

City of Kent, WA

Q4 2015 Financial Status Report

City Council Workshop

April 19, 2016

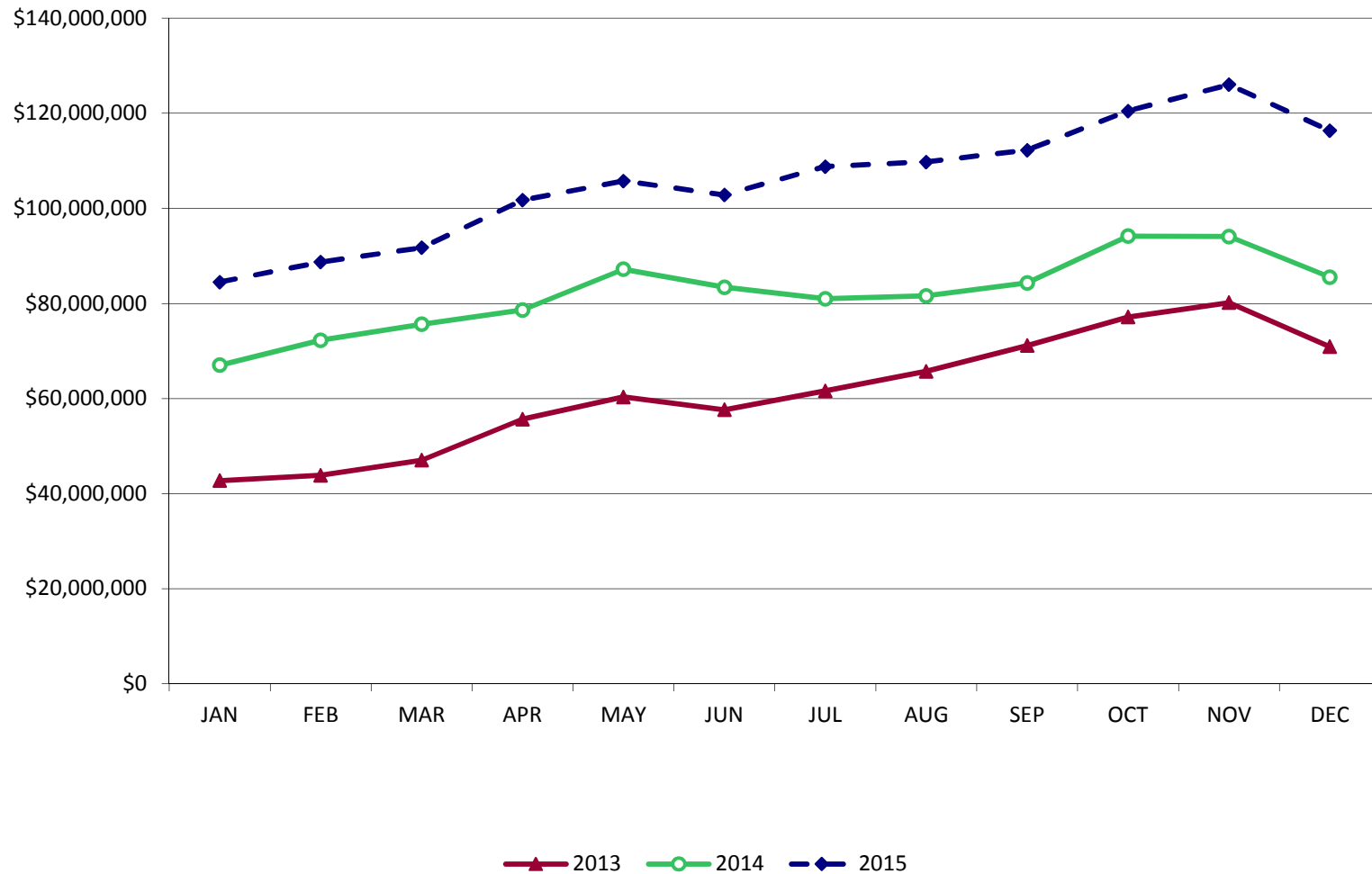
SPECIAL RECOGNITION TO:

Barbara Lopez, Deputy Finance Director

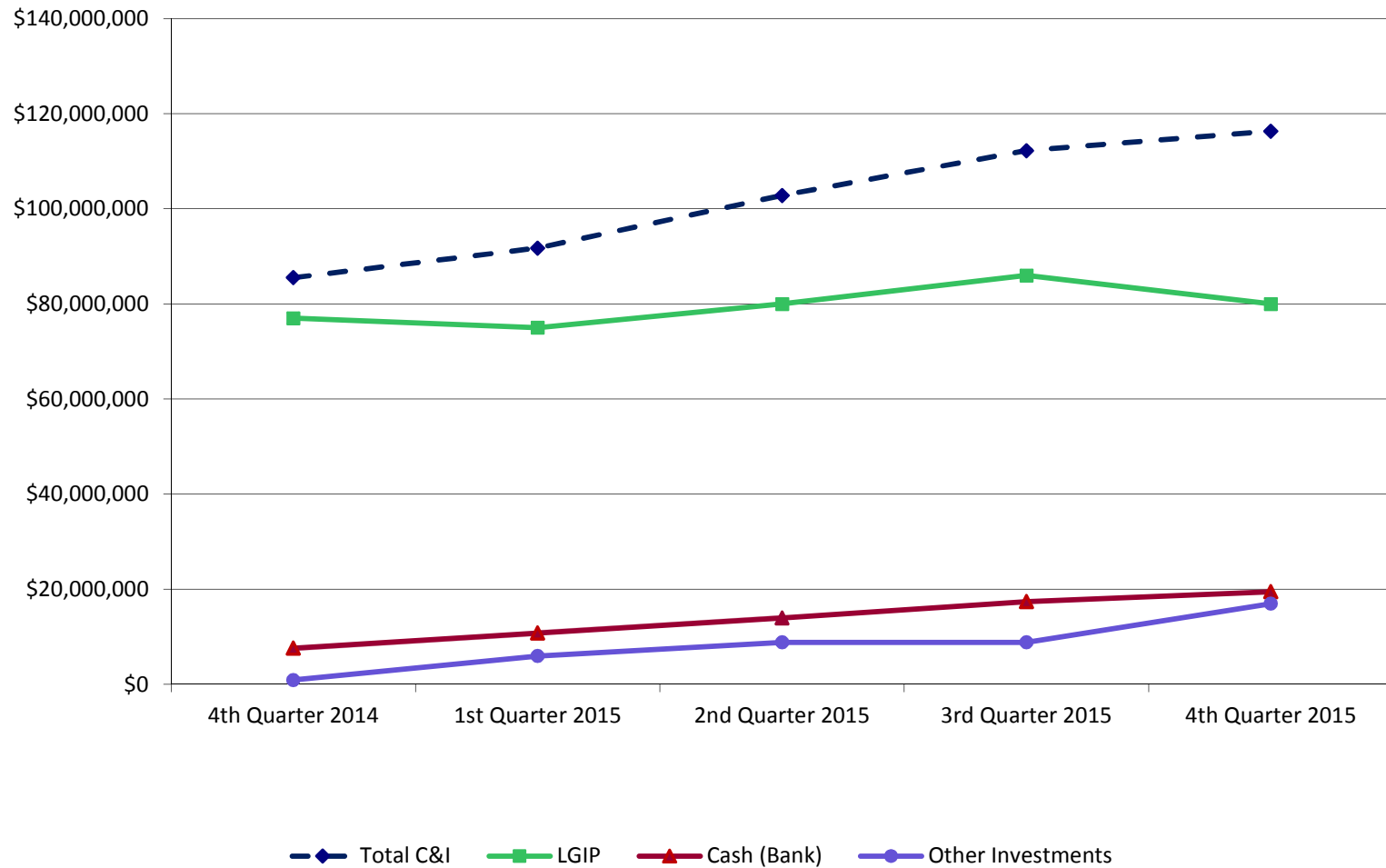
Kathleen Etheredge, Senior Financial Analyst

