



INTRODUCTION

The Financial Status Report provides a summary budget to actual comparison of revenues and expenditures for the General Fund and all other funds through the end of the most recently completed fiscal quarter. Budget adjustments are identified along with a budget amending ordinance.

This report is comprised of the following four sections:

- General Fund
- Utility Funds
- All Other Funds
- Budget Adjustments

It should be noted that, where significant, revenues are recognized when earned, regardless of when cash is received, and expenditures are recognized when a liability has been incurred or when resources have been transferred to another fund. Finally, beginning fund balance represents net excess resources from a prior year that have been appropriated to fund budgeted expenditures in the current year.

NOVEMBER 19, 2019

THIRD QUARTER 2019 FINANCIAL STATUS REPORT

***Total General Fund 2019
Resources Budget
\$32.4 million***

***General Fund Actual Resources
at September 30,
\$21.7 million (67.0%)***

***Total General Fund 2019
Expenditure Budget
\$32.4 million***

***General Fund Actual
Expenditures at September 30,
\$23.7 million (73%)***

***Contingency Fund Balance at
September 30, 2019
\$4.1 million***

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GENERAL FUND

Revenues

Overall, General Fund revenues met budget estimates at the end of the third quarter. The table below lists 2019 revenue budget, year to date actuals and a percentage of budget received. Prior year actuals are presented for comparative purposes. The budget amounts are for the full year and actuals presented are for the period of January through September of each year. Additional detail regarding primary general fund revenues and material variances from the amended budget is provided below the table.

GENERAL FUND: Revenues As of September 30, 2019

Revenue Category	Prior Year to Date 9/30/2018*	2019 Original Budget	2019 Budget as Amended	Year to Date 9/30/2019	% of Budget
Property Tax	\$ 6,910,220	\$ 12,454,555	\$ 12,454,555	\$ 7,140,772	57.3%
General Sales Tax (0.85%)	3,351,622	4,401,736	4,401,736	3,335,730	75.8%
Utility Taxes	3,181,656	4,190,106	4,190,106	3,011,233	71.9%
License, Permit & Zoning Fees	2,315,787	3,697,847	3,757,847	2,407,253	64.1%
Recreation Program Fees	1,326,745	1,604,300	1,577,400	1,362,585	86.4%
EMS Levy & Charges for Service	999,084	1,363,488	1,384,092	1,045,354	75.5%
Intergovernmental Revenues	645,581	1,166,215	1,208,336	693,731	57.4%
Criminal Justice Sales Tax (0.10%)	543,077	728,206	728,206	565,596	77.7%
B&O Tax	247,976	642,884	642,884	257,067	40.0%
Utility Overhead Charges	348,080	453,876	453,876	340,407	75.0%
Court Fines	245,532	346,604	346,604	203,610	58.7%
CIP Administration	208,640	275,765	275,765	206,824	75.0%
Misc General Government	556,841	226,700	246,700	373,522	151.4%
Investment Interest	23,313	25,604	25,604	30,843	120.5%
Transfer from Contingency Fund	-	1,035,704	607,920	607,920	100.0%
Total Revenues	\$ 20,904,152	\$ 32,613,590	\$ 32,301,631	\$ 21,582,444	66.8%
Beginning Fund Balance	1,844,480	-	176,053	176,053	100.0%
Total Resources	\$ 22,748,632	\$ 32,613,590	\$ 32,477,684	\$ 21,758,497	67.0%

* The 2018 actuals include the Beautification Fund, which was combined with the General Fund in 2019.

Property tax at 57.3 percent of budget reflects the timing of property tax collections. April 30th and October 31st are the payment due dates for property owners. The second half of property tax revenue is typically received by the City in November. Property tax collections are expected to meet budget by year end.

General sales tax is 75.8 percent of budget at the end of the third quarter. Construction continues to be the largest component of sales tax revenue. The following table compares sales tax revenue by business sector through the third quarter of the year for 2018 and 2019.

