

SEQUIM CITY COUNCIL AGENDA COVER SHEET

MEETING DATE: July 28, 2014

FROM: Sue Hagener, Accounting Manager

SH
Initials

SUBJECT/ISSUE: 2014 2nd Quarter Financial Statement Report

Discussion dates	4/28/14			
CATEGORY	<input type="checkbox"/> City Manager Report	<input checked="" type="checkbox"/> Study Session	Time Needed for Presentation 10	
	<input type="checkbox"/> Public Hearing	<input type="checkbox"/> Consent Agenda		
	<input type="checkbox"/> Unfinished Business	<input type="checkbox"/> New Business		
Reviewed by		Initials	Date	
Steve Burkett, City Manager		SCB	7/23/14	
Craig Ritchie, City Attorney		CAR	7-15-2014	
Elray Konkell, Administrative Services Director		EHK	7-15-2014	

PROBLEM/ISSUE STATEMENT:

The 2014 2nd Quarter Financial Report provides the financial results for the first 6 months of the year for the City. It includes an explanation of significant variances from budget. The reports are provided quarterly to inform the City Council and Community as to the progress for the year. It is noted that any reference to prior year fund balances is subject to audit later in 2014.

LIST OF ATTACHMENTS:

1. [Summary by Fund \(including TBD\)](#)
2. [Narrative Summary of Funds](#)
3. [Supportive Data Graphs](#)
4. [2014 Capital Projects](#)

DISCUSSION/ANALYSIS:

The attached information is presented to give the City Council and Community a pre-audit look at results of operations and financial position at the end of the first six months of 2014. The Budget is adopted at the fund level and thus is presented accordingly.

General Fund Beginning fund balance was \$1.87ml and \$286k higher than originally budgeted. General fund revenues for the first 6 months were \$285k less than budgeted. Sales tax saw some recovery from the first quarter and came in at 98% of budget and permitting revenues also bounced back to 2% over budget. One time Civic Center permits totaling \$38k have been recorded but we also enjoyed more development activity. Interfund/overhead revenues are still lagging at 81% of budget. Interfund revenues are being impacted (as discussed previously with Council) in that the Civic Center is not being charged overhead. Staff was able to control supply and service expenditures resulting in a positive impact to the fund with total expenditures under budget by \$253k. The ending fund balance of \$1.77m is better than anticipated and within target levels.

Street Operations (Unrestricted) Actual beginning Fund Balance for 2014 was \$170k and \$23k higher than budgeted. Actual Revenues for the year are on target at \$348k and actual expenditures were \$2k less than budgeted. The result of operations was a decrease in Fund Balance of \$62k, however, this is \$10k better than forecasted. Ending fund balance of \$107k represents 1.6 months of budgeted 2014 Budgeted Expenditures. Street operations are still awaiting reimbursement from the TBD for \$44,464 in expenditures.

Water Operations (Unrestricted) Actual beginning Fund Balance for 2014 was \$1.281m and \$100k higher than budgeted. Actual Revenues for the year are \$14k more than projected and actual expenditures were \$100k less than budgeted (savings in professional services). Ending fund balance of \$989k represents 5 months of budgeted 2014 Budgeted Expenditures.

Sewer Operations (Unrestricted) Actual beginning Fund Balance for 2014 was \$1.417ml and \$131k less than budgeted. Actual Revenues for the year are \$24k more than budgeted and actual expenditures are \$108k less than projected (savings in small tools and professional services). Controlled expenditures within this fund allowed the result of operations to reduce the projected decline in Fund Balance to only \$151k instead of \$283k. Ending fund balance of \$1.3m represents 4 months of budgeted 2014 Budgeted Expenditures.

All **Other Funds** were either on track or above general budget projections or did not present any significant concerns

FINANCIAL IMPLICATIONS: None currently

RECOMMENDATION: Presented as information to the City Council and Community.