

City of Kent, WA
2016 Year-End Financial Report
2017 1st Quarter Financial Report

Council Workshop

May 16, 2017

SPECIAL RECOGNITION TO:

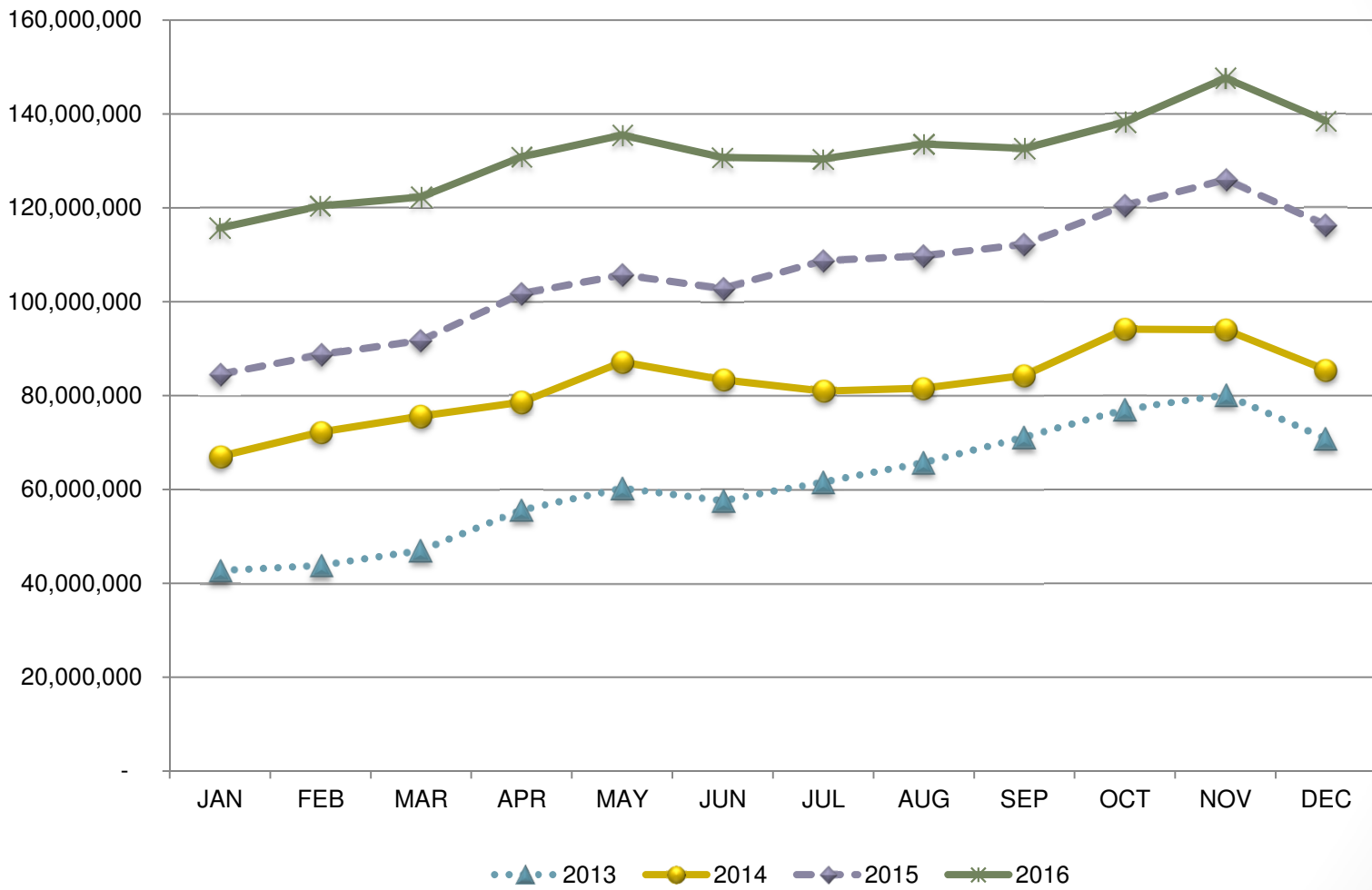
Kathleen Etheredge, Senior Financial Analyst

Michelle Ferguson, Senior Financial Analyst

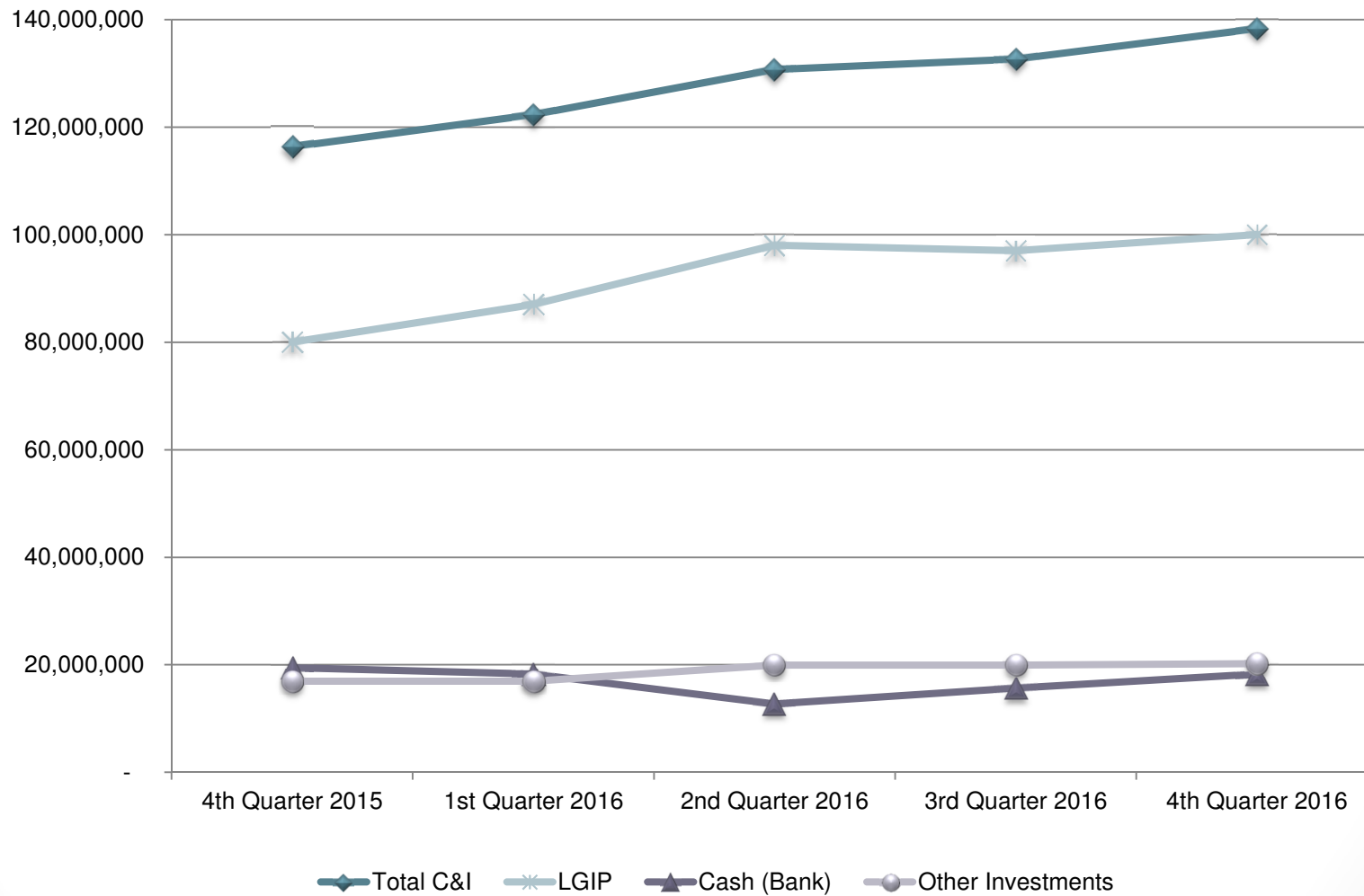
Barbara Lopez, Deputy Finance Director

CASH AND INVESTMENTS:

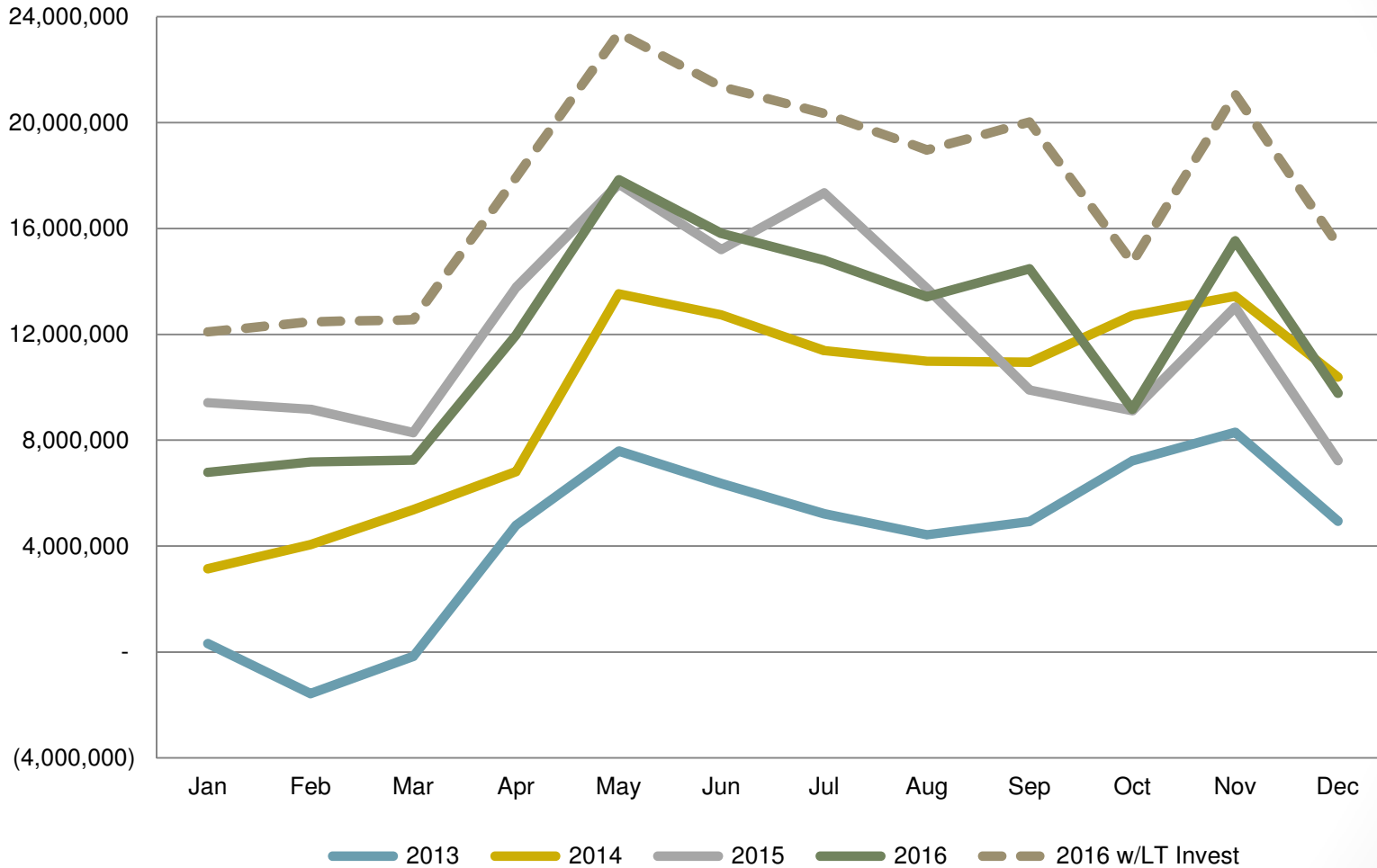
Cash and Investments by Month (City-wide)



