



CITY OF MEDINA

501 EVERGREEN POINT ROAD | PO BOX 144 | MEDINA WA 98039-0144
TELEPHONE 425-233-6400 | www.medina-wa.gov

Date: November 14, 2022
To: Honorable Mayor and City Council
Via: Stephen Burns, City Manager
From: Ryan Wagner, Finance & HR Director
Subject: October 2022 Financial Reporting, End of Year Estimates

This Reports Includes:

- October AP Check Register Activity Detail
 - Updates from Finance Department
 - October Cash Position Report
 - End of Year Budget Vs Estimates Memo
-

Key Items from October 2022:

Finance Summary

- October YTD Cash Position Report included, October YTD Financials will be provided soon
- End of year projections by Department is attached to this packet, included is a memo highlighting the big picture items
- 2021 Financial audit still in progress with the State Auditor's Office
- REVENUE
 - \$919K in property taxes, rest should come in November
 - \$165K in sales tax revenue, \$1.54M to date (Slightly under what was budgeted)
 - \$0K in REET Revenue collected in October.
 - \$179K REET Expected in November per October activity
 - Department of Commerce Grant of \$26K Received
- EXPENSES
 - \$340K Payroll
 - \$383K for City of Bellevue Fire (Second and last payment of 2022)
 - \$161K for NE 7th St Improvement Project (Kamins Construction)

Updated Fund Balances s of 10/31/2022

Period: 2022 - October

Fund		Beginning Cash	Beginning Investments	Activity In	Activity Out	Ending Cash	Ending Investments	Ending Balance
001	General Fund	\$3,365,824.04	\$0.00	\$1,297,158.66	\$834,815.81	\$3,828,166.89	\$0.00	\$3,828,166.89
101	City Street Fund	\$51,867.30	\$0.00	\$38,298.65	\$33,160.50	\$57,005.45	\$0.00	\$57,005.45
103	Tree Fund	\$78,894.46	\$0.00	\$0.00	\$0.00	\$78,894.46	\$0.00	\$78,894.46
302	Contingency Fund	\$250,000.00	\$0.00	\$0.00	\$0.00	\$250,000.00	\$0.00	\$250,000.00
303	Levy Stabilization Fund	\$875,000.02	\$0.00	\$41,666.67	\$0.00	\$916,666.69	\$0.00	\$916,666.69
307	Capital Projects Fund	\$6,087,003.74	\$0.00	\$11,371.44	\$190,553.40	\$5,907,821.78	\$0.00	\$5,907,821.78
401	Development Services Fund	\$887,502.59	\$0.00	\$99,365.92	\$74,597.75	\$912,270.76	\$0.00	\$912,270.76
631	NonRevenue Trust Funds	\$18,703.19	\$0.00	\$106.25	\$72.00	\$18,737.44	\$0.00	\$18,737.44
999	Master Investments	(\$11,347,534.71)	\$11,347,534.71	\$0.00	\$206,703.98	(\$11,554,238.69)	\$11,554,238.69	\$0.00

Cash Position Report as of 10/31/2022

<u>2022 Beginning Cash Balance 9/30/2022</u>		<u>2022 Cash Balance, 10/31/2022</u>	
<u>TOTAL CASH & INVESTMENTS</u>		<u>TOTAL CASH & INVESTMENTS</u>	
Period Ending: 9/30/2022		Period Ending: 10/31/2022	
WA ST INV POOL	\$ 7,349,579	WA ST INV POOL	\$ 7,556,283
OTHER INVESTMENTS	4,000,000	OTHER INVESTMENTS*	4,000,000
CHECKING	325,292	CHECKING	853,737
	\$ 11,674,872		\$ 12,410,020

*Bond maturity dates:

\$500K bond (Mar 2020)	3/25/2025
\$1M bond (Aug 2020)	8/5/2024
\$1M bond (June 2022)	12/31/2022
\$1M bond (June 2022)	5/31/2023
\$500K bond (June 2022)	12/31/2025

City of Medina 2022 Budget Vs End of Year Estimates

Comprehensive Summary:

DESCRIPTION	2020 Actual	2021 Year-end Actuals	2022 Adopted Budget	2022 Year-end Estimates	2023 Adopted Budget	General Fund Year End Carryover Balances
GENERAL FUND						2023 Fund Balance Projected, Excess/(Shortfall) \$1,334,896 25% Policy Minimum \$1,926,207 42.3%
BEGINNING FUND BALANCE	\$ 1,181,753	\$ 2,194,185	\$ 3,373,294	\$ 3,373,294	\$ 3,147,162	
REVENUES	7,983,720	8,952,680	8,270,543	7,672,810	7,818,769	
OPERATING TRANSFERS-IN	-	-	-	-	-	
EXPENDITURES	6,601,288	6,646,440	6,779,723	5,997,415	6,764,827	
OPERATING TRANSFERS-OUT	370,000	1,127,132	1,901,527	1,901,527	940,000	
<i>Year end carryover balance</i>	\$ 2,194,185	\$ 3,373,294	\$ 2,962,587	\$ 3,147,162	\$ 3,261,103	
STREET FUND						
BEGINNING FUND BALANCE	\$ 16,031	\$ 13,778	\$ 81,376	\$ 81,376	\$ 91,871	
REVENUES	65,875	128,931	118,801	111,713	135,166	
OPERATING TRANSFERS-IN	370,000	377,132	401,527	401,527	515,000	
EXPENDITURES	438,128	438,465	520,328	502,745	642,803	
OPERATING TRANSFERS-OUT	-	-	-	-	-	
<i>Year end carryover balance</i>	\$ 13,778	\$ 81,376	\$ 81,376	\$ 91,871	\$ 99,234	
DEV. SERVICES FUND						
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ -	\$ 936,928	
REVENUES	-	-	1,356,895	918,010	1,007,538	
OPERATING TRANSFERS-IN	-	-	1,000,000	1,000,000	-	
EXPENDITURES	-	-	1,179,726	981,082	1,013,297	
OPERATING TRANSFERS-OUT	-	-	-	-	-	
<i>Year end carryover balance</i>	\$ -	\$ -	\$ 1,177,169	\$ 936,928	\$ 931,169	
TREE FUND						
BEGINNING FUND BALANCE	\$ 113,572	\$ 110,072	\$ 86,032	\$ 86,032	\$ 60,342	
REVENUES	-	-	3,075	2,310	3,075	
OPERATING TRANSFERS-IN	-	-	-	-	-	
EXPENDITURES	3,500	24,040	40,000	28,000	40,000	
OPERATING TRANSFERS-OUT	-	-	-	-	-	
<i>Year end carryover balance</i>	\$ 110,072	\$ 86,032	\$ 49,107	\$ 60,342	\$ 23,417	
LEVY STABILIZATION FUND						
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ 1,000,000	
OPERATING TRANSFERS-IN	-	500,000	500,000	500,000	500,000	
OPERATING TRANSFERS-OUT	-	-	-	-	-	
<i>Year end carryover balance</i>	\$ -	\$ 500,000	\$ 1,000,000	\$ 1,000,000	\$ 1,500,000	
CAPITAL PROJECTS FUND						
BEGINNING FUND BALANCE	\$ 2,049,772	\$ 3,281,736	\$ 5,073,214	\$ 5,073,214	\$ 6,102,797	
REVENUES	1,841,084	2,443,145	2,086,618	2,035,700	1,253,265	
OPERATING TRANSFERS-IN	-	-	-	-	-	
EXPENDITURES	609,120	651,667	1,510,000	1,006,117	1,090,000	
OPERATING TRANSFERS-OUT	-	-	-	-	75,000	
<i>Year end carryover balance</i>	\$ 3,281,736	\$ 5,073,214	\$ 5,649,832	\$ 6,102,797	\$ 6,191,062	
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	\$ 9,395,381	\$ 11,589,100	
REVENUES	9,890,679	11,518,257	11,835,932	10,740,542	10,217,812	
OPERATING TRANSFERS-IN	370,000	1,127,132	1,901,527	1,901,527	1,015,000	
EXPENDITURES	7,652,036	7,722,647	10,029,777	8,515,359	9,550,927	
OPERATING TRANSFERS-OUT	370,000	1,127,132	1,901,527	1,901,527	1,015,000	
<i>Year end carryover balance</i>	\$ 5,599,771	\$ 9,395,381	\$ 11,201,536	\$ 11,620,565	\$ 12,255,985	

