33.030.
No legal requirement	September 13, 2021	Council holds <b>Public Hearing</b> to gather input on 2022 Preliminary Budget.
Oct 4, 2021	<b>September 27, 2021</b>	City Manager provides City Council with 2022 Revenue projections for the current year. City Manager provides a 2022 Preliminary Budget showing 2022 Revenue and Expenditures by Department.
No legal requirement	Sept 27, 2021	City Council holds a study session on 2022 Preliminary Budget. <i>Balancing decisions made if necessary.</i>
Nov 2, 2021	October 11, 2021	City Manager files 2022 Updated Preliminary Budget & Budget Message with the City Clerk and the City Council.
Prior to November 24, 2021	October 11, 2021	City Council holds Preliminary <b>Public Hearing</b> on 2022 Budget & Revenue Sources (Property Tax Levy)
No later than Nov 2, through Nov 20, 2021	Dates as needed prior to Nov 8 <sup>th</sup> meeting	City Clerk publishes notice of filing of 2022 Budget and publishes notice of public hearing on final budget once a week for two consecutive weeks.
Nov 20, 2021	Nov 8, 2021	Copies of 2022 proposed final budget are made available to the public at the Regular City Council meeting.
Nov 24, 2021 (KC due date) (Hearing due date 12/6/21)	Nov 8, 2021	Council holds <b>Final Public Hearing</b> and sets the 2022 Property Tax Levy to certify property tax levy to King County Assessor's Office
Dec. 31, 2021	Nov 8, 2021	Council adopts Final 2022 Budget at the Regular Monthly City Council meeting.

**City of Medina**  
**Revenue & Expense Summary**  
**July 2021**

<b>REVENUE:</b>	<b>JULY ACTUAL</b>	<b>JULY YTD ACTUAL</b>	<b>2021 ANNUAL BUDGET</b>	<b>% of Budget Total</b>	<b>REMAINING BUDGET</b>
<b>General Fund</b>					
Property Tax	\$35,975	\$2,321,766	\$3,986,413	58.24%	\$1,664,647
Sales Tax	\$219,524	\$1,172,550	\$1,522,354	77.02%	\$349,804
Criminal Justice	\$8,982	\$59,358	\$90,080	65.89%	\$30,722
B & O Tax: Utility & Franchise Fee	\$123,835	\$586,468	\$890,524	65.86%	\$304,056
Leasehold Excise Tax	(\$2,982)	\$0	\$800	0.00%	\$800
Building Permits, Planning & Development	\$75,528	\$841,222	\$890,611	94.45%	\$49,389
General Government (includes Hunts Point)	\$20,065	\$182,181	\$358,233	50.86%	\$176,052
Passports, General Licenses & Permits	\$134	\$793	\$8,490	9.34%	\$7,697
Fines, Penalties, Traffic Infr.	\$1,176	\$7,413	\$31,250	23.72%	\$23,837
Misc. Invest. Facility Leases	\$9,493	\$105,377	\$128,007	82.32%	\$22,630
Other Revenue, Dispositions	\$0	\$38,550	\$3,000	1285.00%	(\$35,550)
<b>General Fund Total</b>	<b>\$491,730</b>	<b>\$5,315,679</b>	<b>\$7,909,762</b>	<b>67.20%</b>	<b>\$2,594,083</b>
<b>Street Fund</b>	<b>\$5,303</b>	<b>\$48,430</b>	<b>\$139,092</b>	<b>34.82%</b>	<b>\$90,662</b>
<i>Street Fund Transfers In</i>	\$31,428	\$219,994	\$377,132	58.33%	\$157,138
<b>Tree Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,075</b>	<b>0.00%</b>	<b>\$3,075</b>
<b>Levy Stabilization Fund (Transfers In)</b>	<b>\$41,667</b>	<b>\$291,667</b>	<b>\$500,000</b>	<b>58.33%</b>	<b>\$208,333</b>
<b>Capital Fund</b>	<b>\$106,063</b>	<b>\$1,461,191</b>	<b>\$1,113,016</b>	<b>131.28%</b>	<b>(\$348,175)</b>
<b>Total (All Funds)</b>	<b>\$603,096</b>	<b>\$6,825,300</b>	<b>\$9,164,945</b>	<b>74.47%</b>	<b>\$2,339,645</b>
<i>Total (All Funds) Transfers In</i>	\$73,094	\$511,660	\$877,132	58.33%	\$365,472