Cash and Investments by Type (City-wide)



General Fund Cash Flow

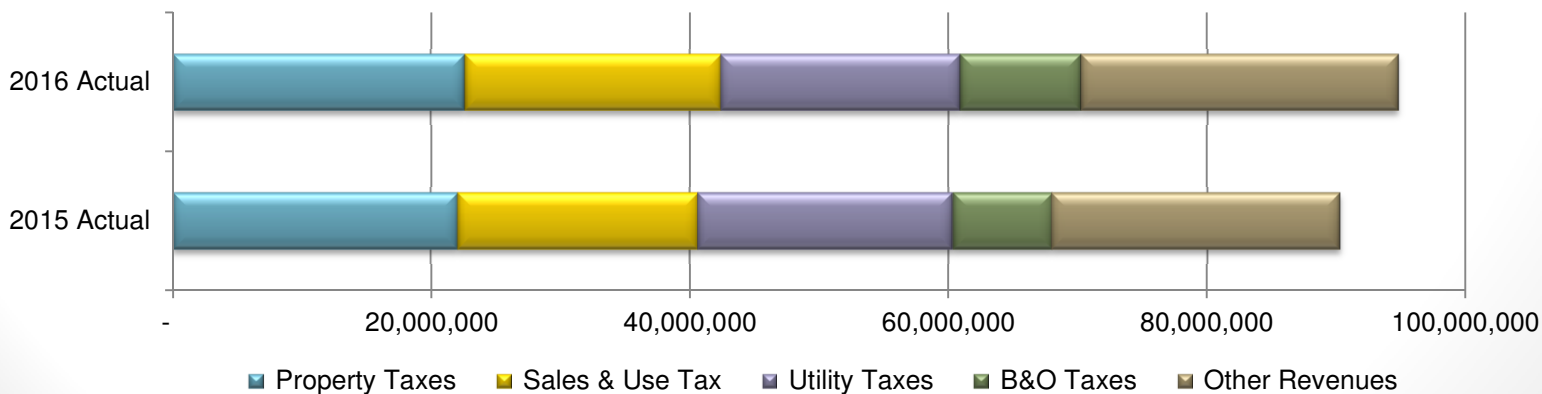


2016 YEAR END FINANCIAL REPORT:

General Fund Revenue Variance

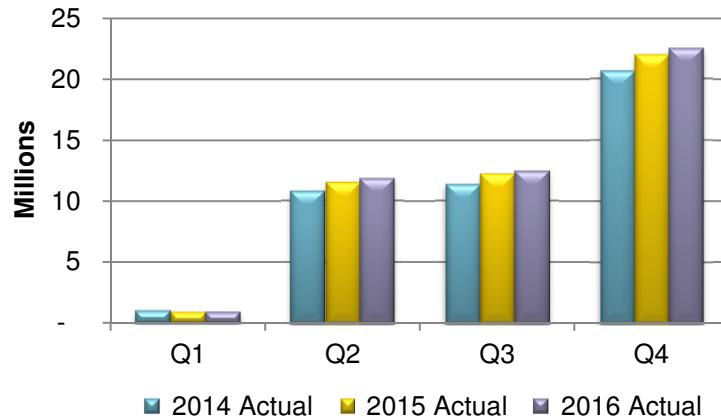
(does not include transfers in from other funds)

	2015 Actual	2016 Budget	2016 Actual	Budget Variance Amount	Budget Variance %
Property Tax	22,015,525	22,210,230	22,534,441	324,211	1.5%
Sales Tax	18,583,057	18,633,990	19,814,047	1,180,057	6.3%
Utility Tax	18,151,853	18,140,150	18,490,458	350,308	1.9%
B&O Tax	7,656,220	9,300,000	9,311,445	11,445	0.1%
Other Revenue	23,865,893	21,277,475	24,520,651	3,243,176	15.2%
Total	90,272,548	89,561,845	94,671,042	5,109,196	5.7%

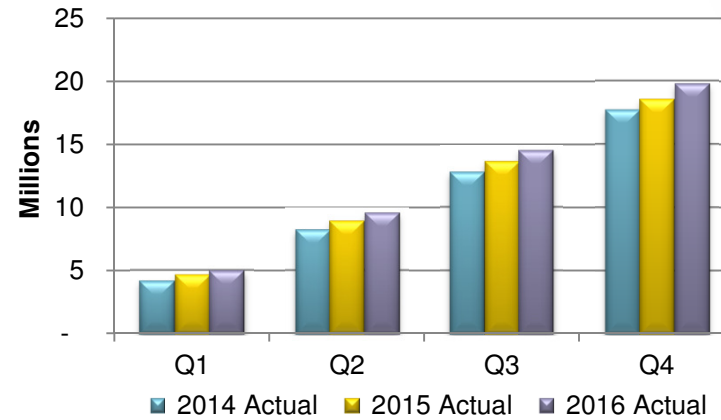


General Fund Revenues by Tax Type

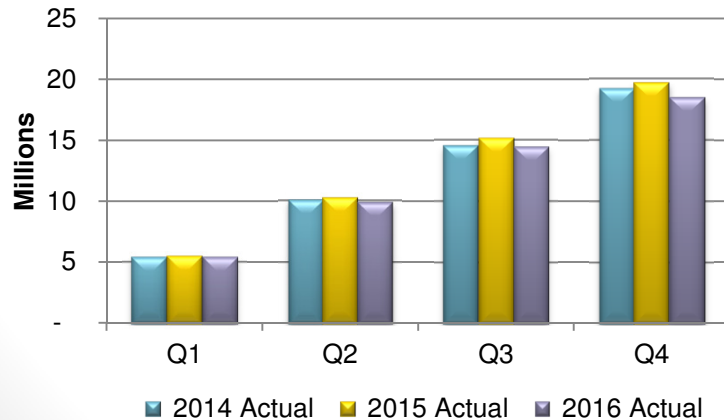
Property Tax



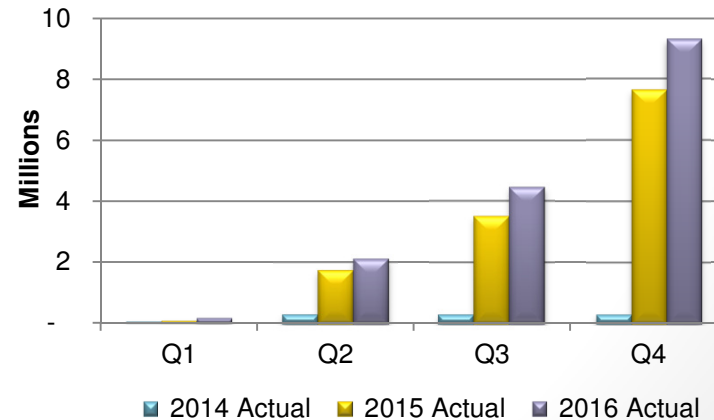
Sales Tax



Utility Tax



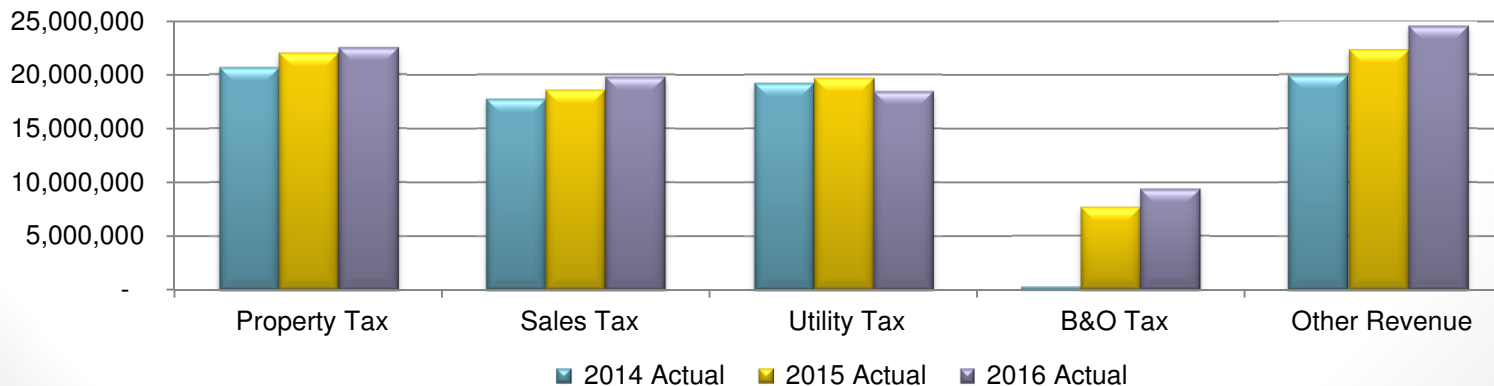
B&O Tax



General Fund Revenue Comparison

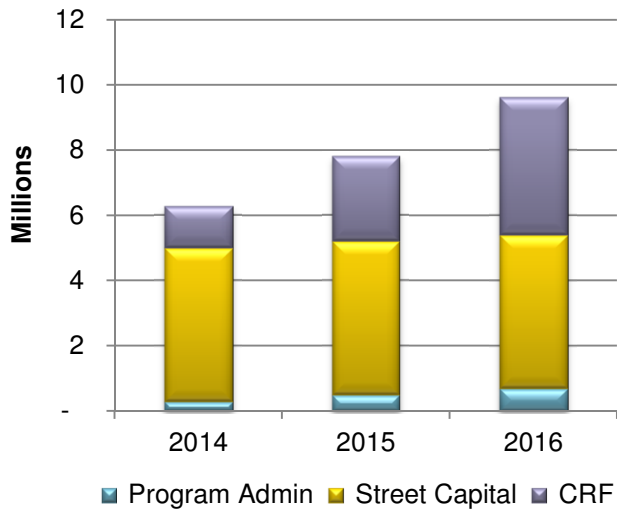
(does not include transfers in from other funds)

