

City of Black Diamond, Wa

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





CITY OF BLACK DIAMOND

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May 28, 2020

2019 4th Quarter Financial Report for Operating Funds

The 4th Quarter financial reports show a summary of the 2019 budgeted revenue and expenditures compared to the actual revenue and expenditures received through December 31, 2019. Prior years revenue and expenditures are included as comparable. The reports include Operating 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 4th quarter of 2019 equals \$6,654,169 which is at 117.1% of the budget. The increase is primarily due to the permitting revenue at 196.2% and the Sales Tax Revenue at 128.5%, both over trend for the four 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 17.1% percent above budget. The following briefly describes the various revenue highlights:

Property Tax	Property taxes ended at 5.1% less than levied, due to some normal delinquencies.
Sales Tax	28.5% over budget due to strong trend in sale of material at 10 Trails Dev. (two-month lag in receipts).
Utility Tax	Only 3.7% under budget, primarily PSE due to milder weather & decreases in Telephone & Cable TV tax.
Business Licenses	5% below trend due to State collection date changes.
Cable Franchise Fees	8.4% below budget trend due to customer changes
Liquor Tax & Profit	2.4% over Budget.
Land Use & Permits	96.2% over budget, due to strong building activity in 10 Trails permits and inspection revenues.
Park Fees	9% over budget trend due to increased Gym activity
Court Fines & Fees	2.9% under trend due to less in court fines due to citizens inability to pay.
Police Department Revenue	5.2% under trend due to decrease in 2019 Traffic School revenue due to vacancies & overall priority calls that are more serious.
King County Grants	Recycle, Fire BLS & VHS Boat Vessel Grants all received.
Funding Agreement Staff & Mtc	Covers 100% of expenditures.

General Fund Operating Expenditures

The operating expenditure trend through December 31, 2019 is \$5,135,254 which is 88.9% of the budgeted General Fund operating expenditures. This decrease is due to later year filling, of staff vacancies in Community Development and Administrative Services. The only department expenditure budgets over trend at 100.4% are for Council with an increase to seven members in 2019 and Fire which requested 1.7 more than budgeted. All other General Fund departments remain under their budgeted trend for a total expenditure amount at 11.1% under trend.

General Fund Summary

The December 31, 2019 General Fund cash and investment amount is \$3,501,460 an increase of \$1,643,998 over 2018 amount of \$2,937,580. This cash balance increase of 56% is primarily due to higher Plan check and Building Permits and Sales Tax Revenue. These are primarily both due to the strong building activity in the Ten Trails Development, plus other building activity in other areas of the city. Building 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 \$138,255 for 2019 at 5% over budget. Gas Tax however ended at 3.3% under budget, and the revenue from building activity accounted for the increase over budget. This revenue however does not cover the expenditure costs of \$295,961, which required a \$85,000 transfer of TBD car tab fees and a \$35,000 transfer in from Real Estate Excise Tax. 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 although appealed, is uncertain of continued collection at this time. If not overturned, Black Diamond stands to lose about \$120,000 in the \$20.00 Car Tab Fee Revenue in 2020. The loss of Car Tab Revenue and expected decrease in Gasoline Tax will need to be addressed in 2020 with optional source of funds to be determined for the Street Operating Budget. Street Expenditures for 2019 ended at \$295,961 or 95% of budget.

The Water Operating Fund revenue as of December 31, 2019, is \$1,288,082 or 116.4% of budget. This is primarily due to the increased number of residence at 10 Trails and the billing of water & irrigation water plus revenue from the water meter connections. Operating expenditures are at 97.6 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 reduced the outstanding PWTF loan debt obligation, which will be paid in full in 2024.

The Sewer Operating Fund revenue as of December 31, 2019 is at \$978,457 or 103.8% due to the new customers at 10 Trails. This still required a transfer in from the Sewer Capital Reserve fund of \$130,000 to cover operating expenditures of \$1,028,123 at 92.3%. Due to the continued need of a transfer from Sewer reserves, Council authorized a Sewer Rate increase in December 2019 to begin in January 2020 and continue for three years. This should stabilize the Sewer Operating fund into the future.

