



Agenda Bill No. 18-0xx

**TO:** Mayor Guier and City Council Members

**FROM:** Richard A. Gould, City Administrator

**MEETING DATE:** April 16, 2018

**SUBJECT:** Motion to approve the 2018 First Quarter financial reports

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**ATTACHMENTS:** 2018 First Quarter Financial Reports, which include a cash flow report, an investment report and the First Quarter Summary Financial Report. Also included is a narrative for the quarterly report.

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**Previous Council Review Date:**

**Summary:** City Finance Staff has reviewed the first quarter financial reports. The Mayor and Department heads have as well. This would go before the Finance Committee and then to the Council but that is redundant now due to the Council Committee of the Whole. This quarter cash flow shows an increase of \$281K which is slightly overstated and as the year progresses should level out though it will still have the overall impact of keeping the cash at or near break-even levels for 2018.

**Recommendation/Action:** Staff recommends that the City Council approve the 2018 first quarter financial reports.

**Motion for Consideration:** I move to approve the 2018 fourth Quarter Financial Reports as reviewed by the Mayor and City staff.

**Budget Impact:** N/A

**Alternatives:** N/A

## **2018 First Quarter Financial Reports**

Enclosed are the fund reports as of March 31<sup>st</sup> (year to date) 2018.

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 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 the receipt of the proceeds for land sale to a local business of \$163,262 (that transpired in late 2017) the overall fund balance is up by \$281,459 in the first quarter of 2018. The utilities have cash position has increased by \$337,101 (not including capital funds) noting a significant up-swing in Water (\$115K) and Sewer (\$225K) however, when the March payment to King County Metro is factored in then it is reduced to \$110K. Stormwater is down by almost \$2.6K due to capital project transfers and reserve building. The second step (year 2) of the new rates did go into effect in January which were billed on February 1<sup>st</sup>. The General Fund is down but this is most significantly impacted by the annual liability insurance payment of over \$277K 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 (\$277K) and the cyclical nature of the property tax revenue.
- The General Fund Equipment Reserve (098) is down due to General Fund capital assets purchased (Police Vehicle) and will balance out over the year.
- Stewart Avenue Road Project Fund (310) is up due to the receipt of the proceeds for land sale to a local business of (\$163,262).
- The Water Fund (401) is up due to the increased rates passed in 2016, second step of year2 (\$115K).
- The Sewer Fund (402) is up due to the increased rates passed in 2016, second step of year2 (\$225K).
- The Water Revenue Bond Redemption Fund (404) is down due to the transfers for capital projects (\$700K).
- The Water Capital Improvement Fund (406) is up due to the transfers from the revenue bond fund for capital projects (\$568K).
- The Sewer Cumulative Fund (408) is up due to the transfers from the revenue bond fund for capital projects (\$71K).

