

City of Black Diamond, Wa

Financial Report

Second Quarter 2017



Operating Funds

June 30, 2017



CITY OF BLACK DIAMOND

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2nd Quarter Financial Report for Operating Funds

The 2nd Quarter financial reports shows a summary of the 2017 budgeted revenue and expenditures compared to the actual revenue and expenditures received through June 30, 2017. Prior years revenue and expenditures are included as comparables. The reports include statements for the General Fund, Street Fund, Water Fund, Sewer Fund and Stormwater Fund.

General Fund Operating Revenues

The General Fund operating revenue for the 2017 equals \$2,074,086 which is 46.1% of budget. Sales tax continues to be over the budgeted amount due to taxes received from the completion of the new Grade School and sales tax received from other building activities. This increased sales tax revenue helps offset the slower receipt of revenue form land use and permitting fees for the first half of the year. Also, slower revenues have been received for the Police traffic school, court fines due to vacancies in the Police Department, and slow reimbursement of grants from King County. The following briefly describes the various revenue highlights:

Property Tax	First half taxes normal for first collection construction.
Sales Tax	24.1% over budget due to construction material at the school and developer site. (a two-month lag in remittance)
Utility Tax	7.6% over budget, primarily due to cold weather power trends and increases in Cable TV
Business Licenses	Annual amounts due by April each year.
Cable Franchise Fees	Following budget trend
State Shared Assistance	6.6% under trend -
Liquor Tax & Profit	.8% over trend
Land Use & Permits	27% under trend, due to primarily slower receipt of new permits
Park Fees	10% under trend due to cooler spring weather.
Court Fines & Fees	30.9% under trend due to vacancies in police resulting in decreased # of tickets
Police Department Revenue	12.9% under trend, primarily due to traffic school fees.
King County Grants	Recycle, Fire BLS & VHS Boat Vessel Grants still outstanding, due to KC staffing problems
Funding Agreement Staff & Mtc	12.2% under trend due to staff vacancies.

General Fund Operating Expenditures

The operating expenditure trend through June 30, 2017 is \$2,059,461 which is 42.8% of the budgeted trend. This is due primarily to staff vacancies the first half of the year in Community Development, MDRT, Court, and Police. The only expenditure budgets over trend are for the recycle event that occurs in the first half of the year and for legal charges for the lawsuits, mediation and arbitration that were budgeted at \$10,000 due to prior trend. Expenditures for these legal costs through June 30, 2017 are \$78,182 which is \$68,182 over budget. The legal costs in this area will need a budget amendment by year-end, when a total amount can be determined.

General Fund Summary

The June 30, 2017 cash and investment amount is \$1,431,891. This is \$21,179 below the December 31, 2017 amount. This reduction is beginning to reflect the extra cost of the legal services relating to lawsuits that are over budget. Even though revenues through June 30, 2017 are slightly below trend at 46.1 %, the expenditures are even lower at 42.8% of trend. This positive variance demonstrates how the Mayor and Departments are diligently managing Black Diamond's finances.

Street and Utility Operating Funds

The Street Operating Fund revenue is \$60,139 or 51% as of June 30, 2017, Expenditures at 45% reflect a positive cash flow for the Street Fund.

The Water Operating Fund revenue as of June 30, 2017, is \$439,351 or 53%. Operating expenditures at 44% reflect a positive cash flow for the Water Operating Fund. The annual debt payment of \$318,896 was made in June 2017 and reduces the outstanding PWFT loan debt obligation.

The Sewer Operating Fund revenue as of June 30, 2017, of \$415,038 is at 50% and expenditures are at 52%. The increased expenditures are due to sewer line repairs above expectations in the first half of the year.

The Stormwater Operating Revenue as of June 30, 2017, is \$220,606 or 57%. This is due to King County's collection of residential fees earlier in the year, with the April-May property taxes. Expenditures are at 48% which provides a positive cash flow through June 30, 2017.