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2018-2019 Sales Tax Revenue by Business Sector

Business Sector	Year to Date 9/30/2018	Year to Date 9/30/2019	Increase / (Decrease)	% of Total	
				2018	2019
Construction	\$ 1,374,020	\$ 1,267,182	(\$106,838)	41.0%	38.0%
Retail & Wholesale Trade	910,453	972,269	\$61,816	27.2%	29.1%
Admin & Support Services	245,546	262,806	\$17,260	7.3%	7.9%
Food Services	168,126	180,903	\$12,777	5.0%	5.4%
Telecommunications	116,637	106,818	(\$9,819)	3.5%	3.2%
Prof, Scientific & Tech Services	99,532	123,309	\$23,777	3.0%	3.7%
Finance, Insurance & Real Estate	107,484	120,231	\$12,747	3.2%	3.6%
All Other Sectors	329,824	302,212	(\$27,612)	9.8%	9.1%
Total	\$ 3,351,622	\$ 3,335,730	(\$15,892)	100.0%	100.0%

Utility taxes are 71.9 percent of budget at the end of the third quarter. This revenue category is trending below budget primarily due to the utility tax on electricity and gas as well as the downward trend in the cellular utility tax. Electric and gas utility tax revenues are down due to PSE lowering residential energy rates and the effects of weather on heating and cooling needs. The decrease in cellular utility tax reflects the continued downward trend resulting from a highly competitive business environment, the popularity of texting over talking, and the exclusion of data plans from utility taxes.

License, permit, and zoning fees are 64.1 percent of budget at the end of the third quarter. This revenue category consists of fees related to development, business licenses, and a cable franchise. Business licensing continues to outpace budget projections with collections at 132 percent of budget at quarter end. Franchise fees and parking permit fees are on budget at 76.1 percent of budget. Development permit and zoning fees are below budget with revenue collections at 60 percent of budget at quarter end.

Recreation program fees are 86.4 percent of budget at the end of the third quarter. This is typical for this revenue category at this point in the year as the busy summer recreation and youth camp season comes to an end.

Intergovernmental revenues are 57.4 percent of budget at the end of the third quarter. The major revenue sources impacted by the timing of collections including the I-90 corridor landscape maintenance revenue from the Washington State Department of Transportation, vessel registration fees that are received from the state through King County, the marine patrol services contract revenue from the City of Renton, and support for the School Resource Officer received from the Mercer Island School District. These intergovernmental revenues are invoiced and received in the fourth quarter.

Business & occupation (B&O) tax is 40 percent of budget at the end of the third quarter. Trailing the 75 percent budget target so significantly is typical for this revenue category at this point in the year. Most of the City's registered businesses file an annual, rather than a quarterly, B&O tax return that is not due until January 31st of the following year. Revenue collections will likely meet budget expectations by year end.

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Court fines are 58.7 percent of budget at the end of the third quarter. Revenues are trending below budget due to a decrease of more than 500 court filings through the first quarter of 2019 as compared to 2018. Court filings are generated by Police citations.

All other revenues are within expected norms through the third quarter of the year.

Expenditures

Overall, General Fund expenditures are within budget estimates at the end of the third quarter. The table below lists the 2019 expenditure budget by department, year to date actuals and a percentage of budget spent. Prior year actuals are presented for comparative purposes. The budget amounts are for the full year and actuals presented are for the period of January through September of each year. Additional detail of material variances from the amended budget are discussed following the table.

GENERAL FUND: Expenditures by Department As of September 30, 2019

General Fund Department	Year to Date 9/30/2018*	2019 Original Budget	2019 Budget as Amended	Year to Date 9/30/2019	% of Budget
City Attorney's Office	\$ 567,033	\$ 783,463	\$ 799,770	\$ 537,965	67%
City Council	42,241	60,030	59,331	37,308	63%
City Manager's Office	819,875	1,114,758	1,107,616	843,385	76%
Community Planning & Development	2,505,653	3,375,199	3,382,805	2,455,029	73%
Finance	684,793	969,080	970,990	691,345	71%
Fire	4,942,465	6,625,396	6,647,831	5,152,332	78%
Human Resources	475,445	634,417	630,721	480,619	76%
Information & Geographic Services	99,666	129,985	129,985	105,489	81%
Municipal Court	324,520	479,765	476,239	330,968	69%
Non-Departmental	1,580,274	2,250,392	2,291,200	1,478,877	65%
Parks & Recreation	4,397,750	5,995,915	5,776,636	4,089,404	71%
Police	5,349,766	7,412,861	7,372,776	5,601,665	76%
Public Works	1,301,099	1,911,645	1,912,172	1,269,007	66%
Interfund Transfers	1,414,380	762,200	823,128	627,028	76%
Total Expenditures	\$ 24,504,962	\$ 32,505,106	\$ 32,381,200	\$23,700,419	73.2%

* The 2018 actuals include the Beautification Fund, which was combined with the General Fund in 2019.