	2014 Actual	2015 Actual	2014-2015 % Change	2016 Actual	2015-2016 % Change
Property Tax	20,696,272	22,015,525	6.4%	22,534,441	2.4%
Sales Tax	17,761,585	18,583,057	4.6%	19,814,047	6.6%
Utility Tax	17,775,688	18,151,853	2.5%	18,490,458	(6.2%)
B&O Tax	303,600	7,656,220	2421.8%	9,311,445	21.6%
Other Revenue	21,416,107	23,865,893	11.8%	24,520,651	9.9%
Total	77,953,252	90,272,548	15.8%	94,671,042	4.9%

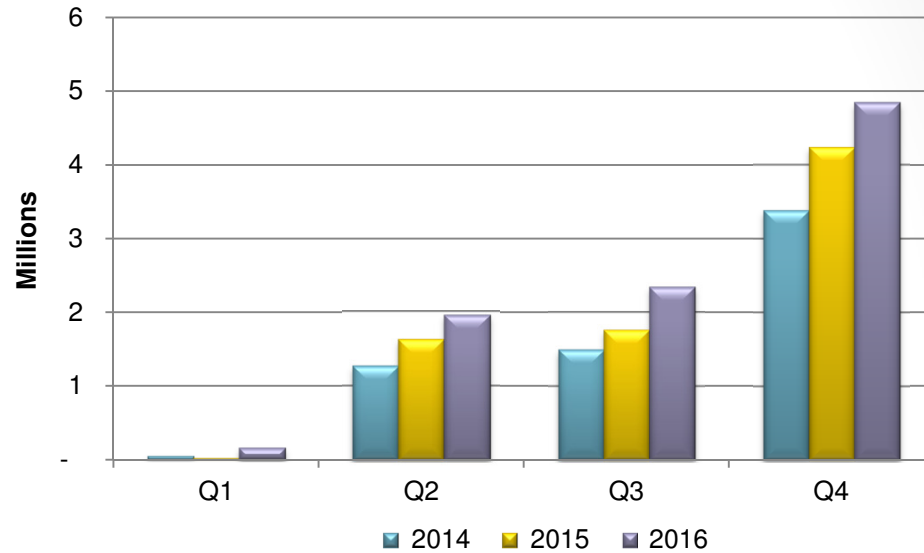


B&O Revenue Collections

Collections by Function



Collections by Quarter



2016 Revenues	
B&O Tax	9,311,577
Penalties	266,905
Interest	50,208
Total Rev	9,628,690

2016 Expenditures	
Program Admin	703,040
Street Capital	4,700,000
Cap Res Fund	4,225,650
Total Exp	9,628,690

B&O Statistics

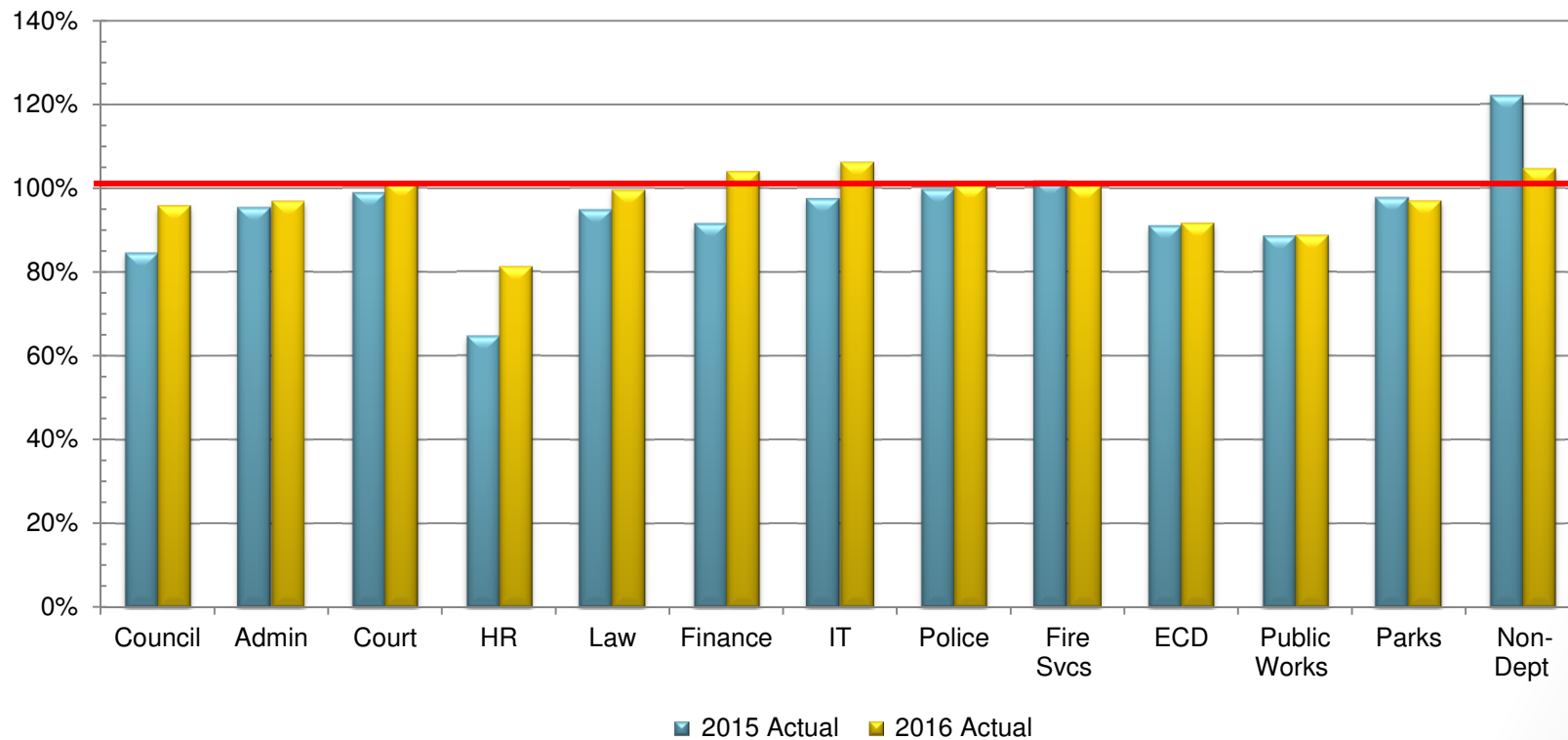
2016 Collections Activity	# of Accounts	Past Due Collected	Est Ongoing Annual Collections
Taxpayer Accounts Added	265	\$1.9m	\$480k
Delinquent Account Collections	200	\$295k	N/A
Audit & Compliance	28	\$420k	\$66k
Total 2016 Collections	493	\$2.6m	\$546k

	2013		2014		2015		2016	
Taxpayers ^(A)	2,590		2,480		2,790		3,390	
Filed & Paid Tax	1,660	64%	1,460	59%	1,630	58%	1,890	56%
Filed & Did Not Owe Tax	930	36%	1,020	41%	1,080	39%	1,500	44%
Revenue ^(B)	\$5.2m		\$6.3m		\$7.8m		\$9.6m	

(A) 2013-14 reduction in taxpayers due to account consolidations for multiple locations

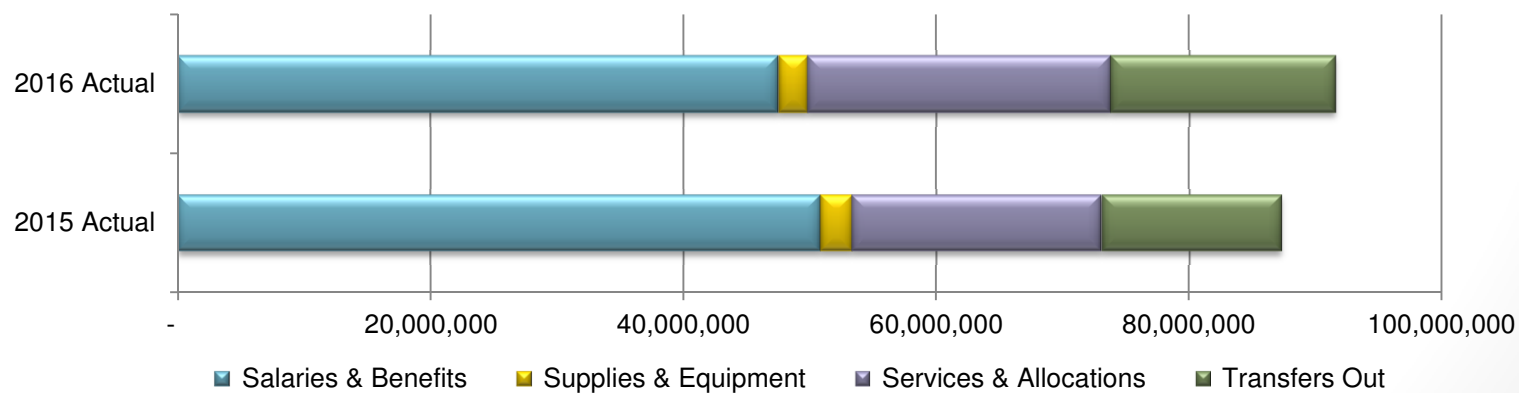
(B) All revenues, including related penalties and interest

