

CITY COUNCIL AGENDA ITEM COVER SHEET

Meeting Date: February 10, 2020

To: Honorable Mayor and Members of the City Council

From: Will Norris, Finance Dir. / Asst. City Manager

Subject: Second Quarter Financial Performance Report

Background:

The Second Quarter (Q2) Financial Report includes six months of financial data through one half of the 2019-20 Fiscal Year (FY). The attached report includes full-year estimates-to-close based on historical spending patterns and staff knowledge of upcoming expenditures. The attached projections should be interpreted as staff's best estimate given financial data through December 31, 2019. The Q2 revenue and expenditure projections become the basis for constructing FY2020-21 budget build.

Discussion:

Both yearend General Fund revenues and expenditure projections increased from the prior Q1 Financial Report with minimal net impact to expected FY2019-20 ending fund balance. The most recent three-year financial forecast published in the FY2019-20 Adopted Budget anticipated a General Fund ending balance of \$3.84 million. The current projections are higher but tracking closely at \$4.08 million.

Below are specific and notable changes from the Q1 Financial Report the City Council received in November:

General Fund Revenues

Yearend revenue estimates increased \$179 thousand or 2.1% to \$8.79 million. \$103 thousand of the upward revision is due to the inclusion of Ground Emergency Medical Transport (GEMT) reimbursements. GEMT is a federal program that helps close the funding gap between what medical transports cost and the amount Medicare and Medicaid reimburse. The program requires state participation. Oregon joined the program two-years ago. Due to delays in program set up, this fiscal year will include two years of GEMT reimbursement payments for transports provided in Fiscal Years 2018-19 and 2019-20. Future budgets will only include a single year of GEMT reimbursements on an ongoing basis.

Revenue estimates were also increased to a lesser extent due to increases in local marijuana taxes. The prior quarterly financial report did not have enough collection data to make a reasonable projection of this relatively new revenue source. With two quarterly payments received in FY2019-20, the City is now projecting total

receipts to be \$125 thousand which is a significant increase from the prior year. However, this still represents only 1.4% of total General Fund revenues.

General Fund Expenditures

FY2019-20 General Fund expenditure estimates also increased from the prior quarter, up \$64,000 or 0.8%. Increases were led by the Fire/EMS Department personnel expenditure which were partially due to increases in medical transports as well as higher than usual sick leave use that required backfill overtime.

Increases in the Fire/EMS expenditure estimates were partially mitigated by a decrease in projected Engineering Dept. expenditures. Engineering expenses have varied widely in the last two years as staff turnover has altered how the City uses consulting services in the development review process and for special projects such as updating the City's Engineering Standards. With half of the fiscal year complete, allowances in the yearend projections for this uncertainty can be reduced. Even though Engineering expenditures are up 97% compared to this same time last year, the yearend estimates anticipate final expenses to be roughly similar to FY2018-19. This is because there are no additional major engineering special projects expected in the next six months.

Other Major Revenues

The City's other major revenues outside of the General Fund are gas taxes and utility charges. Yearend projections for these revenues are up slightly but essentially unchanged with the inclusion of three additional months of financial data.

Staff Recommendation:

Receive and file quarterly financial report for the period ending December 31, 2019.

Attachments

Quarterly Financial Report for the period ending December 31, 2019

GENERAL FUND REVENUE SUMMARY, Through December (50% of Fiscal Year)

