

Memo

To: Mayor and Councilmembers
From: Colleen Corcoran, Finance Director
CC: Scott Pingel, City Manager
Date: May 8, 2018
Re: 1st QTR 2018 Financial Report

This report is based on the 1st Quarter Financial reports as of March 31, 2018.

There are several charts attached. Please refer to each as they are discussed.

GENERAL FUND REVENUES

General Fund Revenues for the 1st Quarter of 2018 are close to anticipated.

General Fund Revenue Pie Chart (Figure A): This chart shows the year to date (YTD) revenue collected in the General Fund by category. Total General Fund revenue is only at 17.9% of budget. At the end of the 1st Quarter we should be at 25%. Keep in mind that property tax, as discussed below, is due twice per year and as you can see from the chart taxes make up half of General Fund Revenue. This is also a reason we need to keep money in reserve for cash flow purposes.

Total General Fund Revenue Chart (Figure B-1): This chart shows how total General Fund revenue compares to previous years. The total line for 2018 is as of 3/31/18.

Total Taxes Chart (Figure B-2): This category consists of General and EMS Property taxes, Zoo tax, Retail Sales & Use tax, Local Criminal Justice, Gas, Garbage, Cable, Telephone, Water, Sewer, Storm Drain and Gambling tax.

The largest lines in the taxes category include General Property Tax, Retail Sales Tax, Gas Utility Tax and Telephone Tax.

Looking at the General Property Tax Chart (Figure B-3) you will see large amounts in May and November. Property tax is due to Pierce County on April 30th for the 1st half taxes and October 31st for the 2nd half taxes. The City receives the revenue the following month. Due to the passage of I-747 property taxes can only increase by 1% per year plus new construction.

The Retail Sales Tax Chart (Figure B-4): shows how sales taxes have been received since 2013. Retail Sales Tax for the 1st Quarter is at 29% of estimated.

The Gas Utility Tax (Figure B-5) and Telephone Tax (Figure B-6) charts: show how these revenues have been received since 2013. Telephone tax has been decreasing over the years as people disconnect their land lines.

Total Licenses & Permits chart (Figure B-7): This category consists of Business Licenses, Building, Mechanical, Plumbing, Excavate, and Sign Permits and Investigation Fees. Please note the fluctuation from year to year. This is due to timing of when the Non-Compete fee was received. Some years had three quarters while some had five quarters.

Total Intergovernmental Revenue chart (Figure B-8): This consists of revenue received from other government agencies and includes City Assistance, Criminal Justice Programs, DUI, Liquor Excise Tax and Liquor Board Profits.

Total Other Services & Charges chart (Figure B-9): This category consists of Passport Fees, Planning Permits, Site Development, Plan Checking Fees, Swimming Pool Revenue and Recreation Fees. Instructor Based Revenue is based on revenue collected. The City collects the fee for classes taught by outside instructors and pays the instructors a percentage of the amount collected. There is an increase in the summer months when the pool is open.

Total Fines & Forfeits chart (Figure B-10): This category consists of revenue received from the Court, Investigative Fund Assessments and DUI Investment Fund Assessments.

Total Miscellaneous Revenue chart (Figure B-11): Total Miscellaneous Revenue consists of Interest, Space & Facilities Rentals, Donations, and other miscellaneous revenues. The large changes from month to month occur when interest revenue is received from maturing CDs or interest payments on bonds, as well as quarterly payments received from Tacoma. Currently we have no CD investments. As of 3/31/18 we have four active bonds that receive bi-yearly interest payments.

GENERAL FUND EXPENDITURES

If you look at the General Fund Expenditures spreadsheet (Figure C-1), the General Fund Actual to Budget Chart (Figure C-2) and the Expenditures by Department Chart (Figure C-3) you can see the total expenditure for each department and how it compares to the budgeted amounts along with the percentage spent through March. The total spent as of 3/31/18 was \$1,205,953 or 22.5% of the total General Fund Budget. At the end of the 1st Quarter we should be at 25% or less.

OPERATING REVENUE TO EXPENDITURES COMPARISON

The Actual Revenue Over/(Under) Expenditures chart (Figure D) shows the effect on ending fund balance (EFB). When revenues exceed expenditures Ending Fund Balance is increased and vice versa.

General Fund: If we look at the first quarter 2018 General Fund operating revenue of \$878,208 compared to the first quarter operating expenditures of \$1,192,788 we see that operating revenue is \$314,580 less than expenditures. When including capital and non-revenues and expenditures the EFB at the end of the 1st Quarter decreased by \$327,394. Remember that in May and November we will be receiving a large amount for property taxes.

Other Funds: Also included on the Actual Revenue Over/(Under) Expenditures chart (Figure D) is a comparison for the Street, Storm, Storm Capital, Water, Water Capital, Sewer, Sewer Capital, ERR, and REET Funds. For 2018 capital funds were setup for Storm, Water and Sewer.

AVAILABLE CASH BALANCES

The Available Cash Balance per Fund (Figure E) spreadsheet shows the current available cash per fund after bond investments, reserves for cash flow and dedicated reserves are met. This amount is needed for cash flow, future capital costs, emergencies and unexpected expenditures not included in the adopted budget.