General Fund Spending Compared to Percent of Budget Spent



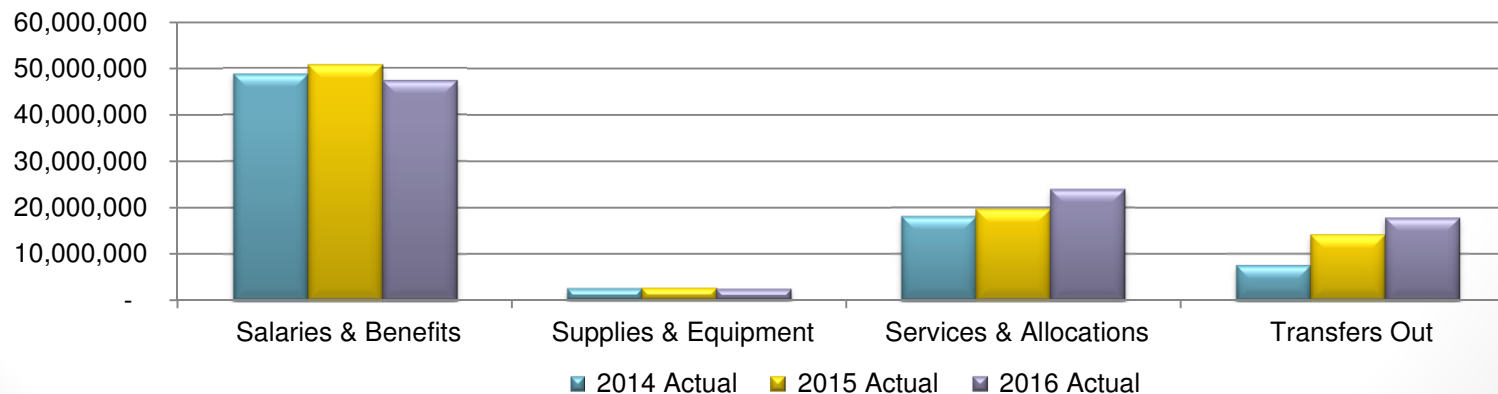
General Fund Spending by Classification

	2015 Actual	2016 Budget	2016 Actual	Budget Variance Amount	Budget Variance %
Salaries & Benefits	50,800,207	47,575,130	47,456,630	118,500	0.2%
Supplies & Equipment	2,524,862	2,924,450	2,321,679	602,771	20.6%
Services & Allocations	19,701,488	24,674,065	23,948,774	725,291	2.9%
Transfers Out	14,182,553	16,813,490	17,797,420	(983,930)	(5.9%)
Total	87,209,110	91,987,135	91,524,504	462,631	0.5%



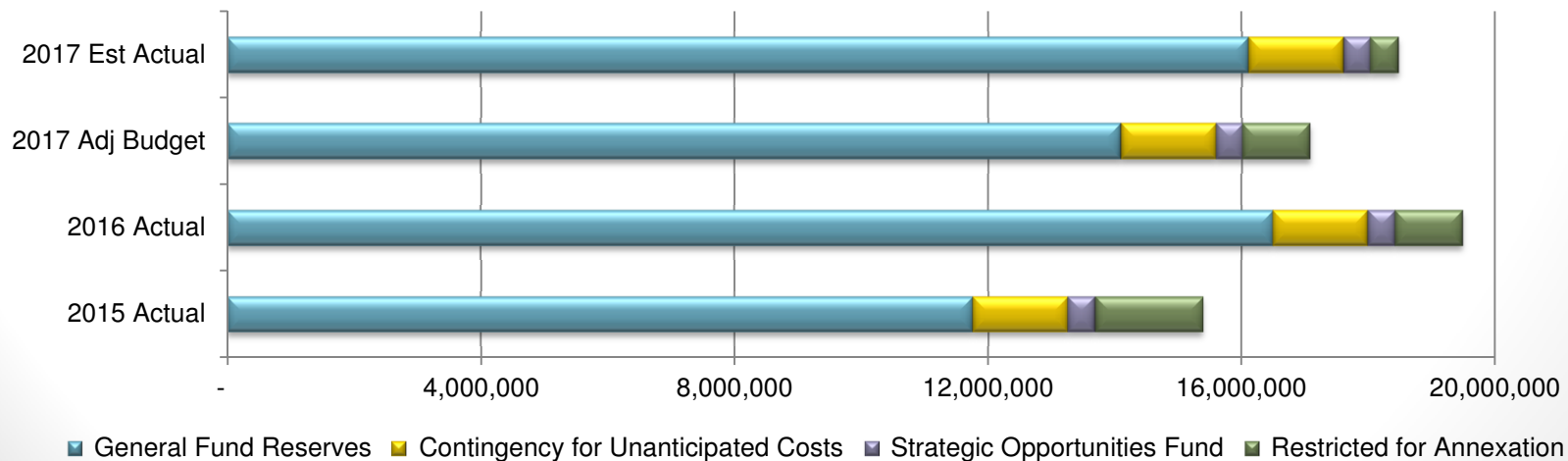
General Fund Spending by Classification Comparison

	2014 Actual	2015 Actual	2014-2015 % Change	2016 Actual	2015-2016 % Change
Salaries & Benefits	35,286,227	36,807,087	4.3%	47,456,630	(5.5%)
Supplies & Equipment	2,435,136	2,524,862	3.7%	2,321,679	(8.0%)
Services & Allocations	18,149,153	19,701,488	8.6%	23,948,774	21.6%
Transfers Out	7,651,417	14,182,533	85.4%	17,797,420	25.5%
Total	77,070,293	87,209,090	13.2%	91,524,504	4.9%



General Fund Ending Fund Balance

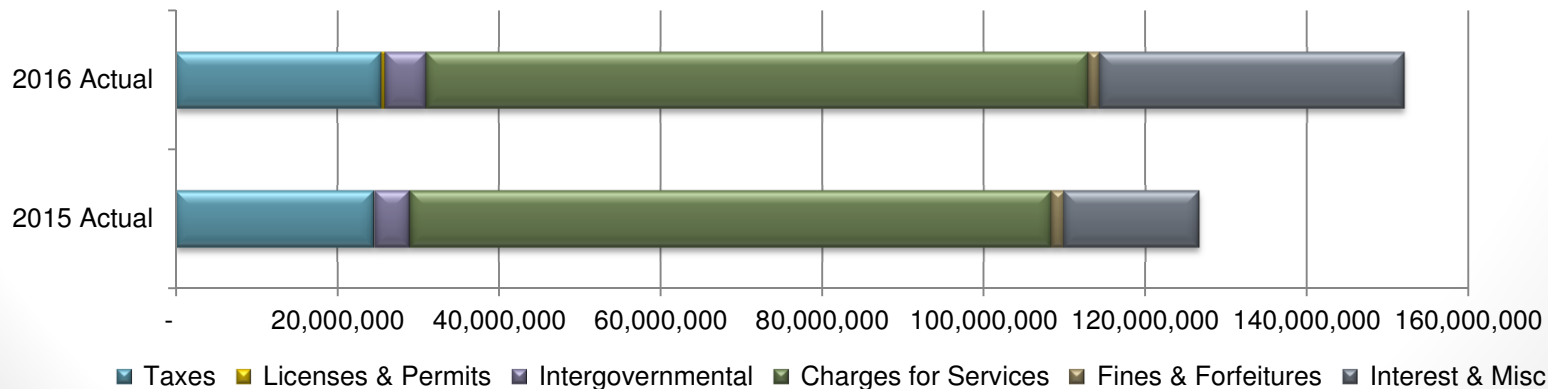
	2015 Actual	2016 Actual	2017 Adj Budget	2017 Est Actual
General Fund Reserves	11,749,159	16,489,728	14,081,428	16,093,418
Based on same year actuals/budget	13.5%	18.0%	14.9%	16.8%
Contingency for Unanticipated Costs	1,500,000	1,500,000	1,500,000	1,500,000
Strategic Opportunities Fund	425,000	425,000	425,000	425,000
Restricted for Annexation	1,698,340	1,066,570	1,066,570	443,920



All Other Fund Revenue Variance

(does not include transfers in from other funds or bond refundings)

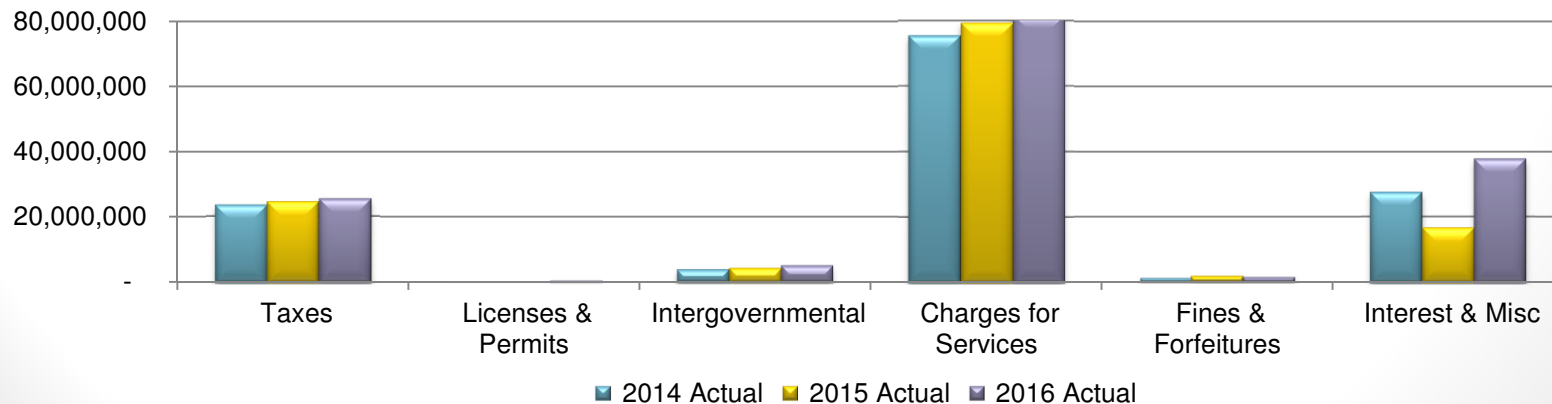
	2015 Actual	2016 Budget	2016 Actual	Budget Variance Amount	Budget Variance %
Taxes	24,504,684	19,993,490	25,409,112	5,415,622	27.1%
Licenses & Permits	44,281	299,710	454,249	154,539	51.6%
Intergovernmental	4,267,869	4,258,200	5,075,004	816,804	19.2%
Charges for Services	79,331,821	76,479,920	81,915,298	5,435,378	7.1%
Fines & Forfeitures	1,727,157	1,148,500	1,424,243	275,743	24.0%
Interest & Misc	16,751,915	34,907,030	37,716,193	2,809,163	8.0%
Total	126,627,727	137,086,850	151,994,099	14,907,249	10.9%



