

## SEQUIM CITY COUNCIL AGENDA COVER SHEET

**MEETING DATE:** April 27, 2015

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

**SUBJECT/ISSUE:** 2015 1<sup>st</sup> Quarter Financials

Discussion dates				
<b>CATEGORY</b>	<input type="checkbox"/> City Manager Report	<input type="checkbox"/> Information Only	Time Needed for Presentation	
	<input type="checkbox"/> Public Hearing	<input type="checkbox"/> Consent Agenda	10	
	<input type="checkbox"/> Unfinished Business	<input checked="" type="checkbox"/> New Business		
Reviewed by			Initials	Date
Steve Burkett, City Manager			SCB	4/20/15
Craig Ritchie, City Attorney			CAR	4-21-2015
Elray Konkel, Administrative Services Director			EHK	04/14/2015

**PROBLEM/ISSUE STATEMENT:**

The first quarter 2015 Financial Report provides the financial results for the first three months of the year. 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 including budget amendments that may be required. It should be noted that any reference to prior year fund balances will be subjected to an audit in 2015.

**LIST OF ATTACHMENTS:**

1. [Summary by Fund](#)
2. [Narrative Summary of Funds](#)
3. [Supportive Data Graphs](#)
4. [2015 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 the first quarter of 2015. The Budget is adopted at the fund level and thus is presented accordingly.

**General Fund** Beginning fund balance was \$1.82ml and \$81k higher than originally budgeted. General fund revenues were \$102k (6%) less than budgeted. Sales tax started off the year strong at 105% of budget. Permitting revenues and utility taxes are at 99% and 98% of budget, respectively. It's still relatively early in the year to evaluate property taxes, which are under performing. Interfund/overhead revenues are at 84% of budget, but we anticipate a rebound later in the year due to the cyclical nature of this revenue. Staff continues to control supply and service expenditures resulting in a positive impact to the fund with total expenditures under budget by \$107k (5%). Jail costs from 2014 are bringing in intergovernmental expenses in higher than projected but we expect an overall saving in 2015 from prior years. The ending fund balance of \$1.4ml is better than anticipated.

**Street Operations (Unrestricted)** Beginning fund balance was \$138k and \$11k lower than budgeted. Revenues were slightly less (\$4k or 3%) than budgeted. Actual expenditures were under budget (\$37k or 18%) and consistent with the seasonal nature of streets expenditures. The ending fund balance of \$95k is low (represents only 1.4 months of operations) but the fund still awaits reimbursement for some expenses by the TBD.

**Water Operations (Unrestricted)** Beginning fund balance for 2015 was \$933k and \$170k higher than budgeted. Actual Revenues are \$10k (2%) less than budgeted and actual expenditures were \$50k (14%) less than budgeted. Ending fund balance of \$1ml represents 6.7 months of operations.

**Sewer Operations (Unrestricted)** Beginning Fund Balance for 2015 was \$1.44ml and \$133k more than budgeted. Actual Revenues for the year are \$12k (1%) less than budgeted and actual expenditures are \$54k (5%) less than projected. Ending fund balance of \$1.48ml represents 5 months operations.

**206 Debt Service LTGO Bonds:** Investment interest income was budgeted in 2015 to support payment of debt service however this income did not meet expectations (due to condensed cash flow needs of the overall project). This will require additional resources (approximately \$50k) to pay the debt service. A budget amendment will be forthcoming.

**306 Capital Facilities:** In 2014, 2015 Civic Center project costs were budgeted based upon forecasted cash flow using our best estimates at the time. These forecasts slightly underestimated 2015 expenses. Also since then, council has approved increases in total project costs related to the community plaza, partially funded by the increased proceeds from the water and sewer revenue bonds. This will require a mid-year budget amendment. Also, a “roll forward” budget amendment will be needed for the Guy Cole improvements that continue into 2015.

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

**FINANCIAL IMPLICATIONS:** Discussion above.

**RECOMMENDATION:** No action necessary. Presented as new business to the City Council and Community.