



# CITY OF BLAINE

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**To:** City Council  
**From:** Jeff Lazenby, Finance Director  
**Date:** July 27, 2020  
**Subject:** Mid-Year (2<sup>nd</sup> Quarter) Financial Report

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## **General Fund**

The forecasted 11% reduction in revenue reflected in the amended budget is in alignment with actuals. Year-to-date (through June 30) general fund revenue compared to the amended budget is 51%, and actual expenditures are 47%. These percentages track with the cumulative total trend (6/12 = 50%).

Most tax revenue sources are at or above the mid-year mark. The one exception is the business and occupation (B&O) tax, which is 10% of the forecast.

At this time, it is difficult to predict how much B&O tax the City will receive. The main issue is that the first year the City implemented the tax a global pandemic has created a recession that is impacting most business sectors. There are at least three major businesses that have not yet submitted first quarter returns. Staff is continuing enforcement. Late penalties are currently not in place due to Council authorizing the suspension of late fees per Resolution 1808-20. To assist in enforcement efforts, the Council may wish to take future action to reinstate B&O tax late payment penalties. It will take at least a year and a return to some normalcy to determine how much B&O tax the City will actually collect.

Through the second quarter, general fund revenue actuals are coming within the forecasts. However, if revenue drops below estimates, further expenditure cuts will have to be made.

## **Street Fund**

Street fund actual total revenue is 39% of the budget. The penny per gallon gas tax is 23%. Obviously, the border closure is impacting this fund. The good news is that with expenditures at 36% of the budget, revenue and expenditures are closely matched. To curb spending, summer help positions remain vacant. One caveat regarding the spending is that maintenance is being deferred. If the border is closed for the remainder of the year, then additional actions will have to take place to keep the street fund solvent.

**Lodging Tax Fund**

Lodging tax revenue is 32% of the forecast. The June number represents April collections. As the summer season progresses this revenue source may return to normal trends. Council's authorization to not fund certain grants has helped maintain expenditures. Actual expenditures are 36% of the budget.

**Enterprise Funds**

The enterprise funds consist of electric, water, wastewater, and stormwater. Rate revenue is tracking at the mid-year mark of 50% of the budget, which is contributing to positive cash-flow for all the utilities. Operating expenditures are at or below the 50% mark. So far, the utilities are doing well considering the circumstances.

As of June 30, 2020, 322 utility customer accounts had outstanding balances. Some accounts have notable outstanding balances that have been accruing over the last couple of months. As I wrote in previous memos, Governor Inslee extended his emergency order prohibiting utility disconnections and the charging of utility late fees until July 28, 2020. As of mid-year, the increase in utility accounts having outstanding balances has not resulted in a budget crisis for the utility funds.

**Furloughs**

All employees except members of the Fraternal Order of Police (commissioned officers excluding the Chief) accepted the City's proposal to implement one week furloughs as a cost saving measure. Where workloads allow it, employees who wish to take additional furlough weeks are eligible to take up to three weeks. Furloughs have saved over \$68,000 through the end of June. This is helping to control expenditures in all funds.

**Conclusion**

Maintaining financial health during these uncertain times is critical. The looming unknown is how long this uncertainty will last. Nonetheless, the City needs to be prepared to make drastic cuts to operations, especially in the general and street funds. If general fund revenue remains status quo in 2021 and 2022 and expenditures increase by 5%, then service levels and programs will have to be significantly modified.

Attachment:

2020 Mid-Year Financial Report

## 2020 MID-YEAR FINANCIAL REPORT

### GENERAL FUND SUMMARY FY 2020

	2020 Amended Budget	2020 Actual YTD (June 30)	Balance	% of Amended Budget
<b>REVENUE</b>				
Property Tax	\$ 875,000	\$ 454,678	\$ 420,322	52%
Sales & Use Taxes	1,679,570	907,739	771,831	54%
Business & Occupation Tax	150,000	14,630	135,370	10%
Utility Taxes	1,273,000	643,600	629,400	51%
Leasehold Excise Tax	89,000	49,683	39,317	56%
<b>Total Taxes</b>	<b>\$ 4,066,570</b>	<b>\$ 2,070,329</b>	<b>\$ 1,996,241</b>	<b>51%</b>
Licenses & Permits	318,200	124,427	193,773	39%
Intergovernmental	200,000	136,086	63,914	68%
Charges for Services	1,505,000	778,989	726,011	52%
Fines & Forfeits	107,730	47,832	59,898	44%
Miscellaneous Revenue	283,000	122,035	160,965	43%
<b>OPERATING REVENUE</b>	<b>6,480,500</b>	<b>3,279,698</b>	3,200,802	51%
Transfers-In	32,500	16,250	16,250	50%
Other Revenue		8,282	(8,282)	0%
<b>TOTAL REVENUE</b>	<b>\$ 6,513,000</b>	<b>\$ 3,304,230</b>	\$ 3,208,770	51%
<b>EXPENDITURES</b>				
Salaries & Wages	\$ 3,170,525	\$ 1,583,736	\$ 1,586,789	50%
Overtime	120,250	85,710	34,540	71%
Personnel Benefits	1,464,368	697,036	767,332	48%
Supplies	310,094	148,435	161,659	48%
Professional Services	1,185,994	483,046	702,948	41%
Communication	137,570	51,879	85,691	38%
Travel & Training	118,635	31,033	87,602	26%
Advertising	15,800	5,021	10,779	32%
Leases & Rentals	73,631	26,267	47,364	36%
Insurance	137,000	8,612	128,388	6%
Utilities	119,400	56,321	63,079	47%
Repairs & Maintenance	88,550	41,088	47,462	46%
Other Services & Charges	45,350	26,917	18,433	59%
<b>OPERATING EXPENDITURES</b>	<b>6,987,167</b>	<b>3,245,102</b>	3,742,065	46%
Pass-Through (Whatcom County EMS)	50,000	20,811	29,189	42%
Capital	61,920	(1,424)	63,344	-2%
Debt Service	25,482	24,861	621	98%
Transfers Out	169,805	126,979	42,826	75%
<b>TOTAL EXPENDITURES</b>	<b>\$ 7,294,374</b>	<b>\$ 3,416,329</b>	\$ 3,878,045	47%
Revenue Less Expenditures	(781,374)	(112,099)		
<b>FUND BALANCE JANUARY 1</b>	1,665,669	1,665,669	-	100%
<b>FUND BALANCE DECEMBER 31</b>	<b>\$ 884,295</b>	<b>\$ 1,553,569</b>	\$ (669,275)	176%
<b>Target Balance</b>	607,865	607,862		

## 2020 MID-YEAR FINANCIAL REPORT

### STREET OPERATING FUND SUMMARY FY 2020

<b>REVENUE</b>	<b>2020 Adopted Budget</b>	<b>2020 Actual YTD (June 30)</b>	<b>Balance</b>	<b>% of Budget</b>
Property Tax	\$ 285,628	\$ 159,752	\$ 125,876	56%
Penny per Gallon Gas Tax	185,900	43,343	142,557	23%
Licenses and Permits	2,000	3,135	(1,135)	157%
Intergovernmental Revenues	122,660	51,144	71,516	42%
Miscellaneous Revenues	-	11,769	(11,769)	0%
Sale of Assets	-	50	(50)	0%
Transfers-In	100,000	-	100,000	0%
<b>TOTAL REVENUE</b>	<b>\$ 696,188</b>	<b>\$ 269,193</b>	<b>\$ 426,995</b>	<b>39%</b>
<b>EXPENDITURES</b>				
Salaries	170,693	66,751	103,942	39%
Benefits	82,078	40,518	41,560	49%
Supplies	129,000	41,596	87,404	32%
Professional Services	256,226	107,824	148,402	42%
Communication	1,800	839	961	47%
Travel & Training	4,500	1,227	3,273	27%
Advertising	2,500	-	2,500	0%
Leases & Rentals	9,828	4,914	4,914	50%
Insurance	3,503	-	3,503	0%
Utilities	59,700	24,533	35,167	41%
Repairs & Maintenance	38,900	5,375	33,525	14%
Other Services & Charges	1,152	299	853	26%
Operating Capital Outlays	60,000	4,896	55,104	8%
<b>TOTAL EXPENDITURES</b>	<b>\$ 819,880</b>	<b>\$ 298,771</b>	<b>\$ 521,109</b>	<b>36%</b>
Revenue Less Expenditures	(123,692)	(29,578)		
<b>FUND BALANCE JANUARY 1</b>	218,763	272,186	(53,423)	124%
<b>FUND BALANCE DECEMBER 31</b>	<b>\$ 95,071</b>	<b>\$ 242,608</b>	<b>\$ (147,537)</b>	<b>255%</b>
Target Balance	68,323	68,323		

