



Agenda Bill No. 17-047

TO: Mayor Guier and City Council Members

FROM: Richard A. Gould, City Administrator

MEETING DATE: May 8, 2017

SUBJECT: Motion to approve the 2017 First Quarter financial reports

ATTACHMENTS:

2017 First Quarter Financial Reports, which include:

- Cash flow report,
- Investment report
- First Quarter Summary Financial Report
- Narrative for the quarterly report.

Previous Council Review Date: City Council Workshop on May 1, 2017 and the Finance Committee Meeting on April 26, 2017

Summary: The Finance Committee met with staff on Wednesday, April 26th to discuss the 2017 first quarter financial reports. Staff has reviewed these reports with the Mayor and City Administrator during the week prior to the Finance Committee and City Council.

Recommendation/Action: Staff recommends that the City Council approve the 2017 first quarter financial reports.

Motion for Consideration: I move to approve the 2017 First Quarter Financial Reports as reviewed by the Finance Committee and staff.

Budget Impact: N/A

Alternatives: N/A

2017 FUND TOTALS

City Of Pacific
MCAG #: 0423

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January To March

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REVENUES	January	February	March	April	May	June	July	August	September	October	November	December	Total	Budgeted Amt	%
001 General Fund	2,524,383.59	255,095.12	417,340.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,196,819.45	6,791,198.64	47%
098 General Fund Equipment Reserve	45,059.42	12,123.02	12,088.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	69,270.57	205,725.71	34%
099 General Fund Cumulative Reserv	382,566.85	669.71	32.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	383,268.72	383,749.49	100%
101 Street	144,862.53	25,517.39	27,603.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	197,982.96	945,759.29	21%
107 Tourism	120,735.42	1,197.46	1,014.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	122,947.87	154,078.49	80%
209 LID 6 Redemption	30,770.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30,770.00	0.00	0%
210 LID 6 Reserve	0.00	0.00	579,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	579,000.00	0.00	0%
300 Municipal Capital Improvements	605,820.94	5,516.56	125,769.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	737,106.83	673,070.62	110%
301 Roads Capital Improvements	303,706.94	15,492.88	20,470.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	339,670.77	1,087,170.06	31%
305 Parks Capital Improvement	99,369.85	2,766.51	5,099.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	107,235.95	163,267.42	66%
308 Valentine Road Project	190,496.35	439.19	14.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	190,949.91	254,282.84	75%
309 West Valley	63,484.09	9,392.39	9,380.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	82,257.20	428,149.54	19%
310 Stewart/Thornton Ave Rd Projec	56,346.49	63.73	4.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	56,414.95	86,424.94	65%
333 Fire Capital Improvement	85,479.71	585.79	6,224.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	92,289.72	63,231.00	146%
401 Water	458,218.96	119,419.32	144,428.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	722,066.32	1,729,727.43	42%
402 Sewer	202,633.93	179,143.67	196,939.77	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	578,717.37	2,238,970.86	26%
403 Garbage	278,245.19	502.20	23.39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	278,770.78	309,137.33	90%
406 Water Capital Improvement	776,665.22	5,815.31	41,616.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	824,096.86	3,355,134.62	25%
408 Sewer Cumulative Fund	673,625.77	6,975.38	10,382.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	690,983.53	965,732.92	72%
409 Storm	773,340.36	68,850.29	71,388.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	913,579.24	1,590,414.43	57%
410 Stormwater Facility Fund	236,525.87	11,469.91	16,785.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	264,781.02	471,402.01	56%
411 Pierce County Water Area	122,152.81	349.98	10.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	122,513.07	259,963.37	47%
499 Utilities Equipment Reserve	347,154.62	15,008.60	14,197.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	376,360.27	603,879.83	62%
601 Customer Deposits	5,159.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,159.91	5,160.00	100%
630 Developer Deposit	62,995.78	2,250.00	250.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	65,495.78	73,235.78	89%
635 Pacific Court	48,813.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	48,813.61	61,294.60	80%
640 Algona Court	20,432.40	14,503.83	19,648.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	54,584.48	215,450.63	25%
800 Payroll EE Benefit Clearing	11,330.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,330.33	0.00	0%
	8,670,376.94	753,148.24	1,719,712.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,143,237.47	23,115,611.85	48%

