

City of Black Diamond, Wa

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





CITY OF BLACK DIAMOND

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August 12, 2019

2019 2nd Quarter Financial Report for Operating Funds

The 2nd Quarter financial reports shows a summary of the 2019 budgeted revenue and expenditures compared to the actual revenue and expenditures received through June 30, 2019. Prior years revenue and expenditures are included as comparable. 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 2019 equals \$2,830,778 which is at 59.7% of the budget. This is primarily due to the permitting Revenue at 91.7% and the Sales Tax Revenue at 60.4%, both over trend for the first half of the year. Partially offsetting these positive revenue increases are the loss of Sales Tax assistance from the State due to our own Sales Tax increase and lower Court Revenue due to the use of the Police Traffic School instead of going through Court fines. Through June our General Fund operating revenue is at about 10% percent above trend. The following briefly describes the various revenue highlights:

Property Tax	First half property taxes normal for first collection.
Sales Tax	10.4% over budget due to sale of material at 10 Trails Dev. (two-month lag in receipts).
Utility Tax	Only .2% over budget, primarily cool weather first half of year and decreases in Telephone & Cable TV tax.
Business Licenses	50% below trend due to State collection date change.
Cable Franchise Fees	4.2% below budget trend due to customer changes
Liquor Tax & Profit	1.2% over trend
Land Use & Permits	41.7% over trend, due to six months of 10 Trails permits vs 2018 late April Permit start.
Park Fees	.6% under trend due to less boat launch revenue.
Court Fines & Fees	5.1% under trend due to less in count fines due to citizens attending traffic school.
Police Department Revenue	2.3% under trend due to 24% decrease in 2019 Traffic School revenue in 2019 compared to June 2018 due to vacancies & overall calls that are more serious.
King County Grants	Recycle, Fire BLS & VHS Boat Vessel Grants not yet received.
Funding Agreement Staff & Mtc	4.5% over trend due to timing of reimbursements.

General Fund Operating Expenditures

The operating expenditure trend through June 30, 2019 is \$2,312,730 which is 40.8% of the budgeted General Fund expenditure trend. This is due to some staff vacancies during the first half of the year in Community Development, Adm. Services, and Public Works. The only department expenditure budgets over trend are for the Fire department due to their higher than budgeted inflationary labor and benefit costs. All other General Fund departments remain under their six-month budgeted trend for a total expenditure amount at 40.8% of the budget.

General Fund Summary

The June 30, 2019 General Fund cash and investment amount is \$2,951,907. This is primarily due to permit revenue received for all six months in 2019 compared to April through June in 2018. The 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 \$106,652 for six months @ only 42% of budgeted revenue trend. This Revenue includes a \$50,000 transfer of TBD Car tab funds and Gas Tax which is only at 45% of budget. MRSC forecast continued decline in Gas Tax revenue as the gallons of gas purchased continues to decrease nation-wide. In addition, if the Tim Eyman initiative were to be approved by the voters in November, Black Diamond would lose about \$120,000 in Car Tab Revenue in 2020 and would need to find an optional source of funds, just to fund the Street operating budget in 2020. Street Expenditures are at 39% due to staff hiring lag in 2019.

The Water Operating Fund revenue as of June 30, 2019, is \$508,270 or 53%. Operating expenditures at 43% and due to lag staffing 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 June 30, 2019, of \$463,722 is at 49.7% and expenditures are at 45.6%. An annual transfer of \$130,000 a year from the Sewer Capital and Reserve fund cannot continue into the future or the reserve will be depleted. The Sewer rate study will be completed by year end and will help determine the amount of rate increase needed for 2020 and beyond.

The Stormwater Operating Revenue as of June 30, 2019 is at \$286,757 or 67%. This higher six-month revenue is due to the rate increase adopted effective January 1, 2019. The 2019 Budget did not include the rates increases, as it was approved after the budget was submitted. Expenditures are at 41.4% which is due to lag staff hiring in 2019 and provides an increased positive cash flow through June 30, 2019.

