



First Quarter 2019 Financial Report

June 18, 2019

City Council:

The following documents are the budget status reports for the first quarter of the 2019-2020 biennium, for the period ending March 31, 2019. These reports represent our first official publication of financial results for the 2019-2020 biennium. The purpose of this reporting is to ensure that the City Council is kept abreast of positive or negative trends impacting (or potentially impacting) the financial condition of the City, and to provide a snapshot of the City's period-to-date financial results.

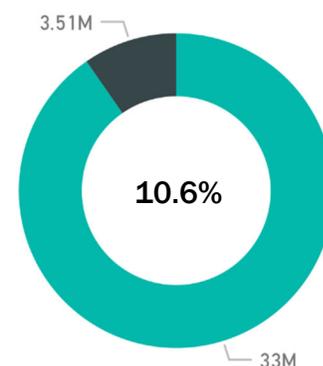
As of the date of this report, we are just 12.5% of the way through the biennium, which means that it's premature to confidently identify trends that will impact the City's finances. The following narrative and graphs will, however, provide the aforementioned financial snapshot and highlight a few notable items that may become significant trends as we progress through the biennium.

The General Fund

General Fund revenues, taken as a whole, were slightly under budgeted amounts in the first quarter. Most notably, sales tax (the largest General Fund revenue) was approximately two-percent below budget. This report does not account for seasonal fluctuations that impact sales tax, so the below budget sales tax collections should not be a cause for alarm. Chart 19.Q1.A is a graphical representation of period-to-date sales tax collections relative to the amounts in the biennial budget.

Chart 19.Q1.A

Period-to-Date Sales and Use Tax Collections,
March 31, 2019



General Fund departments, also taken as a whole, exercised good budget discipline in the first quarter of the year, resulting in below budgeted spending. Three departments' expenditures appear to be trending high; the slightly higher spending is primarily attributable to emergent unbudgeted items and spending on one-time items. Staff will attempt to identify savings elsewhere in the respective department budgets to reduce the likelihood for a future budget amendment request as appropriate. The following two charts display period-to-date spending by department; a brief introduction is provided for each graph.

Chart 19.Q1.B is a graphical representation of departments' percentage of spending of their biennial budgets to date. The dotted red line represents our relative position in the biennium, 12.5%. A department with a flat spending curve, one that spends the exact same amount each quarter of the biennium, would be on target to spend 100% of their budget appropriation at the end of the biennium if the department was at 12.5% as of the date of this report.