## 2020 MID-YEAR FINANCIAL REPORT

### LODGING TAX FUND SUMMARY FY 2020

	2020 Amended Budget	2020 Actual YTD (June 30)	Balance	% of Amended Budget
<b>REVENUE</b>				
Lodging Tax	\$ 175,000	\$ 55,429	\$ 119,571	32%
Interest Earnings	-	475	0	0%
<b>TOTAL REVENUE</b>	<b>\$ 175,000</b>	<b>\$ 55,904</b>	<b>\$ 119,096</b>	<b>32%</b>
<b>EXPENDITURES</b>				
<b>Welcome Center</b>				
Salaries & Wages	\$ 52,895	\$ 30,624	\$ 22,271	58%
Personnel Benefits	19,679	10,315	9,364	52%
Supplies	2,000	457	1,543	23%
Professional Services	31,000	426	30,574	1%
Communication	2,000	707	1,293	35%
Training	500	18	482	4%
Rentals & Leases	30,000	16,656	13,344	56%
Utilities	3,500	1,468	2,032	42%
Repairs & Maintenance	1,500	1,089	411	73%
Other Services & Charges	500	89	411	18%
<b>Total Welcome Center</b>	<b>143,574</b>	<b>61,849</b>	<b>81,725</b>	<b>43%</b>
<b>Event Grants</b>				
Plover	-	99	(99)	0%
International Sculpture Exhibit	7,500	7,500	-	100%
Hands Across the Border	2,500	1,714	786	69%
Old Fashion July 4th	-	-	-	0%
Drayton Harbor Music Festival	-	-	-	0%
Drayton Harbor Days	-	-	-	0%
Wings Over Water	9,000	1,250	7,750	14%
Bellingham Whatcom Tourism	11,000	-	11,000	0%
Roctoberfest	5,000	-	5,000	0%
Peace Arch Park International Concert Series	1,000	-	1,000	0%
Blaine Chamber Event Coordinator	20,000	-	20,000	0%
<b>Total Event Grants</b>	<b>56,000</b>	<b>10,563</b>	<b>45,437</b>	<b>19%</b>
<b>Projects</b>				
Special Events Projects	-	-	-	0%
<b>Total Projects</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>Marketing</b>				
Office Supplies	100	-	100	0%
Advertising	10,000	375	9,625	4%
Marketing of Plover Charters	1,000	-	1,000	0%
Promotion for Blaine Birding	2,000	438	1,563	22%
Brochures	2,500	340	2,160	14%
<b>Total Marketing</b>	<b>15,600</b>	<b>1,153</b>	<b>14,448</b>	<b>7%</b>
Transfer Out to Lodging Tax Reserve	25,000	12,500	12,500	50%
<b>TOTAL EXPENDITURES</b>	<b>\$ 240,174</b>	<b>\$ 86,064</b>	<b>154,110</b>	<b>36%</b>
Revenue Less Expenditures	(65,174)	(30,161)		
<b>FUND BALANCE JANUARY 1</b>	<b>120,000</b>	<b>120,000</b>	<b>-</b>	<b>100%</b>
<b>FUND BALANCE DECEMBER 31</b>	<b>\$ 54,826</b>	<b>\$ 89,839</b>	<b>\$ (35,013)</b>	<b>164%</b>

## 2020 MID-YEAR FINANCIAL REPORT

### UTILITY RATE REVENUE TRENDS

<b>Utility Revenue</b>	<b>Actual 2019</b> (June 30)	<b>Budget 2020</b> (June 30)	<b>Actual 2020</b> YTD (June 30)	<b>Balance</b>	<b>% of</b> <b>Budget</b>
Electric	\$ 3,326,139	\$ 3,279,749	\$ 3,362,016	\$ (82,267)	103%
Water	583,742	719,149	651,646	67,502	91%
Wastewater	2,114,235	2,229,419	2,186,146	43,273	98%
Stormwater	197,286	210,000	196,376	13,624	94%
<b>Totals</b>	<b>\$ 6,221,402</b>	<b>\$ 6,438,316</b>	<b>\$ 6,396,183</b>	<b>\$ 42,132</b>	<b>99%</b>

Note: Excludes fund balances.