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

The summary report is included showing the total Black Diamond financial Cash and Investment balance of \$7,371,347 through June 30, 2019. This report shows a positive increase in the Governmental Operating Funds from 2014 to June 30, 2017 at an average of 5%-6% per year. The General Fund 2018 Cash and Investment balance shows a one-year increase of 639,805 which reflects the growth in the Permit fees beginning in mid-2018 for the 10 Trails development. This trend continued through June

2019 with the six-month increase of \$1,094,455 for 2019, again reflecting primarily the six months of increased permit fees collected from the 10 Trails development. This increase in cash is primarily due to the receipt of permitting revenue approximately six months before any plan checks or building inspection expenditure are paid. This positive cash balance will remain as long as the economy holds and the permitting and building activities continues.

The Governmental and Street Capital funds Cash and Investment balance of \$1,879,798 has increased by \$191,447 from December 2018, primarily due to increase in Real Estate Excise Tax paid on sale of 10 Trails homes that must be used for Capital projects, This is also due to increased growth related to the Fire Impact and Traffic mitigation Fees collected in 2019.

The Operating Utility Funds cash balance of \$2,033,343 for six-months of 2019 has decreased by \$59,135 since December 2018. A utility rate study and potential city sewer rate increase is anticipated in 2020. A city sewer operating rate increase is needed to stabilize the Sewer revenue and stop the use of Sewer cash reserves to pay for operating costs.

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 2nd Quarter Finance Report



	2018 Actual	2019 Budget	2nd Qtr 2019	Budget balance	% Received or Spent
REVENUE					
1 Property Tax	1,529,826	1,646,137	852,547	793,590	51.8%
2 Sales Tax	630,007	660,000	398,869	261,131	60.4%
3 Utility & Gambling Tax	623,411	678,914	340,584	338,330	50.2%
5 Cable Franchise Fees	72,746	80,000	36,604	43,396	45.8%
4 Business & Other Licenses & Fees	35,965	31,000	16,750	14,250	54.0%
6 Land Use and Permitting Fees	1,301,793	902,550	827,604	74,946	91.7%
7 Liquor Tax & Profits	57,834	58,000	29,720	28,280	51.2%
8 State Sales Tax Assistance	15,075	-	4,670	(4,670)	
9 KC EMS Levy, Recycle Grants & misc	84,597	74,000	13,817	60,183	18.7%
10 Charges for Services, Passport	7,106	9,050	27	9,023	0.3%
11 Parks Revenue	38,640	35,400	15,592	19,808	44.0%
12 Cemetery Fees & Charges	7,670	6,000	14,700	(8,700)	245.0%
13 Police Department Rev (Grants, CJ, Traffic School, etc.)	380,977	379,900	181,239	198,661	47.7%
14 Court Fines and Fees	140,154	151,350	67,959	83,391	44.9%
15 Miscellaneous Revenue	35,465	26,880	30,096	(3,216)	112.0%
16 Subtotal Operating Revenue	4,961,266	4,739,181	2,830,778	1,908,403	59.7%
17 Funding Agreement-MDRT	981,440	829,505	452,177	377,328	54.5%
18 Total Operating Revenue	5,942,706	5,568,686	3,282,955	2,285,731	59.0%
19 Developer Reimb-MDRT Consultants	736,581	1,520,000	559,443	960,557	36.8%
20 Total Revenue	6,679,287	7,088,686	3,842,398	3,246,288	54.2%
21 Beg Cash & Inv Bal General Govt	1,332,709	1,303,173	1,794,462	(491,289)	137.7%
22 Beg Cash & Investment Balance - Developer	118,500	63,000	63,000	-	100.0%
23 Total General Fund Sources	8,130,496	8,454,859	5,699,860	2,754,999	67.4%
EXPENDITURES					
25 Legislative-Council	12,943	16,174	6,064	10,110	37.5%
26 Executive-Mayor	14,380	15,663	7,163	8,500	45.7%
27 Administrative Services (City Clerk/IT/HR/Finance/Cent Svc)	464,435	525,746	213,378	312,368	40.6%
28 Legal Services - Includes Pros. Atty & Public Defender	155,116	200,000	46,369	153,631	23.2%
29 Legal - Lawsuits/Med/Arb/Pub Discl	119,313	40,000	5,846	34,154	14.6%
30 Municipal Court	256,570	276,268	128,948	147,320	46.7%
31 Police Department	1,971,927	2,071,435	892,638	1,178,797	43.1%
32 Fire Department	532,295	558,650	285,334	273,316	51.1%
33 Recycle/Air Qual/Mntl Hlth/Anim Cont	31,547	32,000	13,369	18,631	41.8%
34 Master Dev Review Team	803,186	829,505	381,305	448,200	46.0%
35 Community Development	709,884	854,323	223,963	630,360	26.2%
36 Facilities Department/EMS	133,632	127,370	55,795	71,575	43.8%
37 Parks Department	75,525	101,914	47,632	54,282	46.7%
38 Cemetery	12,960	13,750	4,926	8,824	35.8%
39 Total Operating Expenditures	5,293,713	5,662,798	2,312,730	3,350,068	40.8%
40 Developer MDRT-Consultants	742,800	1,520,000	435,267	1,084,733	28.6%
41 Total Other Expenditures	742,800	1,520,000	435,267	1,084,733	28.6%
42 Total Expenditures	6,036,513	7,182,798	2,747,997	4,434,801	38.3%
43 Ending Cash and Investments	1,794,461	1,209,061	2,888,863	(1,679,802)	238.9%
44 Unreserved Cash and Investments	63,000	63,000	63,000	-	
45 Total Ending Cash and Investments	1,857,461	1,272,061	2,951,863	(1,679,802)	232.1%
46 Total General Fund Uses	7,893,974	8,454,859	5,699,860	2,754,999	67.4%

