

City of Black Diamond, Wa

**Financial Operating Report
For the Third Quarter
2019**





CITY OF BLACK DIAMOND

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December 23, 2019

2019 3rd^d Quarter Financial Report for Operating Funds

The 3rd Quarter financial reports shows a summary of the 2019 budgeted revenue and expenditures compared to the actual revenue and expenditures received through September 30, 2019. Prior years revenue and expenditures are included as comparable. The reports includes 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 3rd Quarter of 2019 equals \$4,497,551 which is at 80.8% of the budget. This is increase is primarily due to the permitting Revenue at 135.8% and the Sales Tax Revenue at 96.5%, both over trend for the three quarters of the year. Partially offsetting these positive revenue increases are the decrease below trend of Utility Taxes, Cable Franchise Fees and Business Licenses. Total General Fund Operating revenue is at about 5.8% percent above trend. The following briefly describes the various revenue highlights:

Property Tax	First half property taxes normal for first collection.
Sales Tax	21.5% over budget due to trend in sale of material at 10 Trails Dev. (two-month lag in receipts).
Utility Tax	Only 3.5% under budget, primarily PSE due to milder weather & decreases in Telephone & Cable TV tax.
Business Licenses	11.3% below trend due to State collection date change.
Cable Franchise Fees	6.5% below budget trend due to customer changes
Liquor Tax & Profit	1.0% over trend
Land Use & Permits	135.8% over trend, due to increased activity in 10 Trails permits and inspection revenues.
Park Fees	10% over budget trend due to increase Gym active
Court Fines & Fees	3.9% under trend due to less in count fines due to citizens attending traffic school.
Police Department Revenue	.8% under trend due to decrease in 2019 Traffic School revenue in 2019 due to vacancies & overall calls that are more serious.
King County Grants	Recycle, Fire BLS & VHS Boat Vessel Grants all received.
Funding Agreement Staff & Mtc	.9% over trend due to reimbursements for activity.

General Fund Operating Expenditures

The operating expenditure trend through September 30, 2019 is \$3,535,538 which is 62.4% of the budgeted General Fund expenditure trend. This decrease is due to later year filling, or of staff vacancies in Community Development and Adm. Services, and Public Works. The only department expenditure budgets over trend at 114.2% are for Legal Services due to appeals on the Comp Plan and 10 trails as well as a lawsuit. All other General Fund departments remain under their budgeted trend for a total expenditure amount at 12.4% under trend.

General Fund Summary

The September 30, 2019 General Fund cash and investment amount is \$2,937,580. This amount has continued since June and hasn't increased primarily because our second half of Property taxes have not been received until October and November. The cash balance is higher than 2018 though, partially because of timing of when permit inspections and plan checks are paid and receipted about six months before the actual plan checks and inspections expenditures begin to occur and are paid.

Street and Utility Operating Funds

The Street Operating Fund revenue is at \$95,531 for nine months @ only 70.9% of budgeted revenue trend. The Street fund also has a \$50,000 transfer of TBD Car tab funds due to a lag in car tab collection in 2019. MRSC has forecast a continued decline in Gas Tax revenue as the gallons of gas purchased continues to decrease nation-wide. The Tim Eyman initiative was passed by the voters in November and will stop the collection of Car Tab fees of approximately \$100,000 a year if the appeal that was filed is not upheld. Black Diamond will lose about \$120,000 in Car Tab Fee Revenue in 2020 and we will need to find an optional source of funds for the Street Operating Budget. Street Expenditures are at 63% due to staff hiring lag in 2019.

The Water Operating Fund revenue as of September 30, 2019, is \$992,293 or 89%. This is primarily due to the increased number of residence at 10 Trails and the billing of water plus revenue from the water meter connections. Operating expenditures are at 63% due to a lag staff hiring in 2019. This reflects a positive cash flow for the Water Operating Fund. The annual debt payment of \$315,828 was made in June 2019 and reduces the outstanding PWTF loan debt obligation, which will be paid in full in 2024.