## 2020 MID-YEAR FINANCIAL REPORT

### ELECTRIC FUND SUMMARY FY 2020

#### ELECTRIC FUND OPERATING

OPERATING REVENUE	2020 Budget	2020 Actual YTD (June 30)	Balance	% of Budget
Charges for Goods and Services	\$ 6,648,897	\$ 3,379,585	\$ 3,269,312	51%
Fines and Penalties	17,000	2,933	14,067	17%
Miscellaneous Revenues	163,372	86,113	77,259	53%
Other Financing Sources	400,000	161,857	238,143	40%
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 7,229,269</b>	<b>\$ 3,630,488</b>	<b>\$ 3,598,781</b>	<b>50%</b>
<b>OPERATING EXPENDITURES</b>				
Salaries	690,904	294,103	396,801	43%
Benefits	302,041	123,504	178,537	41%
Supplies	276,127	93,997	182,130	34%
Power Purchased for Resale	3,709,436	1,873,467	1,835,969	51%
Professional Services	818,496	399,572	418,924	49%
Communications	4,600	1,242	3,358	27%
Travel & Training	10,000	1,046	8,954	10%
Advertising	3,000	-	3,000	0%
Rentals & Leases	39,012	18,394	20,618	47%
Insurance	13,878	-	13,878	0%
Utilities	25,704	13,694	12,010	53%
Repair & Maintenance	28,800	13,157	15,643	46%
Other Services & Charges	262,288	128,240	134,048	49%
Capital Outlays	400,000	-	400,000	0%
Transfers Out	924,333	461,816	462,517	50%
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$ 7,508,619</b>	<b>\$ 3,422,233</b>	<b>\$ 4,086,386</b>	<b>46%</b>
<b>BEGINNING FUND BALANCE</b>	1,837,455	1,967,683	(130,228)	107%
<b>ENDING FUND BALANCE</b>	<b>\$ 1,558,105</b>	<b>\$ 2,175,938</b>	<b>\$ (617,833)</b>	<b>140%</b>
Target Balance	1,251,437	1,251,437		

#### ELECTRIC FUND CAPITAL IMPROVEMENT

<b>CAPITAL REVENUE</b>				
Grants	\$ 17,500	\$ 279,000	\$ (261,500)	1594%
Interest Earnings	15,000	6,672	8,328	44%
Transfers In	900,000	450,000	450,000	50%
<b>TOTAL CAPITAL REVENUE</b>	<b>932,500</b>	<b>735,672</b>	<b>196,828</b>	<b>79%</b>
<b>CAPITAL IMPROVEMENTS</b>				
Capital Improvements	1,220,000	7,563	1,212,437	1%
<b>TOTAL CAPITAL IMPROVEMENTS</b>	<b>\$ 1,220,000</b>	<b>\$ 7,563</b>	<b>\$ 1,212,437</b>	<b>1%</b>
<b>BEGINNING FUND BALANCE</b>	1,709,916	1,346,747	363,169	79%
<b>ENDING FUND BALANCE</b>	<b>\$ 1,422,416</b>	<b>\$ 2,074,856</b>	<b>\$ (652,440)</b>	<b>146%</b>
Target Balance	625,718	625,718		

## 2020 MID-YEAR FINANCIAL REPORT

### WATER FUND SUMMARY FY 2020

#### WATER FUND OPERATING

OPERATING REVENUE	2020 Actual		Balance	% of Budget
	2020 Budget	YTD (June 30)		
Charges for Goods and Services	\$ 1,470,797	\$ 692,263	\$ 778,534	47%
Fines and Penalties	13,400	2,340	11,060	17%
Miscellaneous Revenues	62,300	51,963	10,337	83%
Other Increases in Fund Resources	-	868	(868)	0%
Other Financing Sources	160,000	-	160,000	0%
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 1,706,497</b>	<b>\$ 747,435</b>	<b>\$ 959,062</b>	<b>44%</b>

#### OPERATING EXPENDITURES

Salaries	328,403	132,808	195,595	40%
Benefits	138,701	71,415	67,286	51%
Supplies	176,500	66,118	110,382	37%
Professional Services	566,675	282,095	284,580	50%
Communications	3,000	1,955	1,045	65%
Travel & Training	9,000	892	8,108	10%
Advertising	6,400	2,423	3,977	38%
Rentals & Leases	25,731	12,103	13,628	47%
Insurance	24,830	-	24,830	0%
Utilities	112,200	45,166	67,034	40%
Repair & Maintenance	75,000	24,111	50,889	32%
Other Services & Charges	55,200	27,654	27,546	50%
Operating Capital Outlays	360,000	-	360,000	0%
Transfers Out	2,500	1,250	1,250	50%
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$ 1,884,140</b>	<b>\$ 667,990</b>	<b>\$ 1,216,150</b>	<b>35%</b>

