



Agenda Bill No. 18-0xx

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

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

**MEETING DATE:** May 13, 2019

**SUBJECT:** Motion to approve the 2019 First Quarter financial reports

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**ATTACHMENTS:** 2019 First Quarter Financial Reports, which include a comparative Fund report, an investment report and the 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 quarter cash flow shows a decrease of \$580K which is as expected due to the utility capital projects payouts (\$645K), cyclical nature of tax revenues (property taxes mostly) and \$303K 2019 annual liability insurance payment. As the year progresses this should level out in most funds except for the Water and Sewer Capital Funds which are still paying off the capital projects that were funded by the 2017 Revenue Bonds (\$3. 3M). Please remember that the 2019 budget projects a \$2.2M shortfall due to these projects completion.

**Recommendation/Action:** Staff recommends that the City Council approve the 2019 first quarter financial reports.

**Motion for Consideration:** I move to approve the 2019 first Quarter Financial Reports as reviewed by the Mayor and City staff.

**Budget Impact:** N/A

**Alternatives:** N/A

## 2019 First Quarter Financial Reports

Enclosed are the fund reports as of March 31<sup>st</sup> (year to date) 2019.

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. Therefore, it comes as no surprise that the overall fund balance is down by \$580,065 in the first quarter of 2019. The utilities capital projects saw expenditures reach \$645K in Q1 and that along with the \$303K annual 2019 liability insurance payment made up for the decreased fund balance.

- The General Fund (001) is down due to the annual payment of the liability insurance (\$303K) 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 grant proceeds from 2018 (\$137K).
- The Water Fund (401) is up due to the increased rates passed in 2016 for 2017 and 2018, and expenses managed well (\$60K).
- The Sewer Fund (402) is up however that is due to the March wastewater treatment expense not being expensed until April (late billing by King County).
- The Water Revenue Bond Redemption Fund (404) is down due to the transfers for capital projects (\$36K).
- The Water Capital Improvement Fund (406) is down due to the expenditures for capital projects (\$450K).
- The Sewer Cumulative Fund (408) is down due to the expenditures for capital projects (\$125K).
- The Stormwater Facility Fund (410) is down due to the expenditures for capital projects (\$69K).

The \$580K decrease in cash position is as expected based upon budgeted projections of a drop in cash position of approximately \$2.2M caused most significantly by the completion of the major utility projects that were begun in 2018. As the year progresses most funds should level out though it will still have the overall impact of keeping the cash at or near break-even levels for 2019, except for the three utility capital funds.