The Sewer Operating Fund revenue as of September 30, 2019 is at \$723,824 or 77.5% and expenditures are at 68.5% due to a lag in staff hiring in 2019. An annual transfer of \$130,000 from reserves in 2019 should begin to decrease each year because of the Sewer rate increase for 2020 and beyond passed by Council this year.

The Stormwater Operating Revenue as of September 30, 2019 is at \$336,345 or 78.5%. This higher revenue is due to the rate increase adopted effective January 1, 2019 and new homes. Expenditures are at 61.2% which is due to lag staff hiring in 2019. This provides an increased positive cash flow.

Summary of trend in Cash and Investment Balances- 2014 through September 30, 2019

The last page is a summary report showing cash trends and financial trends from 2014 through September 2019. The total city Cash and Investment balance of 7,415,745 is through September 30, 2019. This positive increase is significantly higher than December of 2018, and reflects the growth trends from the 10 trails and other building activity plus the sale of new homes.

The increase in governmental cash balance to \$2,197,831 has increased by \$509,480 from December 31, 2018. This is primarily due to the increase of sales tax from home infrastructure and building activity plus an increase in Real Estate Excise Tax due to sale of over 100 new homes in 2019. Some of this increase is also due to receipt of permitting revenue approximately six months before any plan checks or building inspection expenditure are paid. This positive cash balance should remain if the economy holds and the permitting and building activities continues.

The Operating Utility Funds cash balance of \$1,995,022 through September 30, 2019 has increased by \$385,992 since December 2018 and is due to water revenue growth due revenue from new homes and installation of water meters plus an increase in funding for the WSFFA partners Springs project.

Overall the city has a very stable and positive financial position. This demonstrates that Mayor Benson, Council and Departments are diligently managing Black Diamonds Budget and Finances.

If you have any questions about the report, please call May Miller, Finance Director, at 360-851-4500.