2019 Street Fund 2nd Quarter Finance Report



	2018 Actual	2019 Budget	Thru June 2019	Budget Balance	% Received or Spent
1 REVENUE					
2 Gas Tax	94,906	95,015	42,780	52,235	45.0%
3 Right of Way Permits	11,309	14,000	3,682	10,318	26.3%
4 Other Revenue	29,920	22,516	10,190	12,326	45.3%
5 Total Operating Revenue	136,135	131,531	56,652	74,879	43%
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	106,652	144,879	42%
11 Beginning Cash and Investments	134,235	103,964	114,449	(10,485)	110.1%
12 Total Street Fund Sources	382,370	355,495	221,101	134,394	62.2%
13 EXPENDITURES					
14 Total Salaries and Benefits	152,652	191,742	77,279	114,463	40.3%
15 Total Supplies	7,815	12,068	4,140	7,928	34.3%
16 Total Services and Charges	96,553	98,042	35,095	62,947	35.8%
17 Total Operating Expenses	257,020	301,852	116,514	185,338	39%
18 Transfer - Capital Equipment Reserve	12,000	10,000	10,000	0	100%
19 Total Expenditures	269,020	311,852	126,514	185,338	41%
20 3 Months Operating Cash Balance	67,255	75,463	75,463	0	100.0%
21 Ending Cash and Investments	46,094	(31,820)	19,124	(50,944)	-60%
22 Total Ending Cash and Investments	113,349	43,643	94,587	(50,944)	216.7%
23 Total Street Fund Uses	382,369	355,495	221,101	134,394	62.2%

2019 Water Fund 2nd Quarter Finance Report



	2018 Actual	2019 Budget	Thru June 2019	Budget Balance	% Received or Spent
REVENUE					
1 Water Charges	744,106	720,000	359,741	360,259	50.0%
2 Water Charges-Hydrant/Irrigation		109,500	33,530	75,970	30.6%
3 Meter and Irrigation Setting Fees	96,917	61,000	70,734	(9,734)	116.0%
4 Water Revenue Other	123,639	177,250	77,795	99,455	43.9%
5 Total Operating Revenue	964,662	958,250	508,270	449,980	53.0%
6 Interest and Refunds	7,034	7,500	6,161	1,339	82.1%
7 Transfer in from Water Reserve					
8 Palmer Coking Coal Contribution	98,238	90,400	96,487	(6,087)	106.7%
9 Total Other Revenue	105,272	97,900	102,648	(4,748)	104.8%
10 Total Revenue	1,069,934	1,056,150	610,918	445,232	57.8%
11 Beg Cash and Investment Unreserved	429,813	378,871	497,143	(118,272)	131.2%
12 Total Water Fund Sources	1,499,747	1,435,021	1,108,061	326,960	77.2%
15 Total Salaries and Benefits	258,223	319,177	131,033	188,144	41.1%
16 Total Supplies	95,580	76,480	41,873	34,607	54.8%
17 Total Services and Charges	232,040	286,625	122,753	163,872	42.8%
18 Total Operating Expenditures	585,843	682,282	295,659	(386,623)	43%
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	746,487	386,624	65.9%
23 3 Month Operating Cash Balance	148,961	170,571	170,571	(1)	100.0%
24 Unreserved Cash and Investments	348,182	131,339	191,003	(59,664)	145%
25 Total Ending Cash and Investments	497,143	301,910	361,574	(59,665)	119.8%
26 Total Water Fund Uses	1,539,748	1,435,021	1,108,061	326,960	77.2%