<b>EXPENDITURES:</b>	<b>JULY ACTUAL</b>	<b>JULY YTD ACTUAL</b>	<b>2021 ANNUAL BUDGET</b>	<b>% of Budget Total</b>	<b>REMAINING BUDGET</b>
<b>General Fund</b>					
Legislative	\$0	\$6,624	\$39,600	16.73%	\$32,976
Municipal Court	\$5,080	\$31,343	\$57,000	54.99%	\$25,657
Executive	\$23,031	\$159,694	\$274,819	58.11%	\$115,125
Finance	\$29,356	\$380,125	\$524,983	72.41%	\$144,858
Legal	\$30,172	\$157,909	\$367,200	43.00%	\$209,291
Central Services	\$67,087	\$483,184	\$941,639	51.31%	\$458,455
Police Operations	\$187,033	\$1,280,112	\$2,380,557	53.77%	\$1,100,445
Fire & Medical Aid	\$0	\$388,977	\$807,954	48.14%	\$418,977
Public Housing, Environmental & Mental Health	\$0	\$16,948	\$31,238	54.25%	\$14,290
Development & Planning	\$70,872	\$512,885	\$910,642	56.32%	\$397,757
Recreational Services	\$11,560	\$12,935	\$44,820	28.86%	\$31,885
Parks	\$48,260	\$279,941	\$511,781	54.70%	\$231,840
<b>General Fund Total</b>	<b>\$472,450</b>	<b>\$3,710,679</b>	<b>\$6,892,233</b>	<b>53.84%</b>	<b>\$3,181,554</b>
<i>General Fund Transfers Out</i>	\$73,094	\$511,660	\$877,132	58.33%	\$365,472
<b>Street Fund</b>	<b>\$32,766</b>	<b>\$245,456</b>	<b>\$515,112</b>	<b>47.65%</b>	<b>\$269,656</b>
<b>Tree Fund</b>	<b>\$13</b>	<b>\$13,564</b>	<b>\$38,000</b>	<b>35.69%</b>	<b>\$24,436</b>
<b>Capital Fund</b>	<b>\$6,044</b>	<b>\$70,029</b>	<b>\$840,000</b>	<b>8.34%</b>	<b>\$769,971</b>
<i>Capital Fund Transfers Out</i>	\$0	\$0	\$0	0.00%	\$0
<b>Total (All Funds)</b>	<b>\$511,273</b>	<b>\$4,039,727</b>	<b>\$8,285,344</b>	<b>48.76%</b>	<b>\$4,245,617</b>
<i>Total (All Funds) Transfers Out</i>	\$73,094	\$511,660	\$877,132	58.33%	\$365,472

City of Medina  
 Revenue & Expense Summary  
 July 2021

<u>2021 Beginning Cash Balance 1/1/2021</u>		<u>2021 Cash Balance, to date</u>	
<u>TOTAL CASH &amp; INVESTMENTS</u>		<u>TOTAL CASH &amp; INVESTMENTS</u>	
Beginning Year: 1/1/2021		Period Ending 7/31/2021	
WA ST INV POOL	\$ 2,842,687	WA ST INV POOL	\$ 4,620,112
OTHER INVESTMENTS	1,500,000	OTHER INVESTMENTS*	1,500,000
CHECKING	<u>1,580,653</u>	CHECKING	<u>2,631,959</u>
	\$ 5,923,340		\$ 8,752,071

\*Bond maturity dates:

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

**City of Medina**  
**Revenue & Expense Summary**  
**August 2021**

<b>REVENUE:</b>	<b>AUG ACTUAL</b>	<b>AUG YTD ACTUAL</b>	<b>2021 ANNUAL BUDGET</b>	<b>% of Budget Total</b>	<b>REMAINING BUDGET</b>
<b>General Fund</b>					
Property Tax	\$20,284	\$2,342,050	\$3,986,413	58.75%	\$1,644,363
Sales Tax	\$177,839	\$1,350,390	\$1,522,354	88.70%	\$171,964
Criminal Justice	\$9,784	\$69,142	\$90,080	76.76%	\$20,938
B & O Tax: Utility & Franchise Fee	\$106,277	\$692,745	\$890,524	77.79%	\$197,779
Leasehold Excise Tax	\$911	\$911	\$800	113.85%	(\$111)
Building Permits, Planning & Development	\$141,072	\$982,295	\$890,611	110.29%	(\$91,684)
General Government (includes Hunts Point)	\$407	\$182,588	\$358,233	50.97%	\$175,645
Passports, General Licenses & Permits	\$126	\$919	\$8,490	10.82%	\$7,571
Fines, Penalties, Traffic Infr.	\$1,153	\$8,566	\$31,250	27.41%	\$22,684
Misc. Invest. Facility Leases	\$11,372	\$116,749	\$128,007	91.21%	\$11,258
Other Revenue, Dispositions	\$0	\$38,550	\$3,000	1285.00%	(\$35,550)
<b>General Fund Total</b>	<b>\$469,226</b>	<b>\$5,784,905</b>	<b>\$7,909,762</b>	<b>73.14%</b>	<b>\$2,124,857</b>
<b>Street Fund</b>	<b>\$55,521</b>	<b>\$103,951</b>	<b>\$139,092</b>	<b>74.74%</b>	<b>\$35,141</b>
<i>Street Fund Transfers In</i>	\$31,428	\$251,421	\$377,132	66.67%	\$125,711
<b>Tree Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,075</b>	<b>0.00%</b>	<b>\$3,075</b>
<b>Levy Stabilization Fund (Transfers In)</b>	<b>\$41,667</b>	<b>\$333,333</b>	<b>\$500,000</b>	<b>66.67%</b>	<b>\$166,667</b>
<b>Capital Fund</b>	<b>\$208,512</b>	<b>\$1,669,702</b>	<b>\$1,113,016</b>	<b>150.02%</b>	<b>(\$556,686)</b>
<b>Total (All Funds)</b>	<b>\$733,258</b>	<b>\$7,558,558</b>	<b>\$9,164,945</b>	<b>82.47%</b>	<b>\$1,606,387</b>
<i>Total (All Funds) Transfers In</i>	\$73,094	\$584,755	\$877,132	66.67%	\$292,377