Michelle Ferguson, Senior Financial Analyst

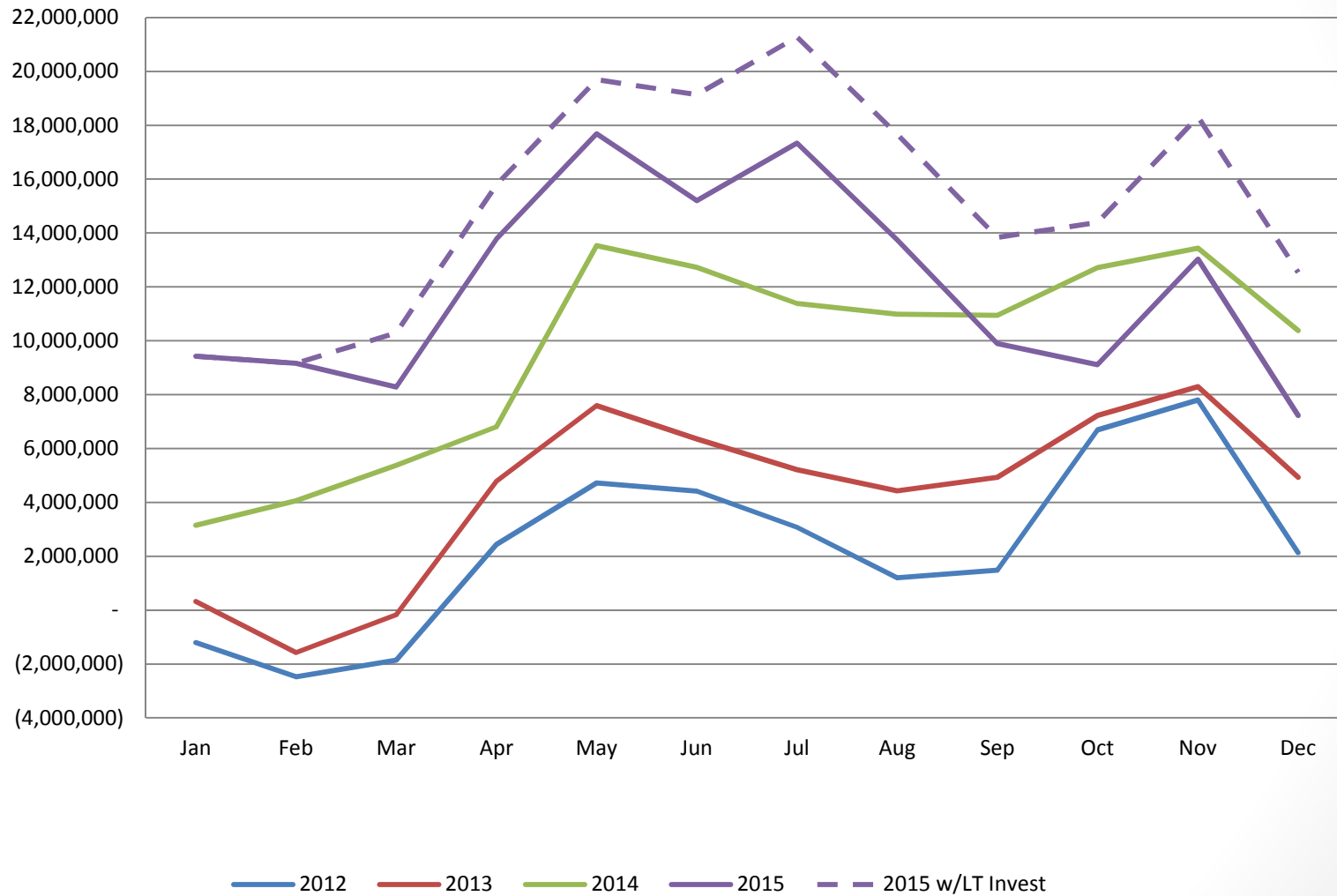
Cash and Investments by Month (City-wide)



Cash and Investments by Type (City-wide)



General Fund Cash Flow



Investment Portfolio

Purchase Date	Investment Description	Yield	Maturity	Market Value 12/31/2015	Investment Total
12/31/2015	State Treasury Investment Pool	0.253%	Overnight	80,017,206	80,017,206
05/01/2015	CD US Bank	0.010%	04/29/2016	254,874	254,874
06/12/1990	GNMA	8.890%	11/15/2016	186	186
06/19/2015	FICO Strip	1.000%	11/30/2017	2,885,360	2,990,325
03/31/2015	FICO Strip	1.019%	02/08/2018	1,041,883	1,047,481
03/31/2015	FICO Strip	1.149%	05/11/2018	3,006,807	3,022,635
10/09/2015	FICO Strip	1.433%	09/26/2019	3,916,946	4,009,537
03/31/2015	Federal Home Loan Mortgage Corp	1.661%	11/21/2019	1,001,339	998,160
04/10/1987	Federal Home Loan Mortgage Corp	8.508%	11/29/2019	920,037	724,508
10/19/2015	Federal Home Loan Bank	1.530%	10/19/2020	<u>3,945,316</u>	<u>4,012,806</u>
				96,989,955	96,987,718

Average Rate of Return: 1.600%
Average Days to Maturity: 981 Days
Average Years to Maturity: 2.69 Years

Total Investments by Fund

General Fund	5,304,752
Street Fund	352,707
PS Retiree Healthcare Fund	98,986
Capital Resources Fund	551,795
Criminal Justice Fund	160,032
Street Capital Fund	666,767
Water Fund	3,084,345
Sewerage Fund	1,622,713
Fleet Services Fund	584,567
Facilities Fund	518,983
Unemployment Fund	143,084
Workers Comp Fund	624,041
Medical Insurance Fund	1,519,579
Firemen's Relief and Pension Fund	<u>1,738,163</u>
Subtotal:	16,970,512
LGIP (Pooled)	<u>80,017,206</u>
Total Investments:	96,987,718

Investment Earnings

	Investment				Interest				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2015 Interest
Gov't Agency	-	5,000,000	8,000,000	16,000,000	-	15,375	22,800	64,000	102,175
LGIP	75,000,000	80,000,000	86,000,000	80,000,000	<u>28,125</u>	<u>32,000</u>	<u>34,400</u>	<u>42,000</u>	<u>136,525</u>
					28,125	47,375	57,200	106,000	238,700

If only invested in the LGIP	Investment				Interest				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2015 Interest
LGIP	75,000,000	85,000,000	94,000,000	96,000,000	<u>28,125</u>	<u>34,000</u>	<u>37,600</u>	<u>50,400</u>	<u>150,125</u>
					28,125	34,000	37,600	50,400	150,125

	Interest				
	Q1	Q2	Q3	Q4	2015 Interest
LGIP + Gov't Agency Quarterly Earnings	28,125	47,375	57,200	106,000	238,700
LGIP Only Quarterly Earnings	<u>28,125</u>	<u>34,000</u>	<u>37,600</u>	<u>50,400</u>	<u>150,125</u>
Additional Quarterly Earnings	0	13,375	19,600	55,600	88,575

Other Capital Projects Fund

- Beginning 2013 the City Council implemented an additional 2% internal utility tax (approximately \$1.2 million annually) designated to pay down the deficit balance.
- As of December 31, 2014, the deficit balance was \$7,358,530 and as of December 31, 2015 the deficit was \$6,194,830 (preliminary).
- The Other Capital Projects Fund did not show a negative fund balance in previous years.