EXPENDITURES	January	February	March	April	May	June	July	August	September	October	November	December	Total	Budgeted Amt	%
001 General Fund	279,200.17	563,547.36	356,714.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,199,461.57	4,330,543.70	28%
098 General Fund Equipment Reserve	0.00	0.00	3,432.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,432.28	162,000.00	2%
101 Street	25,260.54	57,659.09	37,445.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	120,365.33	670,913.39	18%
107 Tourism	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17,500.00	0%
209 LID 6 Redemption	0.00	13,770.00	17,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30,770.00	0.00	0%
300 Municipal Capital Improvements	10,138.81	99,083.91	3,892.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	113,115.26	324,990.61	35%
301 Roads Capital Improvements	358.77	4,091.33	9,880.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,330.39	1,027,080.00	1%
305 Parks Capital Improvement	-267.00	3,934.98	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,667.98	28,234.98	13%
308 Valentine Road Project	0.00	19,663.99	1,390.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21,053.99	50,000.00	42%
309 West Valley	0.00	4,660.85	3,047.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,708.52	416,830.00	2%
333 Fire Capital Improvement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30,000.00	0%
401 Water	59,856.00	108,311.65	72,179.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	240,347.08	1,320,256.65	18%
402 Sewer	53,278.92	187,112.43	180,878.56	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	421,269.91	2,161,096.44	19%
403 Garbage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,000.00	0%
406 Water Capital Improvement	6,458.33	6,458.33	6,458.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19,374.99	3,000,500.00	1%
408 Sewer Cumulative Fund	8,333.33	8,333.33	8,333.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24,999.99	493,750.00	5%

2017 FUND TOTALS

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January To March

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EXPENDITURES	January	February	March	April	May	June	July	August	September	October	November	December	Total	Budgeted Amt	%
409 Storm	62,214.94	84,077.49	69,635.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	215,927.47	872,200.80	25%
410 Stormwater Facility Fund	5,000.00	21,661.83	5,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	31,661.83	212,000.00	15%
499 Utilities Equipment Reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	200,000.00	0%
630 Developer Deposit	250.00	0.00	250.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	500.00	0.00	0%
640 Algona Court	0.00	12,546.99	14,595.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27,142.03	183,434.00	15%
800 Payroll EE Benefit Clearing	1,839.73	-827.55	-2,141.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1,129.72	0.00	0%
	511,922.54	1,194,086.01	787,990.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,493,998.90	15,521,330.57	16%
FUND GAIN/LOSS:	8,158,454.40	-440,937.77	931,721.94	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,649,238.57		
FUND NET POSITION:	8,158,454.40	7,717,516.63	8,649,238.57	8,649,238.57	8,649,238.57	8,649,238.57	8,649,238.57	8,649,238.57	8,649,238.57	8,649,238.57	8,649,238.57	8,649,238.57			

City of Pacific - First Quarter Financial Reports 2017-Summary

City Of Pacific
MCAG #: 0423

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Fund	Revenue Budgeted	Received		Expense Budgeted	Spent	
001 General Fund	6,791,198.64	3,196,819.45	47.1%	4,330,543.70	1,199,461.57	27.7%
007 Tourism	0.00	0.00	0.0%	0.00	0.00	0.0%
098 General Fund Equipment Reserve	205,725.71	69,270.57	33.7%	162,000.00	3,432.28	2.1%
099 General Fund Cumulative Reserv	383,749.49	383,268.72	99.9%	0.00	0.00	0.0%
100 Springbrook GF	0.00	0.00	0.0%	0.00	0.00	0.0%
101 Street	945,759.29	197,982.96	20.9%	670,913.39	120,365.33	17.9%
107 Tourism	154,078.49	122,947.87	79.8%	17,500.00	0.00	0.0%
206 LID 3 Redemption	0.00	0.00	0.0%	0.00	0.00	0.0%
207 LID 3 Reserve	0.00	0.00	0.0%	0.00	0.00	0.0%
208 2000 Fire GO Bond	0.00	0.00	0.0%	0.00	0.00	0.0%
209 LID 6 Redemption	0.00	30,770.00	0.0%	0.00	30,770.00	0.0%
210 LID 6 Reserve	0.00	579,000.00	0.0%	0.00	0.00	0.0%
300 Municipal Capital Improvements	673,070.62	737,106.83	109.5%	324,990.61	113,115.26	34.8%
301 Roads Capital Improvements	1,087,170.06	339,670.77	31.2%	1,027,080.00	14,330.39	1.4%
305 Parks Capital Improvement	163,267.42	107,235.95	65.7%	28,234.98	3,667.98	13.0%
308 Valentine Road Project	254,282.84	190,949.91	75.1%	50,000.00	21,053.99	42.1%
309 West Valley	428,149.54	82,257.20	19.2%	416,830.00	7,708.52	1.8%
310 Stewart/Thornton Ave Rd Projec	86,424.94	56,414.95	65.3%	0.00	0.00	0.0%
333 Fire Capital Improvement	63,231.00	92,289.72	146.0%	30,000.00	0.00	0.0%
401 Water	1,729,727.43	722,066.32	41.7%	1,320,256.65	240,347.08	18.2%
402 Sewer	2,238,970.86	578,717.37	25.8%	2,161,096.44	421,269.91	19.5%
403 Garbage	309,137.33	278,770.78	90.2%	20,000.00	0.00	0.0%
406 Water Capital Improvement	3,355,134.62	824,096.86	24.6%	3,000,500.00	19,374.99	0.6%
408 Sewer Cumulative Fund	965,732.92	690,983.53	71.6%	493,750.00	24,999.99	5.1%
409 Storm	1,590,414.43	913,579.24	57.4%	872,200.80	215,927.47	24.8%
410 Stormwater Facility Fund	471,402.01	264,781.02	56.2%	212,000.00	31,661.83	14.9%
411 Pierce County Water Area	259,963.37	122,513.07	47.1%	0.00	0.00	0.0%
499 Utilities Equipment Reserve	603,879.83	376,360.27	62.3%	200,000.00	0.00	0.0%
601 Customer Deposits	5,160.00	5,159.91	100.0%	0.00	0.00	0.0%
630 Developer Deposit	73,235.78	65,495.78	89.4%	0.00	500.00	0.0%
635 Pacific Court	61,294.60	48,813.61	79.6%	0.00	0.00	0.0%
640 Algona Court	215,450.63	54,584.48	25.3%	183,434.00	27,142.03	14.8%
800 Payroll EE Benefit Clearing	0.00	11,330.33	0.0%	0.00	-1,129.72	0.0%
	<u>23,115,611.85</u>	<u>11,143,237.47</u>	<u>48.2%</u>	<u>15,521,330.57</u>	<u>2,493,998.90</u>	<u>16.1%</u>

