

SEQUIM CITY COUNCIL AGENDA COVER SHEET

MEETING DATE: February 23, 2015

FROM: Sue Hagener, Deputy Admin. Services Director SAH
Initials

SUBJECT/ISSUE: 2014 Year-End Financial Report

Discussion dates	4/28/14	7/28/14	10/27/14	2/23/15
CATEGORY	<input type="checkbox"/> City Manager Report	<input type="checkbox"/> Information Only	Time Needed for Presentation 15	
	<input type="checkbox"/> Public Hearing	<input type="checkbox"/> Consent Agenda		
	<input checked="" type="checkbox"/> Unfinished Business	<input type="checkbox"/> New Business		
Reviewed by			Initials	Date
Steve Burkett, City Manager			SCB	2/19/2015
Craig Ritchie, City Attorney			CAR	2-17-2015
Elray Konkel, Administrative Services Director				

PROBLEM/ISSUE STATEMENT:

The 2014 Year-End Financial Report provides the financial results for 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 should be noted that any reference to prior year fund balances have been subjected to an audit in 2014 and 2015 ending fund balance will be audited in 2015.

LIST OF ATTACHMENTS:

1. [What to Look for on the City's Financial Reports](#)
2. [Summary by Fund](#)
3. [Summary by Fund – Fund Balance Only](#) (comparison to Forecast)
4. [Narrative Summary of Funds](#)
5. [Supportive Data Graphs](#)
6. [2014 Capital Projects](#)

DISCUSSION/ANALYSIS:

The attached information is presented to give the City Council and Community a pre-audit look at the results of operations and financial position for 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 year were \$433k (5%) less than budgeted. Sales tax rebounded from 3rd quarter and came in at 100% of budget. Permitting revenues and Utility taxes ended very strong at 131% and 104% of budget, respectively. One time Civic Center permits totaling \$38k have been recorded but we also enjoyed more development activity in 2014. Interfund/overhead revenues ended the year at 79% of budget, a slight improvement over 3rd quarter. Interfund revenues were 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 \$312k (4%). The ending fund balance of \$1.82ml is better than anticipated and within target levels.

Street Operations (Unrestricted) Beginning fund balance was \$170k and \$23k higher than budgeted. The revenue budgeted in this fund includes TBD reimbursements for safety and maintenance, and motor vehicle tax but mostly transfers from the General Fund and REET (Real Estate Excise Tax). Using REET is a last priority to funding operations as this tax was really designed to support capital projects and will no longer be allowed after 2016. That said, transfers from REET into Street Operations were not needed due to conservative spending – expenditures ended the year under budget by \$114k or 14% (savings in salaries/benefits, supplies and interfund charges). Actual revenues were under budget by \$129k or 16%. Ending fund balance of \$138k represents 2.2 months of 2014 Actual Expenditures and is within target.

Water Operations (Unrestricted) Beginning fund balance for 2014 was \$1.281m and \$100k higher than budgeted. Actual Revenues for the year are \$90k more than budgeted (consumption) and actual expenditures were \$230k less than budgeted (savings in professional services, small tool/equipment and interfund charges). Ending fund balance of \$933ml represents 5 months of actual 2014 expenditures, and is within target.

Sewer Operations (Unrestricted) Beginning Fund Balance for 2014 was \$1.417ml and \$131k less than budgeted. Actual Revenues for the year are \$104k more than budgeted (consumption) and actual expenditures are \$423k less than projected (savings in professional services, supplies/fuel and interfund charges). Ending fund balance of \$1.45ml represents 4.8 months of actual 2014 expenditures, and within target.

All **Other Funds** were either on track or above general budget projections or did not present any significant concerns. In fact, many saw improvement from 3rd quarter.

FINANCIAL IMPLICATIONS: Discussion above.

RECOMMENDATION: Presented as unfinished business to the City Council and Community.