Capital Resources Fund – General Capital Only

	2013	2014	2015	2015	2016
	Actual	Actual	Budget	Actual	Budget
Total Beginning Fund Balance - General Capital	(11,374,869)	(8,560,691)	(3,627,357)	(3,627,357)	3,451,128
Revenues & Other Sources					
Sales Tax - 30% of total city share; no SST	4,841,673	5,323,729	5,347,900	5,620,414	5,124,520
Utility Tax (sunsets in 2020; offset by debt reduction)	1,178,131	1,243,121	1,207,485	1,301,516	1,225,500
Real Estate Excise Tax - general capital uses	1,875,994	1,571,270	1,505,000	2,640,334	1,505,000
Real Estate Excise Tax - State	85,959	42,056	0	577,011	0
Miscellaneous Revenues	1,060	1,590	1,105	10,240	1,110
B&O w/o \$4.7M cap	175,212	1,279,740	1,100,000	2,598,146	1,055,340
Transfer In - 4% Utility Tax (IT, Street projects)	2,356,262	2,486,242	2,414,971	2,603,795	2,472,620
Transfer In - Other	0	249,634	1,617,740	1,617,740	1,000,000
Transfer In - Facilities	4,957	0	0	0	0
Sale of Property	1,827,862	2,314,228	0	14,832	0
Total Revenues & Other Sources	12,347,111	14,511,611	13,194,201	16,984,027	12,384,090
Expenditures & Transfers					
Debt Service	6,771,786	6,551,570	6,405,667	6,421,321	5,897,510
Intergovernmental Services (PFD Debt)	2,804,475	2,729,824	3,100,000	3,184,222	3,200,000
Parks Projects	0	0	0	0	500,000
Meet Me On Meeker	0	0	0	0	500,000
ShoWare Lifecycle	0	0	300,000	300,000	300,000
IT Capital (2% Utility Tax)	(3,131)	0	0	0	1,000,000
Police Capital	(30,197)	(3,118)	0	0	0
Miscellaneous Capital	(10,000)	300,000	0	0	0
Total Expenditures & Transfers	9,532,933	9,578,276	9,805,667	9,905,543	11,397,510
Change In Fund Balance	2,814,178	4,933,335	3,388,534	7,078,485	986,580
Subtotal General Capital Fund Balance	(8,560,691)	(3,627,357)	(238,823)	3,451,128	4,437,708
General Fund Debt Reduction Transfer					
Ending General Capital Fund Balance	(8,560,691)	(3,627,357)	(238,823)	3,451,128	4,437,708

General Fund – Fund Balance

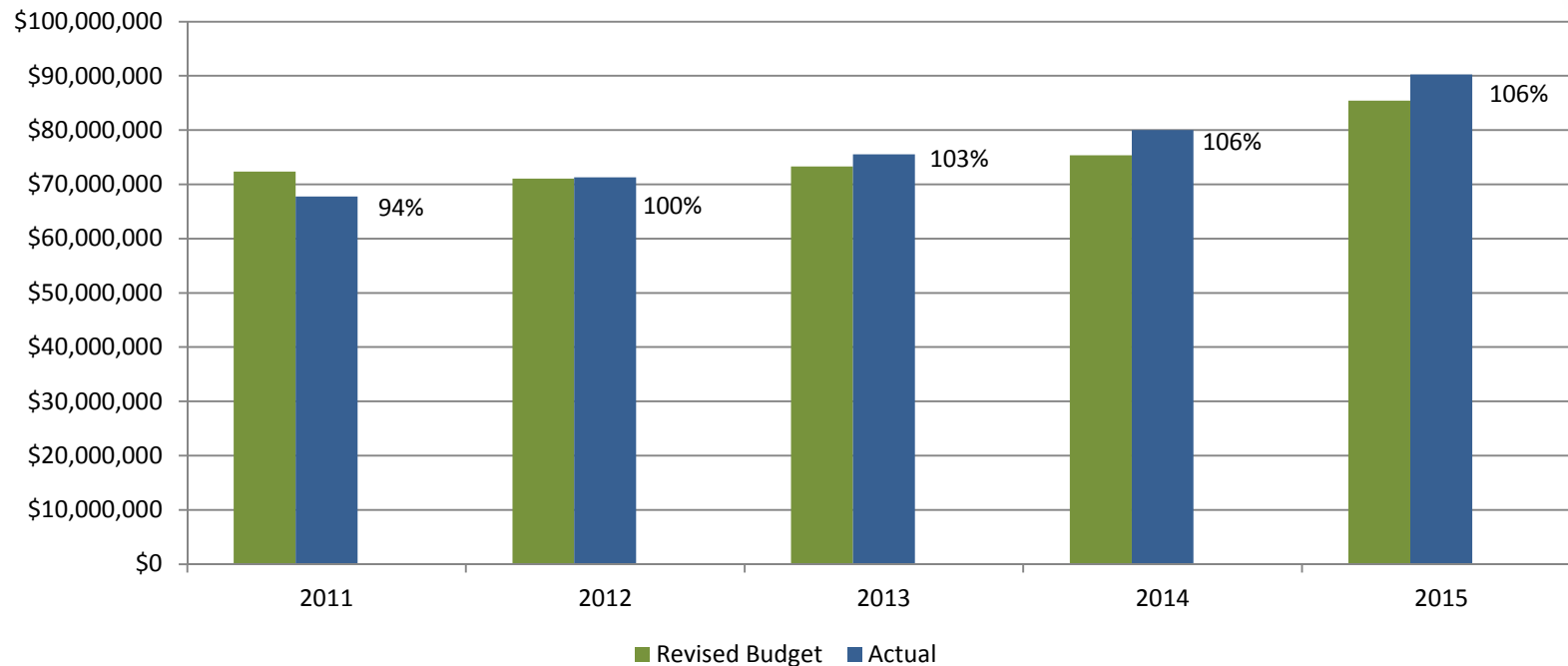
	2015 Budget	2015 Actual	2016 Adopted Budget
Revenues	86,360,018	91,269,469	87,552,060
Expenditures	87,228,127	87,209,110	87,552,060
Net Revenues Less Expenditures	(868,109)	4,060,359	
Beginning Fund Balance	11,312,140	11,312,140	15,372,499
Ending Fund Balance	10,444,031	15,372,499	15,372,499
<u>Ending Fund Balance Detail:</u>			
General Fund Reserves	7,307,931 8.4%	11,749,159 13.4%	
Contingency for Unanticipated Cos	1,500,000	1,500,000	
Strategic Opportunities Fund	425,000	425,000	
Restricted for Annexation	1,211,100	1,698,340	

2015 BUDGETARY STATUS AND COMPARISONS TO PREVIOUS YEARS:

General Fund

2015 Revenue Collections

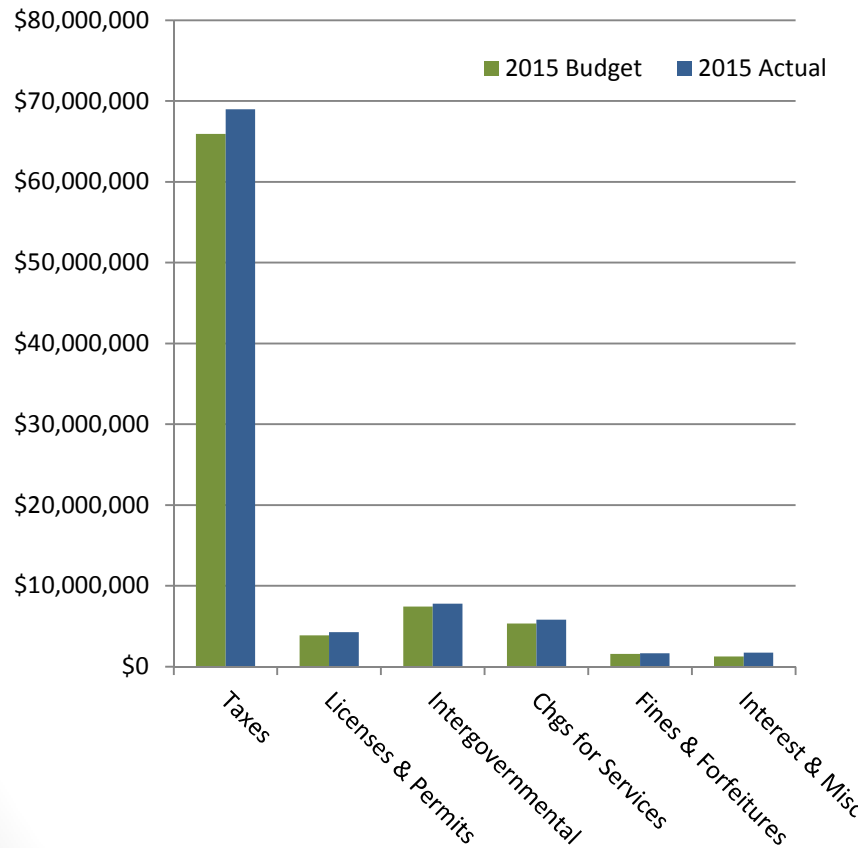
(does not include transfers in from other funds)