Summary of trend in Cash and Investment Balances- 2012 through June 30, 2017

The summary report is included showing the Financial Cash and Investment Balance of \$4,236,099 through June 30, 2017. This report shows a gradual positive increase in the Governmental Operating Funds from 2012 to June 30, 2017 at an average of 5%-6% per year. This indicates that the City is continuing to increase the cash position is excess of expenditures increases. This is very important to property tax revenue dependent cities to meet cash flow expenditures in the off months, when we do not receive property tax. The State Auditor's office also uses this measure to show if a city is "fit" or maintaining/increasing cash balances.

The Governmental and Street Capital funds had been using their cash reserves, but the \$136,857 decrease since 2012 is very modest decrease over the last 5 years.

The Operating Utility Funds have decreased their balance by \$380,324 over the last five years. \$160,000 of the decrease was the 2017 loan from the Sewer Reserve Fund to the Equipment Replacement for the

replacement of the four police vehicles. This loan will be repaid over the next five years. The balance of the decrease is the need for the Sewer Capital and Reserve Fund to subsidize the Sewer Operating Fund as the city portion of the sewer rates are not covering the annual maintaince costs. A utility rate study and potential city sewer rate increase is anticipated in 2018. A city sewer operating rate increase is needed to stabilize this use of cash reserves. The Stormwater Fund will also need a rate increase to cover their maintenance and capital needs in the future.

Overall the city has a very positive financial position.

If you have any questions about the report, please call May Miller, Finance Director, at 360-886-5700.