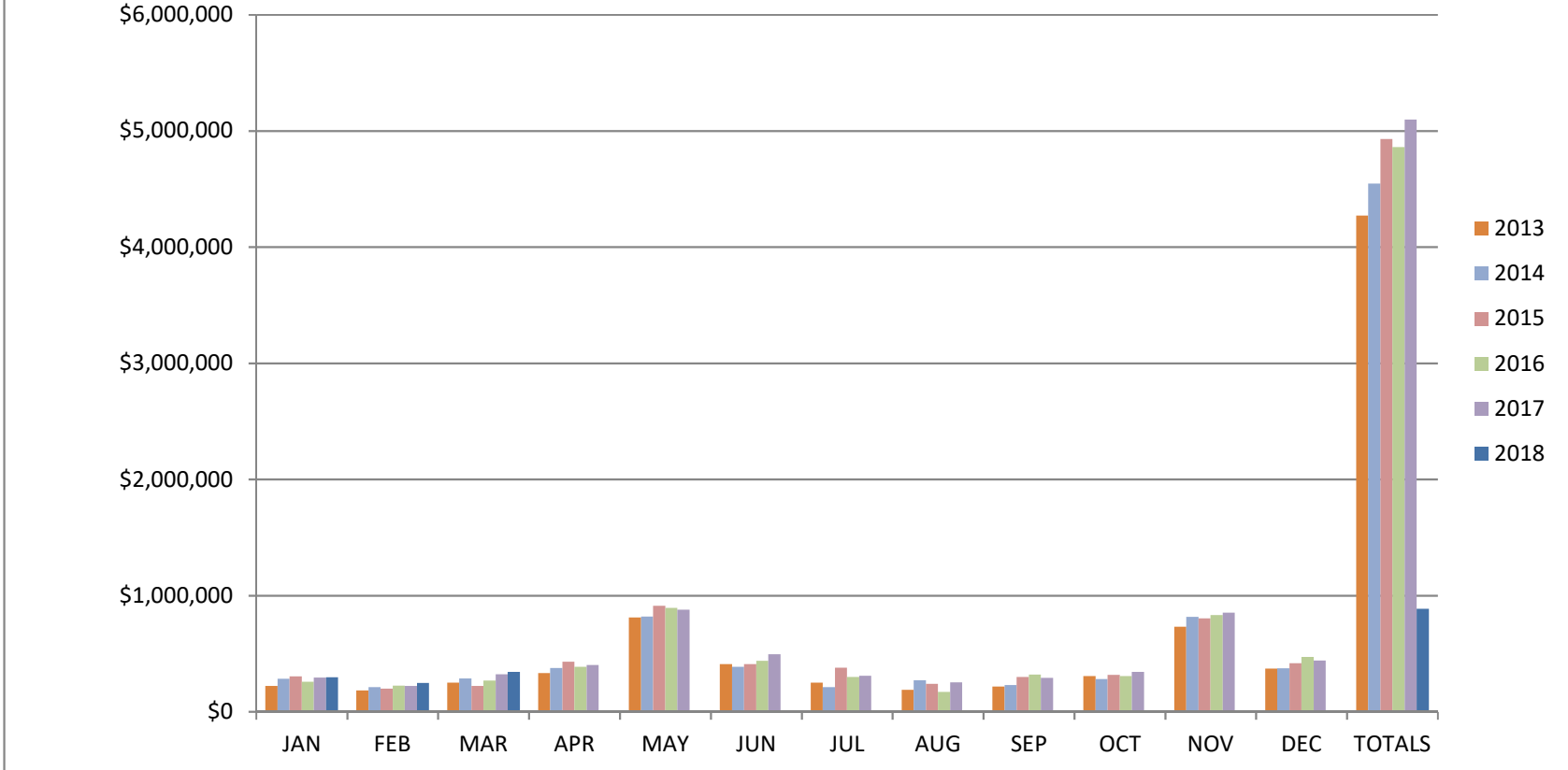
CONCLUSION

The above information should be used as a tool for making financial decisions for the future of the City. The trend for the past several years is continuing; revenues are remaining flat or decreasing while expenditures are increasing. The City has been very conservative during the past budgeting processes.

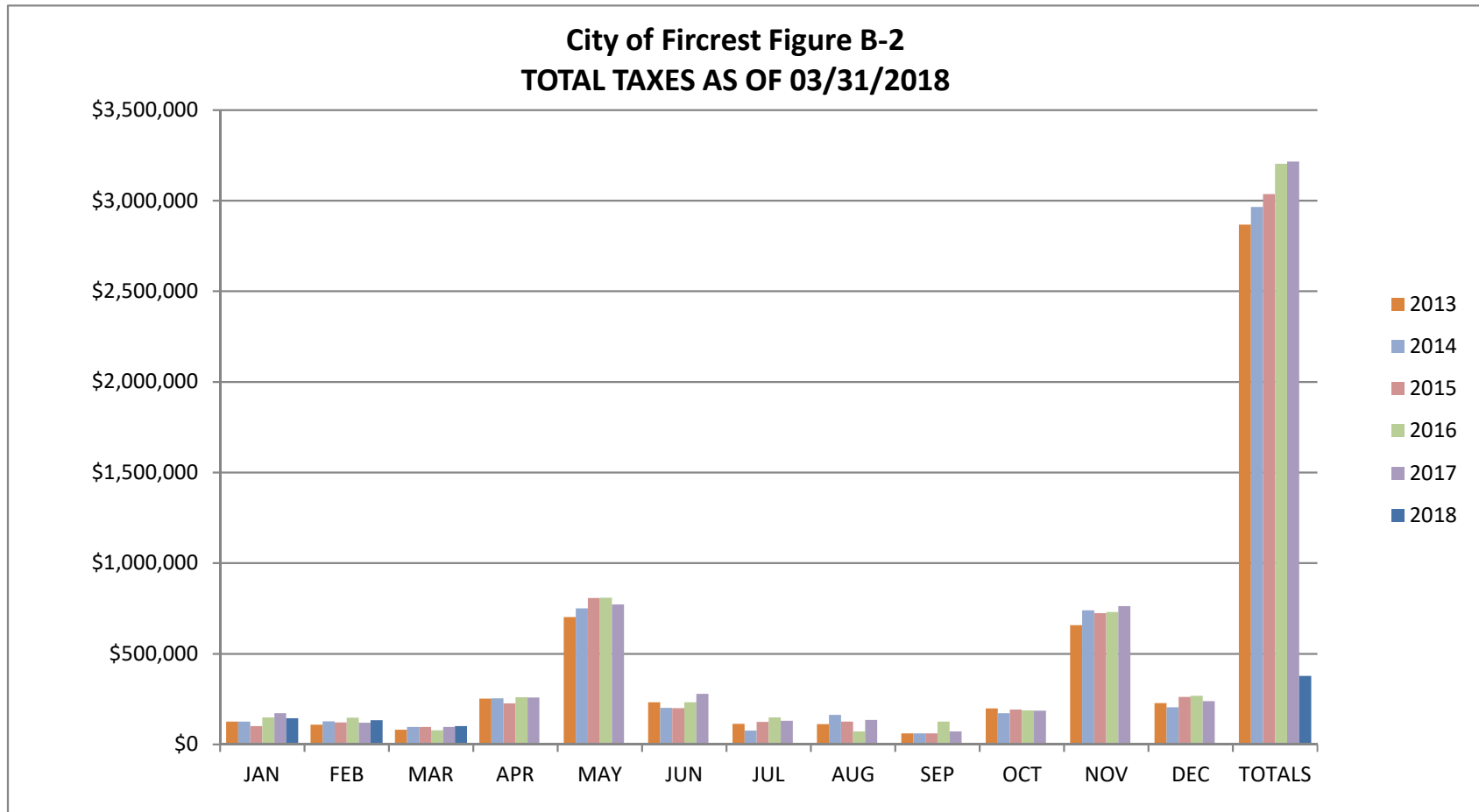
With future capital projects anticipated, the City will need to continue to evaluate its financial condition very carefully.