In reviewing expenditures by department, the following are noteworthy:

The Fire Department has spent 78 percent of its budget through the third quarter of 2019 due to higher than expected overtime costs as a result of the following: 1) one firefighter vacancy; 2) two firefighters on FMLA leave; 3) one firefighter on extended medical leave (duty-related injury); and 4) backfilling for a Battalion Chief, who temporarily served as Interim Fire Marshal until a permanent Fire Marshal was hired.

Non-Departmental has spent 65 percent of its budget through the third quarter of 2019. Spending in this department is under budget, relative to the 75 percent budget threshold, due to the following

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contractual services that have been deferred; 1) the ADA Transition plan (\$250,000 budget) will commence in 2020; 2) the Parks, Recreation, and Open Space planning work (\$175,000 budget) began in the second half of 2019; and 4) the organizational efficiency assessments (\$110,000 budget) began in the second half of the year.

All other expenditures are within expected norms through the end of the third quarter.

UTILITY FUNDS

At the close of the third quarter, all three utility funds are within expected norms for operating revenues and expenditures.

Revenues

The table below lists the 2019 revenue budget, year to date actuals and a percentage of budget received. Prior year actuals are presented for comparative purposes. The budget amounts are for the full year and actuals presented are for the period of January through September of each year. Additional detail of major variances is discussed following the table.

**UTILITY FUND: Revenues
As of September 30, 2019**

Revenue Category	Prior Year to Date 9/30/2018	2019 Original Budget	2019 Budget as Amended	Year to Date 9/30/2019	% of Budget
Operating Revenues					
Water Utility	7,125,519	7,487,136	7,487,136	7,020,127	93.8%
Sewer Utility	7,262,319	9,781,136	9,781,136	7,565,602	77.3%
Storm Water Utility	1,541,476	2,042,990	2,045,529	1,542,807	75.4%
Interest Earnings					
Water Utility	142,219	211,100	211,100	209,955	99.5%
Sewer Utility	64,126	80,162	80,162	93,356	116.5%
Storm Water Utility	53,088	57,600	57,600	73,659	127.9%
Total Revenues	\$ 16,188,747	\$ 19,660,124	\$19,662,663	\$16,505,506	83.9%

Water utility operating revenues (i.e., water utility customer charges) are 93.8 percent of budget through the end of the third quarter due to the high demand of water usage in summer months.

Interest earnings for all three utility funds are exceeding budget expectations due to higher than expected return on investments.

Expenditures

The table below lists the 2019 expenditure budget by utility fund and category, year to date actuals and a percentage of budget spent. Prior year actuals are presented for comparative purposes. The budget amounts are for the full year and actuals presented are for the period of January through September of each year. Additional detail of major variances is discussed following the table.

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UTILITY FUND: Expenditures

As of September 30, 2019

Category	Year to Date 9/30/2018	2019 Original Budget	2019 Budget as Amended	Year to Date 9/30/2019	% of Budget
Operating Expenditures					
Water Utility	3,538,687	5,023,302	5,023,302	3,379,450	67%
Sewer Utility	5,175,401	7,283,954	7,283,954	5,004,347	69%
Storm Water Utility	976,014	1,427,932	2,045,529	887,485	43%
Capital Projects					
Water Utility	1,421,382	4,425,040	4,720,291	1,480,143	31%
Sewer Utility	256,641	1,979,499	2,796,523	494,358	18%
Storm Water Utility	355,775	1,252,631	1,763,090	307,182	17%
Debt Service					
Water Utility	17,302	109,425	109,425	16,427	15%
Sewer Utility	494,183	1,046,897	1,046,897	489,158	47%
Storm Water Utility	-	-	-	-	N/A
Total Expenditures	\$ 12,235,384	\$ 22,548,680	\$24,789,011	\$12,058,550	49%

Operating expenditures are trending at or below the 75 percent budget threshold at third quarter end primarily due to:

- Position vacancies that have resulted in four new hires in the first half of 2019 at a lower cost than budgeted;
- Multiple contracted repairs and maintenance will occur mostly in the second half of 2019;
- Purchase of a CCTV vehicle and a combination vactor/jetter truck will occur in the fourth quarter of 2019; and

Capital projects continue to be below budget projections in 2019.