May Miller
Finance Director
City of Black Diamond

General Fund 2nd Qtr 2017 Finance Report



	2015 Actual	2016 Actual	2017 Budget	2017 Through June	Budget Balance	% Received or Spent
REVENUE						
1 Property Tax	1,460,777	1,481,893	1,490,100	792,773	697,327	53.2%
2 Sales Tax	311,927	447,147	385,000	285,432	99,568	74.1%
3 Utility & Gambling Tax	583,962	603,152	603,250	347,632	255,618	57.6%
4 Business & Other Licenses & Fees	23,090	23,190	23,500	22,670	830	96.5%
5 Cable Franchise Fees	67,171	71,833	76,000	37,963	38,037	50.0%
6 Land Use and Permitting Fees	178,847	315,313	380,950	87,642	293,308	23.0%
7 Liquor Tax & Profits	48,007	55,776	56,481	28,708	27,773	50.8%
8 State Sales Tax Assistance	89,563	93,843	95,000	41,275	53,725	43.4%
9 KC EMS Levy, Recycle Grants & misc	71,293	72,030	66,000	3,045	62,955	4.6%
10 Charges for Services, Passport (&Accounting Chg)	19,333	15,674	22,150	3,264	18,886	14.7%
11 Parks Revenue	31,043	27,067	34,940	13,989	20,951	40.0%
12 Cemetery Fees & Charges	6,267	7,700	12,600	(1,080)	13,680	-8.6%
13 Police Department Rev (Grants, CJ, Traffic School, etc.)	185,139	249,762	239,447	88,753	150,694	37.1%
14 Court Fines and Fees	112,563	121,691	193,275	42,163	151,112	21.8%
15 Miscellaneous Revenue	9,231	10,673	8,850	6,564	2,286	74.2%
16 Subtotal Operating Revenue	3,198,210	3,596,743	3,687,543	1,800,794	1,886,749	48.8%
17 Insurance Recovery-Legal Svcs	34,892					
18 Funding Agreement-MDRT	764,052	690,367	829,475	273,292	556,183	32.9%
19 Total Operating Revenue	3,997,155	4,287,110	4,517,018	2,074,086	2,442,932	45.9%
20 Developer Reimb-MDRT Consultants	468,780	229,013	438,000	210,117	227,883	48.0%
21 Total Revenue	4,465,935	4,516,123	4,955,018	2,284,203	2,670,815	46.1%
22 Beg Cash & Inv Bal General Govt	842,525	1,045,376	1,178,353	1,336,570	(158,217)	
23 Beg Cash & Investment Balance - Developer	190,103	192,700	125,000	118,500	6,500	
24 Total General Fund Sources	5,498,563	5,754,199	6,258,371	3,739,273	2,519,098	59.7%
EXPENDITURES						
26 Legislative-Council	11,986	12,897	15,814	5,979	9,835	37.8%
27 Executive-Mayor	15,016	14,412	14,877	6,739	8,138	45.3%
28 Administrative Services (City Clerk/HR/Finance/Cent Svc)	428,386	425,222	458,757	214,330	244,427	46.7%
29 Legal Services - Includes Pros. Atty & Public Defender	47,992	85,608	161,250	52,881	108,369	32.8%
30 Legal - Lawsuits/mediation/Arbitration	-	4,671	10,000	78,182	(68,182)	781.8%
31 Municipal Court	163,463	160,991	232,041	90,182	141,859	38.9%
32 Police Department	1,606,221	1,692,692	1,897,480	803,206	1,094,274	42.3%
33 Fire Department	465,148	498,882	534,905	257,380	277,525	48.1%
34 Recycle/Air Qual/Mntl Hlth/Anim Cont	29,658	22,826	24,366	13,199	11,167	54.2%
35 Master Dev Review Team	536,530	550,403	748,975	303,536	445,439	40.5%
36 Community Development	260,762	250,633	480,608	129,741	350,867	27.0%
37 Facilities Department	131,830	118,104	129,693	58,232	71,461	44.9%
38 Parks Department	57,241	62,833	81,363	38,722	42,641	47.6%
39 Cemetery	16,266	15,879	18,951	7,151	11,800	37.7%
40 Total Operating Expenditures	3,770,498	3,916,052	4,809,080	2,059,461	2,749,619	42.8%
41 Developer Exp-Prior Yr Planning	55,277				-	
42 Developer MDRT-Consultants	380,461	328,826	438,000	246,145	191,855	56.2%
43 Total Other Expenditures	435,738	328,826	438,000	246,145	191,855	56.2%
44 Total Expenditures	4,206,236	4,244,878	5,247,080	2,305,606	2,941,474	43.9%
45 Ending Cash & Inv Bal Gen Govt	1,045,376	1,336,570	886,291	1,308,667		
46 Ending Cash & Inv Bal Developer	192,700	118,500	125,000	125,000	-	
47 Total Ending Cash and Investments	1,238,076	1,455,070	1,011,291	1,433,667	(422,376)	
48 Total General Fund Uses	5,444,312	5,699,948	6,258,371	3,739,273	2,519,098	59.7%

Street Fund 2nd Qtr 2017 Finance Report



	2015 Actual	2016 Actual	2017 Budget	2017 through June	Budget Balance	% Received or Spent
1 REVENUE						
2 Gas Tax	88,081	90,759	89,716	43,373	46,343	48.3%
3 Right of Way Permits	15,237	6,383	15,000	6,036	8,964	40.2%
4 Other Revenue	3,119	17,965	12,277	10,730	1,547	87.4%
5 Total Operating Revenue	106,437	115,106	116,993	60,139	56,854	51%
6 Funding Agreement	18,654					
7 Transfer in-REET II	50,000	50,000				
8 Transfer in- TBD - Car Tab Fee		60,000	100,000	50,000	50,000	50.0%
9 Total Other Revenue	68,654	110,000	100,000	50,000	50,000	50%
10 Total Revenue	175,091	225,106	216,993	110,139	106,854	51%
11 Beginning Cash and Investments	153,589	118,374	132,101	129,840	2,261	
12 Total Street Fund Sources	328,681	343,480	349,094	239,979	109,115	69%
13 EXPENDITURES						
14 Total Salaries and Benefits	124,269	118,395	125,477	64,314	61,163	51%
15 Total Supplies	5,494	4,917	12,155	3,228	8,927	27%
16 Total Services and Charges	70,544	80,328	90,578	29,718	60,860	33%
17 Total Operating Expenses	200,307	203,640	228,210	97,260	130,950	43%
18 Transfer - Capital Equipment Reserve	10,000	10,000	10,000	10,000	0	100%
19 Total Expenditures	210,307	213,640	238,210	107,260	130,950	45%
20 3 Months Operating Cash Reserves	50,077	53,410	57,054	57,000		
21 Ending Cash and Investments	68,297	76,430	53,830	85,719		
22 Total Ending Cash and Investments	118,374	129,840	110,884	132,219	(21,335)	119%
23 Total Street Fund Uses	328,681	343,480	349,094	239,479	109,615	69%