Sewer Operating 2nd Quarter Finance Report



	2018 Actual	2019 Budget	Thru June 2019	Budget Balance	% Received or Spent
1 REVENUE					
2 Sewer User Charges	882,486	891,000	438,238	452,762	49.2%
3 Miscellaneous Revenue	38,289	42,500	25,484	17,016	60.0%
4 Total Operating Revenue	920,775	933,500	463,722	469,778	49.7%
5 Transfer from Sewer Reserves	130,000	130,000	130,000	-	100.0%
6 Total Other Revenue	130,000	130,000	130,000	-	100.0%
7 Total Revenue	1,050,775	1,063,500	593,722	469,778	55.8%
8 Beginning Cash and Investments	107,137	119,776	195,665	(75,889)	163.4%
9 Total Sewer Fund Sources	1,157,912	1,183,276	789,387	393,889	66.7%
10 EXPENDITURES					
11 Total Salaries and Benefits	232,155	269,505	110,670	158,835	41.1%
12 Total Supplies	7,390	8,518	2,648	5,870	31.1%
13 Total Services and Charges	139,365	159,573	69,970	89,603	43.8%
14 King County Metro Sewer Charges	570,438	657,000	315,993	341,007	48.1%
15 Total Operating Expenditures	949,348	1,094,596	499,281	595,315	45.6%
17 Transfer to PW Equip Repl Fund	12,000	10,000	10,000		100.0%
18 Subtotal Other Expenditures	12,000	10,000	10,000	-	100.0%
19 Grand Total Expenditures	961,348	1,104,596	509,281	595,315	46.1%
20 3 Months Operating Cash Balance	94,728	109,399	109,399	-	100.0%
21 Unreserved Cash and Investments	100,936	(32,719)	170,707	(203,426)	-521.7%
22 Total Ending Cash & Investments	195,664	76,680	280,106	(203,426)	365.3%
23 Total Sewer Fund Uses	1,157,012	1,181,276	789,387	391,889	66.8%

2019 Stormwater 2nd Quarter Finance Report



	2018 Actual	2019 Budget	Thru June 2019	Budget Balance	% Received or Spent
1 REVENUE					
2 Stormwater Charges	366,092	370,000	249,666	120,334	67.5%
3 Stormwater Inspection and Review Fees	24,778	30,800	10,685	20,115	34.7%
4 DOE Grant	25,098	25,000	24,902	98	0%
5 Total Operating Revenue	415,968	425,800	285,253	140,547	67.0%
6 Interest and Refunds	2,041	2,400	1,504	896	63%
7 Total Other Revenue	2,041	2,400	1,504	896	62.7%
8 Total Revenue	418,009	428,200	286,757	141,443	67.0%
9 Beginning Cash and Investments	103,277	86,864	101,196	(14,332)	116.5%
10 Total Stormwater Fund Sources	521,286	515,064	387,953	127,111	75.3%
11 EXPENDITURES					
12 Total Salaries and Benefits	230,418	273,678	113,496	160,182	41.5%
13 Total Supplies	6,983	15,063	2,698	12,365	17.9%
14 Total Services and Charges	163,189	176,643	76,433	100,210	43.3%
15 Total Operating Expenditures	400,590	465,384	192,627	272,757	41.4%
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	192,627	282,757	40.5%
19 3 Month Operating Cash Balance	100,148	116,346	115,346	1,000	99.1%
20 Unreserved Cash and Investments	9,048	(76,666)	79,980	(156,646)	-104.3%
21 Total Ending Cash and Investments	109,196	39,680	195,326	(155,646)	492.3%
22 Total Stormwater Fund Uses	521,286	515,064	387,953	127,111	75.3%