	2011	2012	2013	2014	2015
Revised Budget	72,340,244	71,071,857	73,320,522	75,344,496	85,438,899
Actual	67,780,035	71,297,861	75,505,459	79,979,356	90,272,548

General Fund Revenues by Classification

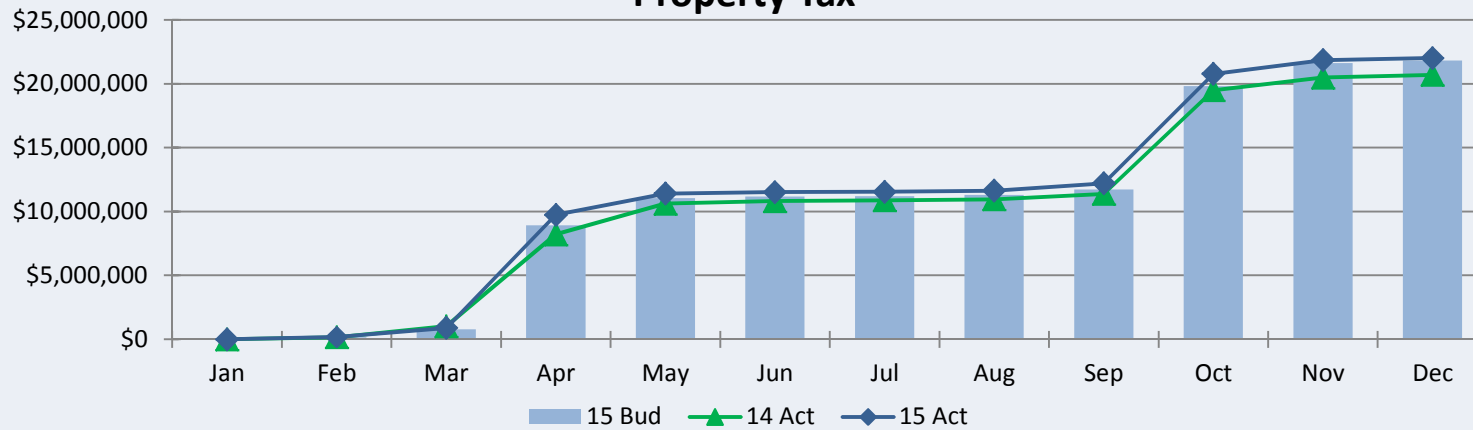
(does not include transfers in from other funds)



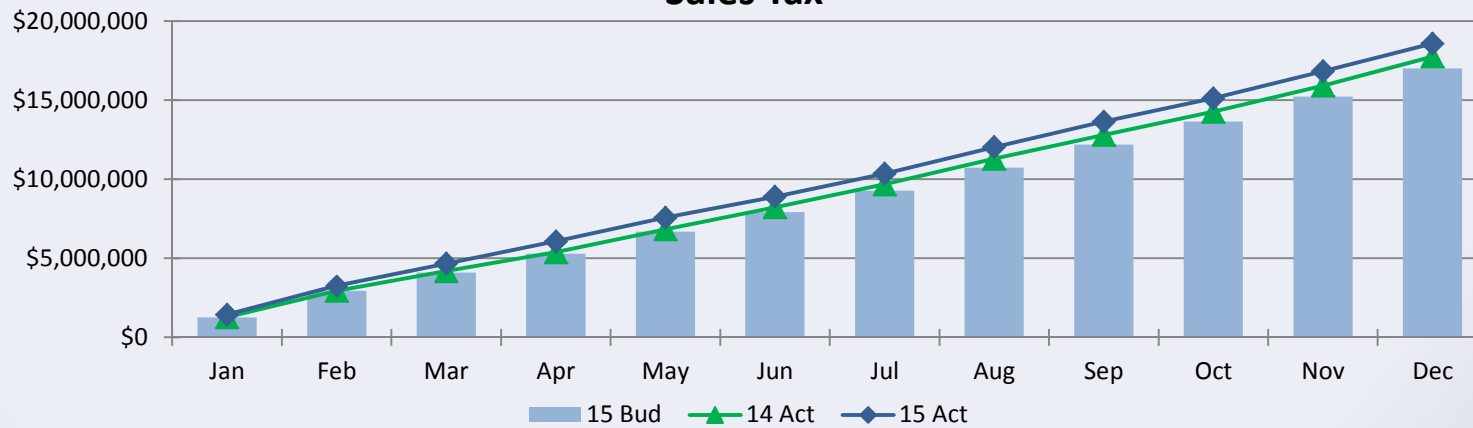
	2015 Budget	2015 Actual	% Rec'd
Taxes	65,918,785	68,986,945	106.4%
License & Permits	3,894,278	4,270,685	109.7%
Intergovernmental	7,431,869	7,783,935	104.7%
Charges for Services	5,342,632	5,814,133	108.8%
Fines & Forfeitures	1,565,961	1,660,366	106.0%
Interest & Misc	1,285,374	1,756,485	136.7%
Total Revenues	85,438,899	90,272,548	106.8%

