

SEQUIM CITY COUNCIL AGENDA COVER SHEET

MEETING DATE: **October 26, 2015**

FROM: Sue Hagener, Administrative Services Director

SH
Initials

SUBJECT/ISSUE: 2015 3rd Quarter Financials

Discussion dates			
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
Charlie Bush, City Manager	CPB		10/21/15

PROBLEM/ISSUE STATEMENT:

The third quarter 2015 Financial Report provides the financial results for the first nine 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 beginning fund balances will be subjected to an audit in 2015.

LIST OF ATTACHMENTS:

1. [Summary by Funds](#)
2. [Narrative all Funds](#)
3. [Supportive Graphs](#)
4. [Schedule 9 – Outstanding Debt](#)
5. [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 nine months of 2015. The Budget is adopted at the fund level and thus is presented accordingly.

General Fund Beginning fund balance was strong at \$1.82ml and \$81k higher than budgeted. General fund revenues were \$183k (3%) less than budgeted. Sales tax remains strong at 107% of budget. Permitting activities started heating up in second quarter and related revenues are now 141% of budget. Utility taxes are at 98% of budget (warm winter impacted electricity tax). Property taxes are at 100% of budget. Interfund/overhead revenues are at 81% of budget, and we are seeing the expected rebound from earlier figures. Staff continues to control supply and service expenditures resulting in a positive impact to the fund with total expenditures under budget by \$171k (3%). 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 \$1.55ml is still above policy minimums.

Street Operations (Unrestricted) Beginning fund balance was \$138k and \$11k lower than budgeted. Revenues were \$12k (2%) less than budgeted because the fund awaits a TBD reimbursement for safety and maintenance expenses and transfers from REET. Actual expenditures were also under budget by \$96k or 16% (supplies, repairs and maintenance and overhead charges). The ending fund balance of \$111k is low (represents only 1.6 months of operations) but will be within policy limits by the end of the year.

Water Operations (Unrestricted) Beginning fund balance for 2015 was \$933k and \$170k higher than budgeted. Actual Revenues are \$56k (4%) more than budgeted and actual expenditures were \$99k (7%) less than budgeted (supplies, small tools and interfund charges). Ending fund balance of \$1.2k represents 7 months of operations.

Sewer Operations (Unrestricted) Beginning Fund Balance for 2015 was \$1.4ml and \$133k more than budgeted. Actual Revenues for the year are \$34k (1%) more than budgeted (on target in other words) and actual expenditures are \$319k (11%) less than projected (supplies, salaries and benefits, repairs and maintenance). Ending fund balance of \$1.8ml represents 6 months operations.

206 Debt Service LTGO Bonds: Revenues are \$8k over the amended budget and expenditures are \$9k under budget. Balances and activity will be adequate to meet annual debt service.

306 Capital Facilities: Revenues are \$143k under budget and expenditures are \$692 under budget due to the timing of project expenses.

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

FINANCIAL IMPLICATIONS: Discussion above.

RECOMMENDATION: Presented to the City Council and Community. No action needed.