



Agenda Bill No. 18-023

TO: Mayor Guier and City Council Members

FROM: Richard A. Gould, City Administrator

MEETING DATE: February 20, 2018

SUBJECT: Motion to approve the 2017 Fourth Quarter financial reports

ATTACHMENTS: 2017 Fourth Quarter Financial Reports, which include a cash flow report, an investment report and the Fourth Quarter Summary Financial Report. Also included is a narrative for the quarterly report.

Previous Council Review Date:

Summary: City Finance Staff has reviewed the fourth quarter financial reports. The Mayor has as well. Department heads will be meeting with the City Administrator this coming week to go over their areas of management and to identify areas to monitor in 2018. The Finance Committee discussed the 2017 fourth quarter financial reports at the meeting on the 24th of January. This year cash flow shows an increase of \$3.046M which is primarily caused by the receipts of the utility revenue bond funds. This is for the Utilities upcoming Capital Infrastructure Projects (water meters, PW shop and sewer pump station). If we remove this, then the impact on cash position for 2017 is \$267K down. However, remember that this is due to many factors which includes most significantly the purchase of the Baguio Property (\$492K) and the claim payout of \$1.125M on the Valentine Roads Project.

Recommendation/Action: Staff recommends that the City Council approve the 2017 fourth quarter financial reports. Request to be added to the Consent Agenda for Monday, February 26, 2018.

Motion for Consideration: I move to approve the 2017 fourth Quarter Financial Reports as reviewed by the Mayor and City staff.

Budget Impact: N/A

Alternatives: N/A

Revised 09/26/13

2017 Fourth Quarter Financial Reports

Enclosed are the fund reports as of December 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 has reviewed the Fund level reports at the Committee meeting on January 24th and approved them to go to the Council for review and a motion to approve (February 20th 2018).

The 2017 numbers are in line with budgeted expectations for the most part. The cash position for 2017 is up by \$3,046,429. This was due largely to the receipt of the Utilities Revenue Bonds of \$3.3M deposits for the major projects to be completed in 2018. Once you account for the revenue bond funds, the City's cash flow position decreased approximately \$267K this past year. This is not concerning at all when you consider that the City paid off almost \$6M on the Valentine Road project in 2017. Significant activities are described in the following funds:

- The General Fund (001) is up by \$213,294 when you roll the "sub-funds together. Another solid year in revenues and managing expenses.
- The Municipal Capital Improvement Fund (300) is in the "red" \$76K due to the three major projects: (1) generator (\$233K), (2) Civic Center needs assessment & study (\$66K) and (3) Baguio Property for Public Works building (\$506K).
- The Roads Capital Improvement Fund (301) is down by \$21K due to the TIB-Preservation of Roads work (\$415K).
- The Valentine Road Project Fund (308) is down by \$190K as a result of the claim payout (\$1.125M) and interurban trail work performed in 2016.
- The Water (401) Fund is ended up decreasing by \$87.9K in 2017. This is due to interfund transfers to utilities and capital road funds for infrastructure projects to be completed in the coming years.
- The Water Capital Fund Improvement Fund (406) dropped by \$209K due to continuing work on the water line project (\$353K) and transfers to pay for the purchase of the property for the new shop (\$204.5K).
- The Sewer Cumulative Fund (408) was down by \$224K due to interfund transfers to pay for the shop property/building and road infrastructure impacted by the sewer system.
- The Stormwater (409) Fund is down by \$406K due to the interfund transfers for utility and road capital infrastructure projects.

These numbers were all planned for in the 2017 budget and the overall results from this past year was that the local economy continued the current (recent) trend of a growing sales tax revenue albeit slowing to an increase of just over 3.1% which is down from the 15% increase from 2016 (this trend started in 2013).