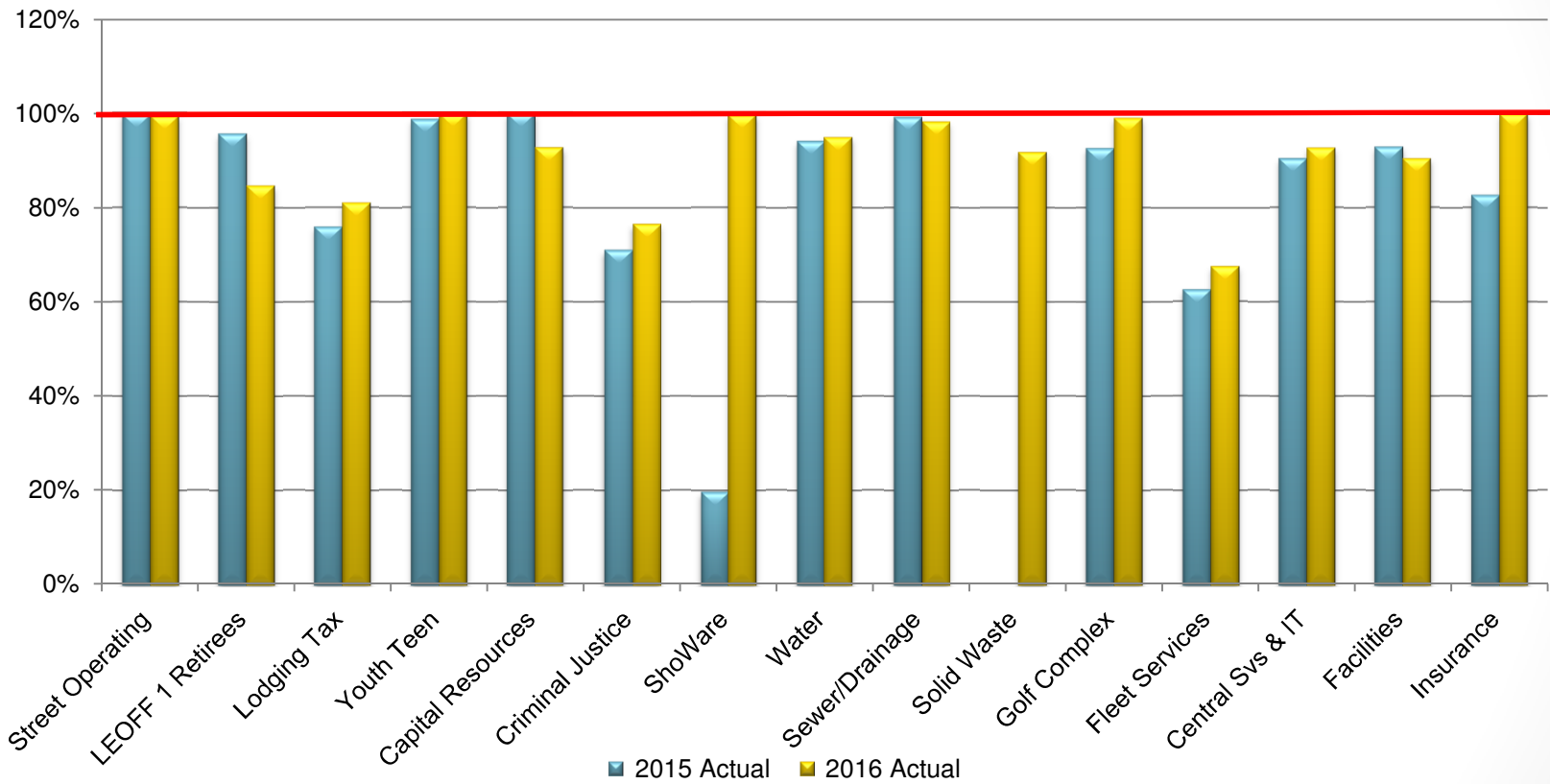
All Other Fund Revenue Comparison

(does not include transfers in from other funds or bond refundings)

	2014 Actual	2015 Actual	2014-2015 % Change	2016 Actual	2015-2016 % Change
Taxes	23,499,209	24,504,684	4.3%	25,409,112	3.7%
Licenses & Permits	52,193	44,281	(15.2%)	454,249	925.8%
Intergovernmental	3,839,463	4,267,869	11.2%	5,075,004	18.9%
Charges for Services	75,542,749	79,331,821	5.0%	81,915,298	3.3%
Fines & Forfeitures	1,147,026	1,727,157	50.6%	1,424,243	(17.5%)
Interest & Misc	27,567,121	16,751,916	(39.2%)	37,716,193	125.1%
Total	131,647,761	126,627,727	(3.8%)	151,994,099	20.0%

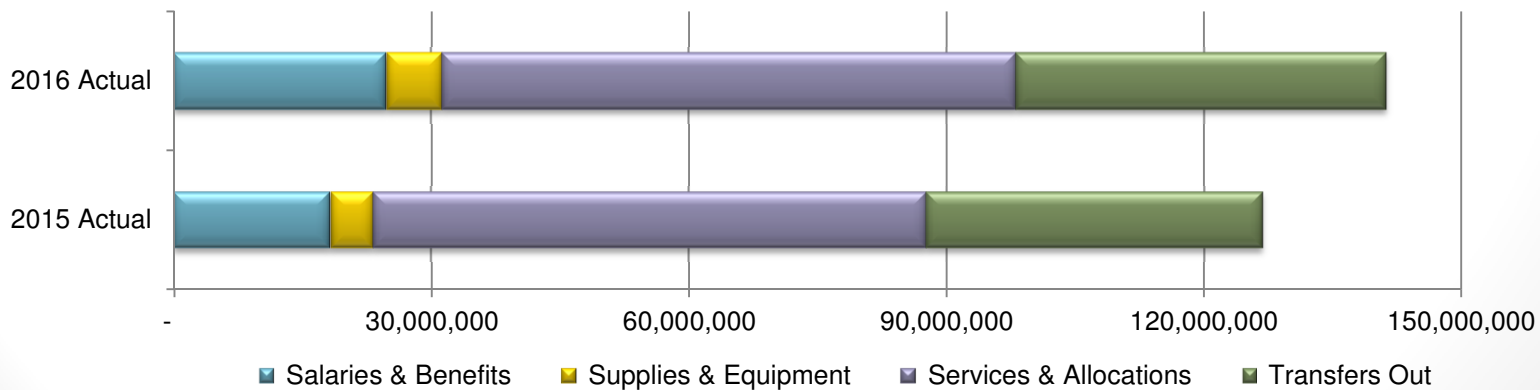


All Other Fund Spending Compared to Percent of Budget Spent



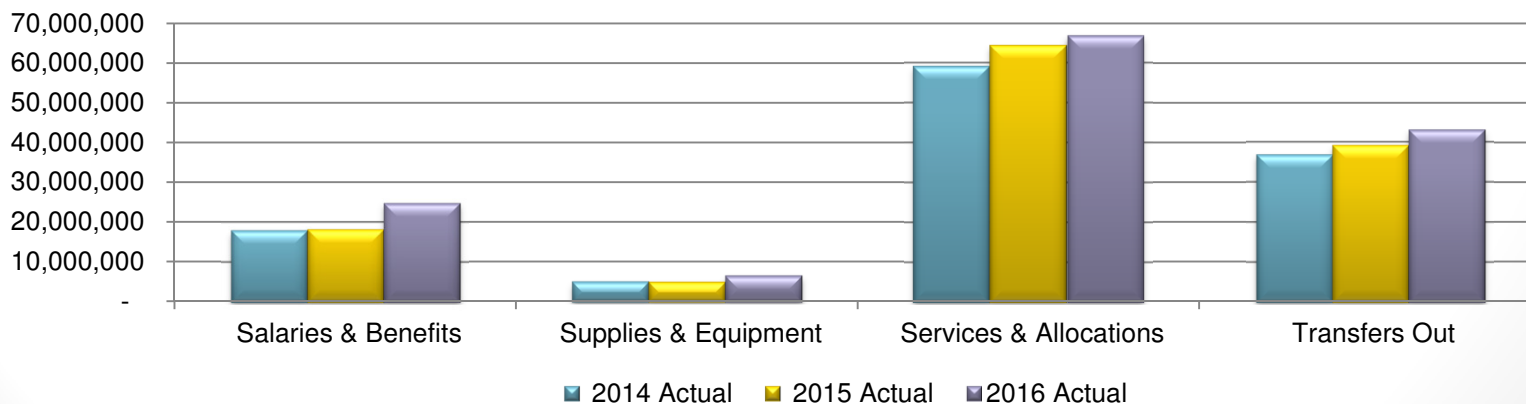
All Other Fund Spending by Classification

	2015 Actual	2016 Budget	2016 Actual	Budget Variance Amount	Budget Variance %
Salaries & Benefits	18,214,179	27,165,575	24,746,752	2,418,823	8.9%
Supplies & Equipment	4,900,160	8,756,840	6,410,894	2,345,946	26.8%
Services & Allocations	64,416,337	67,937,540	66,861,207	1,076,333	1.6%
Transfers Out	39,217,309	43,730,741	43,119,626	611,115	1.4%
Total	126,747,985	147,590,696	141,138,479	6,452,217	4.4%



All Other Fund Spending by Classification Comparison

	2014 Actual	2015 Actual	2014-2015 % Change	2016 Actual	2015-2016 % Change
Salaries & Benefits	17,924,125	18,214,179	1.6%	24,746,752	35.9%
Supplies & Equipment	4,957,052	4,900,160	(1.1%)	6,410,894	30.8%
Services & Allocations	59,238,100	64,416,337	8.7%	66,861,207	3.8%
Transfers Out	36,875,922	39,217,309	6.3%	43,119,626	10.0%
Total	118,995,199	126,747,985	6.5%	141,138,479	11.4%

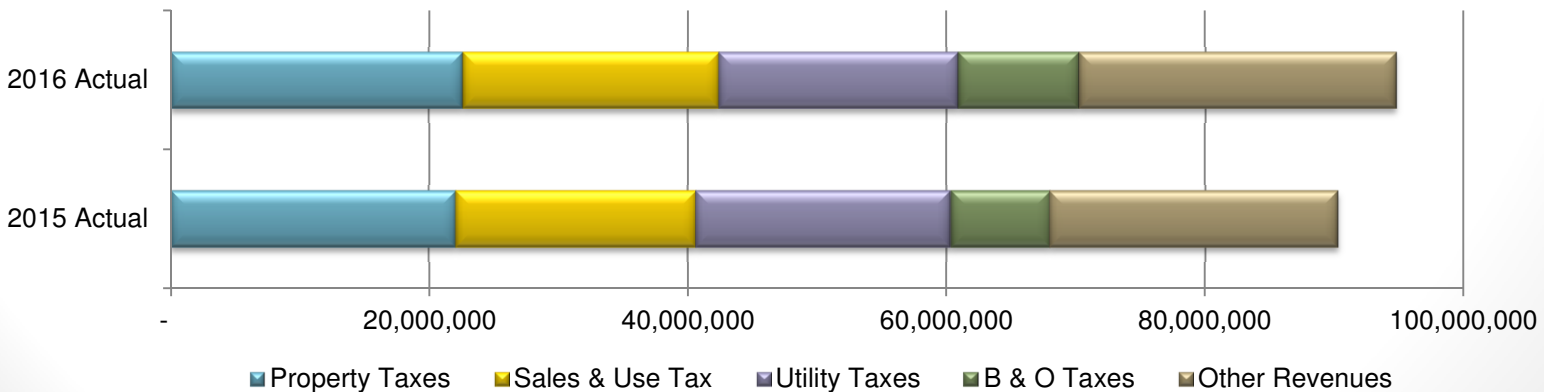


2017 1ST QUARTER FINANCIAL REPORT:

General Fund Revenue Variance

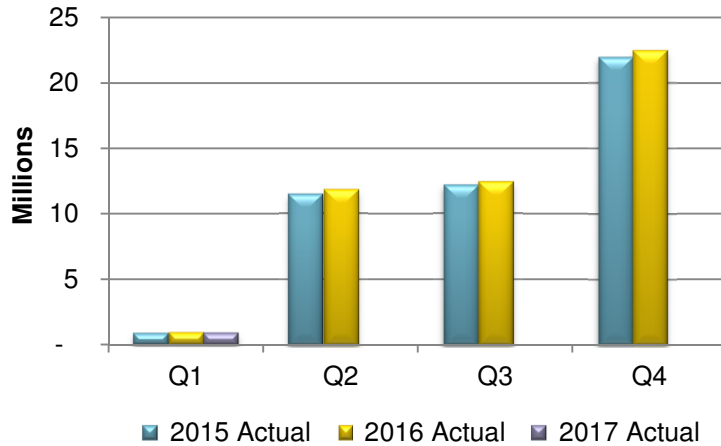
(does not include transfers in from other funds)

	2016 Q1	2017 Budget	2017 Q1	2017 % of Budget	Target %
Property Tax	917,534	22,782,330	908,077	4.0%	3.0%
Sales Tax	5,005,488	19,756,570	5,221,835	26.4%	25.0%
Utility Tax	5,407,093	18,947,950	5,409,478	28.5%	25.0%
B&O Tax	158,528	7,500,000	487,726	6.5%	5.0%
Other Revenue	5,024,705	22,459,110	6,161,213	27.4%	25.0%
Total	16,513,349	92,395,960	18,188,329	19.7%	

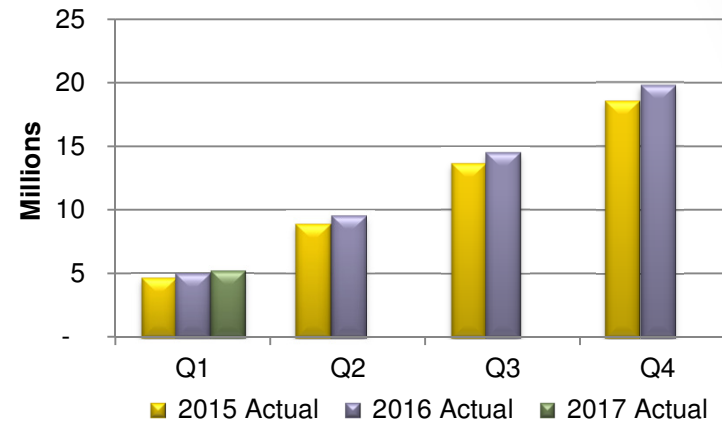


General Fund Revenues by Tax Type

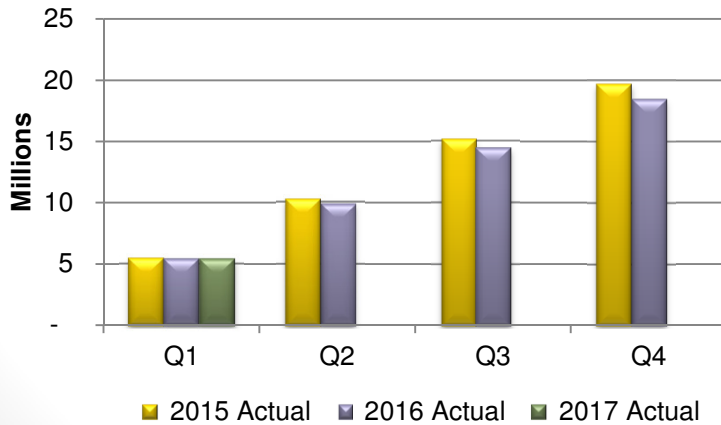
Property Tax



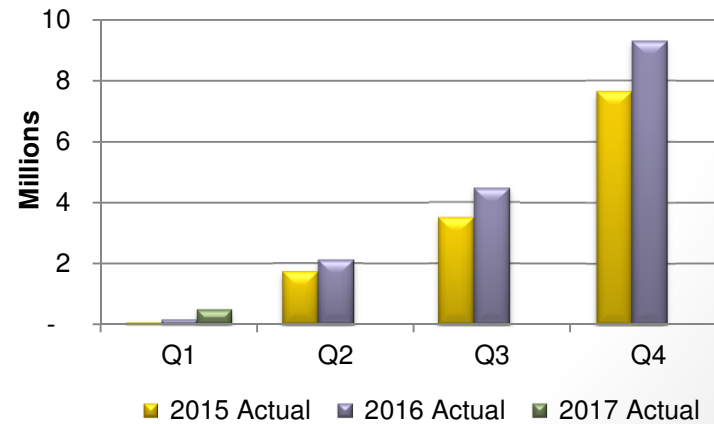
Sales Tax



Utility Tax



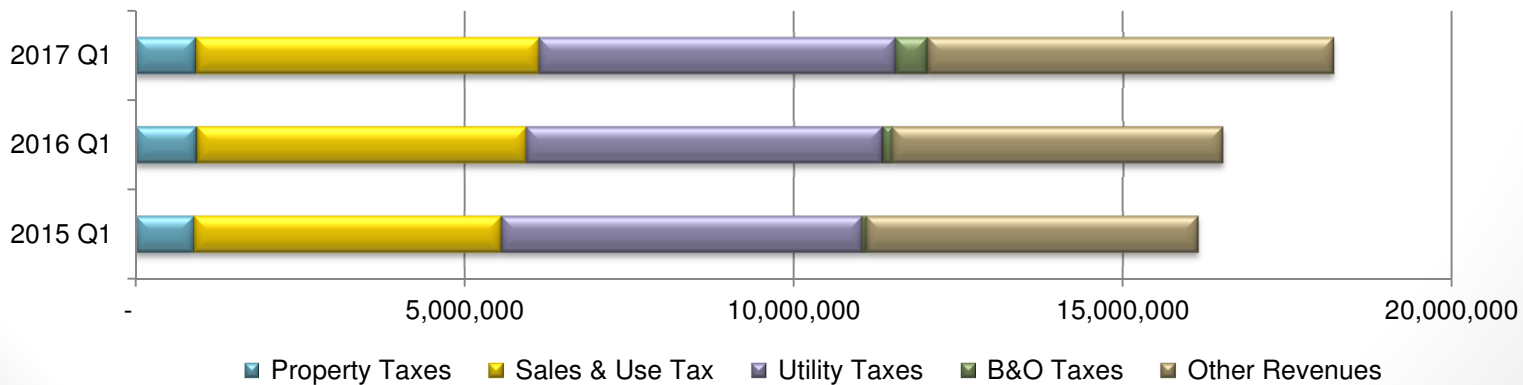
B&O Tax



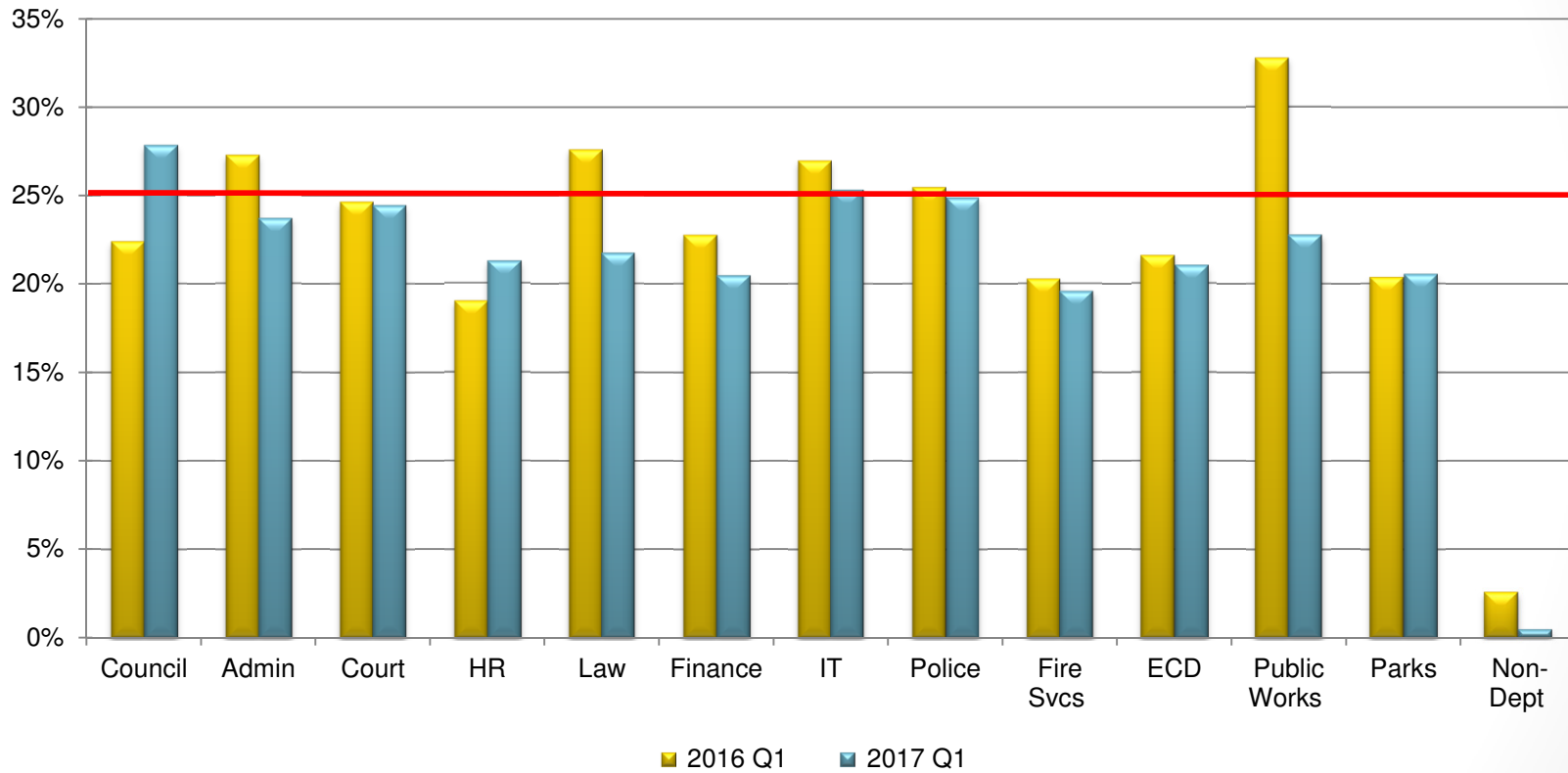
General Fund Revenue Comparison

(does not include transfers in from other funds)