- Booster Chlorination Station (\$34,718 actual vs. \$1,160,000 budget);
- Meter Replacement (\$43,704 actual vs. \$662,000 budget);
- Pump Station Generator & Pump Replacements (\$1,120 actual vs. \$665,371 budget);
- Pump Station 23, 24 & 25 Capacity Improvements (\$0 actual vs. \$370,000 budget);
- General Sewer System Improvements (\$0 actual vs. \$300,000 budget); and
- Sub-Basin 6 Drainage System (\$0 actual vs. \$220,000 budget);
- Drainage System Pipe Replacement (\$0 actual vs. \$130,000 budget); and
- Storm Pipe System Extension (\$0 actual vs. \$130,000 budget).

The unspent budget allocation for the utility capital program is a direct result of staff spending a significant amount of time on the pre-construction phases of the SCADA System Upgrade, Meter Replacement, and Booster Chlorination Station projects, delaying work on other capital projects in 2019.

Although these projects have minimal expenditures to date, projects are well underway. Expenditures are trailing due to timing within the project schedule and biennium. Specifically, the City received 9 responses to the Request for Proposal for the Water Meter Replacement project and a pilot project is

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planned for implementation in Q1 2020. Construction is underway for the Pump Station Generator and Pump Replacements and is scheduled to be completed this year. Other projects, such as the General Sewer Improvements and Storm Pipe System Extension work are currently being scoped for construction in 2020.

The SCADA System Upgrade is also currently in design, but progress has been slowed due to staff vacancies and system complexities. The SCADA system supports both water and sewer operations. Design is expected to continue into 2020.

ALL OTHER FUNDS

Revenues

The table below lists the 2019 revenue budget, year to date actuals and a percentage of budget received. Prior year actuals are presented for comparative purposes. The budget amounts are for the full year and actuals presented are for the period of January through September of each year.

As of September 30, 2019

Fund Name	REVENUE				
	Year to Date 9/30/2018	2019 Original Budget	2019 Budget as Amended	Year to Date 9/30/2019	% of Budget
Self Insurance Claim	0	10,000	10,000	-	N/A
Youth Services Endowment	4,117	3,500	3,500	4,540	130%
Street	2,418,313	2,916,000	3,132,315	2,025,038	65%
Contingency	664,540	320,574	320,574	348,748	109%
1% for the Arts	-	19,000	19,000	-	N/A
Youth & Family Services	2,095,183	2,808,476	3,004,924	2,359,629	79%
Bond Redemption (Voted)	-	-	-	-	N/A
Bond Redemption (Non-Voted)	324,020	841,800	841,800	320,900	38%
Town Center Parking Facilities	2,365,680	-	574,361	585,361	102%
Capital Improvement	3,581,579	3,486,850	3,520,891	2,041,439	58%
Technology & Equipment	259,000	475,500	537,500	245,033	46%
Capital Reserve	-	-	-	-	N/A
Equipment Rental	1,854,212	1,344,601	1,497,000	1,256,898	84%
Computer Equipment	810,001	1,207,852	1,046,755	782,082	75%
Firemen's Pension	57,787	71,822	71,822	60,341	84%

Youth & Family Services Fund: Total revenues are 79 percent of budget at the close of the third quarter. Revenues above the 75 percent budget threshold are attributable to Thrift Shop sales which continue to outpace budget and an increase of \$56,131 in MIYFS Foundation donations reflecting the Foundation's commitment to: 1) fund 10 percent of YFS Fund expenditures; 2) restore the 0.5 FTE reduction to the Geriatric Specialist in 2019; and 3) restore the 0.5 FTE reduction to the Administrative Assistant in the first half of 2019.