May Miller
Finance Director
City of Black Diamond

2019 General Fund 3rd Quarter Finance Report



	2018 Actual	2019 Budget	2019 thru September	Budget balance	% Received or Spent
1 REVENUE					
2 Property Tax	1,529,826	1,646,137	835,377	810,760	50.7%
3 Sales Tax	630,007	660,000	636,948	23,052	96.5%
4 Utility & Gambling Tax	623,411	678,914	485,986	192,928	71.6%
5 Cable Franchise Fees	72,746	80,000	54,836	25,164	68.5%
6 Business & Other Licenses & Fees	35,965	31,000	19,760	11,240	63.7%
7 Land Use and Permitting Fees	1,301,793	902,550	1,225,686	(323,136)	135.8%
8 Liquor Tax & Profits	57,834	58,000	44,090	13,910	76.0%
9 State Sales Tax Assistance	15,075	-	7,880	(7,880)	
10 KC EMS Levy, Recycle Grants & misc	84,597	74,000	73,838	162	99.8%
11 Charges for Services, Passport	7,106	9,050	52	8,998	0.6%
12 Parks Revenue	38,640	35,400	30,082	5,318	85.0%
13 Cemetery Fees & Charges	7,670	6,000	15,900	(9,900)	265.0%
14 Police Department Rev (Grants, CJ, Traffic School, etc.)	380,977	379,900	282,053	97,847	74.2%
15 Court Fines and Fees	140,154	151,350	107,599	43,751	71.1%
16 Miscellaneous Revenue	35,465	26,880	47,790	(20,910)	177.8%
17 Subtotal Operating Revenue	4,961,266	4,739,181	3,867,877	871,304	81.6%
18 Funding Agreement-MDRT	981,440	829,505	629,674	199,831	75.9%
19 Total Operating Revenue	5,942,706	5,568,686	4,497,551	1,071,135	80.8%
20 Developer Reimb-MDRT Consultants	736,581	1,520,000	848,840	671,160	55.8%
21 Total Revenue	6,679,287	7,088,686	5,346,391	1,742,295	75.4%
22 Beg Cash & Inv Bal General Govt	1,332,709	1,303,173	1,794,462	(491,289)	137.7%
23 Beg Cash & Investment Balance - Developer	118,500	63,000	63,000	-	100.0%
24 Total General Fund Sources	8,130,496	8,454,859	7,203,853	1,251,006	85.2%
25 EXPENDITURES					
26 Legislative-Council	12,943	16,174	8,133	8,041	50.3%
27 Executive-Mayor	14,380	15,663	11,088	4,575	70.8%
28 Administrative Services (City Clerk/IT/HR/Finance/Cent Svc)	464,435	525,746	322,093	203,653	61.3%
29 Legal Services - Includes Pros. Atty & Public Defender	155,116	200,000	79,293	120,707	39.6%
30 Legal - Lawsuits/Med/Arb/Pub Discl	119,313	40,000	45,693	(5,693)	114.2%
31 Municipal Court	256,570	276,268	193,046	83,222	69.9%
32 Police Department	1,971,927	2,071,435	1,397,997	673,438	67.5%
33 Fire Department	532,295	558,650	295,555	263,095	52.9%
34 Recycle/Air Qual/Mntl Hlth/Anim Cont	31,547	32,000	25,226	6,774	78.8%
35 Master Dev Review Team	803,186	829,505	590,855	238,650	71.2%
36 Community Development	709,884	854,323	403,983	450,340	47.3%
37 Facilities Department/EMS	133,632	127,370	83,409	43,961	65.5%
38 Parks Department	75,525	101,914	69,909	32,005	68.6%
39 Cemetery	12,960	13,750	9,258	4,492	67.3%
40 Total Operating Expenditures	5,293,713	5,662,798	3,535,538	2,127,260	62.4%
41 Developer MDRT-Consultants	742,800	1,520,000	730,735	789,265	48.1%
42 Total Other Expenditures	742,800	1,520,000	730,735	789,265	48.1%
43 Total Expenditures	6,036,513	7,182,798	4,266,273	2,916,525	59.4%
44 Ending Cash and Investments	1,794,461	1,209,061	2,874,580	(1,665,519)	237.8%
45 Unreserved Cash and Investments	63,000	63,000	63,000	-	
46 Total Ending Cash and Investments	1,857,461	1,272,061	2,937,580	(1,665,519)	230.9%
47 Total General Fund Uses	7,893,974	8,454,859	7,203,853	1,251,006	85.2%

2019 Street Fund 3rd Quarter Finance Report



	2018 Actual	2019 Budget	2019 thru September	Budget Balance	% Received or Spent
1 REVENUE					
2 Gas Tax	94,906	95,015	67,391	27,624	70.9%
3 Right of Way Permits	11,309	14,000	5,523	8,477	39.5%
4 Other Revenue	29,920	22,516	22,617	(101)	100.4%
5 Total Operating Revenue	136,135	131,531	95,531	36,000	73%
7 Transfer in-REET II					
8 Transfer in- TBD - Car Tab Fee	112,000	120,000	50,000	70,000	41.7%
9 Total Other Revenue	112,000	120,000	50,000	70,000	42%
10 Total Revenue	248,135	251,531	145,531	106,000	58%
11 Beginning Cash and Investments	134,235	103,964	114,449	(10,485)	110.1%
12 Total Street Fund Sources	382,370	355,495	259,980	95,515	73.1%
13 EXPENDITURES					
14 Total Salaries and Benefits	152,652	191,742	127,021	64,721	66.2%
15 Total Supplies	7,815	12,068	8,833	3,235	73.2%
16 Total Services and Charges	96,553	98,042	54,813	43,229	55.9%
17 Total Operating Expenses	257,020	301,852	190,667	111,185	63%
18 Transfer - Capital Equipment Reserve	12,000	10,000	10,000	0	100%
19 Total Expenditures	269,020	311,852	200,667	111,185	64%
20 3 Months Operating Cash Balance	67,255	75,463	47,667	27,796	63.2%
21 Ending Cash and Investments	46,094	(31,820)	11,646	(43,466)	-37%
22 Total Ending Cash and Investments	113,349	43,643	59,313	(15,670)	135.9%
23 Total Street Fund Uses	382,369	355,495	259,980	95,515	73.1%