	2015 Q1	2016 Q1	2015-2016 % Change	2017 Q1	2016-2017 % Change
Property Tax	885,568	917,534	3.6%	908,077	(1%)
Sales Tax	4,666,692	5,005,488	7.3%	5,221,835	4.3%
Utility Tax	5,480,776	5,407,093	(1.3%)	5,409,478	0%
B&O Tax	70,201	158,528	125.8%	487,726	207.7%
Other Revenue	5,042,870	5,024,705	(0.4%)	6,161,213	22.6%
Total	16,146,107	16,513,349	2.3%	18,188,329	10.1%

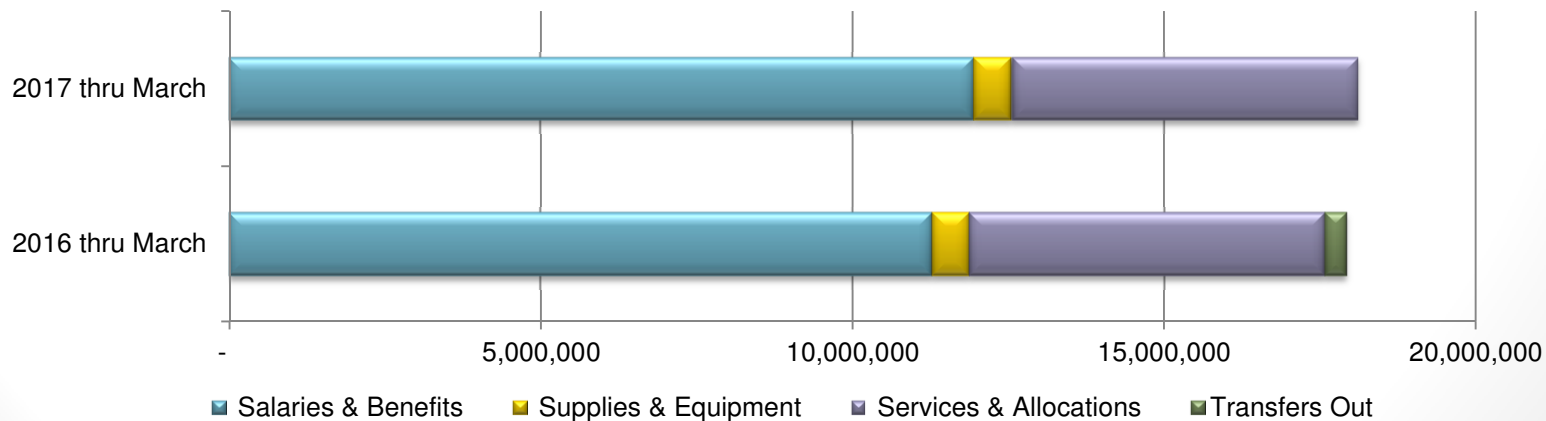


General Fund Spending Compared to Percent of Budget Spent



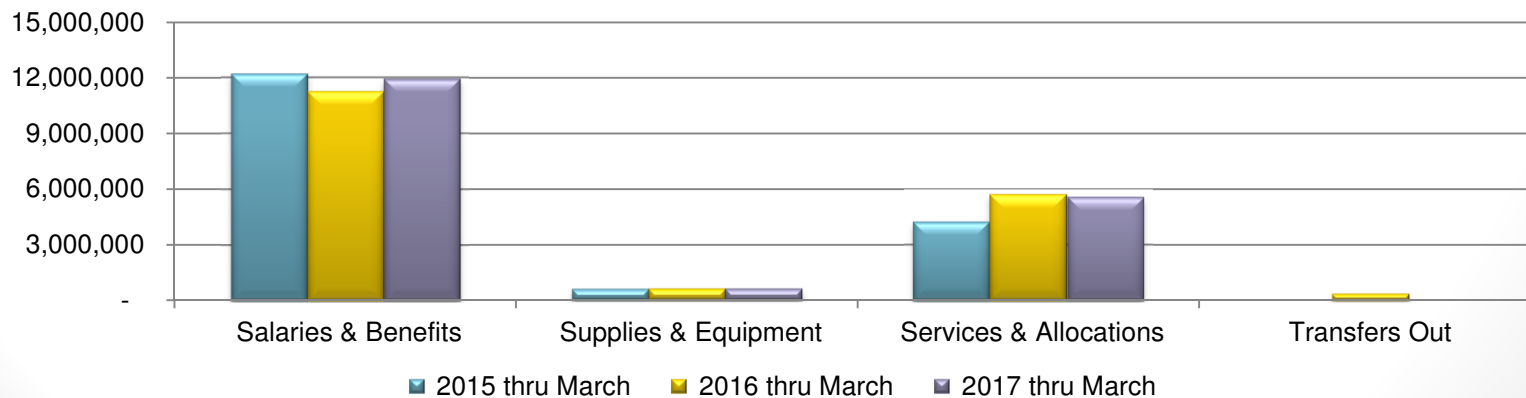
General Fund Spending by Classification

	2016 Q1	2017 Budget	2017 Q1	2017 % of Budget	Target %
Salaries & Benefits	11,268,763	50,998,760	11,948,094	23.4%	25.0%
Supplies & Equipment	594,271	2,951,070	602,393	20.4%	25.0%
Services & Allocations	5,701,608	25,593,140	5,549,648	21.7%	25.0%
Transfers Out	350,000	15,261,290	-	0%	3.0%
Total	17,914,642	94,804,260	18,100,135	19.1%	



General Fund Spending by Classification Comparison

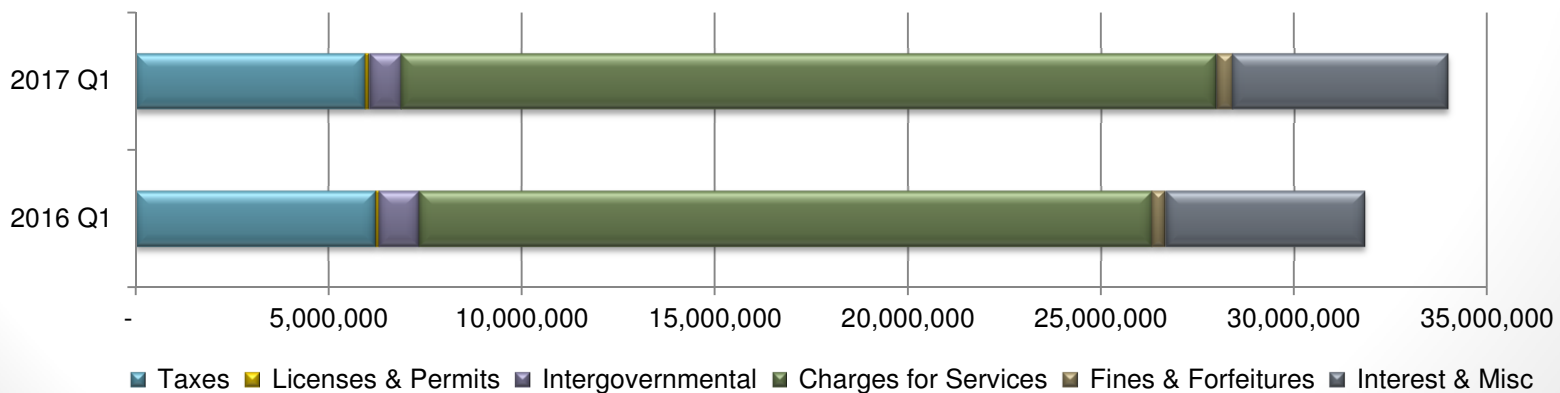
	2015 thru March	2016 thru March	2015-2016 % Change	2017 thru March	2016-2017 % Change
Salaries & Benefits	12,229,315	11,268,763	(7.9%)	11,948,094	(5.7%)
Supplies & Equipment	576,219	594,271	3.1%	602,393	(1.3%)
Services & Allocations	4,227,332	5,701,608	34.9%	5,549,648	2.7%
Transfers Out	-	350,000	350%	-	(350%)
Total	17,032,867	17,914,642	5.2%	18,100,135	(1.0%)



All Other Fund Revenue Variance

(does not include transfers in from other funds)

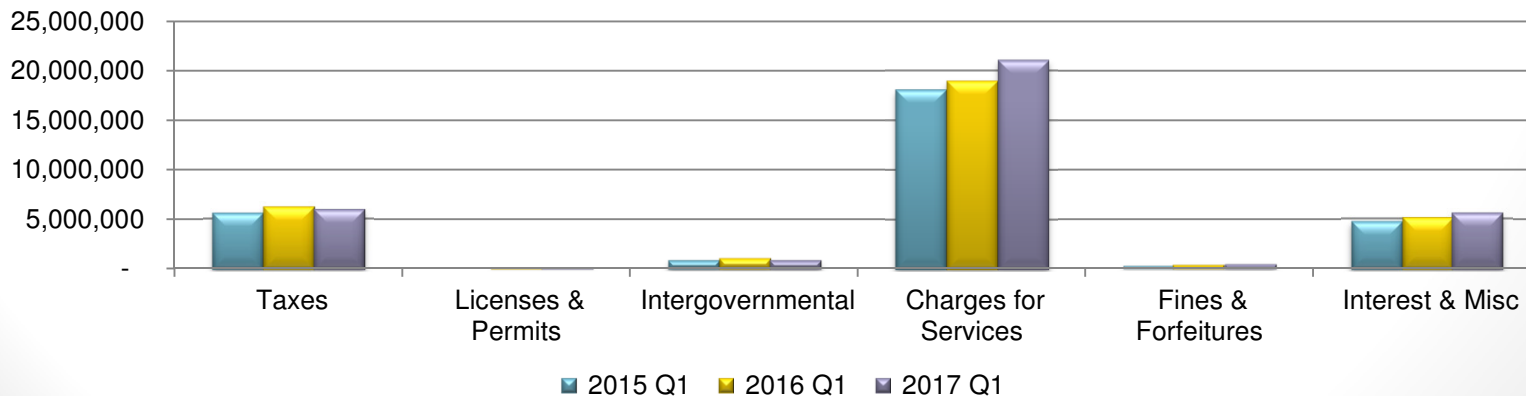
	2016 Q1	2017 Budget	2017 Q1	2017 % of Budget	Target %
Taxes	6,209,188	21,476,070	5,943,206	27.7%	25.0%
Licenses & Permits	96,042	364,210	99,817	27.4%	25.0%
Intergovernmental	1,034,998	3,034,690	824,330	27.2%	25.0%
Charges for Services	18,973,275	86,041,370	21,104,410	24.5%	25.0%
Fines & Forfeitures	351,004	1,148,500	423,469	36.9%	25.0%
Interest & Misc	5,148,109	22,520,220	5,585,317	24.8%	25.0%
Total	31,812,616	134,585,060	33,980,548	25.2%	