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Equipment Rental Fund. Total revenues are 84 percent of budget at the close of the third quarter. Revenues are above the 75 percent budget expectation due to the receipt of WCIA reimbursements related to soil remediation on the Honeywell property.

Expenditures

The table below lists the 2019 expenditures budget by fund, year to date actuals and a percentage of budget spent. Prior year actuals are presented for comparative purposes. The budget amounts are for the full year and actuals presented are for the period of January through September of each year. Additional detail of major variances is discussed following the table.

As of September 30, 2019

Fund Name	EXPENDITURE				
	Year to Date 9/30/2018	2019 Original Budget	2019 Budget as Amended	Year to Date 9/30/2019	% of Budget
Self Insurance Claim		10,000	10,000	-	N/A
Youth Services Endowment	-	3,500	3,500	-	N/A
Street	3,074,215	3,567,588	3,868,015	2,338,177	60%
Contingency	-	1,035,704	1,610,065	1,182,281	73%
1% for the Arts	58,472	15,000	28,521	1,050	4%
Youth & Family Services	2,069,482	2,870,274	3,180,182	2,238,551	70%
Bond Redemption (Voted)	-	-	-	-	N/A
Bond Redemption (Non-Voted)	39,020	841,800	841,800	30,900	4%
Town Center Parking Facilities	-	139,930	2,750,083	312,894	11%
Capital Improvement	4,485,117	3,041,056	3,918,846	1,151,733	29%
Technology & Equipment	523,638	640,000	807,965	183,154	23%
Capital Reserve	-	-	-	-	N/A
Equipment Rental	1,636,643	1,537,942	1,915,695	847,216	44%
Computer Equipment	727,627	1,196,047	1,034,950	731,993	71%
Firemen's Pension	60,567	89,000	89,000	48,040	54%

Equipment Rental Fund: Total expenditures are 44 percent of budget at the close of the third quarter. Capital replacement of fleet vehicles and equipment are on schedule. Maintenance and operating costs are at 76 percent of budget at quarter end as fuel costs continue to be monitored closely. This fund also includes professional services costs associated with soil remediation which are at 27 percent of budget at quarter end.

Capital Improvement and Technology and Equipment. Both Capital funds are below the 75 percent budget threshold for third quarter. Staff vacancies continue to have an impact on the ability to complete planned project work. Staff are exploring alternative options to delivery these projects.

All other variances are within expected norms through the third quarter of the year.

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BUDGET ADJUSTMENTS

In the interest of administrative ease, a budget amending ordinance is prepared and submitted to the Council quarterly, if needed, along with the Financial Status Report. Budget adjustments are divided into three groups:

- 1) those previously approved by the Council but not formally adopted via a budget amending ordinance;
- 2) new requests which typically encompass financial housekeeping items, minor requests, and unanticipated expenditures that the City had to incur and was unable to absorb within the authorized budget; and
- 3) carryover requests which consist of unspent budget from the prior year to the current year and are typically included in the fourth quarter financial status report for the second year of the biennium. Council approval is required when unspent budget is being moved from the prior biennium to the current biennium, not when unspent budget is being moved within the biennium and within the same fund.

Budget adjustments previously approved but not formally adopted via a budget amending ordinance by the Council are summarized in the table below.

Fund	Department	Description	Agenda Bill	Budget Year	Amount	Funding Source
Contingency	Non-Dept'l	Interfund transfer to Town Center Parking Facilities Fund	AB 5625 11/04/2019	2019	\$ 63,055	Unappropriated fund balance
Town Center Parking Facilities	City Manager	Additional due diligence and environmental work related to the City's propose commuter parking and mixed use project	AB 5625 11/04/2019	2019	\$ 63,055	Transfer from Contingency fund.
Youth & Family Service	YFS	Sober Truth on Preventing Under Age Drinking (STOP Grant) and Partnership for Success, Strategic Prevention Framework (SPF Grant)	AB 5615 11/4/2019	2019	\$ 87,150	SAMHSA Grant Funds
				2020	\$ 348,600	

New requests not approved or formally adopted by the Council are summarized in the table below.