Water Fund 2nd Qtr 2017 Finance Report



	2015 Actual	2016 Actual	2017 Budget	2017 Through June	Budget Balance	% Received or Spent
REVENUE						
1 Water Charges	728,812	727,018	685,000	315,907	369,093	46%
2 Hydrant Rental/Late Fees/Name Changes	23,623	27,102	28,500	16,043	12,457	56%
3 Total Operating Revenue	752,435	754,120	713,500	331,950	381,550	47%
4 Interest, Refunds and Misc.	126	22,873	20,700	9,923	10,777	48%
5 Transfer in from Water Reserve	20,000	10,000			-	
6 Palmer Coking Coal Contribution	98,499	98,420	98,000	97,478	522	99%
7 Total Other Revenue	118,625	131,293	118,700	107,402	11,298	90%
8 Total Revenue	871,061	885,413	832,200	439,351	392,849	53%
9 Beg Cash and Investment Unreserved	160,302	222,708	301,679	330,194	(28,515)	
10 Total Water Fund Sources	1,031,363	1,108,120	1,133,879	769,545	364,334	68%
EXPENDITURES						
12 Total Salaries and Benefits	183,095	195,518	224,976	110,020	114,956	49%
13 Total Supplies	24,326	24,089	28,630	9,753	18,877	34%
14 Total Services and Charges	212,941	227,891	228,132	92,413	135,719	41%
15 Total Operating Expenditures	420,363	447,497	481,738	212,186	269,552	44%
16 Debt Service - Water	378,292	330,429	318,897	318,896	1	100%
17 Transfer - Capital Equipment Reserve	10,000	10,000	10,000	10,000	-	100%
18 Subtotal Other Expenditures	388,292	340,429	328,897	328,896	1	100%
19 Total Expenditures	808,655	787,926	810,635	541,081	269,554	67%
20 3 Month Operating Cash Reserves	105,066	216,547	120,435	120,000	435	
21 Unreserved Cash and Investments	117,642	113,647	202,809	108,464	94,345	
22 Total Ending Cash and Investments	222,708	330,194	323,244	228,464	94,780	
23 Total Water Fund Uses	1,031,363	1,118,120	1,133,879	769,545	364,334	68%

Sewer Fund 2nd Qtr 2017 Finance Report



	2015 Actual	2016 Actual	2017 Budget	2017 Through June	Budget Balance	% Received or Spent
1 REVENUE						
2 Sewer User Charges	756,155	777,554	820,000	406,542	413,458	50%
3 Miscellaneous Revenue	600	8,978	7,900	8,496	(596)	108%
4 Total Operating Revenue	756,755	786,532	827,900	415,038	412,862	50%
5 Transfer from Sewer Reserves	80,000	100,000	80,000	80,000	-	100%
6 Total Other Revenue	80,000	100,000	80,000	80,000	-	100%
7 Total Revenue	836,755	886,532	907,900	495,038	412,862	55%
8 Beginning Cash and Investments	141,294	131,720	124,688	145,261		
9 Total Sewer Fund Sources	978,049	1,018,252	1,032,588	640,299	392,289	62%
10 EXPENDITURES						
11 Total Salaries and Benefits	192,115	187,154	225,147	109,846	115,301	49%
12 Total Supplies	6,847	5,144	10,390	4,665	5,725	45%
13 Total Services and Charges	637,368	670,693	691,922	368,395	323,527	53%
14 Total Operating Expenditures	836,330	862,991	927,459	482,906	444,553	52%
15 Transfer-Sewer Portion Comp Plan Update						
16 Transfer to PW Equip Repl Fund	10,000	10,000	10,000	10,000	-	100%
17 Subtotal Other Expenditures	10,000	10,000	10,000	10,000	-	100%
18 Grand Total Expenditures	846,330	872,991	937,459	492,906	444,553	53%
19 Cash and Investment Reserved	131,720	145,261	95,129	147,393		
20 Total Sewer Fund Uses	978,049	1,018,252	1,032,588	640,299	392,289	62%