Investment Schedule

LGIP Cash and Investment Balances

December 31, 2016

Instrument Type	Settlement Date	Investment Cost	Yield To Maturity	Maturity Date	Annualized Interest	Annualized Interest at LGIP rate (.4694%)
FNMA (Fannie Mae)	11/21/14	992,712	1.2430%	05/21/18	12,339.41	4,659.38
FICO STRIP PRN-3	01/15/15	598,038	0.9733%	11/30/17	5,820.50	2,806.94
FFCB-Fed Farm Credit	04/07/16	1,002,902	1.1230%	04/07/20	11,262.59	4,707.21
FFCB-Fed Farm Credit	08/16/16	1,002,378	1.4400%	08/16/21	14,434.24	4,704.74
FNMA (Fannie Mae)	09/07/16	1,002,737	1.1500%	08/23/19	11,531.48	4,706.43
FHLB-Fed Home Loan Bank	01/10/17	987,409	1.7703%	10/26/20	17,480.10	4,634.49

<i>Sub Total</i>		5,586,177			72,868.33	26,219.19
Average Maturity (days)				332		
Average Yield to Maturity			1.3044%			
State Investment Pool		1,064,917	0.4694%	1		
Total Investments		6,651,094				

Note: Yield to Maturity for the State Investment Pool is a 12 month average.

Portfolio Diversification

<u>Instrument Type</u>	<u>Percentage</u>	<u>Amount</u>
Certificate of Deposit	1%	33,929.36
FFCB-Fed Farm Credit	15%	1,002,902.44
FNMA (Fannie Mae)	15%	992,712.00
FICO STRIP	9%	598,038.30
FFCB-Fed Farm Credit	15%	1,002,378.00
FNMA (Fannie Mae)	15%	1,002,737.22
FHLB-Fed Home Loan Bank	15%	987,409.00
State Investment Pool	<u>16%</u>	<u>1,064,916.54</u>

Total Investments	100%	6,685,022.86
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Cash inBank	
General Account	1,913,537.10
Columbia Webstone	0.00
Columbia Court	48,813.61
Sweep Account	
Net Cash in Bank	1,964,215.71

Total Cash	8,649,238.57
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2017 First Quarter Financial Reports

Enclosed are the fund reports as of March 31st (year to date) 2017.

Staff is presenting the summary reports for the City Council's review. The line item reports are in greater detail and reviewed by the Mayor and City Administrator. Then they are distributed to the department heads to review with the City Administrator and Mayor once again over each area of control. The Finance Committee will review the summary Fund reports at the Committee meeting on April 26th to approve them to go to the Council for review and a motion to approve (May 1st 2017).