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

*Richard A. Gould*  
City Administrator

## Fund Cash change:

Fund		2018	2019	Net Gain (loss)
001	General Fund	\$ 2,437,537.81	\$ 2,053,790.37	\$ (383,747.44)
097	Pacific Municipal Court	\$ 24,314.35	\$ 7,814.16	\$ (16,500.19)
403	Garbage Fund	\$ -	\$ -	\$ -
001	General Fund	\$ 2,461,852.16	\$ 2,061,604.53	\$ (400,247.63)
098	General Fund Equipment Reserve	\$ 316,814.99	\$ 304,298.51	\$ (12,516.48)
099	General Fund Cumulative Reserve	\$ 516,033.23	\$ 518,426.97	\$ 2,393.74
101	Street Fund	\$ 129,982.54	\$ 174,424.84	\$ 44,442.30
107	Tourism Fund	\$ 148,618.53	\$ 152,161.19	\$ 3,542.66
209	LID 6 Redemption Fund	\$ 105,331.17	\$ 100,810.79	\$ (4,520.38)
210	LID 6 Reserve Fund	\$ 1,000.00	\$ 1,004.65	\$ 4.65
300	Municipal Capital Improvements Fund	\$ 618,947.38	\$ 611,699.40	\$ (7,247.98)
301	Stewart/8th St Corridor Fund	\$ 80,923.60	\$ 190,806.68	\$ 109,883.08
305	Parks Capital Improvement Fund	\$ 101,179.65	\$ 122,542.86	\$ 21,363.21
308	Valentine Road Project Fund	\$ 10,774.86	\$ 13,564.47	\$ 2,789.61
309	West Valley	\$ 217,981.99	\$ 203,593.70	\$ (14,388.29)
310	Stewart/Thornton Ave Rd Project	\$ 456,225.95	\$ 515,386.24	\$ 59,160.29
333	Fire Capital Improvement	\$ 258,304.83	\$ 259,748.03	\$ 1,443.20
401	Water Fund	\$ 557,050.00	\$ 616,608.24	\$ 59,558.24
402	Sewer Fund	\$ 357,049.25	\$ 399,193.13	\$ 42,143.88
404	Water Revenue Bond Redemption fund	\$ 205,721.17	\$ 192,331.66	\$ (13,389.51)
406	Water Capital Improvement Fund	\$ 2,333,218.46	\$ 1,917,832.10	\$ (415,386.36)
408	Sewer Cumulative Fund	\$ 655,070.50	\$ 539,511.06	\$ (115,559.44)
409	Stormwater Fund	\$ 374,695.89	\$ 355,394.81	\$ (19,301.08)
410	Stormwater Facility Fund	\$ 225,567.14	\$ 190,911.96	\$ (34,655.18)
411	Pierce County Water Area Fund	\$ 141,265.87	\$ 162,507.87	\$ 21,242.00
499	Utilities Equipment Reserve Fund	\$ 731,631.50	\$ 802,861.23	\$ 71,229.73
601	Customer Deposits Fund	\$ 5,159.91	\$ 5,159.91	\$ -
630	Developer Deposits Fund	\$ 73,501.68	\$ 78,701.68	\$ 5,200.00
635	Pacific Court	\$ -	\$ -	\$ -
640	Algona Court Fund	\$ 4,981.91	\$ 14,508.22	\$ 9,526.31
800	Payroll EE Benefit Clearing	\$ 30,822.50	\$ 34,046.14	\$ 3,223.64
		\$11,119,706.66	\$ 10,539,640.87	\$ (580,065.79)

**LGIP Cash and Investment Balances****March 31, 2019**

Instrument Type	Settlement Date	Investment Cost	Accrued Interest	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	18,965.64
FFCB-Fed Farm Credit	08/16/16	1,002,378		1.4400%	08/16/21	14,434.24	18,955.72
FNMA (Fannie Mae)	09/07/16	1,002,737		1.1500%	08/23/19	11,531.48	18,962.51
FHLB-Fed Home Loan Bank Certificates of Deposit	01/10/17	987,409		1.7703%	10/26/20	17,480.10	18,672.64
		33,955					642.12
FHLB-Fed Home Loan Bank	12/05/17	1,002,470		2.2744%	10/26/22	22,800.00	18,957.46
STRIPS	02/05/18	0		1.8500%	11/15/18	0.00	0.00
FFCB-Fed Farm Credit	03/27/18			2.7800%	02/07/23	0.00	0.00
FHLB-Fed Home Loan Bank	05/25/18	996,448		2.6700%	01/29/21	26,605.16	18,843.58
<b>Sub Total</b>		<b>6,028,300</b>	<b>232,163</b>			<b>104,113.58</b>	<b>113,999.67</b>

Portfolio Diversification

<u>Instrument Type</u>	<u>Percentage</u>	<u>Amount</u>
Certificate of Deposit	0%	33,955.11
FFCB-Fed Farm Credit	11%	1,002,902.44
FHLB-Fed Home Loan Bank	11%	996,448.00
FHLB-Fed Home Loan Bank	11%	1,002,470.00
FFCB-Fed Farm Credit	11%	1,002,378.00
FNMA (Fannie Mae)	11%	1,002,737.22
FHLB-Fed Home Loan Bank	11%	987,409.00
Columbia Bank Investment Pool	11%	1,000,060.28
State Investment Pool	<u>23%</u>	<u>2,122,980.38</u>

<b>Total Investments</b>	<b>100%</b>	<b>9,151,340.43</b>
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Cash inBank	
General Account	1,369,546.18
Columbia Webstone	
Petty Cash	1,865.00
Columbia Court	16,889.26
Sweep Account	
<b>Net Cash in Bank</b>	<b>1,388,300.44</b>

<b>Total Cash</b>	<b>10,539,640.87</b>
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