The Stormwater Operating Revenue as of December 2019 is at \$534,514 or 124.7% and expenditures at \$413,289 or 86.9%. This higher revenue is due to the rate increase adopted effective January 1, 2019 and the number of new customers from the 10 Trails development. The 2019 rate increase has begun to stabilize the Stormwater Fund.

Summary of trend in Cash and Investment Balances- 2014 through December 31, 2019

The last page of this report is a summary report showing cash trends and financial trends from 2014 through December 2019. The total city Cash and Investment balance of 8,397,135 is through December 31, 2019. This positive increase is \$2,556,670 higher than the December 2018 balance of \$5,842,468. This reflects the growth trends and new citizens from the 10 trails Development and other building activity plus the sale of lots and new homes and expenditure savings.

The December 31, 2019 increase in governmental cash balance to \$6,089,848 has increased by \$2,544,035 from the 2018 total of \$3,545,813. This is due to the increase of sales tax from home infrastructure and building activity plus an increase in Real Estate Excise Tax due to the sale of building lots and sale of 143 new homes in 2019. However, most of the increase is due to the revenue of \$1,770,958 from the Land Use and Building Permit activity in 2019. Some of this permitting revenue is collected approximately six months before any plan checks or building inspection expenditure are paid. This strong cash balance is very positive as we weather the challenges of the COVID 19 financial effects. Our city is poised to remain stable if the permitting and building activities and sale of building lots continues.

The Utility Funds cash balance of \$2,305,846 as of December 31, 2019 has also increased by \$213,368 from the 2018 amount of \$2,092,478. Although not as significant an increase as the General Government funds, this increase also reflects the additional utility billing revenue from our new citizens moving into their new homes in Black Diamond. This revenue source is also expected to continue to increase in 2020 as more completed homes are sold and we gain more new residence.

Overall, the city ended 2019 with a very strong, stable and positive financial position. Although growth in the 10 Trails accounts for the revenue increased, the expenditures savings still ended below budget. 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 4th Quarter Finance Report - DRAFT