Resources	Budget	Actual Through Dec. 2019	Year End Estimate	Year End Estimate Over / (Under) Budget	Percent of Budget Received thru Dec. 2019	Fiscal Year 2018-19	
						Revenue thru Dec. 2018	Year-End Actual
Taxes							
Current Property Tax	2,428,417	2,184,249	2,412,803	(15,614)	90%	2,128,501	2,315,999
Transient Room Tax	1,659,856	865,771	1,612,143	(47,713)	52%	844,958	1,557,097
Local Marijuana Tax	107,455	37,022	126,217	18,762	34%	20,884	87,766
All Other	55,316	60,755	79,078	23,762	110%	36,394	57,392
Licenses & Permits							
Franchise Fees	803,552	274,025	817,175	13,623	34%	279,735	802,278
Utility Fees	594,832	315,288	609,069	14,237	53%	304,603	588,237
Parking Meter Receipts	669,165	356,691	673,621	4,456	53%	343,030	661,672
All Other	135,000	76,457	143,812	8,812	57%	73,909	146,682
Fines & Forfeitures							
Parking Fines	190,715	126,777	196,065	5,350	66%	136,862	237,674
Municipal Court Revenue	261,754	172,919	297,618	35,864	66%	143,668	222,909
All Other	36,000	12,032	23,272	(12,728)	33%	11,269	22,735
Intergovernmental	312,442	122,545	289,424	(23,018)	39%	116,658	276,093
Charges for Services							
Ambulance Revenues	777,700	493,149	940,932	163,232	63%	374,548	858,892
All Other	183,063	197,078	352,779	169,716	108%	85,149	195,568
Interest Earnings	92,933	48,721	97,441	4,508	52%	47,015	98,760
Misc. Revenues	105,069	94,286	119,526	14,457	90%	272,240	307,392
<i>Sub-total Operating Revenues</i>	<i>8,413,269</i>	<i>5,437,764</i>	<i>8,790,978</i>	<i>377,709</i>	<i>65%</i>	<i>5,219,421</i>	<i>8,437,149</i>
Interfund Transfers In	-	-	-	-		806,101	806,101
TOTAL	8,413,269	5,437,764	8,790,978	377,709	65%	6,025,522	9,243,250

GENERAL FUND EXPENDITURE SUMMARY, through December (50% of Fiscal Year)

Department	Budget	Actual Through Dec. 2019	Year End Estimate	Year End Estimate Over / (Under) Budget	Percent of Budget Expended thru Dec. 2019	Fiscal Year 2018-19	
						Expenses thru Dec. 2018	Year-End Actual
Public Safety - Fire	2,591,204	1,354,483	2,638,071	46,867	52%	1,193,869	2,373,777
Public Safety - EMS	963,039	501,580	1,003,315	40,276	52%	566,979	897,411
Public Safety - Police	2,494,555	1,284,280	2,475,416	(19,139)	51%	1,120,303	2,278,108
Parks	600,490	243,339	476,586	(123,904)	41%	266,974	525,325
Planning	589,831	256,428	556,358	(33,473)	43%	217,401	461,404
Parking	506,752	214,903	450,800	(55,952)	42%	190,269	417,085
Engineering	227,764	119,976	289,689	61,925	53%	60,745	271,034
Municipal Court	133,037	66,114	142,680	9,643	50%	54,664	327,237
City Council	25,376	5,261	13,906	(11,470)	21%	12,288	32,159
<i>Sub-total Dept. Expenditures</i>	<i>8,132,048</i>	<i>4,046,365</i>	<i>8,046,821</i>	<i>(85,227)</i>	<i>50%</i>	<i>3,683,493</i>	<i>7,583,540</i>
Non-Departmental							
Materials & Services	183,765	136,485	183,765	-	74%	105,935	188,194
Interfund Transfers Out	-	-	-	-		988,743	1,123,743
Contingency	226,233	-	85,000	(141,233)		-	-
TOTAL	8,542,046	4,182,850	8,315,586	(226,460)	49%	4,778,171	8,895,477

FY2019/20 Beginning Bal.	3,608,694
Proj. FY2019/20 Change in Fund Bal.	475,391
Proj. FY2019/20 Ending Bal.	4,084,085

Pooled Cash & Investments <i>(All Funds, Including URA)</i>	
Dec. 2018	24,334,674
Dec. 2019	29,190,337

OTHER MAJOR REVENUE SOURCES SUMMARY, through December (50% of Fiscal Year)

Revenue	Budget	Actual Through Sept. 2019	Year End Estimate	Year End Estimate Over / (Under) Budget	Percent of Budget Received thru Sept. 2019	Fiscal Year 2018-19	
						Revenues thru Dec. 2018	Year-End Actual
Gas Tax - Local	359,256	171,075	364,472	5,216	48%	158,803	342,356
Gas Tax - State	626,611	295,527	637,440	10,829	47%	254,438	534,032
Utility Charges							
Water	2,869,321	1,530,245	2,816,312	(53,009)	53%	1,514,120	2,804,721
Sewer	4,032,636	2,070,926	4,111,269	78,633	51%	1,980,478	3,942,288
Storm	533,439	274,423	546,761	13,322	51%	259,990	521,050