This report along with line item details can be found at the City of Fircrest's website at www.cityoffircrest.net.

**City of Fircrest Figure B-1
TOTAL GENERAL FUND REVENUE AS OF 3/31/2018**



The total for 2018 is as of 3/31/18

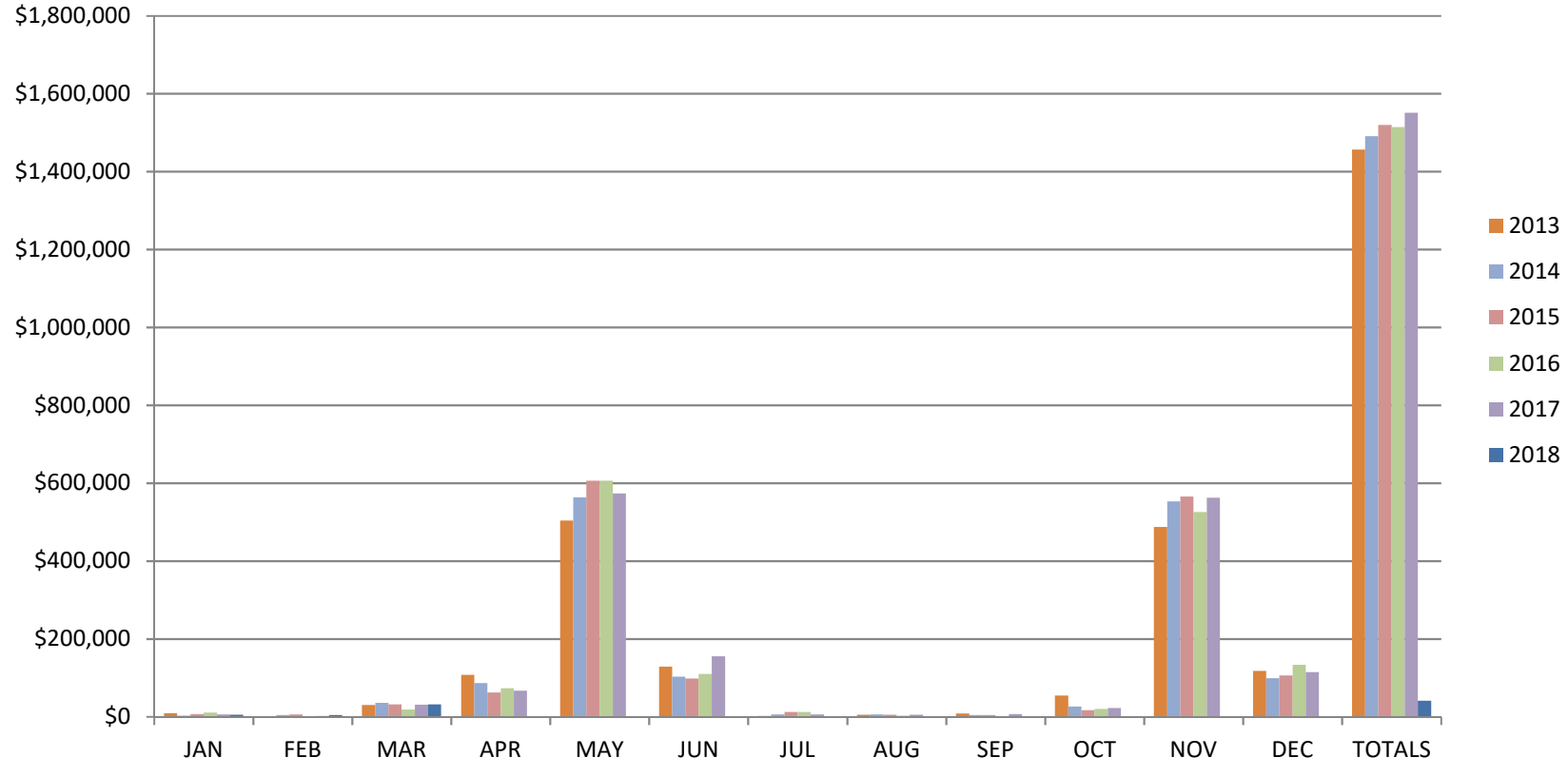


Taxes include General Property, EMS, Retail Sales and Use, Zoo, Local Criminal Justice, Water, Sewer, Gas, Garbage, Cable, and Phone