	2018 Actual	2019 Budget	2019 thru December	Budget balance	% Received or Spent
1 REVENUE					
2 Property Tax	1,529,826	1,646,137	1,562,767	(83,370)	94.9%
3 Sales Tax	630,007	731,100	939,262	208,162	128.5%
4 Utility & Gambling Tax	623,411	678,914	653,900	(25,014)	96.3%
5 Cable Franchise Fees	72,746	80,000	73,286	(6,714)	91.6%
6 Business & Other Licenses & Fees	35,965	31,000	29,445	(1,555)	95.0%
7 Land Use and Permitting Fees	1,301,793	902,550	1,770,958	868,408	196.2%
8 Liquor Tax & Profits	57,834	58,000	59,380	1,380	102.4%
9 State Sales Tax Assistance	15,075	-	10,290	10,290	
10 KC EMS Levy, Recycle Grants & misc	84,597	84,000	83,449	(551)	99.3%
11 Charges for Services, Passport	7,106	9,050	63	(8,987)	0.7%
12 Parks Revenue	38,640	35,400	35,722	322	100.9%
13 Cemetery Fees & Charges	4,700	6,000	16,200	10,200	270.0%
14 Police Department Rev (Grants, CJ, Traffic School, e	380,977	410,900	389,382	(21,518)	94.8%
15 Court Fines and Fees	140,154	151,350	140,532	(10,818)	92.9%
16 Miscellaneous Revenue	35,465	26,880	66,399	39,519	247.0%
17 Subtotal Operating Revenue	4,958,296	4,851,281	5,831,035	979,754	120.2%
18 Funding Agreement-MDRT	981,440	829,505	823,134	(6,371)	99.2%
19 Total Operating Revenue	5,939,736	5,680,786	6,654,169	973,383	117.1%
20 2019 Acct. Change-AWC Ins Collection			348,082	348,082	
21 Developer Reimb-MDRT Consultants	736,581	1,520,000	1,024,775	(495,225)	67.4%
22 Total Revenue	6,676,317	7,200,786	8,027,026	8,027,026	111.5%
23 Beg Cash & Inv Bal General Govt @ 17% 2017 Op ex	785,692	981,733	981,733	0	100.0%
24 Beg Cash & Investment Balance - Developer	63,000	63,000	63,000	0	100.0%
25 Beg Cash & Inv Bal General Govt excess over 17% 2	368,965	321,438	812,728	491,290	252.8%
26 Total General Fund Sources	7,893,974	8,566,957	9,884,487	1,317,530	115.4%
27 EXPENDITURES					
28 Legislative-Council	12,943	16,174	16,232	(58)	100.4%
29 Executive-Mayor	14,380	15,663	14,924	739	95.3%
30 Administrative Services (City Clerk/IT/HR/Finance/	464,435	528,946	441,636	87,310	83.5%
31 Legal Services - Includes Pros. Atty & Public Defend	155,116	200,000	137,443	62,557	68.7%
32 Legal - Lawsuits/Med/Arb/Pub Discl	119,313	40,000	108,845	(68,845)	272.1%
33 Municipal Court	256,570	276,268	253,331	22,937	91.7%
34 Police Department	1,971,927	2,170,335	1,994,938	175,397	91.9%
35 Fire Department	532,295	558,650	567,972	(9,322)	101.7%
36 Recycle/Air Qual/Mntl Hlth/Anim Cont	31,547	42,000	32,485	9,515	77.3%
37 Master Dev Review Team	803,186	829,505	780,995	48,510	94.2%
38 Community Development	709,884	854,323	568,136	286,187	66.5%
39 Facilities Department/EMS	133,632	127,370	116,866	10,504	91.8%
40 Parks Department	75,525	101,914	88,361	13,553	86.7%
41 Cemetery	12,960	13,750	13,090	660	95.2%
43 Total Operating Expenditures	5,293,713	5,774,898	5,135,254	639,644	88.9%
44 AWC/Aflac Deposit payments			163,264	(163,264)	
45 Developer MDRT-Consultants	742,800	1,520,000	1,084,430	435,570	71.3%
46 Total Expenditures	6,036,513	7,294,898	6,382,948	911,950	87.5%
47 Ending Cash and Investments @ 17% of 2019 Op Exp.	899,931	981,733	872,993	108,740	88.9%
48 Ending Cash and Investments-Developer	63,000	63,000	63,000	0	
48 Ending Cash and Investments Excess of 17% Op C&I	894,530	227,326	2,565,546	(2,338,220)	1128.6%
50 Total Ending Cash and Investments	1,857,461	1,272,059	3,501,539	(2,229,480)	275.3%
51 Total General Fund Uses	7,893,974	8,566,957	9,884,487	(1,317,530)	115.4%

