



Agenda Bill No. 18-0xx

TO: Mayor Guier and City Council Members

FROM: Richard A. Gould, City Administrator

MEETING DATE: July 23, 2018

SUBJECT: Motion to approve the 2018 Second Quarter financial reports

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

Previous Council Review Date:

Summary: City Finance Staff has reviewed the second quarter financial reports. The Mayor and Department heads have as well. This quarter cash flow shows an increase of \$95K which is as expected and as the year progresses should decrease significantly as the utility projects (Water Meters etc.) which were funded in late 2017 (\$3.3M) will start drawing on these funds as they work towards completion in 2018.

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

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

Budget Impact: N/A

Alternatives: N/A

2018 Second Quarter Financial Reports

Enclosed are the fund reports as of June 30th (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 six months is somewhat indicative of the budget due to the receipts of April-May's property tax revenue. A few expenses that are paid once a year, the liability insurance and the PWTF loan, still slightly affect the revenue to expense balance, but not as significantly as after the first quarter of the year. 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 \$94,839 in the first half of 2018. The utilities have cash position has increased by \$480,838 (not including capital funds) noting a significant up-swing in Water (\$159K) and Sewer (\$328K) however, when the June payment to King County Metro is factored in then it is reduced to \$208K. Stormwater is down by almost \$6.7K 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 1st. The General Fund is down but this is most significantly impacted by the annual liability insurance payment of over \$277K to RMSA. 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).
- The General Fund Equipment Reserve (098) is down due to General Fund capital assets purchased (Police Vehicle, computers and new phone system) and will balance out over the year.
- The LID 6 Redemption Fund (209) is in the **RED** and down by \$62.5K due to an interest payment that will be adjusted for in the upcoming budget amendment.
- The Municipal Capital Improvement Fund (300) is down by \$69K due to the new Public Works Shop and will be balanced out by the interfund transfer from the water revenue fund bond proceeds.
- The Roads Capital Improvement Fund is down by \$187K due to the TIB-preservation of roads and the Interurban 3rd to Stewart projects (\$355K) which will have some Grant reimbursement proceeds coming to the City later in 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 (\$159K).
- The Sewer Fund (402) is up due to the increased rates passed in 2016, second step of year2 (\$328K).
- The Water Revenue Bond Redemption Fund (404) is down due to the transfers for capital projects (\$1.45M).
- The Water Capital Improvement Fund (406) is up due to the transfers from the revenue bond fund for capital projects (\$1.1M).
- The Sewer Cumulative Fund (408) is up due to the transfers from the revenue bond fund for capital projects (\$158K).
- The Stormwater Facility Fund is down by \$61.5K due to interfund transfers to road capital projects (\$164K) and work on the government canal project (\$46).
- The Pierce County Water Area Fund (411) is down by \$43K due to the annual debt service payment of \$85K (Public Works Trust Fund loan repayment).

The \$95K increase in cash position is expected and as the year progresses should decrease significantly as the utility projects (Water Meters etc.) which were funded in late 2017 (\$3.3M) will start drawing on these funds as they work towards completion in 2018.

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

Richard A. Gould
City Administrator

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Fund Cash change:

Fund		2017	2018	Net Gain (loss)
001	General Fund	\$ 1,813,652.81	\$ 2,044,237.95	\$ 230,585.14
097	Pacific Municipal Court	\$ 81,619.60	\$ 84,216.67	\$ 2,597.07
403	Garbage Fund	\$ 280,999.81	\$ -	\$ (280,999.81)
Sub Total General Fund		\$ 2,176,272.22	\$ 2,128,454.62	\$ (47,817.60)
098	General Fund Equipment Reserve	\$ 332,283.70	\$ 301,063.66	\$ (31,220.04)
099	General Fund Cumulative Reserve	\$ 507,013.52	\$ 510,726.04	\$ 3,712.52
101	Street Fund	\$ 122,533.27	\$ 111,645.32	\$ (10,887.95)
107	Tourism Fund	\$ 135,708.65	\$ 145,121.87	\$ 9,413.22
209	LID 6 Redemption Fund	\$ 401.71	\$ (62,138.03)	\$ (62,539.74)
210	LID 6 Reserve Fund	\$ 1,000.00	\$ 1,000.00	\$ -
300	Municipal Capital Improvements Fund	\$ 566,905.98	\$ 497,565.59	\$ (69,340.39)
301	Stewart/8th St Corridor Fund	\$ 268,507.99	\$ 81,332.39	\$ (187,175.60)
305	Parks Capital Improvement Fund	\$ 138,262.14	\$ 148,816.95	\$ 10,554.81
308	Valentine Road Project Fund	\$ 773.59	\$ 776.80	\$ 3.21
309	West Valley	\$ 153,872.61	\$ 198,624.54	\$ 44,751.93
310	Stewart/Thornton Ave Rd Project	\$ 50,966.16	\$ 310,946.44	\$ 259,980.28
333	Fire Capital Improvement	\$ 102,401.30	\$ 103,703.64	\$ 1,302.34
401	Water Fund	\$ 283,792.65	\$ 443,127.88	\$ 159,335.23
402	Sewer Fund	\$ 98,159.32	\$ 426,310.49	\$ 328,151.17
404	Water Revenue Bond Redemption fund	\$ 3,277,500.00	\$ 1,830,422.29	\$ (1,447,077.71)
406	Water Capital Improvement Fund	\$ 559,965.95	\$ 1,632,314.05	\$ 1,072,348.10
408	Sewer Cumulative Fund	\$ 445,133.87	\$ 603,214.12	\$ 158,080.25
409	Stormwater Fund	\$ 307,455.89	\$ 300,807.38	\$ (6,648.51)
410	Stormwater Facility Fund	\$ 415,284.25	\$ 353,784.43	\$ (61,499.82)
411	Pierce County Water Area Fund	\$ 129,774.41	\$ 86,079.90	\$ (43,694.51)
499	Utilities Equipment Reserve Fund	\$ 650,585.84	\$ 648,779.64	\$ (1,806.20)
601	Customer Deposits Fund	\$ 5,159.91	\$ 5,159.91	\$ -
630	Developer Deposits Fund	\$ 71,407.72	\$ 74,821.68	\$ 3,413.96
635	Pacific Court	\$ -	\$ -	\$ -
640	Algona Court Fund	\$ 7,623.16	\$ 19,058.42	\$ 11,435.26
800	Payroll EE Benefit Clearing	\$ 13,597.68	\$ 15,662.50	\$ 2,064.82
		\$10,822,343.49	\$ 10,917,182.52	\$ 94,839.03

LGIP Cash and Investment Balances

June 30, 2018

Instrument Type	Settlement Date	Investment Cost	Yield To Maturity	Maturity Date	Annualized Interest	Annualized Interest at LGIP rate (.4694%)
FFCB-Fed Farm Credit	04/07/16	1,002,902	1.1230%	04/07/20	11,262.59	13,136.27
FFCB-Fed Farm Credit	08/16/16	1,002,378	1.4400%	08/16/21	14,434.24	13,129.40
FNMA (Fannie Mae)	09/07/16	1,002,737	1.1500%	08/23/19	11,531.48	13,134.10
FHLB-Fed Home Loan Bank Certificates of Deposit	01/10/17	987,409	1.7703%	10/26/20	17,480.10	12,933.33
		33,955				444.75
FHLB-Fed Home Loan Bank	12/05/17	1,002,470	2.2744%	10/26/22	22,800.00	13,130.60
STRIPS	02/05/18	985,908	1.8500%	11/15/18	18,239.29	12,913.66
FFCB-Fed Farm Credit	03/27/18	1,000,683	2.7800%	02/07/23	27,818.99	13,107.20
FHLB-Fed Home Loan Bank	05/25/18	996,448	2.6700%	01/29/21	26,605.16	13,051.73
Sub Total		8,014,890			150,171.86	104,981.04
Average Maturity (days)				332		
Average Yield to Maturity			1.8737%			\$ 45,190.82
State Investment Pool		2,079,547	1.3098%	1		
Total Investments		10,094,437				

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%	33,955.11
FFCB-Fed Farm Credit	10%	1,002,902.44
FHLB-Fed Home Loan Bank	10%	996,448.00
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	<u>21%</u>	<u>2,088,886.84</u>
Total Investments	100%	10,103,777.22

Cash inBank	
General Account	794,525.60
Columbia Webstone	
Petty Cash	1,865.00
Columbia Court	17,014.70
Sweep Account	
Net Cash in Bank	813,405.30

Total Cash	10,917,182.52
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