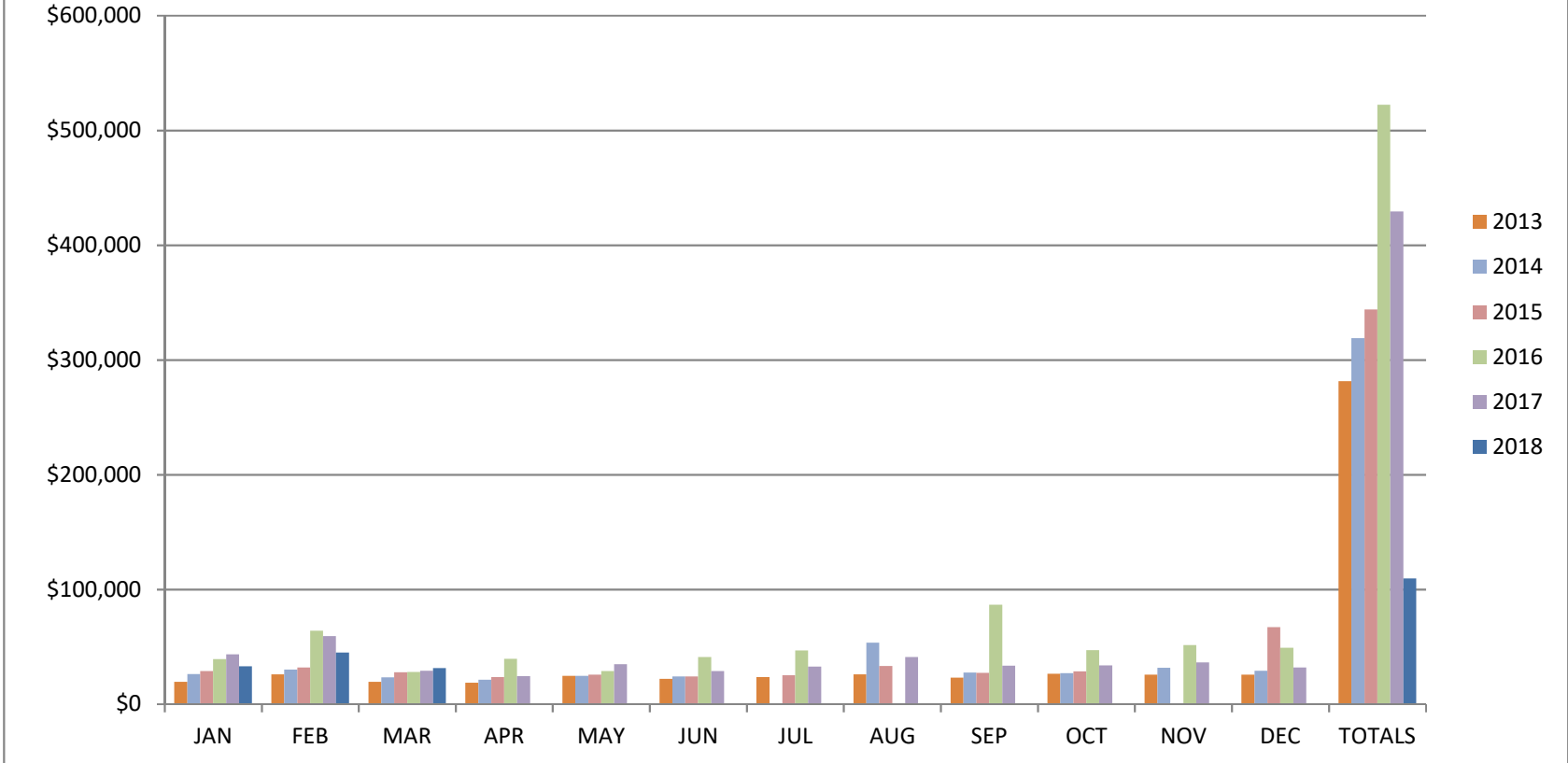
The major source of revenue in this category is property tax which is limited to a 1% increase collected from the previous year. In 2016 and 2017 retail sales tax increased due to Wainwright School construction.

The total for 2018 is as of 3/31/18

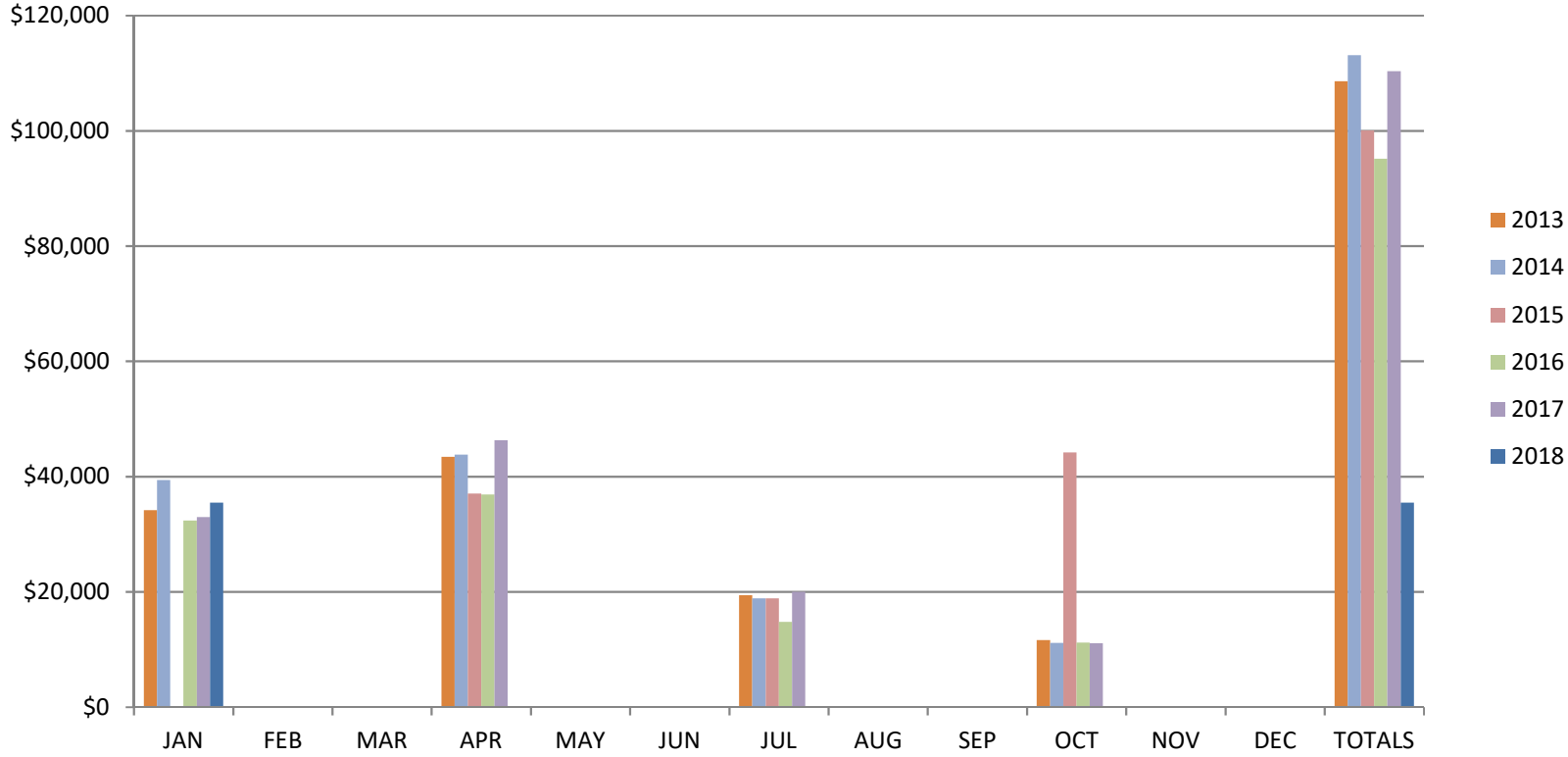
**City of Fircrest Figure B-3
GENERAL PROPERTY TAX AS OF 3/31/2018**