2019 Street Fund 4th Quarter Finance Report



	2018 Actual	2019 Budget	2019 thru December	Budget Balance	% Received or Spent
1 REVENUE					
2 Gas Tax	94,906	95,015	91,920	3,095	96.7%
3 Right of Way Permits	11,309	14,000	8,679	5,321	62.0%
4 Other Revenue	29,920	22,516	37,656	(15,140)	167.2%
5 Total Operating Revenue	136,135	131,531	138,255	(\$6,724)	105%
7 Transfer in-REET II		35,000	35,000		
8 Transfer in- TBD - Car Tab Fee	112,000	85,000	85,000	0	100.0%
9 Total Other Revenue	112,000	120,000	120,000	0	100%
10 Total Revenue	248,135	251,531	258,255	(6,724)	103%
11 Beginning Cash and Investments	134,235	103,964	114,449	(10,485)	110.1%
12 Total Street Fund Sources	382,370	355,495	372,704	(17,209)	104.8%
13 EXPENDITURES					
14 Total Salaries and Benefits	152,652	191,742	174,769	16,973	91.1%
15 Total Supplies	7,815	12,068	13,151	(1,083)	109.0%
16 Total Services and Charges	96,553	98,042	98,041	1	100.0%
17 Total Operating Expenses	257,020	301,852	285,961	15,891	95%
18 Transfer - Capital Equipment Reserve	12,000	10,000	10,000	0	100%
19 Total Expenditures	269,020	311,852	295,961	15,891	95%
20 3 Months Operating Cash Balance	67,255	75,463	71,490	3,973	94.7%
21 Ending Cash and Investments	46,094	(31,820)	5,253	(37,073)	-17%
22 Total Ending Cash and Investments	113,349	43,643	76,743	(\$33,100)	175.8%
23 Total Street Fund Uses	382,369	355,495	372,704	(\$17,209)	104.8%

2019 Water Fund 4th Quarter Finance Report



	2018 Actual	2019 Budget	2019 thru December	Budget Balance	% Received or Spent
1 REVENUE					
2 Water Charges	744,106	720,000	813,839	93,839	113.0%
3 Water Charges-Hydrant/Irrigation		109,500	103,097	(6,403)	94.2%
4 Meter and Irrigation Setting Fees	96,917	111,000	133,603	22,603	120.4%
5 Water Revenue Permitting-Other	123,639	67,750	92,012	24,262	135.8%
6 Total Operating Revenue	964,662	1,008,250	1,142,551	134,301	113.3%
7 Interest and Refunds	7,034	7,500	11,944	4,444	159.3%
8 Permitting-Deposits for consultants			37,100	37,100	
9 Palmer Coking Coal Contribution	98,238	90,400	96,487	6,087	106.7%
10 Total Other Revenue	105,272	97,900	145,531	47,631	148.7%
11 Total Revenue	1,069,934	1,106,150	1,288,082	181,932	116.4%
12 Beg Cash and Investment Unreserved	429,813	378,871	497,143	118,272	131.2%
13 Total Water Fund Sources	1,499,747	1,485,021	1,785,225	300,204	120.2%
14 Expenditures				0	
15 Total Salaries and Benefits	258,233	319,177	300,032	(19,145)	34.6%
16 Total Supplies	95,580	126,480	100,999	(25,481)	49.3%
17 Total Services and Charges	232,040	286,625	268,207	(18,418)	93.6%
18 Total Operating Expenditures	585,853	732,282	669,238	(63,044)	91%
19 Debt Service - Water	317,362	315,829	315,828	(1)	100%
20 Consult Permitting exp			34,889	34,889	
21 Transfers Out - Equipment/Capital Res.	139,400	135,000	135,000	0	100%
22 Subtotal Other Expenditures	456,762	450,829	485,717	34,888	108%
23 Total Expenditures	1,042,615	1,183,111	1,154,955	(28,156)	97.6%
24 3 Month Operating Cash Balance	148,961	183,071	167,310	(15,761)	91.4%
25 Unreserved Cash and Investments	348,182	118,839	462,960	344,121	390%
26 Total Ending Cash and Investments	497,143	301,910	630,270	328,361	208.8%
27 Total Water Fund Uses	1,539,758	1,485,021	1,785,225	300,205	120.2%