2019 Water Fund 3rd Quarter Finance Report



	2018 Actual	2019 Budget	2019 thru September	Budget Balance	% Received or Spent
1 REVENUE					
2 Water Charges	744,106	720,000	601,748	118,252	83.6%
3 Water Charges-Hydrant/Irrigation		109,500	81,837	27,663	74.7%
4 Meter and Irrigation Setting Fees	96,917	61,000	96,314	(35,314)	157.9%
5 Water Revenue Other	123,639	177,250	155,069	22,181	87.5%
6 Total Operating Revenue	964,662	958,250	853,131	105,119	89.0%
7 Interest and Refunds	7,034	7,500	8,222	(722)	109.6%
8 Permitting-Deposits for consultants			34,453		
9 Palmer Coking Coal Contribution	98,238	90,400	96,487	(6,087)	106.7%
10 Total Other Revenue	105,272	97,900	139,162	(41,262)	142.1%
11 Total Revenue	1,069,934	1,056,150	992,293	63,857	94.0%
12 Beg Cash and Investment Unreserved	429,813	378,871	497,143	(118,272)	131.2%
13 Total Water Fund Sources	1,499,747	1,435,021	1,489,436	(54,415)	103.8%
14 Expenditures					
15 Total Salaries and Benefits	258,233	319,177	214,598	104,579	34.6%
16 Total Supplies	95,580	76,480	66,299	10,181	49.3%
17 Total Services and Charges	232,040	286,625	204,755	81,870	71.4%
18 Total Operating Expenditures	585,843	682,282	485,652	(196,630)	71%
19 Debt Service - Water	317,362	315,829	315,828	1	100%
20 Transfers Out - Equipment/Capital Res.	139,400	135,000	135,000	-	100%
21 Subtotal Other Expenditures	456,762	450,829	450,828	1	100%
22 Total Expenditures	1,042,605	1,133,111	936,480	196,631	82.6%
23 3 Month Operating Cash Balance	148,961	170,571	170,571	(1)	100.0%
24 Unreserved Cash and Investments	348,182	131,339	382,385	(251,046)	291%
25 Total Ending Cash and Investments	497,143	301,910	552,956	(251,047)	183.2%
26 Total Water Fund Uses	1,539,748	1,435,021	1,489,436	(54,416)	103.8%

2019 Sewer Fund 3rd Quarter Finance Report



	2018 Actual	2019 Budget	2019 thru September	Budget Balance	% Received or Spent
1 REVENUE					
2 Sewer User Charges-K.C Metro	642,510	650,000	478,890	171,110	73.7%
3 Sewer User Charges-City	239,976	240,000	208,056	31,944	86.7%
4 Miscellaneous Revenue	38,289	43,500	36,778	6,722	84.5%
5 Total Operating Revenue	920,775	933,500	723,724	209,776	77.5%
6 Transfer from Sewer Reserves	130,000	130,000	130,000	-	100.0%
7 Total Other Revenue	130,000	130,000	130,000	-	100.0%
8 Total Revenue	1,050,775	1,063,500	853,724	209,776	80.3%
9 Beginning Cash and Investments	107,137	119,776	195,664	(75,888)	163.4%
10 Total Sewer Fund Sources	1,157,912	1,183,276	1,049,388	133,888	88.7%
11 EXPENDITURES					
12 Total Salaries and Benefits	232,154	269,505	172,260	114,859	63.9%
13 Total Supplies	7,390	8,518	4,772	(24,739)	56.0%
14 Total Services and Charges	139,366	159,573	96,739	48,452	60.6%
15 King County Metro Sewer Charges	570,438	657,000	475,557	181,443	72.4%
16 Total Operating Expenditures	949,348	1,094,596	749,328	345,268	68.5%
17 Transfer to PW Equip Repl Fund	12,900	10,000	10,000	-	100.0%
18 Subtotal Other Expenditures	12,900	10,000	10,000	-	100.0%
19 Grand Total Expenditures	962,248	1,104,596	759,328	345,268	68.7%
20 3 Months Operating Cash Balance	94,728	109,399	187,332	(77,933)	171.2%
21 Unreserved Cash and Investments	100,936	(30,719)	102,728	(133,447)	-334.4%
22 Total Ending Cash & Investments	195,664	78,680	290,060	(211,380)	368.7%
23 Total Sewer Fund Uses	1,157,912	1,183,276	1,049,388	133,888	88.7%