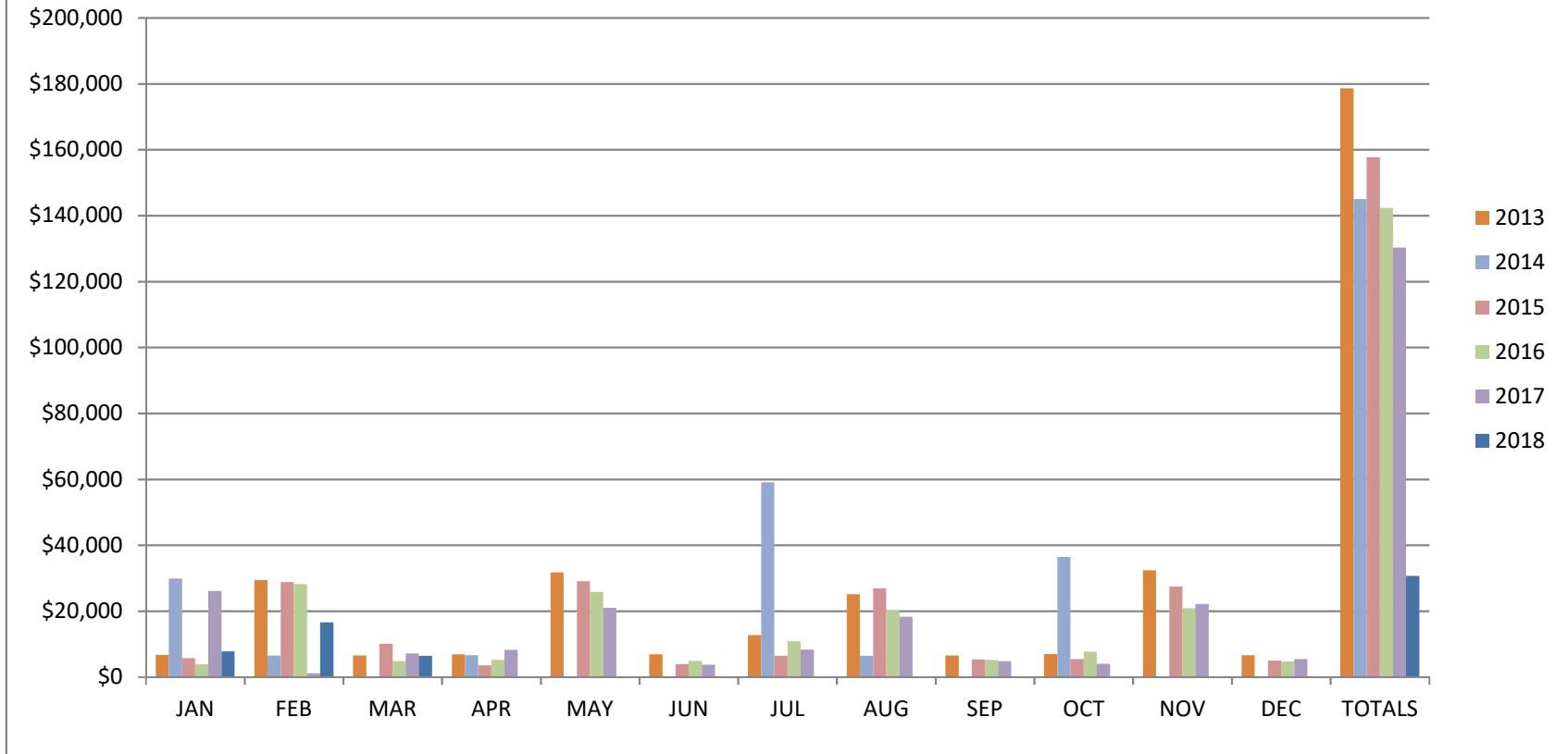
**City of Fircrest Figure B-4
RETAIL SALES TAX AS OF 3/31/2018**



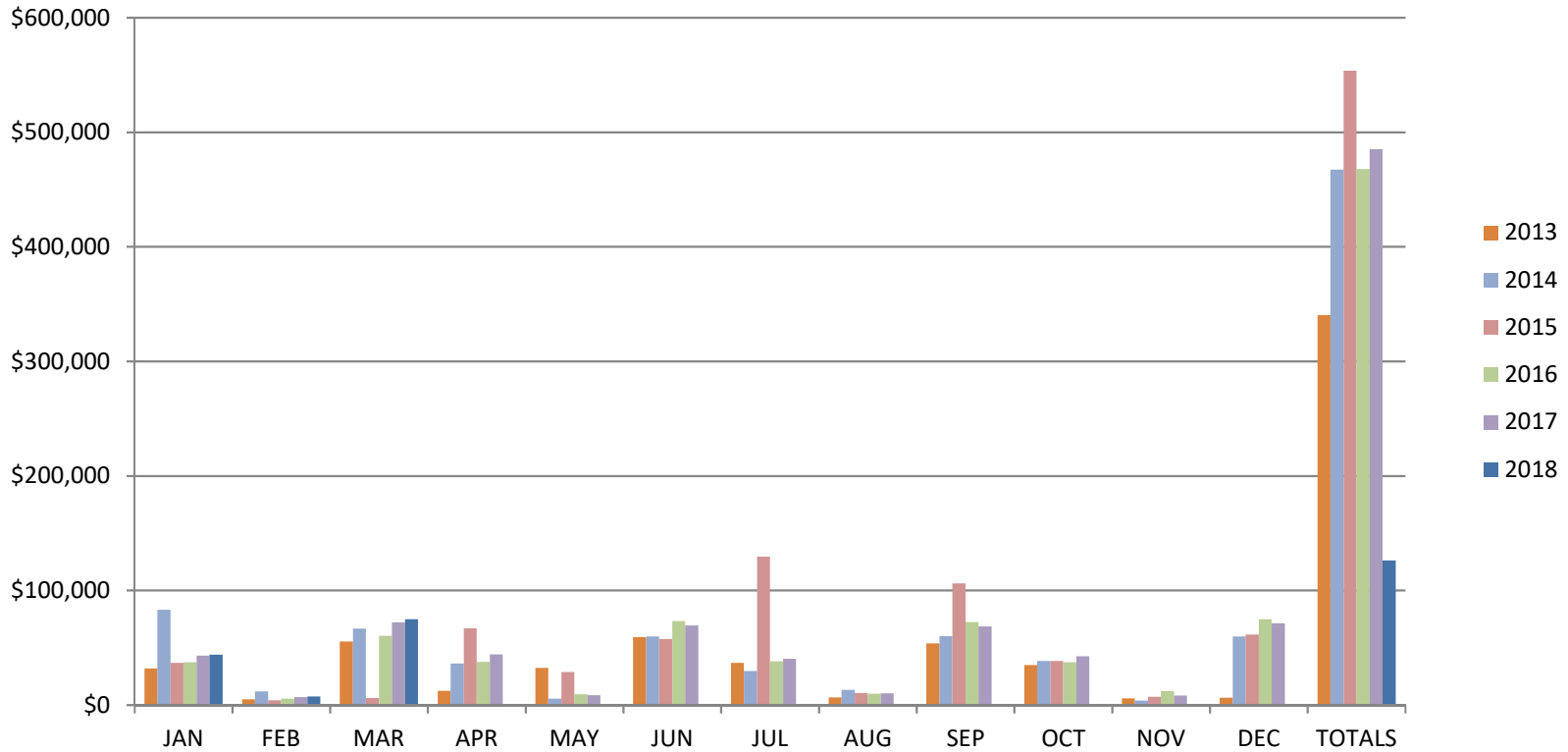
**City of Fircrest Figure B-5
GAS UTILITY TAX AS OF 3/31/2018**