2019 Sewer Fund 4th Quarter Finance Report



	2018 Actual	2019 Budget	2019 thru December	Budget Balance	% Received or Spent
1 REVENUE					
2 Sewer User Charges-K.C Metro	642,510	650,000	646,743	(3,257)	99.5%
3 Sewer User Charges-City	239,976	249,000	282,924	33,924	113.6%
4 Miscellaneous Revenue	38,289	43,500	48,790	5,290	112.2%
5 Total Operating Revenue	920,775	942,500	978,457	35,957	103.8%
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	1,072,500	1,108,457	35,957	103.4%
9 Beginning Cash and Investments	107,137	119,776	195,665	75,889	163.4%
10 Total Sewer Fund Sources	1,157,912	1,192,276	1,304,122	111,846	109.4%
11 EXPENDITURES					
12 Total Salaries and Benefits	232,154	269,505	236,495	(33,010)	87.8%
13 Total Supplies	7,390	8,518	5,854	(2,664)	68.7%
14 Total Services and Charges	139,366	168,573	138,933	(29,640)	82.4%
15 King County Metro Sewer Charges	570,438	657,000	636,841	(20,159)	96.9%
16 Total Operating Expenditures	949,348	1,103,596	1,018,123	(85,473)	92.3%
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	1,113,596	1,028,123	(85,473)	92.3%
20 3 Months Operating Cash Balance	94,728	111,649	111,649	0	100.0%
21 Unreserved Cash and Investments	100,936	(32,969)	164,350	197,319	-498.5%
22 Total Ending Cash & Investments	195,664	78,680	275,999	197,319	350.8%
23 Total Sewer Fund Uses	1,157,912	1,192,276	1,304,122	111,846	109.4%

2019 Stormwater Fund 4th Quarter Finance Report



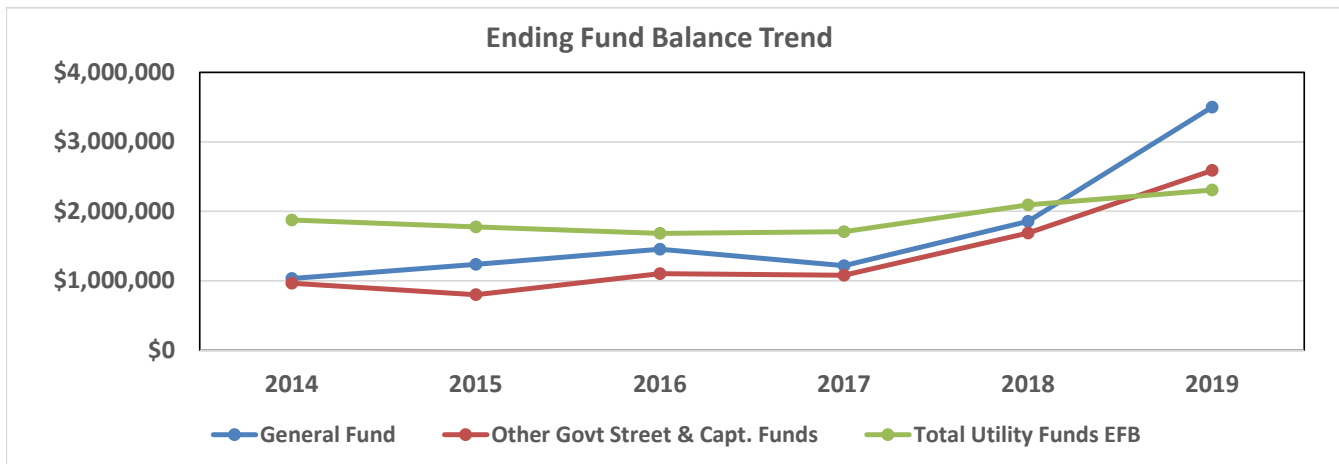
	2018 Actual	2019 Budget	2019 thru December	Budget Balance	% Received or Spent
1 REVENUE					
2 Stormwater Charges	366,092	370,000	487,638	117,638	131.8%
3 Stormwater Inspection and Review Fees	24,778	30,800	18,386	(12,414)	59.7%
4 DOE Grant	25,098	25,000	24,902	(98)	0%
5 Total Operating Revenue	415,968	425,800	530,926	105,126	124.7%
6 Interest and Refunds	2,041	2,400	3,588	1,188	150%
7 Total Other Revenue	2,041	2,400	3,588	1,188	149.5%
8 Total Revenue	418,009	428,200	534,514	106,314	124.8%
9 Beginning Cash and Investments	103,277	86,864	101,196	14,332	116.5%
10 Total Stormwater Fund Sources	521,286	515,064	635,710	120,646	123.4%
11 EXPENDITURES					
12 Total Salaries and Benefits	230,418	273,678	244,574	(29,104)	89.4%
13 Total Supplies	6,983	8,560	6,200	(2,360)	72.4%
14 Total Services and Charges	163,189	183,146	162,515	(20,631)	88.7%
15 Total Operating Expenditures	400,590	465,384	413,289	(52,095)	88.8%
16 Transfer - Capital Equipment Reserve	11,500	10,000		(10,000)	
17 Total Other Expenditures	11,500	10,000	-	(10,000)	
18 Total Expenditures	412,090	475,384	413,289	(62,095)	86.9%
19 3 Month Operating Cash Balance	100,148	116,346	103,322	(13,024)	88.8%
20 Unreserved Cash and Investments	9,048	(76,666)	119,099	195,765	-155.3%
21 Total Ending Cash and Investments	109,196	39,680	222,421	182,741	560.5%
22 Total Stormwater Fund Uses	521,286	515,064	635,710	120,646	123.4%

