

## SEQUIM CITY COUNCIL AGENDA COVER SHEET

**MEETING DATE:** April 28, 2014

**FROM:** Sue Hagener CPA, Accounting Manager

SH  
Initials

**SUBJECT/ISSUE:** 2014 First Quarter Financial Update

Discussion dates	4/28/14			
<b>CATEGORY</b>	<input type="checkbox"/> City Manager Report	<input type="checkbox"/> Information Only	Time Needed for Presentation  <b>15</b>	
	<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		SCB	4/22/14	
Craig Ritchie, City Attorney		CAR	4-22-2014	
Elray Konkell, Administrative Service Director		EHK	04-15-2014	

**PROBLEM/ISSUE STATEMENT:**

The First Quarter Financial Update provides financial position and results of the City for the first three months of 2014 with explanations of any significant variances from budget. The reports are provided quarterly to inform the City Council and Community as to the progress of the year. It is noted that any reference to prior year fund balances is made subject to audit later in 2014.

**LIST OF ATTACHMENTS:**

1. [Summary by Fund](#)
2. [Narrative Summary of Funds](#)
3. [Supporting Data Graphs](#) (Graph 6, Property Taxes omitted, shown Mid-Year and at Year End only)
4. [2014 Capital Projects](#)

## **DISCUSSION/ANALYSIS:**

The attached information is presented to give the City Council and Community an update of results of operations and financial position at the end of the first three months of 2014. The Budget is adopted at the fund level and is presented accordingly but major variations in revenues and capital projects will be noted.

**General Fund** Beginning fund balance was \$1.871ml and \$289k higher than originally budgeted. General Fund first quarter revenues were \$160k less than budgeted. Sales Tax for the quarter was 94% of budget, permitting revenues were 60% of budget and interfund/overhead revenues were 90% of budget. Sales tax suffered from a slower than expected Christmas season and lagging construction activity. Budgeted permit revenue assumed a large onetime permit for the Civic Center project that has not been issued, yet. Interfund revenues are being impacted because the Civic Center project is not being charged overhead, as these fees would substantially impact that project budget (by as much as 30%). Staff was able to control supply and services expenditures resulting in \$149k positive impact. The ending fund balance for March is still better than budgeted.

**Street Operations** (Unrestricted) Beginning Fund Balance was \$170k and \$23k higher than budgeted. Actual revenues for the first quarter of the year were \$28k less than projected and actual expenditures were \$7k less than projected so the results of operations were generally balanced. Approximately \$56k in TBD safety and maintenance expenses in the first quarter still needs to be reimbursed to the City. Therefore, the ending fund balance is still considered healthy (due to this timing difference).

**Water Operations** (Unrestricted) Beginning Fund Balance was \$1.281 ml and \$100k higher than budgeted. Actual revenues for the first quarter of the year were \$23k higher than projected and actual expenditures were \$35k less than projected. Considering the seasonal nature of revenues in the activity the fund is very strong.

**Sewer Operations** (Unrestricted) Beginning Fund Balance was \$1.417ml and \$131k less than budgeted. Actual Revenues for the first quarter of the year were \$26k more than projected and actual expenditures were \$28k less than projected. This also represents a very strong and balanced quarter.

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

**FINANCIAL IMPLICATIONS:** None currently.

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