  

<b>EXPENDITURES:</b>	<b>AUG ACTUAL</b>	<b>AUG YTD ACTUAL</b>	<b>2021 ANNUAL BUDGET</b>	<b>% of Budget Total</b>	<b>REMAINING BUDGET</b>
<b>General Fund</b>					
Legislative	\$0	\$6,624	\$39,600	16.73%	\$32,976
Municipal Court	\$4,000	\$35,343	\$57,000	62.01%	\$21,657
Executive	\$22,539	\$182,234	\$274,819	66.31%	\$92,585
Finance	\$25,675	\$405,800	\$524,983	77.30%	\$119,183
Legal	\$1,758	\$159,667	\$367,200	43.48%	\$207,533
Central Services	\$60,697	\$543,881	\$941,639	57.76%	\$397,758
Police Operations	\$165,657	\$1,445,769	\$2,380,557	60.73%	\$934,788
Fire & Medical Aid	\$30,000	\$418,977	\$807,954	51.86%	\$388,977
Public Housing, Environmental & Mental Health	\$240	\$17,188	\$31,238	55.02%	\$14,050
Development & Planning	\$62,565	\$575,450	\$910,642	63.19%	\$335,192
Recreational Services	\$11,192	\$24,127	\$44,820	53.83%	\$20,693
Parks	\$37,460	\$317,401	\$511,781	62.02%	\$194,380
<b>General Fund Total</b>	<b>\$421,782</b>	<b>\$4,132,460</b>	<b>\$6,892,233</b>	<b>59.96%</b>	<b>\$2,759,773</b>
<i>General Fund Transfers Out</i>	\$73,094	\$584,755	\$877,132	66.67%	\$292,377
<b>Street Fund</b>	<b>\$28,872</b>	<b>\$274,328</b>	<b>\$515,112</b>	<b>53.26%</b>	<b>\$240,784</b>
<b>Tree Fund</b>	<b>\$5,412</b>	<b>\$18,976</b>	<b>\$38,000</b>	<b>49.94%</b>	<b>\$19,024</b>
<b>Capital Fund</b>	<b>\$7,063</b>	<b>\$77,092</b>	<b>\$840,000</b>	<b>9.18%</b>	<b>\$762,908</b>
<i>Capital Fund Transfers Out</i>	\$0	\$0	\$0	0.00%	\$0
<b>Total (All Funds)</b>	<b>\$463,129</b>	<b>\$4,502,857</b>	<b>\$8,285,344</b>	<b>54.35%</b>	<b>\$3,782,487</b>
<i>Total (All Funds) Transfers Out</i>	\$73,094	\$584,755	\$877,132	66.67%	\$292,377

City of Medina  
 Revenue & Expense Summary  
 August 2021

<u>2021 Beginning Cash Balance 1/1/2021</u>		<u>2021 Cash Balance, to date</u>	
<u>TOTAL CASH &amp; INVESTMENTS</u>		<u>TOTAL CASH &amp; INVESTMENTS</u>	
Beginning Year: 1/1/2021		Period Ending 8/31/2021	
WA ST INV POOL	\$ 2,842,687	WA ST INV POOL	\$ 4,816,557
OTHER INVESTMENTS	1,500,000	OTHER INVESTMENTS*	1,500,000
CHECKING	<u>1,580,653</u>	CHECKING	<u>2,728,375</u>
	\$ 5,923,340		\$ 9,044,931

\*Bond maturity dates:

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