The first quarter is usually not indicative of the budget due to the cyclical nature of many revenues and expenditures, such as property tax revenue and the liability insurance annual payment. However due to two extraordinary items (LID refund from Sumner \$579K & LID3 past due payment from Tri-Delt \$136K) that has the City of Pacific's cash position up by \$854,008 in the first quarter of 2017. The utilities have cash position has increased by \$192 (including capital funds) noting a significant up-swing in Water (\$109K). Sewer appears to show an increase of \$130K however, when the March payment to King County Metro is factored in then it is reduced to \$15K. Stormwater is down by almost \$16K and staff will monitor this over the year. Please know that the new rates did not go into effect until the February 1st billing which means that only two months have increased rates. The General Fund is down but this is most significantly impacted by the annual liability insurance payment of over \$247K to RMSA as well as low revenues in property taxes which will increase in April and May. The table on the next page shows the increases and decreases in the individual funds. The significant ones are highlighted in yellow/green and discussed in the following paragraph.

- The General Fund (001) is down due to the annual payment of the liability insurance (\$247K) and the cyclical nature of the property tax revenue.
- The Street Fund (101) is down due to the reclassification of the REET revenues (after budget was made in 2016) and most likely will need to be addressed in a mid-year budget amendment. This will be covered by increased interfund transfers and a reduction in public works crew time. Jim Morgan informed me that the first quarter is usually higher than the rest of the year in road maintenance so there will be a reduction in payroll costs over the 2nd and 3rd quarters as well.
- LID 6 Reserve Fund (210) is up by the refund payment from the City of Sumner of \$579K which was expected (reimbursement for 2012 ILA-transfer).
- The Water Fund (401) is up due to the increased rates passed in 2016 (\$110K).

The \$854K increase in cash position is overstated and as the year progresses should level out though it will still have the overall impact of keeping the cash at positive levels for 2018.

Please feel free to contact me to discuss any matters with this report.

Richard A. Gould
City Administrator

Fund Cash change:

Fund	2016	2017	Net Gain (loss)
001 General Fund	\$ 2,120,313.09	\$ 1,997,357.88	\$ (122,955.21)
098 General Fund Equipment Reserve	\$ 32,976.09	\$ 65,838.29	\$ 32,862.20
099 General Fund Cumulative Reserve	\$ 382,538.58	\$ 383,268.72	\$ 730.14
101 Street Fund	\$ 118,577.91	\$ 77,617.63	\$ (40,960.28)
107 Tourism Fund	\$ 119,482.48	\$ 122,947.87	\$ 3,465.39
209 LID 6 Redemption Fund	\$ -	\$ -	\$ -
210 LID 6 Reserve Fund	\$ -	\$ 579,000.00	\$ 579,000.00
300 Municipal Capital Improvements Fund	\$ 601,658.89	\$ 623,991.57	\$ 22,332.68
301 Stewart/8th St Corridor Fund	\$ 289,146.63	\$ 325,340.38	\$ 36,193.75
305 Parks Capital Improvement Fund	\$ 97,278.61	\$ 103,567.97	\$ 6,289.36
308 Valentine Road Project Fund	\$ 190,482.26	\$ 169,895.92	\$ (20,586.34)
309 West Valley	\$ 54,108.79	\$ 74,548.68	\$ 20,439.89
310 Stewart/Thornton Ave Rd Project	\$ 56,346.02	\$ 56,414.95	\$ 68.93
333 Fire Capital Improvement	\$ 85,473.45	\$ 92,289.72	\$ 6,816.27
401 Water Fund	\$ 371,705.21	\$ 481,700.99	\$ 109,995.78
402 Sewer Fund	\$ 27,365.13	\$ 157,462.50	\$ 130,097.37
403 Garbage Fund	\$ 278,224.01	\$ 278,770.78	\$ 546.77
406 Water Capital Improvement Fund	\$ 769,352.75	\$ 804,721.87	\$ 35,369.12
408 Sewer Cumulative Fund	\$ 669,403.77	\$ 665,983.54	\$ (3,420.23)
409 Stormwater Fund	\$ 713,402.75	\$ 697,654.98	\$ (15,747.77)
410 Stormwater Facility Fund	\$ 226,088.78	\$ 233,119.19	\$ 7,030.41
411 Pierce County Water Area Fund	\$ 122,143.78	\$ 122,513.07	\$ 369.29
499 Utilities Equipment Reserve Fund	\$ 332,959.64	\$ 376,360.27	\$ 43,400.63
601 Customer Deposits Fund	\$ 5,159.91	\$ 5,159.91	\$ -
630 Developer Deposits Fund	\$ 62,995.78	\$ 64,995.78	\$ 2,000.00
635 Pacific Court	\$ 48,813.61	\$ 48,813.61	\$ -
640 Algona Court Fund	\$ 7,902.16	\$ 27,442.45	\$ 19,540.29
800 Payroll EE Benefit Clearing	\$ 11,330.33	\$ 12,460.05	\$ 1,129.72
	\$ 7,795,230.41	\$ 8,649,238.57	\$ 854,008.16