Note: GF balances prior to 2022 do not include Development Services' customer deposits or SAO 2019 directive "fiduciary" amounts

Note: \$600,000 of DS Balance is Held within Advanced Deposits Is Not Considered Usable Funds

Must have min. of \$2M by 12/31/2025

Note: CPF balances do not include contractor retainage activity amounts

General Fund and Street Fund:

Revenue

General Fund revenue makes up a large portion of what the city brings in each year, and with the good majority of City Departments falling within the fund, most of Medina's expenditures as well. The general fund includes the Police Department, Central Services, Finance, Parks and more (green tabs on excel budget sheet). Please note while the Street Fund is separate on the accounting side, it has been included here as over 75% of its revenue consists of transfers from the General Fund.

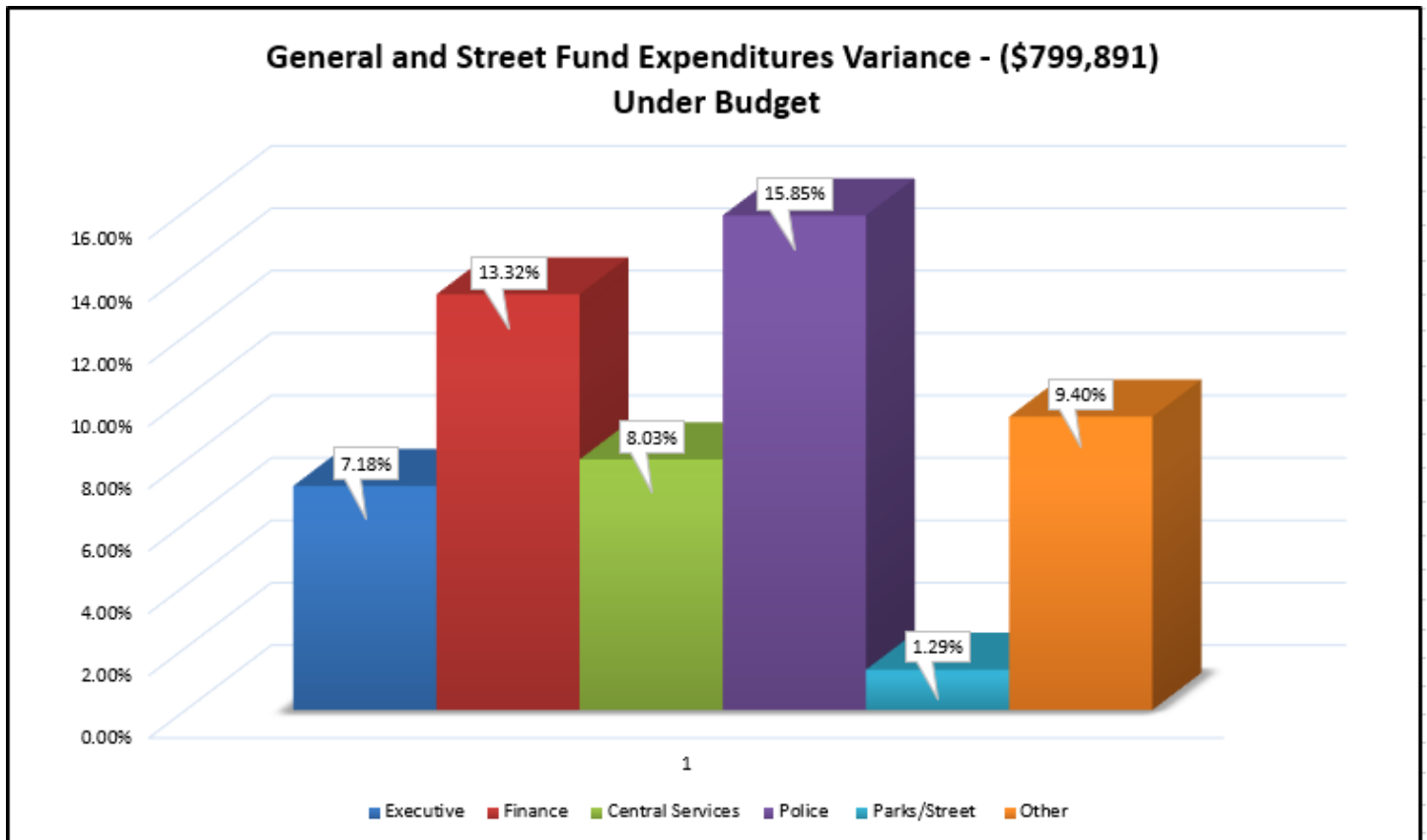
General Fund Revenue is projected to have been overestimated for 2022, with an estimated deficit of **(\$597,733)**. The following line items are the main reason for the deficit.