City of Fircrest B-6 TELEPHONE TAX AS OF 3/31/2018



**City of Fircrest Figure B-7
TOTAL LICENSES & PERMITS AS OF 3/31/2018**



Licenses & Permits include Non Compete/Franchise Fees, Business Licenses, Building, Mechanical, Plumbing, and Excavate Permits

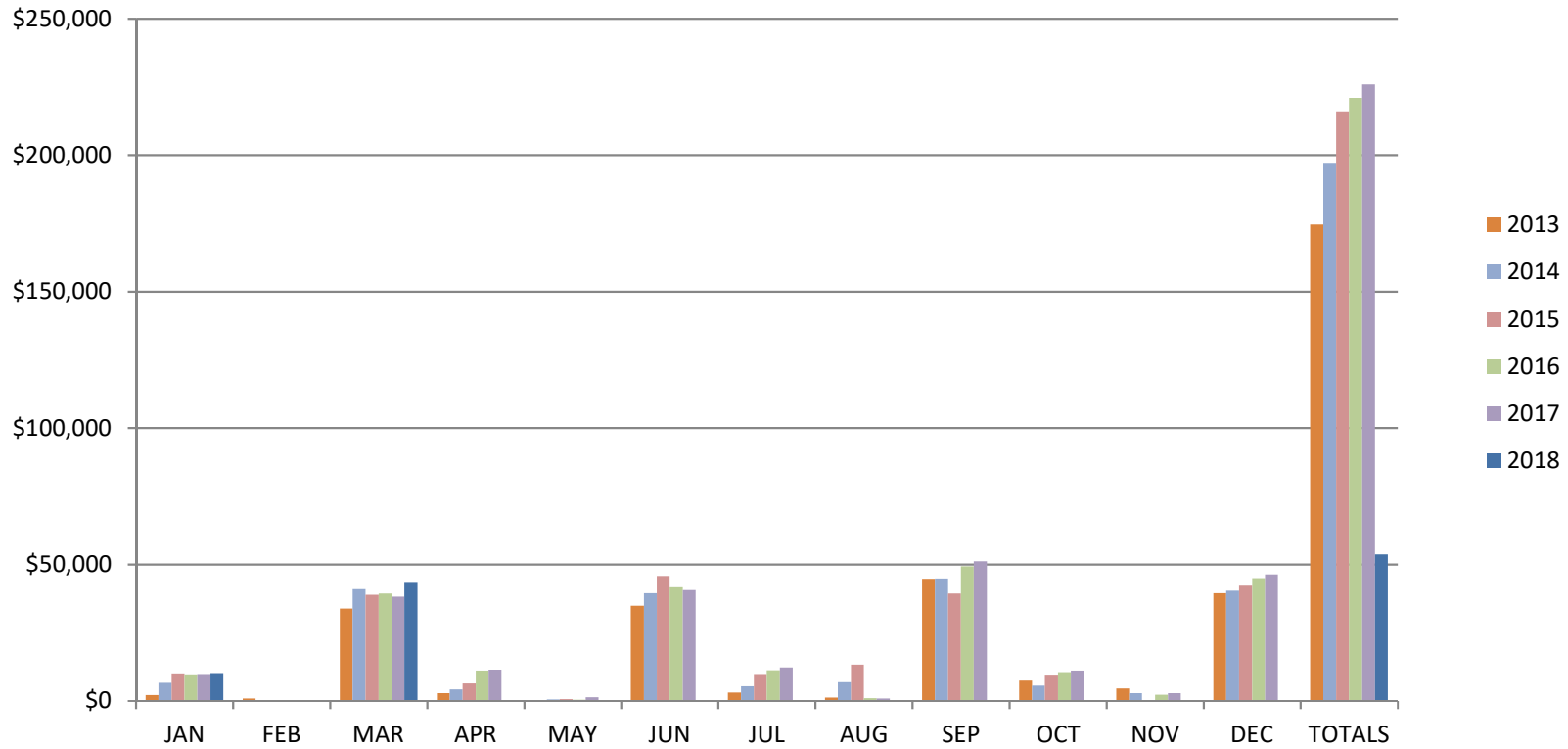
In 2013 only 3 quarters of Non Compete fee was received