2019 Stormwater Fund 3rd Quarter Finance Report



	2018 Actual	2019 Budget	2019 thru September	Budget Balance	% Received or Spent
1 REVENUE					
2 Stormwater Charges	366,092	370,000	294,645	75,355	79.6%
3 Stormwater Inspection and Review Fees	24,778	30,800	14,087	16,713	45.7%
4 DOE Grant	25,098	25,000	24,902	98	0%
5 Total Operating Revenue	415,968	425,800	333,634	92,166	78.4%
6 Interest and Refunds	2,041	2,400	2,711	(311)	113%
7 Total Other Revenue	2,041	2,400	2,711	(311)	113.0%
8 Total Revenue	418,009	428,200	336,345	91,855	78.5%
9 Beginning Cash and Investments	103,277	86,864	101,196	(14,332)	116.5%
10 Total Stormwater Fund Sources	521,286	515,064	437,541	77,523	84.9%
11 EXPENDITURES					
12 Total Salaries and Benefits	230,418	273,678	178,272	95,406	65.1%
13 Total Supplies	6,983	15,063	4,641	10,422	30.8%
14 Total Services and Charges	163,189	176,643	101,819	74,824	57.6%
15 Total Operating Expenditures	400,590	465,384	284,732	180,652	61.2%
16 Transfer - Capital Equipment Reserve	11,500	10,000		10,000	0%
17 Total Other Expenditures	11,500	10,000	-	10,000	0%
18 Total Expenditures	412,090	475,384	284,732	190,652	59.9%
19 3 Month Operating Cash Balance	100,148	116,346	116,346	-	100.0%
20 Unreserved Cash and Investments	9,048	(76,666)	36,463	(113,129)	-47.6%
21 Total Ending Cash and Investments	109,196	39,680	152,809	(113,129)	385.1%
22 Total Stormwater Fund Uses	521,286	515,064	437,541	77,523	84.9%

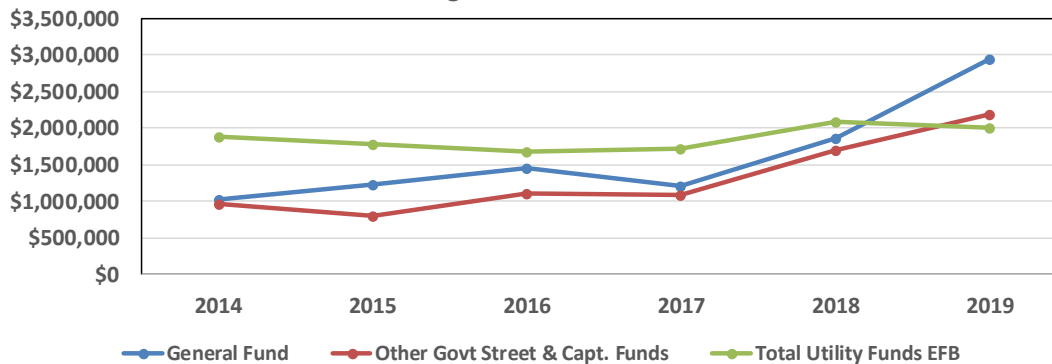
**City of Black Diamond
Cash & Investment Balance Report 3rd Qtr 2019**