- **(\$400,000)** Passport Services
- **(\$100,000)** Contributions and Donations

With the rise in interest rates over the course of 2022, the City has been able to utilize the Bond market and our LGIP Investment account to improve our Investment Earnings. We project around \$125,000 in 2022 with \$50,000 being allocated to the General Fund. This is well over 700% more than expected this year and helps to cover our revenue shortfalls elsewhere.

Expenditures

With the projected revenue deficit, it was important in 2022 for staff to be conservative with spend across all departments. Based on actuals for our first three quarters and conversing with the City Directors, we estimate that each department will be giving money back in 2022. The graphic below highlights the percentage each department is under budget.



Budget Variances of Note by Department:

Legislative

(Medina Days) - **\$24,870** No firework or barge spend in 2022

Executive

(Professional Services) - **\$34,872** Financial Consultant for Director position under budget

Central Services

(Repairs and Maintenance) – **\$26,130** City Hall maintenance costs scaled back in 2022

(Postage/Telephone) – **\$5,900** Dependent on amount of mail sent out, hard to anticipate

(Technical Services) – **\$57,772** Special projects moved to 2023 with contracted IT firm

(Advertising) – **\$7,727** Multiple job postings in 2022, for unplanned employee turnover

(Professional Services) - **\$22,480** Laserfiche contract to be paid in Q4 2022, approved by Council

(Postcard/ Public Info) - **\$3,740** At Council direction, more public communication was sent for PW and DS

Police Department

(Education) - **\$8,995** Significant backpay of an employee for previously earned degree

(Uniforms) - **\$17,000** 2 new officers, new Chief, new Captain, new Sergeant

(Vehicle Exp.) - **\$9,000** Unanticipated increase in fuel prices drove up gasoline expenses

(Jail Service) - **\$12,000** Less activity in 2022

(Surveillance Cameras) - **\$335,000** Looking to lease system instead of buying

Legal

(Special Council) - **\$49,716** Spent less than expected on new labor contracts

Parks and Street

(Overtime) - **\$5,214** Heavy traffic in summer months requiring overtime on weekends for trash cleanup

(Professional Services) - **\$22,000** Horticultural Elements Sales Tax Invoice 2017-2022 Backpay