Fund	Department	Description	Budget Year	Amount	Funding Source
General	Parks & Recreation	Restore sport and fitness recreation, and community programs for youth, seniors and families	2019	\$ 20,000	King County Get Active, Stay Active Grant
			2020	\$ 20,000	
General	Police	Community based outreach	2019	\$ 20,000	Private Donation
Storm water	Public Works	Water quality and stormwater capacity	2019	\$ 50,000	Dept of Ecology Stormwater capacity grant

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A budget amending ordinance is attached as Exhibit 2. Two summary listings of the originally adopted 2019-2020 Budget (expenditures only), broken down by year, and all subsequent amendments, including Exhibit 9, are presented below.

2019 Budget Adjustment Summary Expenditures by Fund

Fund Type / Fund Name	Original 2019 Budget	2019 Budget Adjustments				Amended 2019 Budget
		ORD 19-08 2018 Carryovers 5/7/2019	ORD 19-09 Q1 2019 FSR 5/21/2019	ORD 19-12 Q2 2019 FSR 9/3/2019	ORD 19-17 Q3 2019 FSR 11/19/2019	
General Purpose Funds:						
General	32,505,106	117,246	(281,756)	40,604	40,000	32,421,200
Self-Insurance	10,000					10,000
Youth Services Endowment	3,500					3,500
Special Revenue Funds:						
Street*	3,567,588	306,315				3,873,903
Contingency	1,035,704	304,838		269,523	63,055	1,673,120
1% for the Arts	15,000	13,521				28,521
Youth & Family Services	2,870,274	131,570	51,460	126,878	87,150	3,267,332
Debt Service Funds:						
Bond Redemption (Voted)	-					-
Bond Redemption (Non-Voted)	841,800					841,800
Capital Projects Funds:						
Town Center Parking Facilities*	139,930	2,340,630		269,523	63,055	2,813,138
Capital Improvement*	3,041,056	877,790				3,918,846
Technology & Equipment*	640,000	167,965				807,965
Capital Reserve*	-					-
Enterprise Funds:						
Water*	9,557,767	242,285	17,831			9,817,883
Sewer*	10,310,350	807,728	9,296			11,127,374
Stormwater*	2,680,563	500,654	12,344		50,000	3,243,561
Internal Service Funds:						
Equipment Rental*	1,537,942	225,354	152,399			1,915,695
Computer Equipment*	1,196,047			(161,097)		1,034,950
Trust Funds:						
Firemen's Pension	89,000					89,000
Total	70,041,627	6,035,896	(38,426)	545,431	303,260	76,887,788

* Capital Improvement Program (CIP) projects are accounted for in these funds.

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2020 Budget Adjustment Summary

Expenditures by Fund

Fund Type / Fund Name	Original 2020 Budget	2020 Budget Adjustments			Amended 2020 Budget
		ORD 19-09 Q1 2019 FSR 5/21/2019	ORD 19-12 Q2 2019 FSR 9/3/2019	ORD 19-17 Q3 2019 FSR 11/19/2019	
General Purpose Funds:					
General	32,741,117	(861,130)		20,000	31,899,987
Self-Insurance	10,000				10,000
Youth Services Endowment	3,500				3,500
Special Revenue Funds:					
Street*	3,210,098		100,000		3,310,098
Contingency	-				-
1% for the Arts	15,000				15,000
Youth & Family Services	2,844,145	(7,947)		348,600	3,184,798
Debt Service Funds:					
Bond Redemption (Voted)	-				-
Bond Redemption (Non-Voted)	839,700				839,700
Capital Projects Funds:					
Town Center Parking Facilities*	-				-
Capital Improvement*	2,549,045				2,549,045
Technology & Equipment*	287,000				287,000
Capital Reserve*	-				-
Enterprise Funds:					
Water*	11,797,813				11,797,813
Sewer*	12,081,909				12,081,909
Stormwater*	2,601,762				2,601,762
Internal Service Funds:					
Equipment Rental*	1,649,995				1,649,995
Computer Equipment*	1,339,994		(174,523)		1,165,471
Trust Funds:					
Firemen's Pension	94,000				94,000
Total	72,065,078	(869,077)	(74,523)	368,600	71,490,078

* Capital Improvement Program (CIP) projects are accounted for in these funds.