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	\$ 2,398,537.10	\$ 2,135,926.70	\$ (262,610.40)
097	Pacific Municipal Court	\$ 48,813.61	\$ 101,288.80	\$ 52,475.19
098	General Fund Equipment Reserve	\$ 32,976.09	\$ 331,930.28	\$ 298,954.19
099	General Fund Cumulative Reserve	\$ 382,538.58	\$ 507,013.52	\$ 124,474.94
001	General Fund-roll up		\$ -	\$ -
101	Street Fund	\$ 118,577.91	\$ 122,533.27	\$ 3,955.36
107	Tourism Fund	\$ 119,482.48	\$ 135,708.65	\$ 16,226.17
206	LID 3 Redemption Fund		\$ -	\$ -
207	LID 3 Reserve Fund		\$ -	\$ -
208	2000 Fire GO Bond Fund		\$ -	\$ -
209	LID 6 Redemption		\$ 401.71	\$ 401.71
210	LID 6 Guarantee Fund		\$ 1,000.00	\$ 1,000.00
300	Municipal Capital Improvements Fund	\$ 601,658.89	\$ 525,631.88	\$ (76,027.01)
301	Road Capital Improvements	\$ 289,146.63	\$ 268,507.99	\$ (20,638.64)
305	Parks Capital Improvement Fund	\$ 97,278.61	\$ 138,262.15	\$ 40,983.54
308	Valentine Road Project Fund	\$ 190,482.26	\$ 773.59	\$ (189,708.67)
309	West Valley Highway Capital Imp	\$ 54,108.79	\$ 153,872.61	\$ 99,763.82
310	Stewart/Thornton Ave Rd Project	\$ 56,346.02	\$ 50,966.16	\$ (5,379.86)
333	Fire Capital Improvement	\$ 85,473.45	\$ 102,401.30	\$ 16,927.85
401	Water Fund	\$ 371,705.21	\$ 283,792.66	\$ (87,912.55)
402	Sewer Fund	\$ 27,365.13	\$ 98,159.33	\$ 70,794.20
403	Garbage Fund	\$ -	\$ -	\$ -
404	Water Revenue Bond Redemption fund	\$ -	\$ 3,277,500.00	\$ 3,277,500.00
406	Water Capital Improvement Fund	\$ 769,352.75	\$ 559,965.93	\$ (209,386.82)
408	Sewer Cumulative Fund	\$ 669,403.77	\$ 445,133.90	\$ (224,269.87)
409	Stormwater Fund	\$ 713,402.75	\$ 307,455.88	\$ (405,946.87)
410	Stormwater Facility Fund	\$ 226,088.78	\$ 415,284.24	\$ 189,195.46
411	Pierce County Water Area Fund	\$ 122,143.78	\$ 129,774.41	\$ 7,630.63
499	Utilities Equipment Reserve Fund	\$ 332,959.64	\$ 650,585.83	\$ 317,626.19
601	Customer Deposits Fund	\$ 5,159.91	\$ 5,159.91	\$ -
630	Developer Deposits Fund	\$ 62,995.78	\$ 71,407.72	\$ 8,411.94
635	Pacific Court	\$ -	\$ -	\$ -
640	Algona Court Fund	\$ 7,902.16	\$ 7,623.16	\$ (279.00)
800	Payroll EE Benefit Clearing	\$ 11,330.33	\$ 13,597.68	\$ 2,267.35
		\$ 7,795,230	\$ 10,841,659	\$ 3,046,429

Investment Schedule

LGIP Cash and Investment Balances

December 31, 2017

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	9,532.68
FFCB-Fed Farm Credit	04/07/16	1,002,902	1.1230%	04/07/20	11,262.59	9,630.54
FFCB-Fed Farm Credit	08/16/16	1,002,378	1.4400%	08/16/21	14,434.24	9,625.50
FNMA (Fannie Mae)	09/07/16	1,002,737	1.1500%	08/23/19	11,531.48	9,628.95
FHLB-Fed Home Loan Bank	01/10/17	987,409	1.7703%	10/26/20	17,480.10	9,481.76
Certificates of Deposit		33,949				326.00
FHLB-Fed Home Loan Bank		1,002,470	2.2744%	10/26/22	22,800.00	9,626.39
Sub Total		6,024,557			89,847.82	57,851.82
Average Maturity (days)				332		
Average Yield to Maturity				1.4914%	\$ 30,043.95	
State Investment Pool		1,070,259	0.9603%	1		
Total Investments		7,094,816				

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	0%	33,948.61
FFCB-Fed Farm Credit	14%	1,002,902.44
FNMA (Fannie Mae)	14%	992,712.00
FHLB-Fed Home Loan Bank	14%	1,002,470.00
FFCB-Fed Farm Credit	14%	1,002,378.00
FNMA (Fannie Mae)	14%	1,002,737.22
FHLB-Fed Home Loan Bank	14%	987,409.00
State Investment Pool	<u>15%</u>	<u>1,073,475.70</u>
Total Investments	100%	7,098,032.97

Cash inBank	
General Account	3,712,528.68
Columbia Webstone	
Petty Cash	1,865.00
Columbia Court	29,232.61
Sweep Account	
Net Cash in Bank	3,743,626.29

Total Cash	10,841,659.26
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