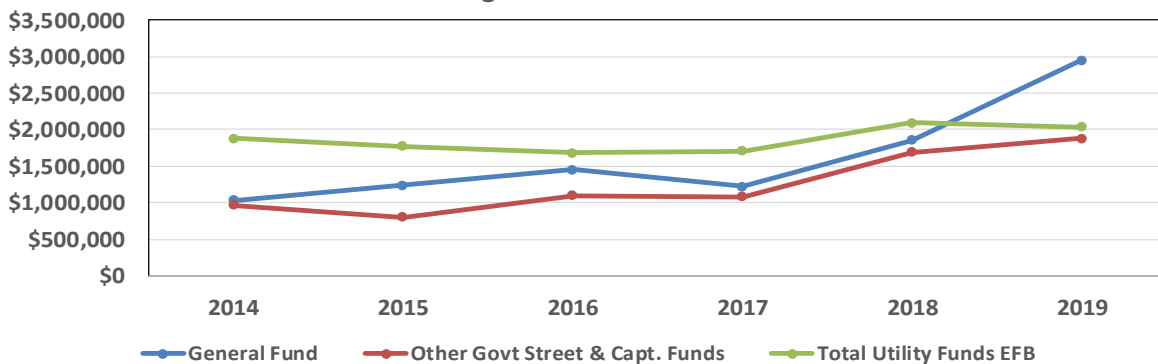
City of Black Diamond
Cash & Investment Balance Report 2nd Qtr 2019

GOVERNMENTAL FUNDS	2014	2015	2016	2017	2018	2nd Q 2019
General Fund Ending Fund Balance	1,032,628	1,238,076	1,455,070	1,217,657	1,857,462	2,951,907
Gen Govt Capital Funds						
Street Fund	153,589	118,374	129,840	134,234	114,449	94,587
Fire Impact Fees	13,616	48,570	183,127	205,493	497,099	740,924
Transportations Benefit District -Fund			3,666	9,398	2,155	5,922
Traffic Mitigation Fees			74,307	84,305	133,404	135,074
REET I & Gen Govt Capital Projects	387,708	267,199	311,926	342,622	483,547	624,292
REET II & PW-Streets	296,233	292,776	306,019	230,861	362,624	280,749
Police & Fire Equipment Replacement	112,258	72,604	92,211	73,315	95,073	(1,750)
Other Govt Street & Capt. Funds C&	963,404	799,523	1,101,096	1,080,228	1,688,351	1,879,798
Total Government Ending C&I	1,996,032	2,037,599	2,556,166	2,297,885	3,545,813	4,831,705
UTILITY FUNDS						
Water Operating	160,302	222,708	330,194	429,813	497,143	362,350
Water/WSFFA	157,283	75,679	116,541	187,914	272,486	182,120
Water Reserve & Capital	331,666	274,195	199,219	209,311	413,930	537,296
Sewer Operating	141,294	131,720	145,261	107,138	195,665	288,072
Sewer Reserve & Capital	791,639	701,374	614,372	354,228	302,528	202,813
Stormwater Operating	81,657	102,303	99,074	103,277	101,196	195,326
Stormwater Reserves & Capital	29,369	59,189	(26,874)	56,158	40,054	45,506
PW Equipment Replacement	183,501	208,403	204,319	258,647	269,476	219,860
Total Utility Funds Ending C&I	1,876,711	1,775,571	1,682,106	1,706,486	2,092,478	2,033,343
Trust Funds-due to others*	38,841	177,886	190,554	183,825	204,177	506,299
Total Ending-Cash & Inv.**	3,911,584	3,991,056	4,428,826	4,188,196	5,842,468	7,371,347

* 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 in Insp.

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	6,378,529
Accounts Receivable			254,387	248,702	248,702	174,149
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	\$19,979,725
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 Term			(\$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	\$18,468,534