In 2014 5 quarter of Non Compete fee was received

In 2015 Wainwright School permits were received

The total for 2018 is as of 3/31/18

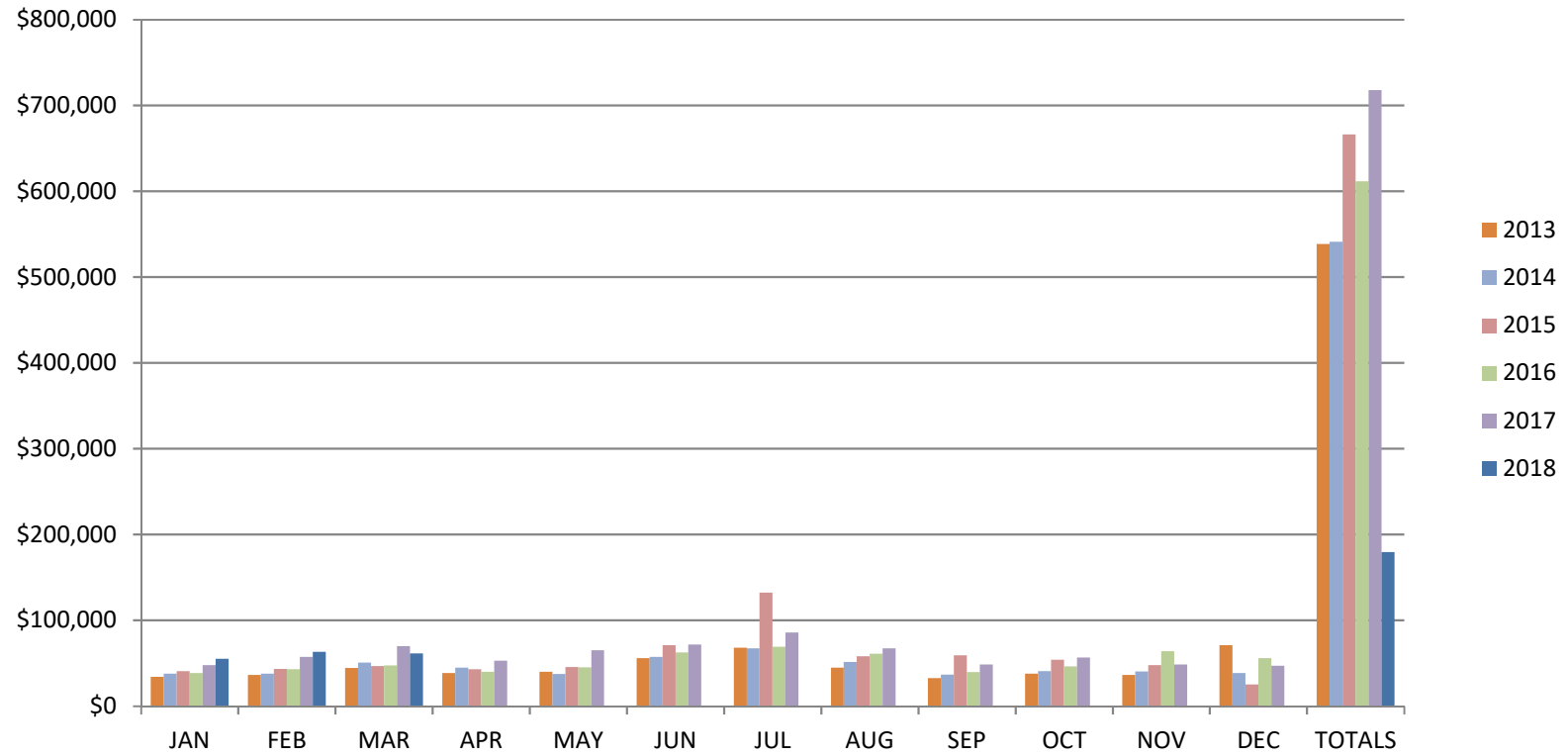
City of Fircrest B-8 TOTAL INTERGOV'T REVENUE AS OF 3/31/2018



Intergovernmental includes Overtime Reimbursements for the State, City Assistance, CJ Special Programs, DUI-Cities, Liquor Excise Tax and Liquor Board Profits

The total for 2018 is as of 3/31/18

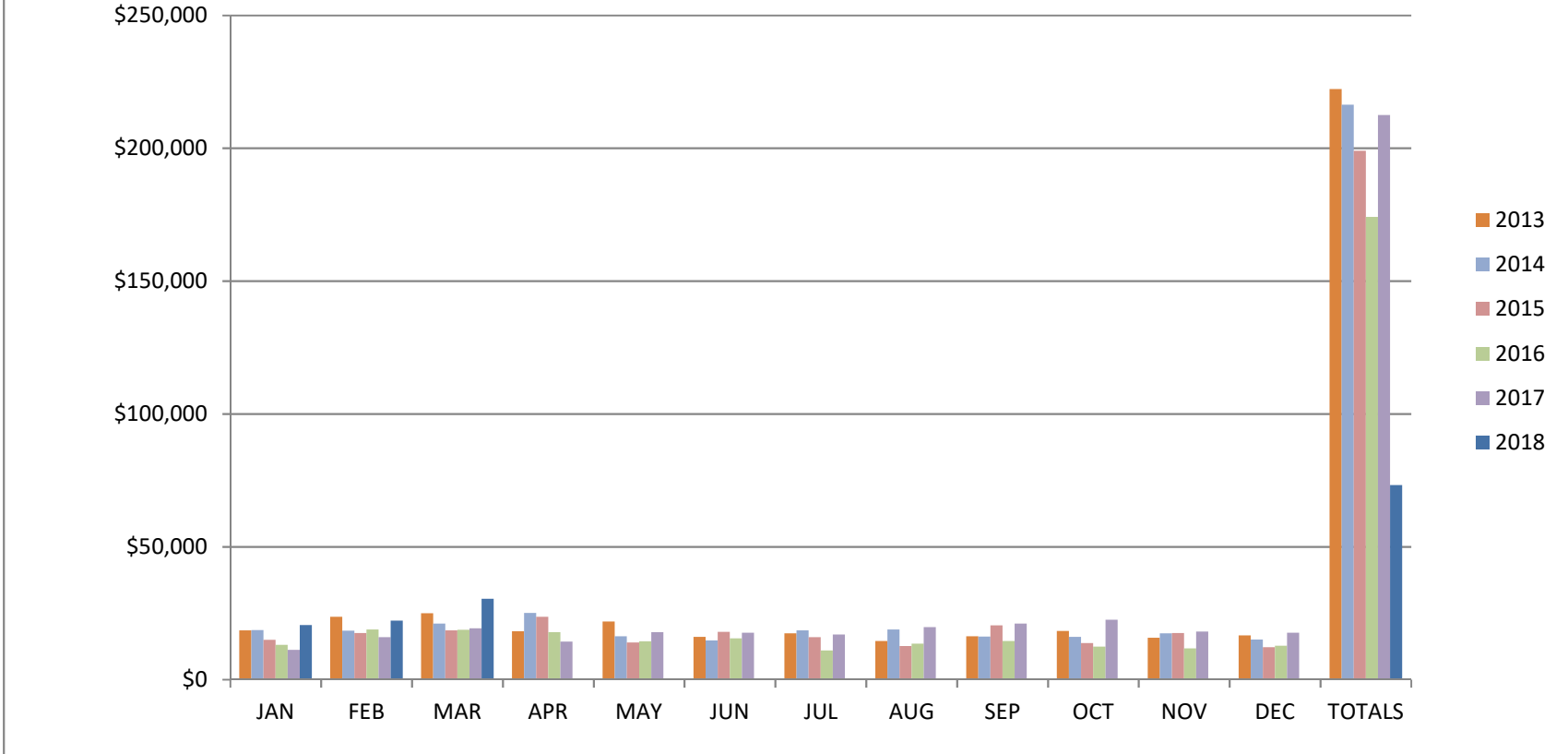
**City of Fircrest B-9
TOTAL OTHER SERVICES & CHARGES AS OF 3/31/2018**



