

SEQUIM CITY COUNCIL AGENDA COVER SHEET

MEETING DATE: February 28, 2014

FROM: Sue Hagener, Accounting Manager

SH
Initials

SUBJECT/ISSUE: 2013 Annual Financial Policies Report

Discussion dates	4/22/13	7/22/13	10/28/13	2/28/14
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 type="checkbox"/> Unfinished Business	<input checked="" type="checkbox"/> New Business		
Reviewed by			Initials	Date
	Steve Burkett, City Manager			
	Craig Ritchie, City Attorney		CAR	2-19-2014
	Elray Konkel		EHK	

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, Specified & One-Time and Future Liability reserves but under target for Economic Uncertainty. The City is at 24% overall for year end 2013 (1% increase from 2012) and at 29% including the equipment reserve fund (slightly lower than 2012 due to lower funding of the reserve in 2013).
2. Debt Report – The City has acceptable (1.4%) general obligation debt. General obligation debt should be less than 4.5% of assessed values. There is no limit on revenue debt, although it does affect utility rates. There is \$6.2 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 a new business update to the City Council and Community.