General Fund Revenues by Tax Type

Property Tax

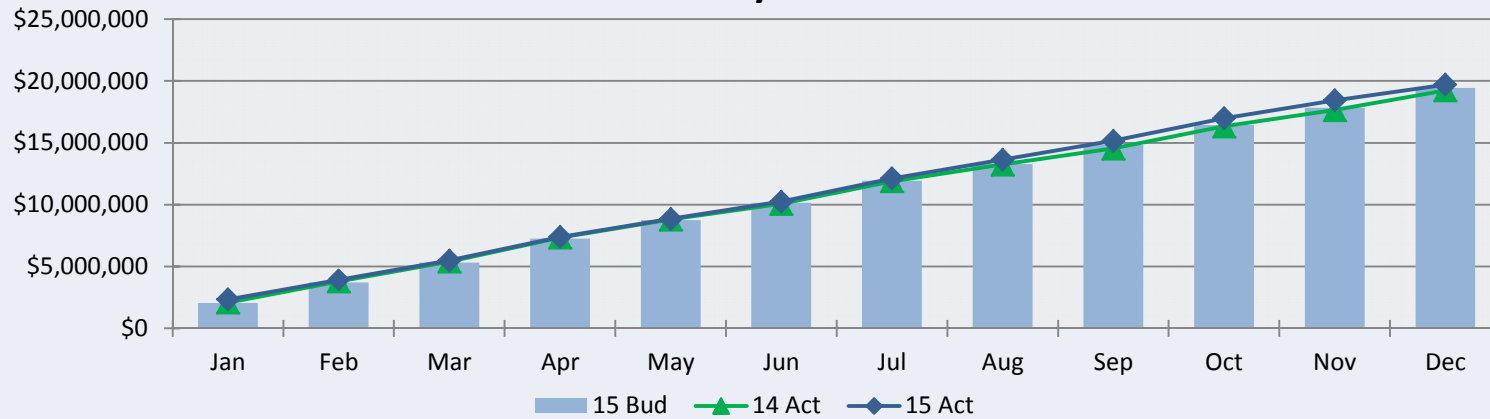


Sales Tax

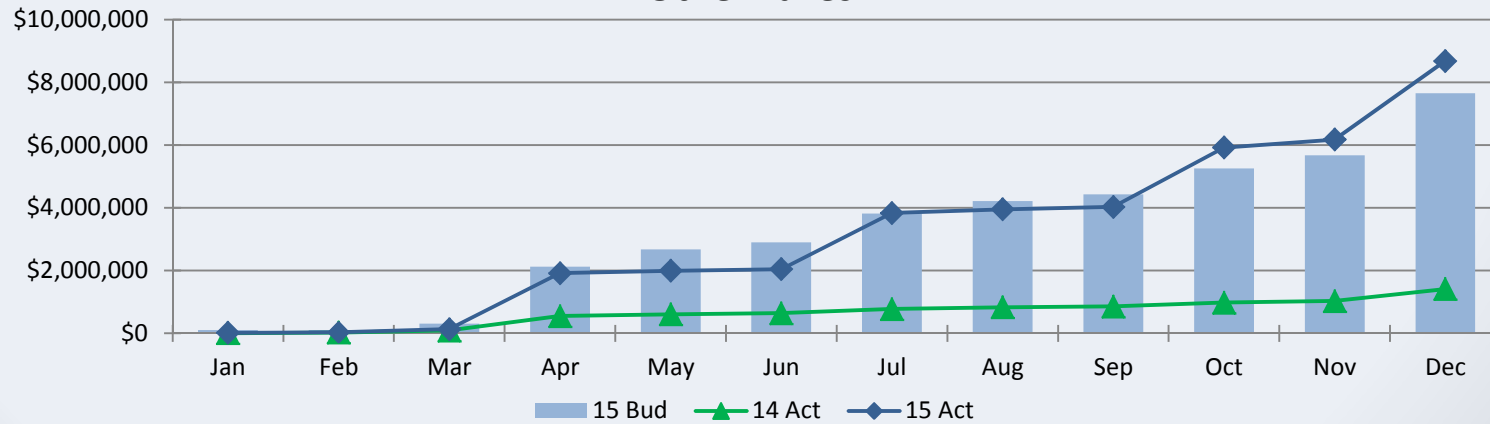


General Fund Revenues by Tax Type

Utility Tax



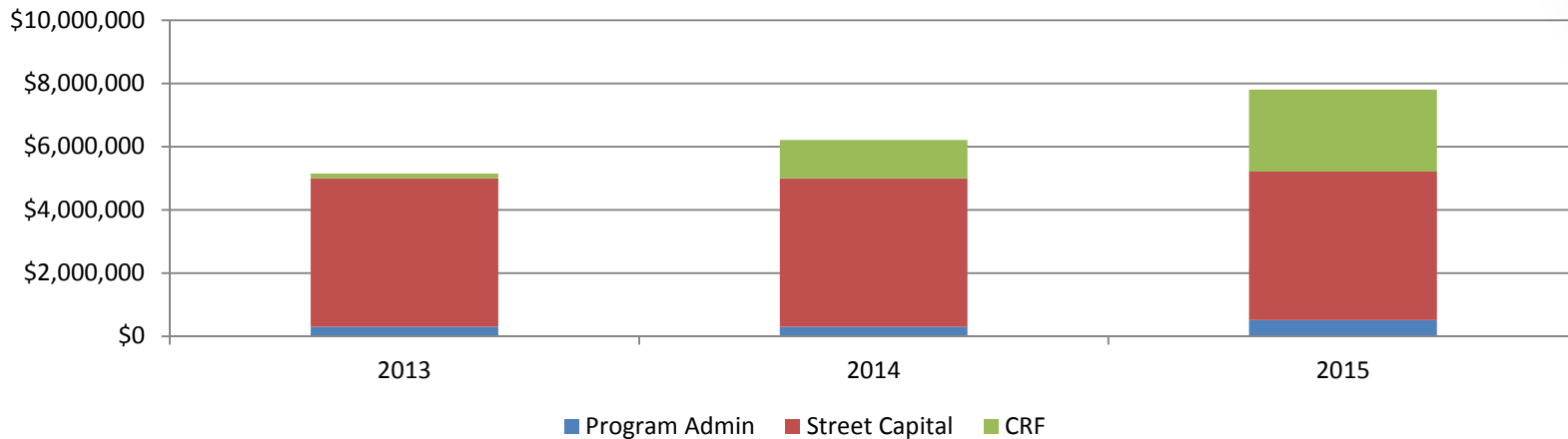
Other Taxes



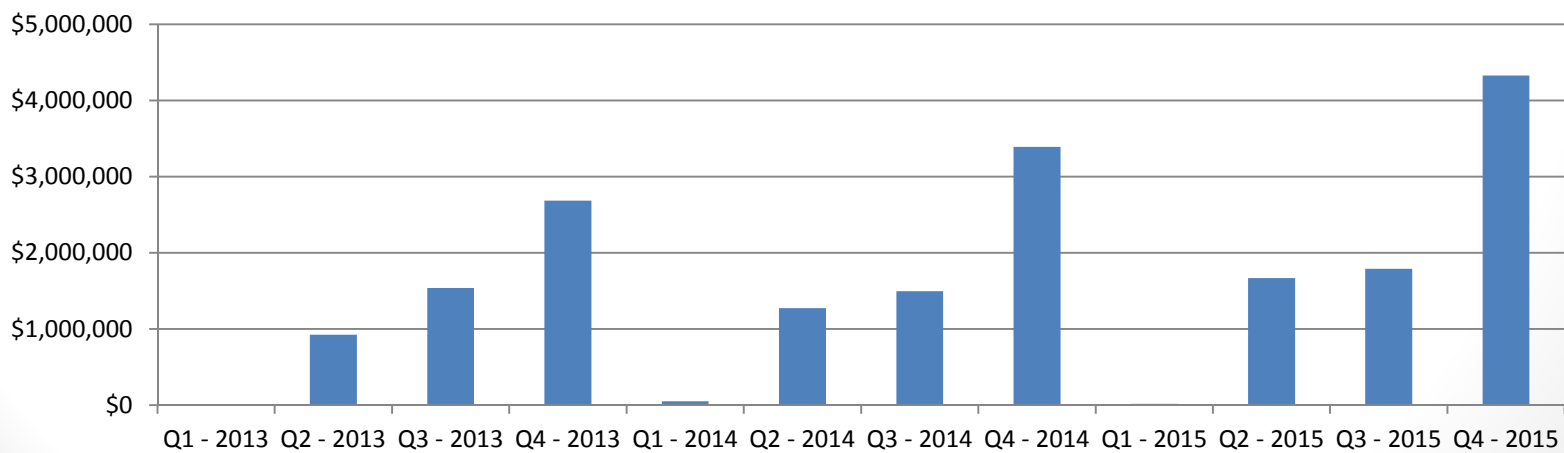
B&O Revenue Collections

(includes related penalties and interest)

Annual Collections by Function



Collections by Quarter



2015 B&O Collection Statistics

Activity	# of Accounts	Past Due Collected	Est Ongoing Annual Collections
Taxpayer Accounts Added	190	\$988k	\$540k
Delinquent Account Collections	120	\$272k	\$50k
Total:	310	\$1.26m	\$590k
Current Activity:			
Audit & Compliance Activity	50	TBD	TBD
New – Commercial Businesses	90	TBD	TBD
New – Homebased Businesses	80	TBD	TBD
New – Outside Contractors	200	TBD	TBD

- 2015 program costs were \$462K, coming in under budget by \$246k.
- Cost savings due to new positions vacant for at least part of the year - similar savings is not expected in 2016.

