

SEQUIM CITY COUNCIL AGENDA COVER SHEET

MEETING DATE: February 25, 2013

FROM: Elray Konkel, Administrative Services Director EHK
Initials

SUBJECT/ISSUE: 2012 Annual Financial Policies Report

Discussion dates	02-27-12	02-25-13		
CATEGORY	<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		
	<input checked="" type="checkbox"/> Unfinished Business	<input type="checkbox"/> New Business		
Reviewed by			Initials	Date
Steve Burkett, City Manager			SCB	2/20/13
Craig Ritchie, City Attorney				

PROBLEM/ISSUE STATEMENT:

The Annual Financial Policy Reports provide information to City Council on the City’s ability to operate within the financial policies adopted by City Council. The policies were adopted based on best practices and help to ensure long-term financial viability of the City and to protect City assets. The reports are provided as a means of demonstrating accountability and transparency.

LIST OF ATTACHMENTS:

1. [What to look for in Fund Balance and Net Surplus \(deficit\)](#)
2. [Fund Balance and Reserve Report](#)
3. [Debt Report](#)
4. [Investment Report](#)

DISCUSSION/ANALYSIS:

The City is in compliance with the financial policies adopted by City Council. Following is a brief summary of the information contained in the attached reports.

1. Fund Balance Report – The City’s reserves for General Fund and Street operations are at the maximum for General and Future Liability reserves but under target for Specified reserves and Economic Uncertainty. The City is at 24% overall for year end 2012 and at 30% including the equipment reserve fund.
2. Debt Report – The City has minimal (.17%) general obligation debt. General obligation debt should be less than 2.5% of assessed values. There is no limit on revenue debt, although it does affect utility rates. There is no outstanding water debt as of year end 2012. There is \$6.7 million in sewer debt all related to the recent WRF upgrade and expansion.
3. Investment Report – The City’s investments appropriately meet the requirements of Washington State Law and the Investment Policy: suitable investment, diversification, performance standards and maturity. The City’s rate of return on investments continues to be above the fair rate of return established by the policy.

FINANCIAL IMPLICATIONS: The City continues to maintain an excellent financial position and operations continue within budgetary constraints..

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