Stormwater Fund 2nd Qtr 2017 Finance Report



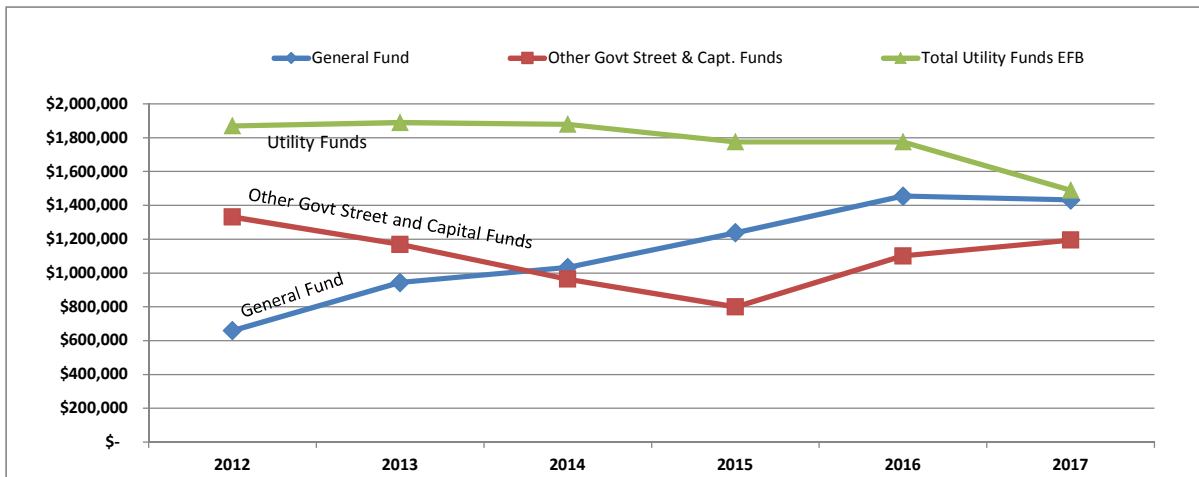
	2015 Actual	2016 Actual	2017 Budget	2017 Through June	Budget Balance	% Received or Spent
1 REVENUE						
2 Stormwater Charges	350,820	356,042	375,000	213,045	161,955	57%
3 Stormwater Protection Inspection Fee	4,408	4,416	8,000	1,555	6,446	19%
4 PW Perm- Insp, Eng Civil Allocation	2,079	7,494	6,000	5,720	280	95%
5 Total Operating Revenue	357,307	367,952	389,000	220,319	168,681	57%
6 Interest and Refunds	199	639	800	287	513	36%
7 Funding Agreement Reimburse for PW Staff	-				-	
8 Total Other Revenue	199	639	800	287	513	36%
9 Total Revenue	357,506	368,592	389,800	220,606	169,194	57%
10 Beginning Cash and Investments	90,498	102,303	101,824	99,074		
11 Total Stormwater Fund Sources	448,004	470,895	491,624	319,680	171,944	65%
12 EXPENDITURES						
13 Total Salaries and Benefits	190,974	186,751	223,267	109,618	113,649	49%
14 Total Supplies	7,130	6,216	11,510	3,377	8,134	29%
15 Total Services and Charges	146,336	168,854	169,053	78,912	90,141	47%
16 Total Operating Expenditures	344,440	361,821	403,830	191,906	211,924	48%
17 Debt Service						
18 Transfer - Capital Equipment Reserve	10,000	10,000	10,000	10,000	-	100%
19 Transfer - Storm Portion Comp Plan Update						
20 Total Other Expenditures	10,000	10,000	10,000	10,000	-	
21 Total Expenditures	354,440	371,821	413,830	201,906	211,924	49%
22 Reserved Ending Cash and Investments	93,563	99,074	77,794	117,774		
23 Total Stormwater Fund Uses	448,004	470,895	491,624	319,680	171,944	65%