B&O Comparative Statistics

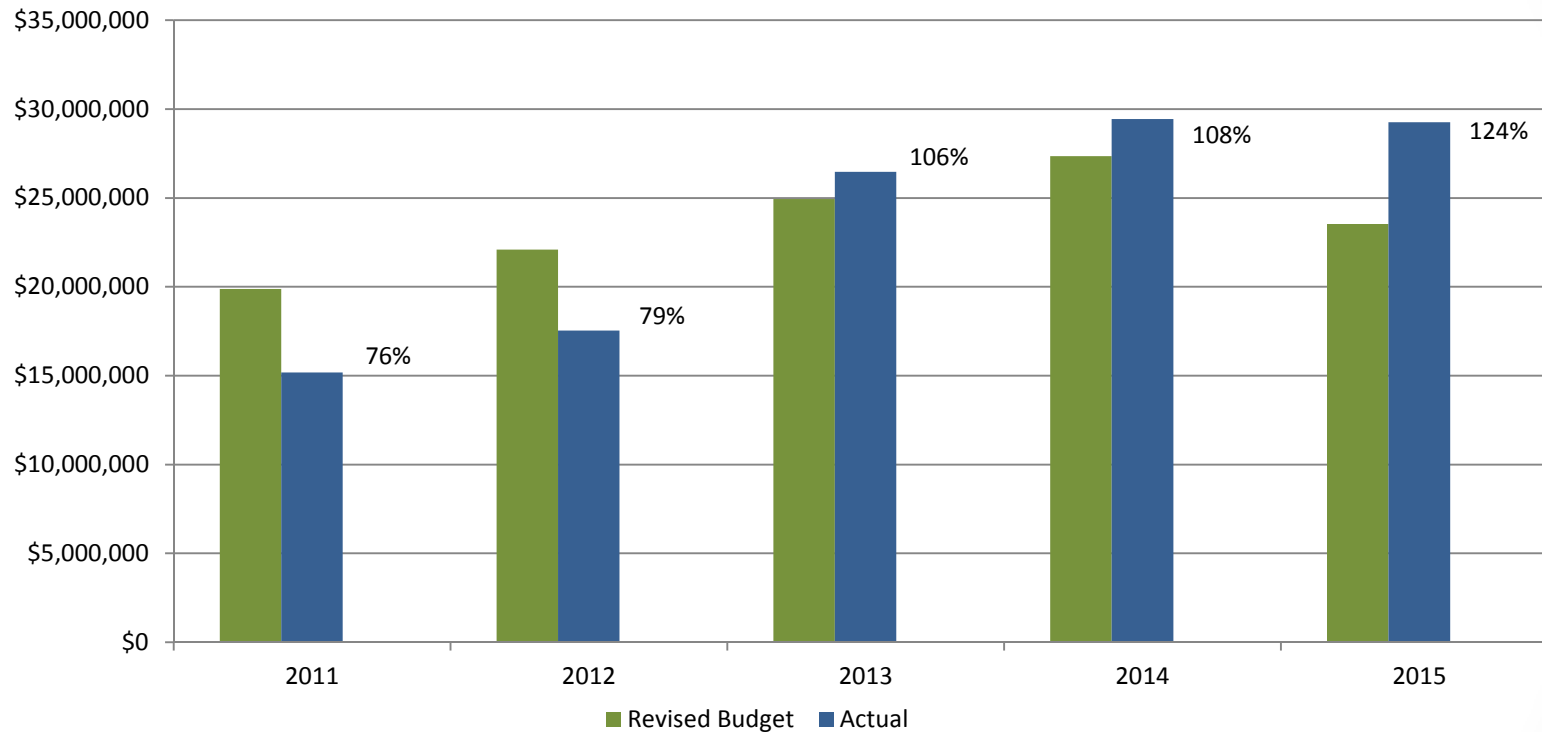
	2013		2014		2015	
Taxpayers ^(A)	2,590		2,480		2,790	
Filed & Paid Tax	1,660	64%	1,460	59%	1,630	58%
Filed & Did Not Owe/Pay Tax	930	36%	1,020	41%	1,080	39%
Revenue ^(B)	\$5.2m		\$6.3m		\$7.8m	
Taxpayers Contributing 90%	500	19%	405	16%	540	20%
Taxpayers Contributing 75%	240	9%	205	8%	250	9%
Taxpayers Contributing 50%	80	3%	70	3%	80	3%
Revenue Distribution						
Program Admin Costs	\$300k		\$304k		\$462k	
Trf to Street Capital Projects	\$4.7m		\$4.7m		\$4.7m	
Trf to Capital Resources Fund	\$175k		\$1.3m		\$2.6m	

(A) 2013-14 reduction in taxpayers largely due to consolidating accounts for taxpayers having multiple locations.

(B) Revenue includes related penalties and interest.

Special Revenue Funds 2015 Revenue Collections

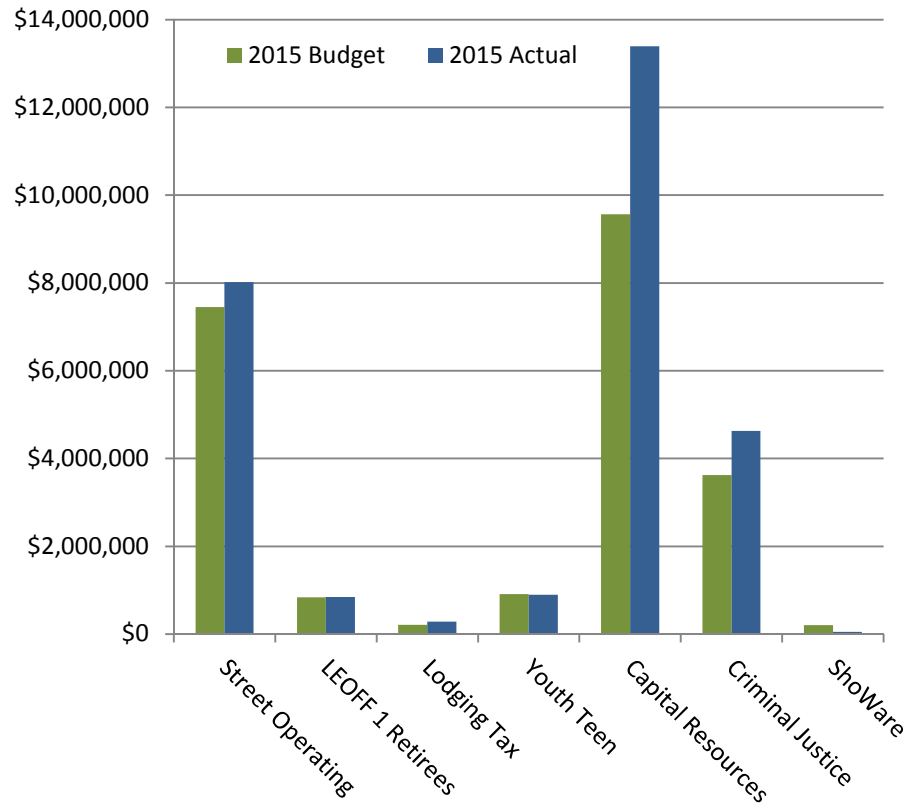
(does not include capital and transfers in from other funds)



	2011	2012	2013	2014	2015
Revised Budget	19,882,799	22,092,904	24,946,909	27,362,116	23,536,514
Actual	15,187,481	17,538,048	26,478,849	29,449,011	29,269,404

Special Revenue Collections by Fund

(does not include transfers in from other funds)