Chart 19.01.B

Percentage of Biennial Budget Spent by Operating Department at March 31, 2019

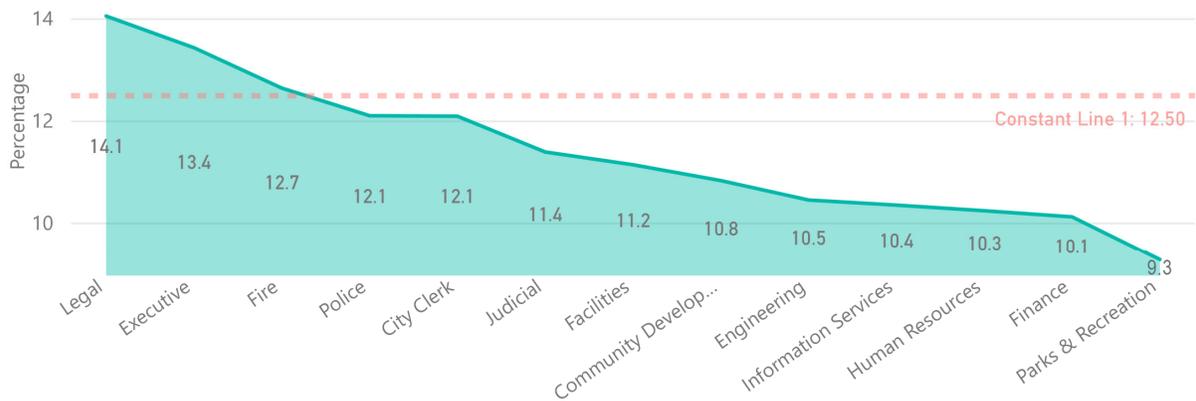
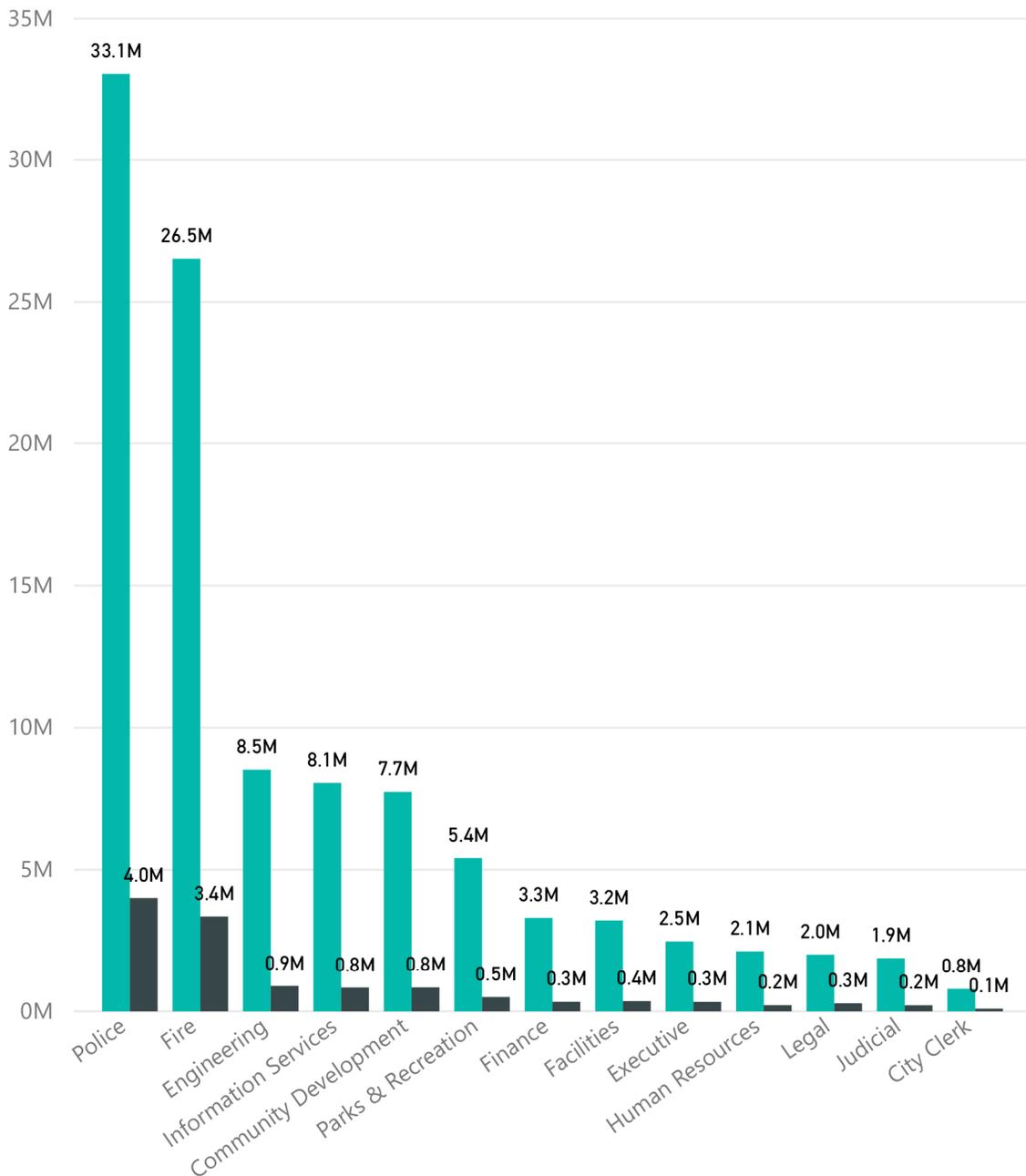


Chart 19.Q1.C is a graphical representation of department expenditures based on dollars spent and dollars budgeted. In addition to displaying actual expenditures and budgeted amounts by department, this graph gives readers an idea of the relative size of each department's budget.

Chart 19.Q1.C

Period-to-Date (PTD) Operating Department Expenditures Compared to Budget at March...

● 2019-2020 Budget ● YTD Expenditure at March 31, 2019



The combined result of the lower than budgeted General Fund revenue and the lower than budgeted expenditures is a General Fund operating deficit (the difference between revenue and expenditures) of approximately \$180,000, which was slightly less than budgeted, this is a positive result for the first quarter of the biennium.

Other Funds

Real estate excise tax (REET), a non-General Fund revenue, was the star performer of the first quarter with receipts nearly doubling

budgeted amounts. It should be noted that REET is seasonal and highly volatile, so it's too early to get excited, but the results are encouraging. Expenditures on capital projects are consistent with the adopted Capital Facilities Plan (CFP) and the budget.

Utility revenues and expenditures are consistent with budgeted amounts and are unremarkable.

Other Matters

Public Safety Levy. Implementation of the public safety levy is in process; hiring and purchasing are well underway. Public safety levy expenditures were \$220,976 at March 31, 2019. These expenditures are funded by drawing on the line of credit while we await the levy proceeds that are collected with property tax twice a year in April and October. The line of credit balance was \$220,976 at March 31, 2019.

Public Safety Bond. Planning for new fire station construction is underway, but there were no bond related expenditures at March 31, 2019.

A more detailed accounting of the Public Safety Levy and Bond will be presented to the City Council at an upcoming meeting.

Please contact me with any questions.

Best regards,

Chris Bothwell
Finance Director

Chart 19.Q1.D

Period-to-Date General Fund Revenues and Expenditures, March 31, 2019