#### BEGINNING FUND BALANCE

	947,170	1,129,008	(181,838)	119%
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#### ENDING FUND BALANCE

	\$ 769,527	\$ 1,208,452	\$ (438,925)	157%
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Target Balance

	157,012	157,012
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#### WATER FUND CAPITAL IMPROVEMENT

#### CAPITAL REVENUE

Interest Earnings	\$ 40,000	\$ 13,381	\$ 26,619	33%
Connection Fees	262,700	137,458	125,242	52%
Other Increases in Fund Resources	10,000	-	10,000	0%
Other Financing Sources	5,000	-	5,000	0%
<b>TOTAL CAPITAL REVENUE</b>	<b>\$ 317,700</b>	<b>\$ 150,840</b>	<b>\$ 166,860</b>	<b>47%</b>

#### CAPITAL IMPROVEMENTS

Capital Improvements	1,365,000	108,974	1,256,026	8%
<b>TOTAL CAPITAL IMPROVEMENTS</b>	<b>\$ 1,365,000</b>	<b>\$ 108,974</b>	<b>\$ 1,256,026</b>	<b>8%</b>

#### BEGINNING FUND BALANCE

	2,940,554	3,105,541	(164,987)	106%
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#### ENDING FUND BALANCE

	\$ 1,893,254	\$ 3,147,407	\$ (1,254,153)	166%
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Target Balance

	314,023	314,023
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## 2020 MID-YEAR FINANCIAL REPORT

### WASTEWATER (SEWER) FUND SUMMARY FY 2020

#### WASTEWATER FUND OPERATING

OPERATING REVENUE	2020 Budget	2020 Actual YTD (June 30)	Balance	% of Budget
Charges for Goods and Services	\$ 4,506,537	\$ 2,197,404	\$ 2,309,133	49%
Fines and Penalties	11,000	1,940	9,060	18%
Miscellaneous Revenues	11,800	10,036	1,764	85%
Assessment Revenue (Vista Terrace ULID)	120,000	45,446	74,554	0%
Other Financing Sources	30,000	-	30,000	0%
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 4,679,337</b>	<b>\$ 2,254,826</b>	<b>\$ 2,424,511</b>	<b>48%</b>

#### OPERATING EXPENDITURES

Salaries	423,434	197,699	225,735	47%
Benefits	191,421	97,278	94,143	51%
Supplies	312,600	45,570	267,030	15%
Professional Services	1,177,009	572,766	604,243	49%
Communications	11,600	4,031	7,569	35%
Travel & Training	11,800	722	11,078	6%
Rentals & Leases	14,497	7,248	7,249	50%
Insurance	263,173	-	263,173	0%
Utilities	241,300	114,405	126,895	47%
Repair & Maintenance	250,000	35,981	214,019	14%
Other Services & Charges	112,000	43,639	68,361	39%
Debt Service	1,679,251	1,320,063	359,188	79%
Operating Capital Outlays	130,000	14,981	115,019	12%
Transfers Out	281,922	140,961	140,961	50%
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$ 5,100,007</b>	<b>\$ 2,595,344</b>	<b>\$ 2,504,663</b>	<b>51%</b>

#### BEGINNING FUND BALANCE

1,064,935	1,053,270	11,665	99%
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#### ENDING FUND BALANCE

\$ 644,265	\$ 712,752	\$ (68,487)	111%
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Target Balance

425,001	425,001
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#### WASTEWATER FUND CAPITAL IMPROVEMENT

#### CAPITAL REVENUE

Grants	\$ -	\$ 885,000	\$ (885,000)	0%
Interest Earnings	10,400	11,614	(1,214)	112%
Connection Fees	320,800	224,244	96,556	70%
Other Financing Sources	140,000	70,000	70,000	50%
<b>TOTAL CAPITAL REVENUE</b>	<b>\$ 471,200</b>	<b>\$ 1,190,858</b>	<b>\$ (719,658)</b>	<b>253%</b>

#### CAPITAL IMPROVEMENTS

Capital Improvements	810,000	174,419	635,581	22%
<b>TOTAL CAPITAL IMPROVEMENTS</b>	<b>\$ 810,000</b>	<b>\$ 174,419</b>	<b>\$ 635,581</b>	<b>22%</b>

#### BEGINNING FUND BALANCE

3,186,695	2,730,576	456,119	86%
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#### ENDING FUND BALANCE

\$ 2,847,895	\$ 3,747,015	\$ (899,120)	132%
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Target Balance

850,001	850,001
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