GOVERNMENTAL FUNDS	2014	2015	2016	2017	2018	3rd Q 2019
General Fund Ending Fund Balance	1,032,628	1,238,076	1,455,070	1,217,657	1,857,462	2,937,580
Gen Govt Capital Funds						
Street Fund	153,589	118,374	129,840	134,234	114,449	59,312
Fire Impact Fees	13,616	48,570	183,127	205,493	497,099	834,469
Transportations Benefit District -Fund			3,666	9,398	2,155	34,997
Traffic Mitigation Fees			74,307	84,305	133,404	135,874
REET I & Gen Govt Capital Projects	387,708	267,199	311,926	342,622	483,547	686,296
REET II & PW-Streets	296,233	292,776	306,019	230,861	362,624	393,345
Police & Fire Equipment Replacem	112,258	72,604	92,211	73,315	95,073	53,538
Other Govt Street & Capt. Funds C	963,404	799,523	1,101,096	1,080,228	1,688,351	2,197,831
Total Government Ending C&I	1,996,032	2,037,599	2,556,166	2,297,885	3,545,813	5,135,411
UTILITY FUNDS						
Water Operating	160,302	222,708	330,194	429,813	497,143	552,957
Water/WSFFA	157,283	75,679	116,541	187,914	272,486	48,176
Water Reserve & Capital	331,666	274,195	199,219	209,311	413,930	496,156
Sewer Operating	141,294	131,720	145,261	107,138	195,665	290,061
Sewer Reserve & Capital	791,639	701,374	614,372	354,228	302,528	203,908
Stormwater Operating	81,657	102,303	99,074	103,277	101,196	152,809
Stormwater Reserves & Capital	29,369	59,189	(26,874)	56,158	40,054	31,206
PW Equipment Replacement	183,501	208,403	204,319	258,647	269,476	220,749
Total Utility Funds Ending C&I	1,876,711	1,775,571	1,682,106	1,706,486	2,092,478	1,996,022
Trust Funds-due to others*	38,841	177,886	190,554	183,825	204,177	284,312
Total Ending-Cash & Inv.**	3,911,584	3,991,056	4,428,826	4,188,196	5,842,468	7,415,745

* Majority of balance is due to change in insurance from CIAW to AWC Jan billing dates & MDRT Coll of School Mit Fees.

** High 2016 due to Grade School Permit coll w/lag Insp. 2017 low-Lawsuit cost. 18-19 due to Permit fee coll/vs some Lag i

Ending Fund Balance Trend



City Wide -Balance Sheet as of June 30, 2019

	2014	2015	2016	2017	2018	2019
Cash & Investments	3,911,584	3,991,056	4,428,826	4,188,196	5,842,468	7,415,745
Accounts Receivable			254,387	248,702	248,702	244,090
Fixed Assets & Depreciation (cash cities do not record this)			\$0	\$0	\$0	\$0
Insured Assets (excluded Street & Utility land and infrastructure)						
Vehicles			\$574,357	753,881	856,556	1,042,859
-Off Road- Mowers, Boats & trailers			\$381,317	381,317	381,317	381,317
Buildings			\$12,002,871	12,002,871	12,002,871	12,002,871
Total Assets			17,641,758	\$17,574,967	\$19,331,914	\$21,086,882
Outstanding Accounts Payable (bills paid when due)						
Internal Loans						
Water Public Works Trust Fund Loan-short term payable-current			(\$306,739)	(\$306,739)	(\$306,739)	
Water Public Works Trust Fund Loan-long term payable Long Ter			(\$2,124,669)	(\$1,817,930)	(\$1,511,191)	(\$1,511,191)
Total Liabilities			(\$2,431,408)	(\$2,124,669)	(\$2,124,669)	(\$1,511,191)
Black Diamond Fund Position (equity or retained earnings)			\$15,210,350	\$15,450,298	\$17,513,984	\$19,575,691