The \$281K increase in cash position is slightly overstated and as the year progresses should level out though it will still have the overall impact of keeping the cash at or near break-even 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		2017	2018	Net Gain (loss)
001	General Fund	\$ 1,813,652.81	\$ 1,523,650.48	\$ (290,002.33)
097	Pacific Municipal Court	\$ 100,935.37	\$ 104,317.15	\$ 3,381.78
403	Garbage Fund	\$ 280,999.81	\$ 280,999.81	\$ -
<b>Sub Total General Fund</b>		<b>\$ 2,195,587.99</b>	<b>\$ 1,908,967.44</b>	<b>\$ (286,620.55)</b>
098	General Fund Equipment Reserve	\$ 332,283.70	\$ 308,846.05	\$ (23,437.65)
099	General Fund Cumulative Reserve	\$ 507,013.52	\$ 507,942.47	\$ 928.95
101	Street Fund	\$ 122,533.27	\$ 118,379.68	\$ (4,153.59)
107	Tourism Fund	\$ 135,708.65	\$ 139,460.18	\$ 3,751.53
209	LID 6 Redemption Fund	\$ 401.71	\$ 401.71	\$ -
210	LID 6 Reserve Fund	\$ 1,000.00	\$ 1,000.00	\$ -
300	Municipal Capital Improvements Fund	\$ 566,905.98	\$ 563,579.16	\$ (3,326.82)
301	Stewart/8th St Corridor Fund	\$ 268,507.99	\$ 283,430.33	\$ 14,922.34
305	Parks Capital Improvement Fund	\$ 138,262.14	\$ 140,578.21	\$ 2,316.07
308	Valentine Road Project Fund	\$ 773.59	\$ (735.32)	\$ (1,508.91)
309	West Valley	\$ 153,872.61	\$ 179,182.03	\$ 25,309.42
310	Stewart/Thornton Ave Rd Project	\$ 50,966.16	\$ 284,314.32	\$ 233,348.16
333	Fire Capital Improvement	\$ 102,401.30	\$ 102,647.09	\$ 245.79
401	Water Fund	\$ 283,792.65	\$ 398,731.45	\$ 114,938.80
402	Sewer Fund	\$ 98,159.32	\$ 322,925.12	\$ 224,765.80
404	Water Revenue Bond Redemption fund	\$ 3,277,500.00	\$ 2,577,500.01	\$ (699,999.99)
406	Water Capital Improvement Fund	\$ 559,965.95	\$ 1,127,766.70	\$ 567,800.75
408	Sewer Cumulative Fund	\$ 445,133.87	\$ 516,463.69	\$ 71,329.82
409	Stormwater Fund	\$ 307,455.89	\$ 304,852.45	\$ (2,603.44)
410	Stormwater Facility Fund	\$ 415,284.25	\$ 404,319.69	\$ (10,964.56)
411	Pierce County Water Area Fund	\$ 129,774.41	\$ 151,138.24	\$ 21,363.83
499	Utilities Equipment Reserve Fund	\$ 650,585.84	\$ 663,229.87	\$ 12,644.03
601	Customer Deposits Fund	\$ 5,159.91	\$ 5,159.91	\$ -
630	Developer Deposits Fund	\$ 71,407.72	\$ 74,421.68	\$ 3,013.96
635	Pacific Court	\$ -	\$ -	\$ -
640	Algona Court Fund	\$ 7,623.16	\$ 23,597.16	\$ 15,974.00
800	Payroll EE Benefit Clearing	\$ 13,597.68	\$ 15,019.28	\$ 1,421.60
		<b>\$10,841,659.26</b>	<b>\$11,123,118.60</b>	<b>\$ 281,459.34</b>

**LGIP Cash and Investment Balances**

March 31, 2018

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	11,618.37
FFCB-Fed Farm Credit	04/07/16	1,002,902	1.1230%	04/07/20	11,262.59	11,737.64
FFCB-Fed Farm Credit	08/16/16	1,002,378	1.4400%	08/16/21	14,434.24	11,731.50
FNMA (Fannie Mae)	09/07/16	1,002,737	1.1500%	08/23/19	11,531.48	11,735.70
FHLB-Fed Home Loan Bank Certificates of Deposit	01/10/17	987,409	1.7703%	10/26/20	17,480.10	11,556.31
FHLB-Fed Home Loan Bank		33,955				397.40
FHLB-Fed Home Loan Bank		1,002,470	2.2744%	10/26/22	22,800.00	11,732.57
STRIPS	02/05/18	985,908	1.8500%	11/15/18	18,239.29	11,538.73
FFCB-Fed Farm Credit	03/27/18	1,000,683	2.7800%	02/07/23	27,818.99	11,711.66
<b>Sub Total</b>		<b>8,011,154</b>			<b>135,906.10</b>	<b>93,759.88</b>
Average Maturity (days)				332		
Average Yield to Maturity			1.6965%			<b>\$ 42,146.22</b>
State Investment Pool		2,079,547	1.1704%	1		
<b>Total Investments</b>		<b>10,090,701</b>				

