

SEQUIM CITY COUNCIL AGENDA COVER SHEET

MEETING DATE: April 25, 2016

FROM: Sue Hagener, Administrative Services Director

SH
Initials

SUBJECT/ISSUE: 1st Quarter 2016 Financials

| | | | |
|----------------------------|--|---|---|
| Discussion dates | | | |
| CATEGORY | <input type="checkbox"/> City Manager Report <input type="checkbox"/> Public Hearing <input checked="" type="checkbox"/> Unfinished Business | <input type="checkbox"/> Information Only <input type="checkbox"/> Consent Agenda <input type="checkbox"/> New Business | Time Needed for Presentation 15 |
| Reviewed by | Initials | Date | |
| Charlie Bush, City Manager | CPB | 2/18/16 | |

PROBLEM/ISSUE STATEMENT:

The 1st quarter 2016 Financial Report provides the financial results for the first three months of 2016. 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 of 2015.

LIST OF ATTACHMENTS:

1. [Summary by Funds](#)
2. [Narrative all Funds](#)
3. [Supportive Graphs](#)
4. [2016 Capital Projects](#)
5. [Schedule 9 - Liabilities](#)

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 three months of 2016. 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 \$126k higher than budgeted. General fund revenues were \$90k (5%) more than budgeted. Sales tax is strong at 109% of budget. Permitting is active and related revenues are at 110% of budget. Utility taxes are at 101% of budget. Property taxes are at 42% of budget but are expected to rebound in April and May due to the timing of collections. Interfund/overhead revenues are at 127% of budget, but this cyclical revenue source is expected to level out throughout the year. Staff continued to control supply and service expenditures resulting in a positive impact to the fund with total expenditures under budget by \$65k (3%). The ending fund balance of \$1.6ml is slightly below policy mid-point, but this too is cyclical.

Street Operations (Unrestricted) Beginning fund balance was \$158k and \$3k over budget. Revenues were \$5k less than budget which is on target. Actual expenditures were also under budget by \$27k (12%) due to savings in supplies, small tools, repairs and maintenance which is seasonal. The ending fund balance of \$141k (2 months of operations) is slightly below policy mid-point.

Water Operations (Unrestricted) Beginning fund balance for 2016 was \$1.1ml and \$61k over budget. Actual Revenues are \$21k over budgeted and actual expenditures were \$27k less than budget. Ending fund balance of \$1.2ml represents 6.7 months of operations.

Sewer Operations (Unrestricted) Beginning Fund Balance for 2016 was \$1.9ml and \$233k over budget. Actual Revenues for the year are \$11k over budget (on target in other words) and actual expenditures are \$9k (8%) over budget. Ending fund balance of \$1.8ml represents 5.3 months operations.

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.