**City of Black Diamond
Cash & Investment Balance Report 2017**

Governmental Funds	2012	2013	2014	2015	2016	2nd Q 2017
General Fund Ending Fund Balance	659,036	943,327	1,032,628	1,238,076	1,455,070	1,431,891
Gen Govt Capital Funds						
Street Fund	262,584	186,952	153,589	118,374	129,840	132,982
Fire Impact Fees		10,366	13,616	48,570	183,127	186,742
Transportations Benefit District -Fund	0				3,666	7,226
Traffic Mitigation Fees					74,307	75,079
REET I & Gen Govt Capital Projects	545,530	509,526	387,708	267,199	311,926	329,533
REET II & PW-Streets	510,696	436,600	296,233	292,776	306,019	339,946
Police & Fire Equipment Replacement	12,429	25,500	112,258	72,604	92,211	122,873
Other Govt Street & Capt. Funds C&I	1,331,239	1,168,944	963,404	799,523	1,101,096	1,194,382
Total Government Ending C&I	1,990,275	2,112,271	1,996,032	2,037,599	2,556,166	2,626,273
Utility Funds						
Water Operating	107,982	125,340	160,302	222,708	330,194	228,464
Water /WSFFA	120,011	59,851	157,283	75,679	116,541	115,823
Water Reserve & Capital	504,126	441,809	331,666	274,195	199,219	197,155
Sewer Operating	87,738	126,682	141,294	131,720	145,261	147,393
Sewer Reserve & Capital	870,554	900,858	791,639	701,374	614,372	380,125
Stormwater Operating	29,185	81,657	81,657	102,303	99,074	117,774
Stormwater Reserves & Capital**	0	0	29,369	59,189 **	(26,874)	45,783
PW Equipment Replacement	150,321	153,793	183,501	208,403	204,319	257,157
Total Utility Funds Ending C&I	1,869,917	1,889,990	1,876,711	1,775,571	1,682,106	1,489,674
Trust Funds-due to others*	42,285	51,142	38,841	177,886 *	190,554	120,152
Total Ending-Cash & Inv.	3,902,477	4,053,403	3,911,584	3,991,056	4,428,826	4,236,099

* \$138,885 of this balance is due to the change in insurance from CIAW to AWC Jan. billing dates.

** King County Culver Grant & DOE Grant expenditures billed & not received until 2017. 2nd Q decrease due to loan for Police Cars & Op exp,



City Wide -Balance Sheet as of June 30, 2017

Cash & Investments	\$4,428,826	4,436,099
Accounts Receivable	\$254,387	290,107
Fixed Assets & Depreciation (Cash cities do not record this)	\$0	0
Insured assets (excluded Street & Utility land and infrastructure)		
Vehicles	\$574,357	574,357
-Off Road- Mowers, Boats & trailers	\$381,317	381,317
Buildings	\$12,002,871	12,002,871
Total Assets	\$17,641,758	\$17,684,751

Outstanding Accounts Payable (Bills paid when due)

Internal Loans

Water Public Works Trust Fund Loan-short term payable 2017

(\$307,309) (\$307,309)

Water Public Works Trust Fund Loan-long term payable 2018-2024

(\$2,124,098) (\$1,816,789)

Black Diamond Fund Position (Equity or retained earnings)	\$15,210,351	\$15,560,653
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