

SEQUIM CITY COUNCIL AGENDA COVER SHEET

MEETING DATE: **February 22, 2016**

FROM: Sue Hagener, Administrative Services Director

SH
Initials

SUBJECT/ISSUE: 2015 Year-End 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		2/17/16

PROBLEM/ISSUE STATEMENT:

The 2015 Year-End Financial Report provides the financial results for the year. It includes an explanation of significant variances from budget. Financial 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. [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 2015. The Budget is adopted at the fund level and thus is presented accordingly. Highlights include:

General Fund Beginning fund balance was strong at \$1.8ml and \$81k higher than budgeted. General fund revenues were \$69k (1%) less than budgeted. Sales tax remains strong at 109% of budget. Permitting activities heated up in second quarter and related revenues are now 154% of budget. Utility taxes are at 98% of budget (warm 2014-2015 winter impacted electricity tax). Property taxes are at 98% of budget. Interfund/overhead revenues are at 87% of budget. Staff continued to control supply and service expenditures resulting in a positive impact to the fund with total expenditures under budget by \$172k (2%). Jail costs from 2014 are bringing in intergovernmental expenses in higher than projected but we saw an overall savings in the 2015 contract from prior years. The net loss of \$69k was better than budget by \$102k, even after our one-time transfer out of \$105k for the Civic Center Plaza. The ending fund balance of \$1.8ml is slightly above policy mid-point.

Street Operations (Unrestricted) Beginning fund balance was \$138k and \$11k lower than budgeted. Revenues were \$82k (10%) less than budgeted because we only transferred enough REET to meet adequate ending fund balance requirements. Actual expenditures were also under budget by \$101k (12%) due to savings in supplies, small tools, repairs and maintenance and overhead charges. The ending fund balance of \$156k (2.6 months of operations) is slightly above policy mid-point.

Water Operations (Unrestricted) Beginning fund balance for 2015 was \$933k and \$170k higher than budgeted. Actual Revenues are \$72k (4%) more than budgeted and actual expenditures were \$68k (3%) less than budgeted due to savings in salaries and benefits, and interfund charges. Ending fund balance of \$1ml 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 \$84k (2%) more than budgeted (on target in other words) and actual expenditures are \$281k (8%) less than projected due to savings in supplies, fuel, salaries and benefits, and repairs and maintenance. Ending fund balance of \$1.9ml represents 6.8 months operations.

206 Debt Service LTGO Bonds: Revenues are \$58k under the amended budget and expenditures are \$14k under budget. Balances and activity were adequate to meet annual debt service.

306 Capital Facilities: Revenues are \$191k under budget and expenditures are \$448k 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.