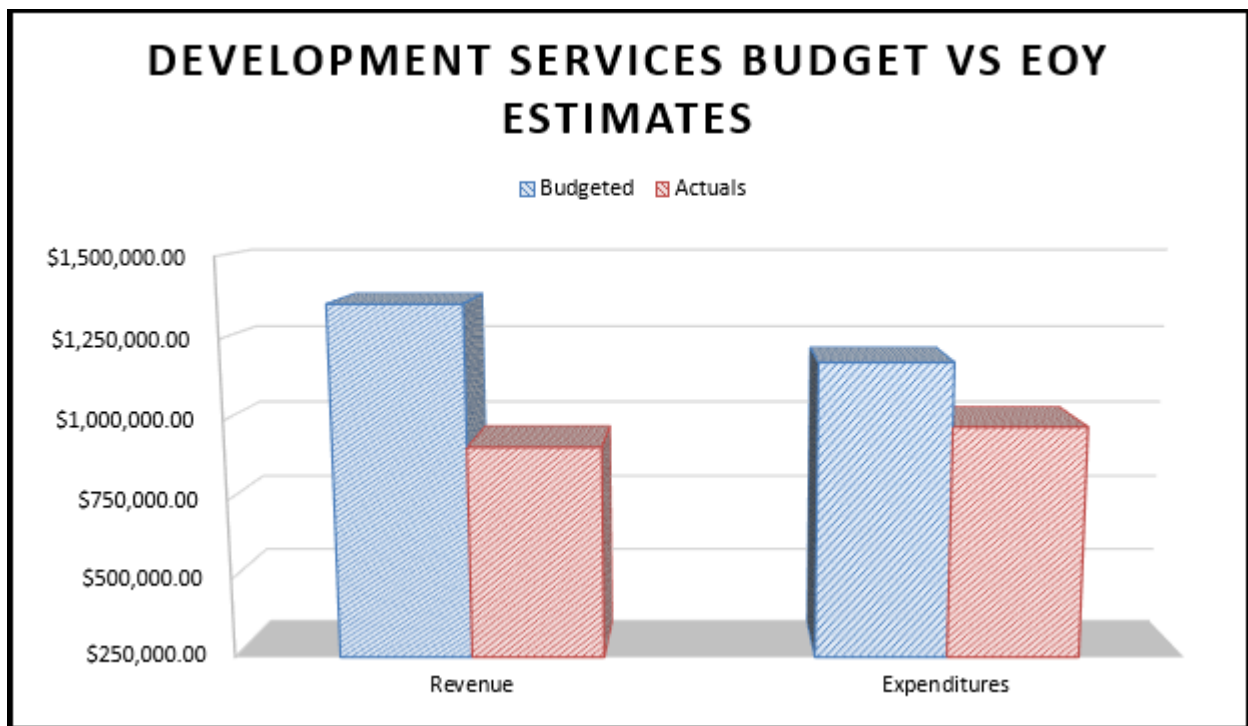
(Pro Services NPDES Grant) - **\$30,000** True cost less than expected for 2022

(Street Irrigation Utilities) - **\$15,000** True cost less than expected for 2022

Development Services:

2022 was the first year of the Development Services Department's Enterprise Fund. The Government Accounting and Standards Board (GASB) has pronounced that if any service or program's principal revenue source has a pricing policy that fees and charges be set to recover cost meets the criteria to be reported as a separate "Enterprise Fund". The City, to meet its goal of greater transparency, decided to extract the Development Services Department's related revenues, expenses (direct and allocated) and customer deposits from the General Fund and place them in a newly created Development Services Fund.

\$400K was allocated from the General Fund at the beginning of 2022 to start the fund. Revenues is projected to be down around **\$438K** from what was budgeted in 2022. Learning from this the 2023 preliminary budget shows a much more conservative prediction of revenue based on trends and contractor feedback. With the decrease in revenue, the Development Services staff has worked hard to limit unnecessary spending to make sure to carry a positive fund balance into 2023. The department is under budget on the expenditure side by a projected **\$199K**.



With the unplanned for downturn in permit and fee revenue, we expect to use \$63K out of the \$400K allocated from the General Fund in 2022 to cover costs. This will leave us with about \$337K left in the Development Services fund for 2023. With more conservative revenue numbers and a reallocation of a .5 FTE away from the department, we will continue to monitor the enterprise fund over the next few years to determine longtime viability.

Capital Fund:

	Budgeted	EOY Estimate	Variance
Revenue	\$2,086,618.40	\$2,035,699.84	-2.4%
Expenditures	\$1,510,000.00	\$1,006,117.00	-33.37%
2022 Increase in Capital- \$1,029,582.84			

Revenue

REET:

Down 16% from what was budgeted for in 2022, still expected to bring in around \$1.35M this year

Grants:

ARPA – 2nd Payment received in 2022 for \$459K with \$375K going towards capital for storm water infrastructure projects

Transportation Improvement Board (TIB) - \$36,405 for City Wide Crack Seal project

Transportation Improvement Board (TIB) - \$192,356 for NE 7th Street Overlay, 84th Ave NE to Overlake Dr

Investment Earnings:

Up 322% from what was budgeted for in 2022, bringing an expected \$76K to the Capital Fund

Expenditures

Park Improvements:

\$10K overspend due to shortage of wood chips and unforeseen waste disposal fees

Street Improvement Overlays:

\$270K estimated spend in 2022, with a large portion being covered by TIB Grant

Stormwater Drainage Improvements:

40% Estimated spend under budget for 2022, large portion of cost covered by ARPA Grant

Sidewalk Improvements:

98% Estimated spend under budget for 2022, projects and cost deferred to 2023