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

Portfolio Diversification

Instrument Type	Percentage	Amount
Certificate of Deposit	0%	33,955.11
FFCB-Fed Farm Credit	10%	1,002,902.44
FNMA (Fannie Mae)	10%	992,712.00
FHLB-Fed Home Loan Bank	10%	1,002,470.00
FFCB-Fed Farm Credit	10%	1,002,378.00
FNMA (Fannie Mae)	10%	1,002,737.22
FHLB-Fed Home Loan Bank	10%	987,409.00
STRIPS	10%	985,907.50
FFCB-Fed Farm Credit	10%	1,000,683.11
State Investment Pool	21%	2,079,546.69
<b>Total Investments</b>	<b>100%</b>	<b>10,090,701.07</b>

Cash inBank	
General Account	1,012,133.92
Columbia Webstone	
Petty Cash	1,865.00
Columbia Court	18,418.61
Sweep Account	
<b>Net Cash in Bank</b>	<b>1,032,417.53</b>

<b>Total Cash</b>	<b>11,123,118.60</b>
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# TREASURERS REPORT

## Account Totals

City Of Pacific  
MCAG #: 0423

03/01/2018 To: 03/31/2018

Time: 09:41:02 Date: 04/14/2018  
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Cash Accounts	Beg Balance	Deposits	Withdrawals	Ending	Outstanding Rec	Outstanding Exp	Adj Balance
1 Columbia Checking	1,911,657.18	834,105.42	1,733,628.68	1,012,133.92	-25,235.36	140,553.53	1,127,452.09
6 Petty Cash	1,665.00	0.00	0.00	1,665.00	0.00	0.00	1,665.00
10 Senior Ctr Petty Cash	200.00	0.00	0.00	200.00	0.00	0.00	200.00
20 Columbia Court	19,268.61	0.00	850.00	18,418.61	0.00	0.00	18,418.61
Total Cash:	1,932,790.79	834,105.42	1,734,478.68	1,032,417.53	-25,235.36	140,553.53	1,147,735.70
Investment Accounts	Beg Balance	Deposits	Withdrawals	Ending	Outstanding Rec	Outstanding Exp	Adj Balance
4 Columbia CD	29,935.89	0.00	0.00	29,935.89	0.00	0.00	29,935.89
5 LGIP	2,076,767.76	2,778.93	0.00	2,079,546.69	0.00	0.00	2,079,546.69
7 Columbia CD Stewart/DOT	4,019.22	0.00	0.00	4,019.22	0.00	0.00	4,019.22
13 US Bank Nov 21, 2014 - 4 Yr Ins	992,712.00	0.00	0.00	992,712.00	0.00	0.00	992,712.00
18 US Bank; Apr 12, 2016 - 4 Yr 1	1,002,902.44	0.00	0.00	1,002,902.44	0.00	0.00	1,002,902.44
22 US Bank; Aug 2016, Ref 3921792	1,002,378.00	0.00	0.00	1,002,378.00	0.00	0.00	1,002,378.00
23 US Bank; Sep 2016, Ref 8030003	1,002,737.22	0.00	0.00	1,002,737.22	0.00	0.00	1,002,737.22
24 US Bank Jan 2017, Maturity 0/2	987,409.00	0.00	0.00	987,409.00	0.00	0.00	987,409.00
26 US Bank; Dec 2017, Ref 7920100	1,002,470.00	0.00	0.00	1,002,470.00	0.00	0.00	1,002,470.00
27 US Bank; Feb 2017, Ref 3921933	985,907.50	0.00	0.00	985,907.50	0.00	0.00	985,907.50
28 US Bank; Mar 23, 2018 - 5 Ya 1	0.00	1,000,683.11	0.00	1,000,683.11	0.00	0.00	1,000,683.11
Total Investments:	9,087,239.03	1,003,462.04	0.00	10,090,701.07	0.00	0.00	10,090,701.07
	11,020,029.82	1,837,567.46	1,734,478.68	11,123,118.60	-25,235.36	140,553.53	11,238,436.77