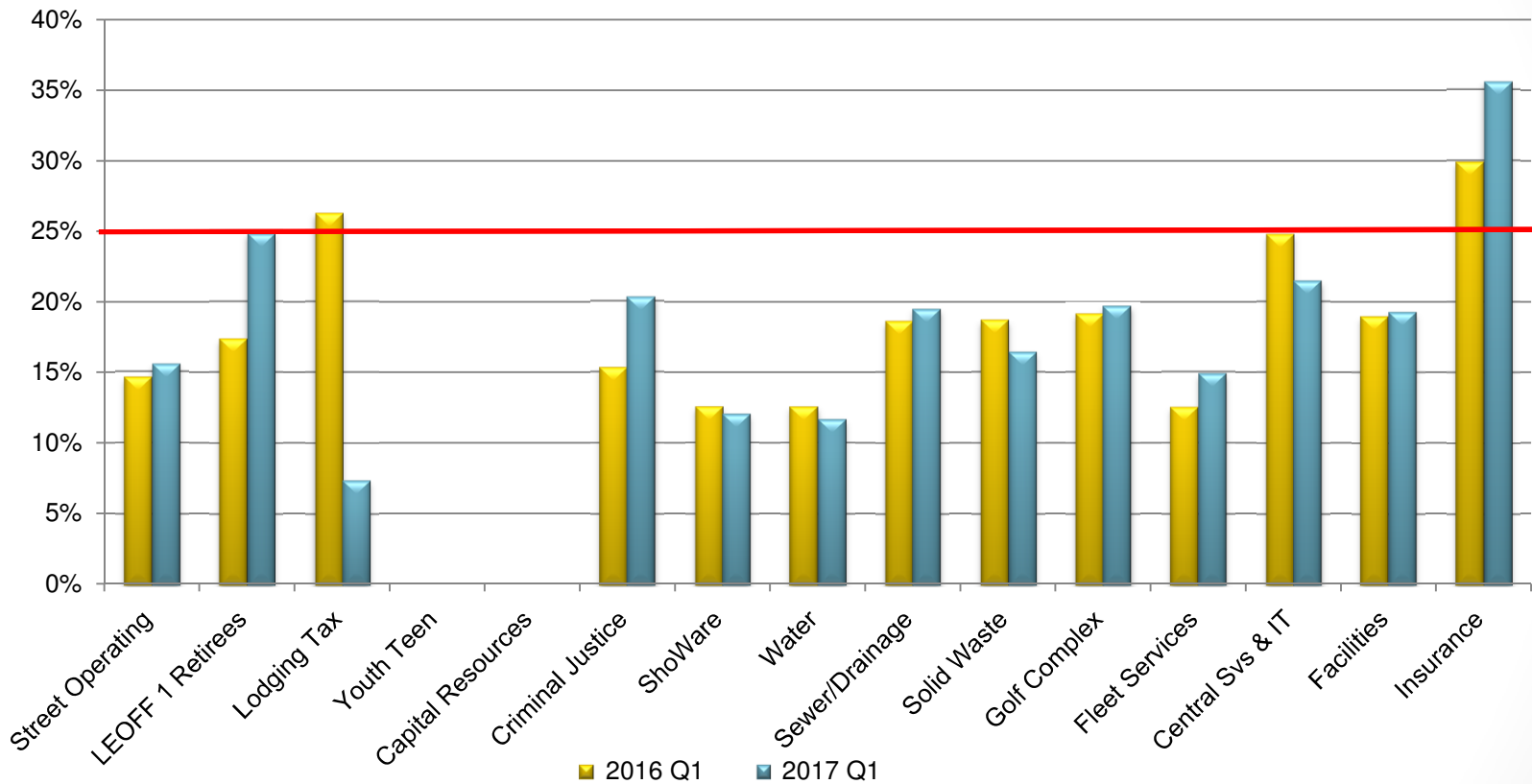
All Other Fund Revenue Comparison

(does not include transfers in from other funds)

	2015 Q1	2016 Q1	2015-2016 % Change	2017 Q1	2016-2017 % Change
Taxes	5,608,495	6,209,188	10.7%	5,943,206	(4.3%)
Licenses & Permits	9,501	96,042	910.9%	99,817	3.9%
Intergovernmental	837,597	1,034,998	23.6%	824,330	(20.4%)
Charges for Services	18,100,627	18,973,275	4.8%	21,104,410	11.2%
Fines & Forfeitures	248,044	351,004	41.5%	423,469	20.6%
Interest & Misc	4,759,076	5,148,109	8.2%	5,585,317	8.5%
Total	29,563,339	31,812,616	8.8%	33,980,548	5.4%

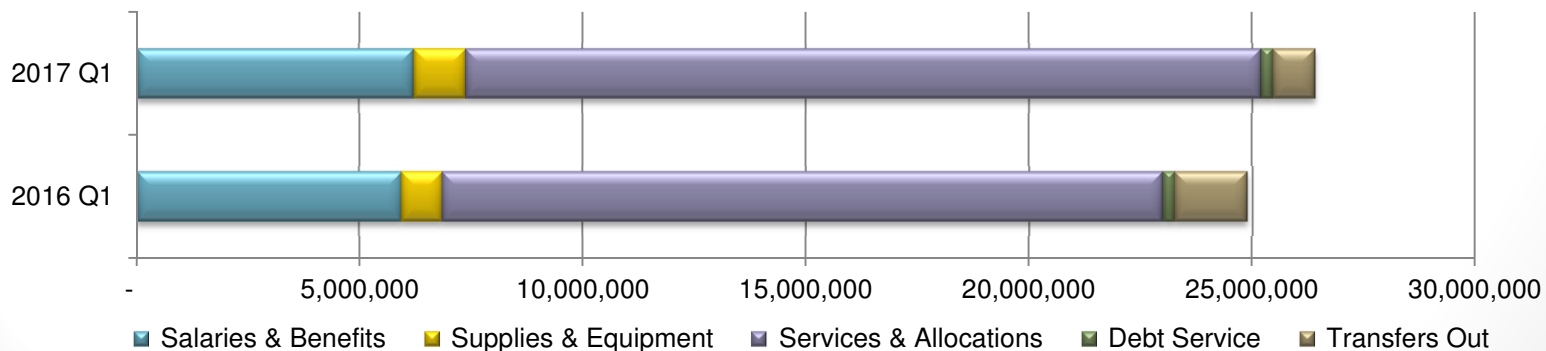


All Other Fund Spending Compared to Percent of Budget Spent



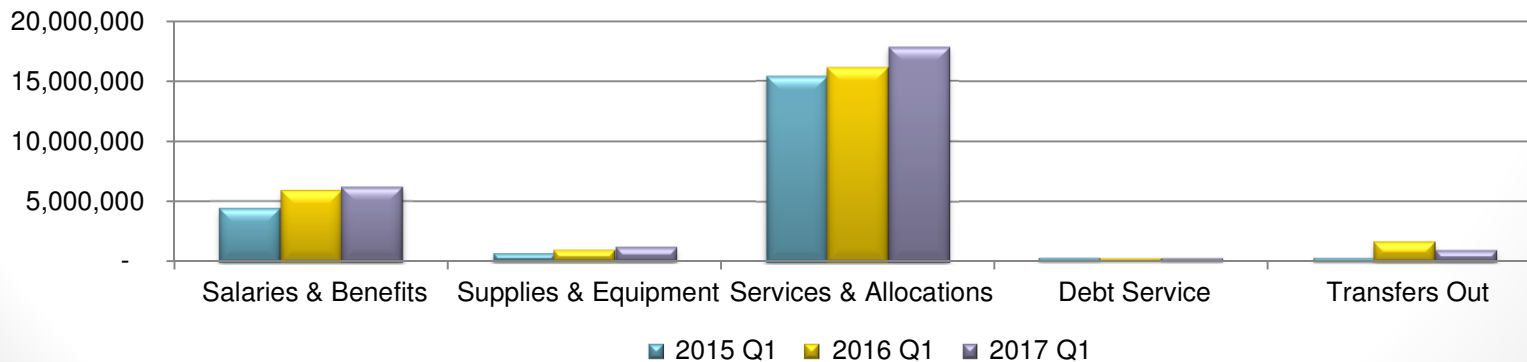
All Other Fund Spending by Classification

	2016 Q1	2017 Budget	2017 Q1	2017 % of Budget	Target %
Salaries & Benefits	5,930,510	29,287,500	6,199,884	21.22%	25.0%
Supplies & Equipment	928,752	8,753,040	1,165,804	13.3%	25.0%
Services & Allocations	16,134,828	66,661,850	17,815,976	26.7%	25.0%
Debt Service	261,827	16,327,480	271,654	1.7%	2.0%
Transfers Out	1,625,280	45,120,610	945,212	2.1%	2.0%
Total	24,881,197	166,150,480	26,398,530	15.9%	



All Other Fund Spending by Classification Comparison

	2015 Q1	2016 Q1	2015-2016 % Change	2017 Q1	2016-2017 % Change
Salaries & Benefits	4,450,049	5,930,510	33.3%	6,199,884	4.5%
Supplies & Equipment	673,827	928,752	37.8%	1,165,804	25.5%
Services & Allocations	15,423,078	16,134,828	4.6%	17,815,976	10.4%
Debt Service	301,080	261,827	(13.0%)	271,654	3.8%
Transfers Out	330,813	1,625,280	391.3%	945,212	(41.8%)
Total	21,178,847	24,881,197	17.5%	26,398,530	6.1%



Fiscal Cliff

- General Fund Six-Year Forecast
 - p. 266 in 2017-2018 Adopted Budget Book
- Financial Risks:
 - Streamlined Sales Tax: Threatens \$5m per year
 - LEOFF 2 (Reduced State funding): \$560k per year
 - Fire Insurance Premium Tax: \$225k per year
 - Annexation Sales Tax Credit: \$2.3m in 2020 / \$4.5m in 2021
- Fiscal Cliff Discussion: June 20th Council Workshop