City of Black Diamond Cash & Investment Balance Report 4th Qtr 2019

GOVERNMENTAL FUNDS	2014	2015	2016	2017	2018	4th Q 2019
General Fund Ending Fund Balance	1,032,628	1,238,076	1,455,070	1,217,657	1,857,462	3,501,460
Gen Govt Capital Funds						
Street Fund	153,589	118,374	129,840	134,234	114,449	76,743
Fire Impact Fees	13,616	48,570	183,127	205,493	497,099	936,627
Transportations Benefit District -Fund			3,666	9,398	2,155	22,429
Traffic Mitigation Fees			74,307	84,305	133,404	136,539
REET I & Gen Govt Capital Projects	387,708	267,199	311,926	342,622	483,547	699,890
REET II & PW-Streets	296,233	292,776	306,019	230,861	362,624	599,844
Police & Fire Equipment Replacement	112,258	72,604	92,211	73,315	95,073	116,316
Other Govt Street & Capt. Funds C&I	963,404	799,523	1,101,096	1,080,228	1,688,351	2,588,388
Total Government Ending C&I	1,996,032	2,037,599	2,556,166	2,297,885	3,545,813	6,089,848
UTILITY FUNDS						
Water Operating	160,302	222,708	330,194	429,813	497,143	630,271
Water/WSFFA	157,283	75,679	116,541	187,914	272,486	251,484
Water Reserve & Capital	331,666	274,195	199,219	209,311	413,930	455,748
Sewer Operating	141,294	131,720	145,261	107,138	195,665	275,999
Sewer Reserve & Capital	791,639	701,374	614,372	354,228	302,528	235,149
Stormwater Operating	81,657	102,303	99,074	103,277	101,196	222,421
Stormwater Reserves & Capital	29,369	59,189	(26,874)	56,158	40,054	43,543
PW Equipment Replacement	183,501	208,403	204,319	258,647	269,476	191,231
Total Utility Funds Ending C&I	1,876,711	1,775,571	1,682,106	1,706,486	2,092,478	2,305,846
Trust Funds-due to others*	38,841	177,886	190,554	183,825	204,177	1,441
Total Ending-Cash & Inv.**	3,911,584	3,991,056	4,428,826	4,188,196	5,842,468	8,397,135

*2014/2015 is due to change in insurance from CIAW to AWC Jan billing dates & 2019 due to State accounting change

** High 2016 due to Grade School Permit coll w/lag Insp. 2017 low-Lawsuit cost. 18-19 due to Permit fee coll/Sales Tax



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	6,089,848
Accounts Receivable (2019 excluded Permit-Trax)			254,387	248,702	248,702	220,900
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	\$19,737,795
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	\$18,226,604