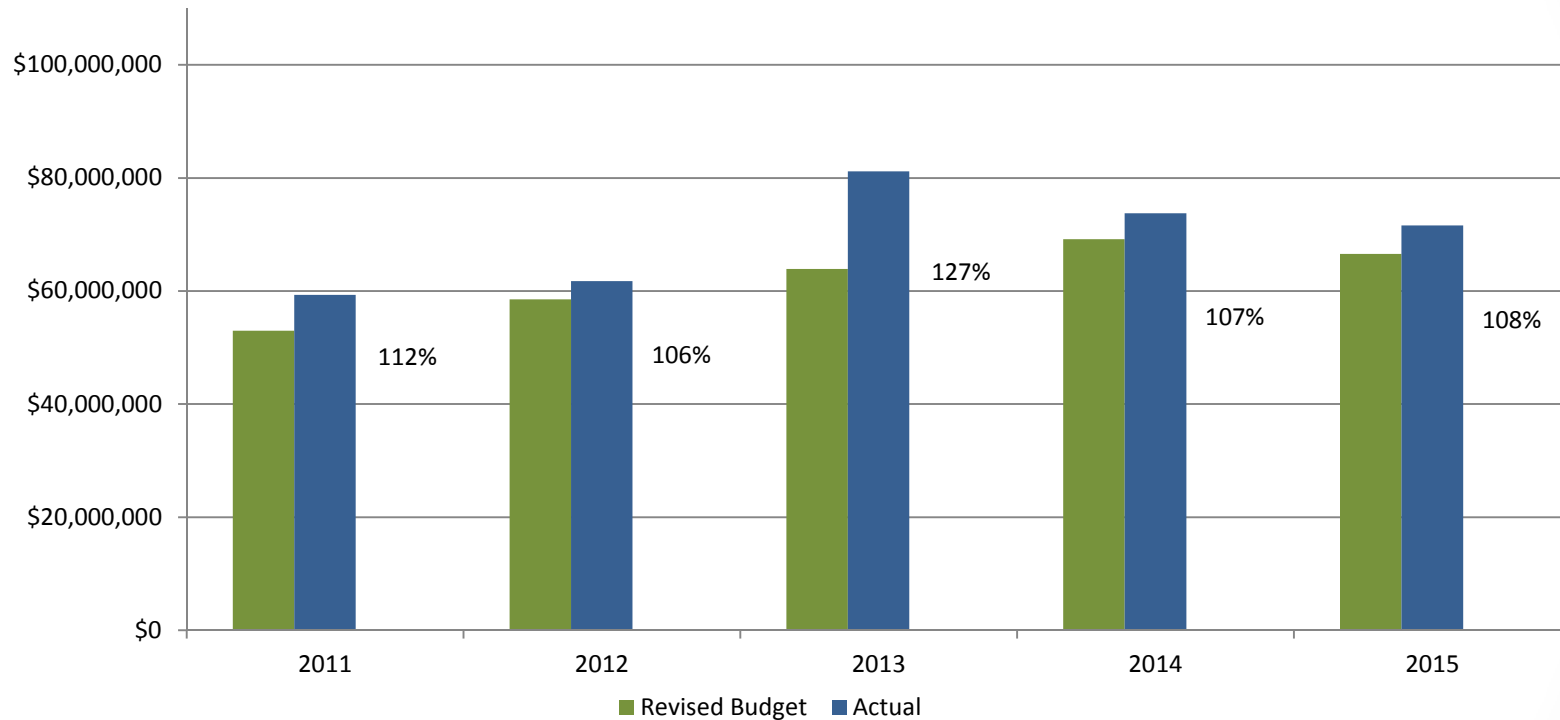
	2015 Budget	2015 Actual	% Rec'd
Street Operating	8,197,034	9,184,362	112.0%
LEOFF 1 Retirees	835,460	841,722	100.7%
Lodging Tax	208,145	279,878	134.5%
Youth Teen	907,028	894,592	98.6%
Capital Resources	9,566,520	13,389,860	140.0%
Criminal Justice	3,622,327	4,632,467	127.9%
Showare Oper	200,000	46,524	23.3%
Total Revenues	23,536,514	29,269,404	124.4%

*ShoWare revenue does not include the transfer in from the General Fund for admissions tax and operating contribution.

Enterprise Funds

2015 Revenue Collections

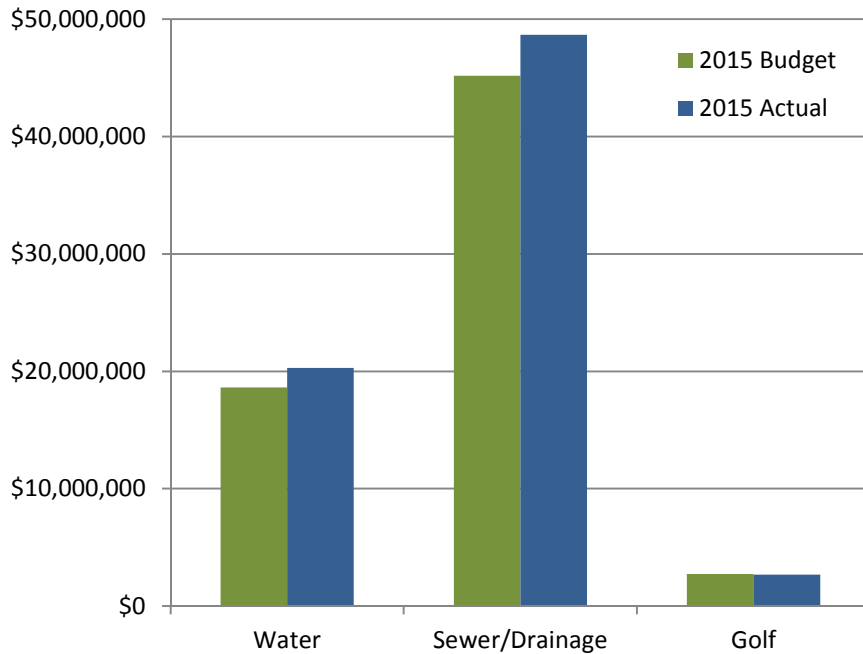
(does not include capital and transfers in from other funds)



	2011	2012	2013	2014	2015
Revised Budget	52,966,626	58,522,761	63,872,774	69,141,495	66,529,751
Actual	59,332,989	61,674,867	81,188,720	73,735,336	71,616,843

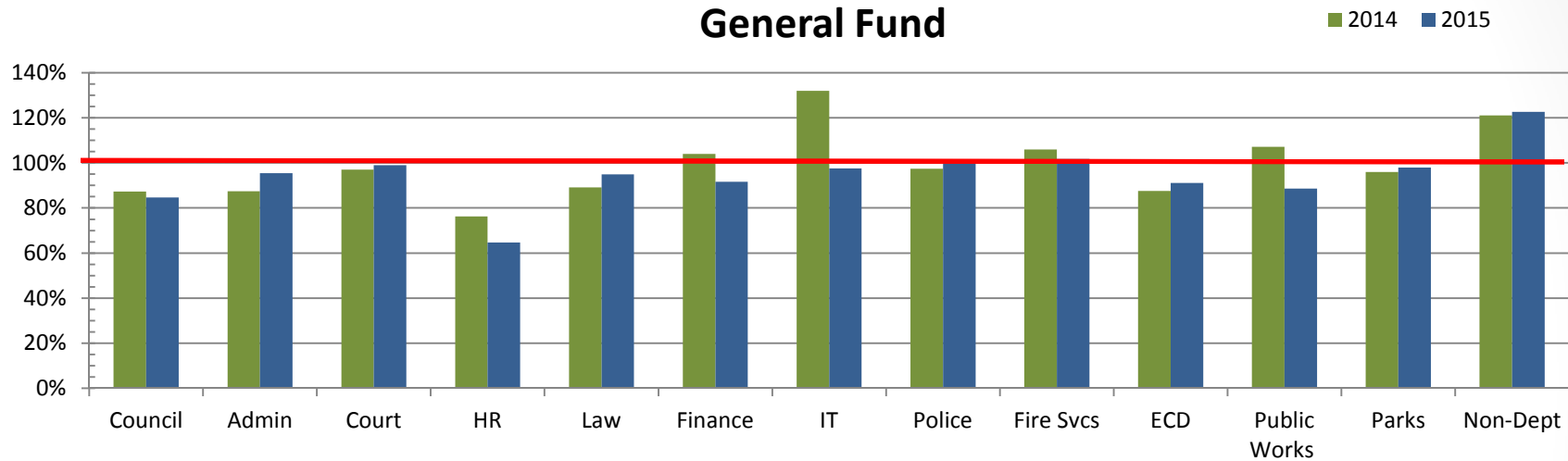
Enterprise Fund Collections by Fund

(does not include transfers in from other funds)