Other Services & Charges include Passport Fees, Planning Fees, Swimming Pool Fees/Lessons, Recreation Fees, Reimbursement for Police Overtime Non State and Interdeptmental Fees
 In 2015 the increase was due to the plan check fees and special inspections for Wainwright school.

The total for 2018 is as of 3/31/18

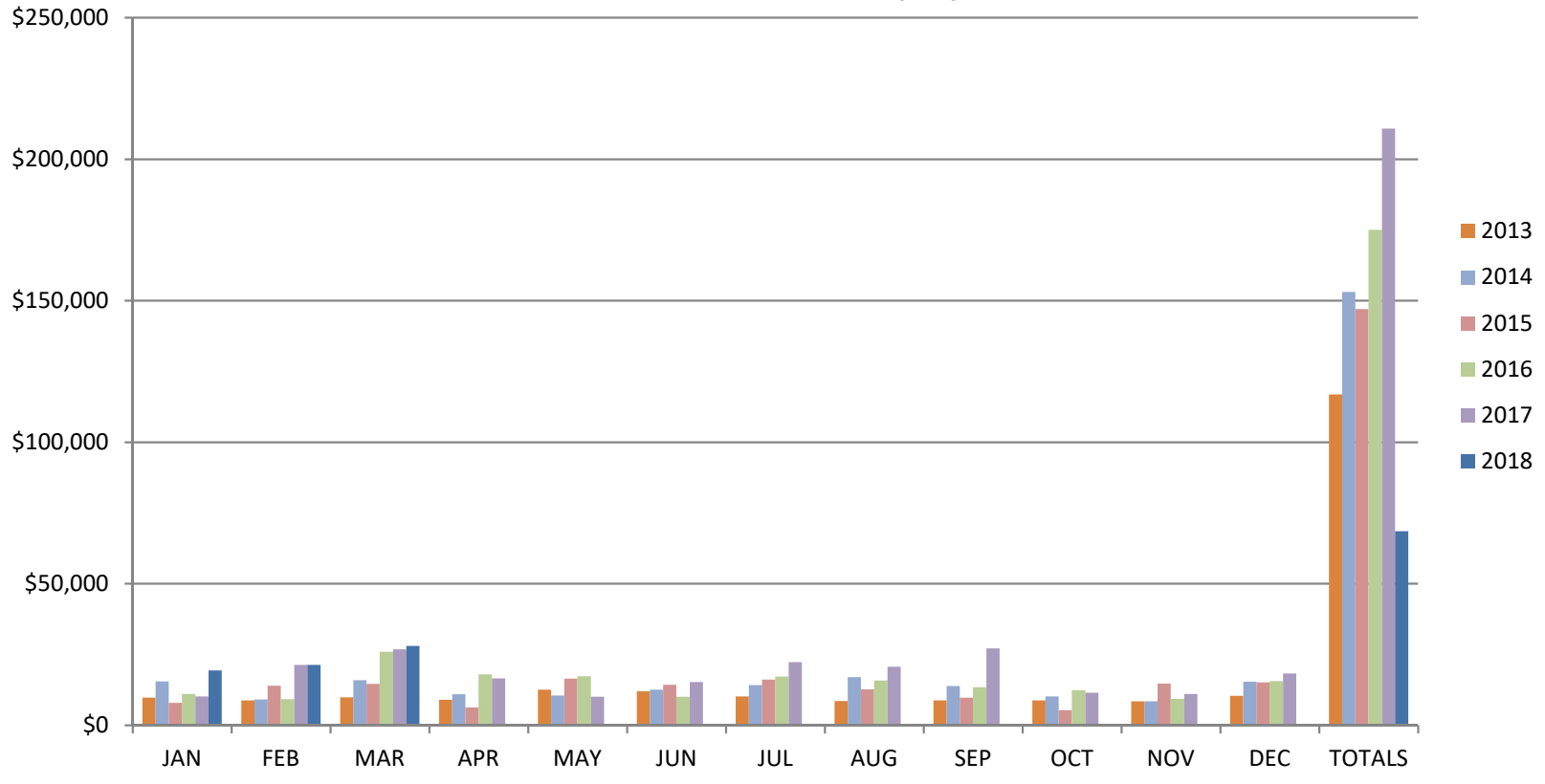
**City of Fircrest Figure B-10
TOTAL FINES & FORFEITS AS OF 3/31/2018**



Total Fines & Forfeits include Municipal Court, Investigative Fund Assessments and DUI Investigative Fund Assessments

The total for 2018 is as of 3/31/18

**City of Fircrest Figure B-11
TOTAL MISC REVENUE AS OF 3/31/2018**



Miscellaneous includes Investment Interest, Space & Facility Rentals Donations, Reimbursements, and other miscellaneous revenues

This category of revenue decreased because of very low interest rates and is now increasing because of higher rates and bond investments.

The total for 2018 is as of 3/31/18