	2015 Budget	2015 Actual	% Rec'd
Water	18,629,155	20,291,068	108.9%
Sewer/Drainage	45,175,310	48,664,284	107.7%
Golf	2,725,286	2,661,490	97.7%
Total Revenues	66,529,751	71,616,843	107.6%

General Fund Spending Compared to Budget

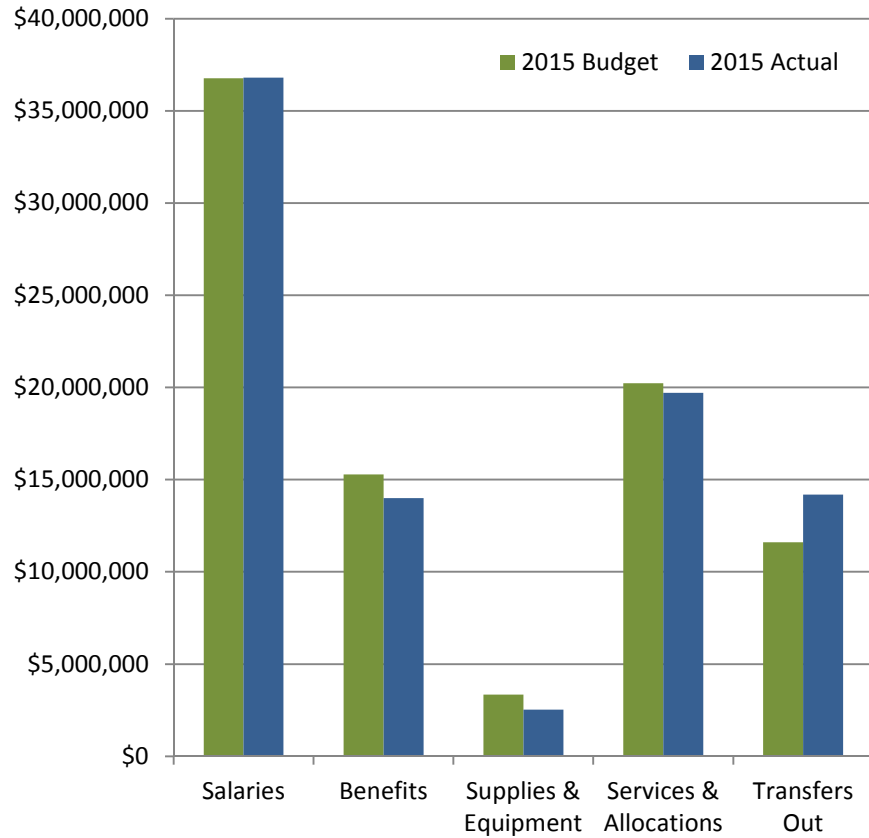


2015 Budget versus Actual

	Council	Admin	Court	HR	Law	Finance	IT
Budget	353,001	2,318,617	3,020,623	1,606,838	1,262,302	2,638,487	467,705
Actual	298,884	2,211,861	2,988,951	1,039,875	1,198,769	2,419,039	456,328

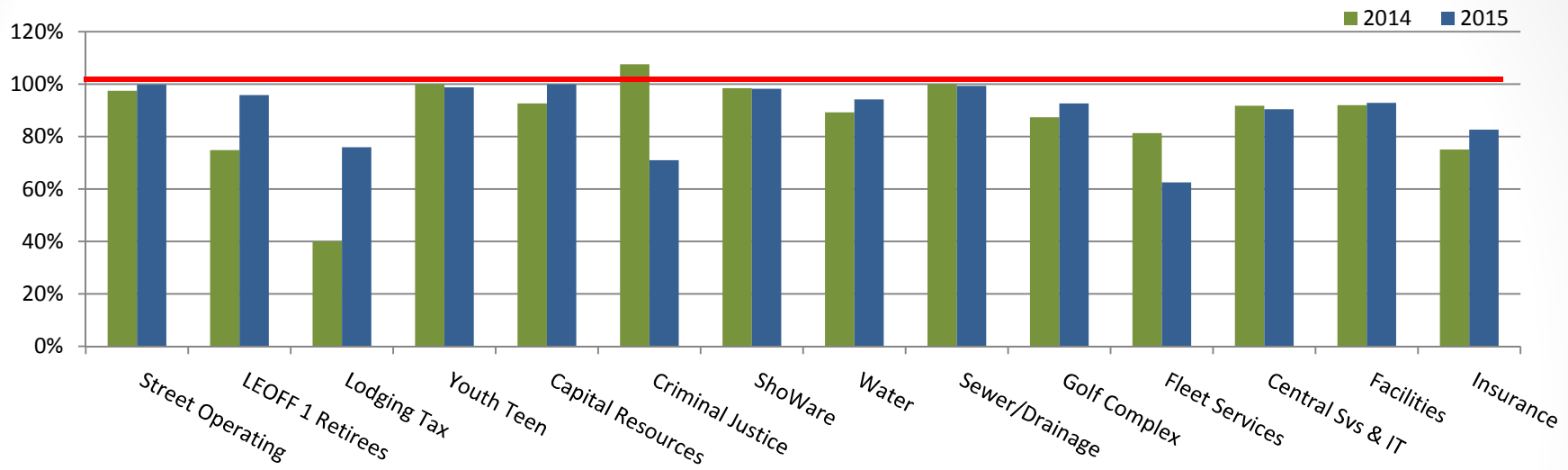
	Police	Fire Svcs	ECD	PW	Parks	Non-Dept
Budget	33,104,095	3,454,298	5,872,056	5,526,170	16,224,254	11,379,681
Actual	32,991,687	3,513,988	5,345,212	4,896,300	15,897,126	13,950,543

General Fund Spending by Classification



	2015 Budget	2015 Actual	% Spent
Salaries	36,759,495	36,807,087	100.1%
Benefits	15,283,321	13,993,120	91.6%
Supplies	3,348,856	2,524,862	75.4%
Services & Alloc	20,231,769	19,701,488	97.4%
Transfers Out	11,604,686	14,182,553	122.2%
Total Spending	87,228,127	87,209,110	100.0%

All Other Funds Spending Compared to Budget



	Street Operating	LEOFF 1 Retirees	Lodging Tax	Youth Teen	Capital Resources	Criminal Justice	ShoWare
Budget	8,763,696	1,335,460	338,500	932,000	11,144,332	4,174,951	528,003
Actual	8,748,733	1,279,216	257,164	920,380	11,135,015	2,965,408	518,716

	Water	Sewer Drainage	Golf Complex	Fleet	Central Svcs & IT	Facilities	Insurance
Budget	22,657,650	49,186,125	3,095,372	5,107,202	7,804,640	5,950,825	16,614,765
Actual	21,337,546	48,838,724	2,867,873	3,194,529	7,059,735	5,527,155	13,736,835

Questions?