

# **CITY OF KENT, WA 2014 FINANCIAL STATUS REPORT**

**PRESENTED TO COUNCIL ON SEPTEMBER 16, 2014**

# SPECIAL RECOGNITION

TO:

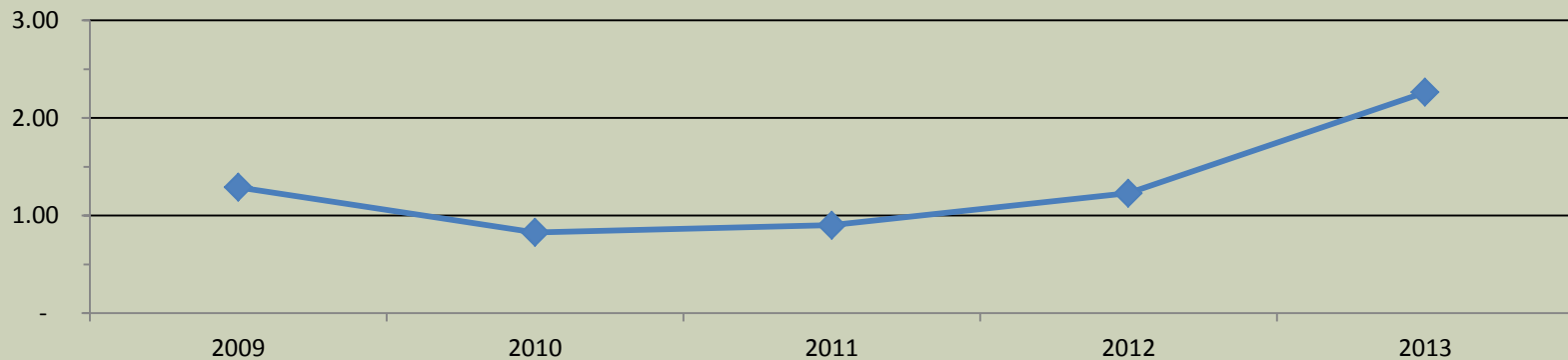
BARBARA LOPEZ, FINANCIAL PLANNING  
MANAGER

PATTY ROSETO, SR. FINANCIAL ANALYST

KATHLEEN ETHEREDGE, SR. FINANCIAL  
ANALYST

# 2013 YEAR END FINANCIAL HEALTH ASSESSMENTS

# GENERAL FUND CURRENT RATIO

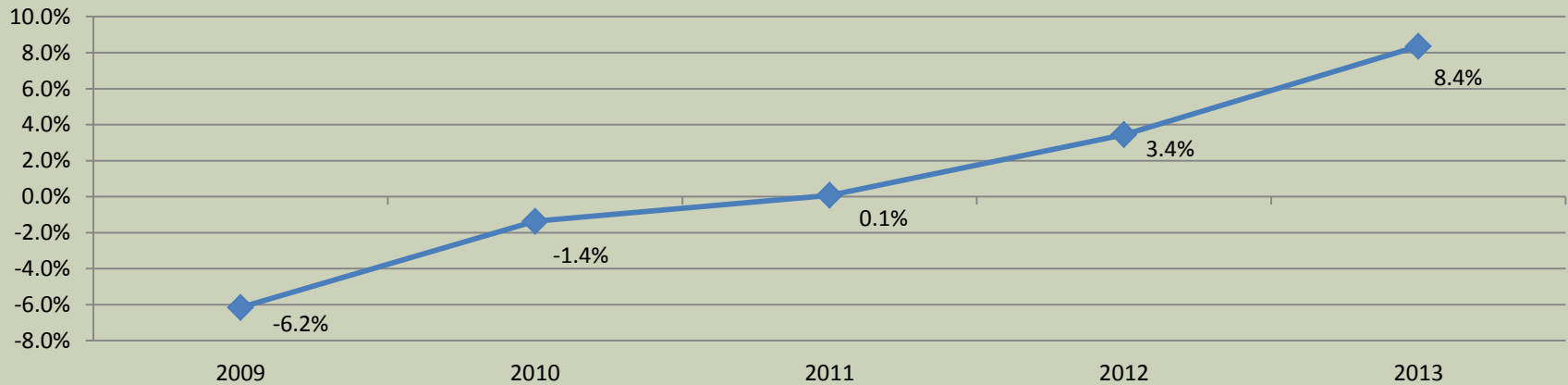


	2009	2010	2011	2012	2013
Current Assets	6,961,280	6,029,040	7,031,230	7,753,540	12,742,440
Current Liabilities	5,400,030	7,285,340	7,800,830	6,304,260	5,630,350
Current Ratio	1.29	0.83	0.90	1.23	2.26

**Current Ratio = Current Assets (includes cash and receivables) / Current Liabilities.**

**A ratio of 1.0 or greater generally implies that the city is able to pay its general fund expenses when they come due.**

# GENERAL FUND OPERATING MARGIN



	2009	2010	2011	2012	2013
Revenue	72,419,600	76,813,480	68,543,360	72,146,280	76,264,470
Transfer-In	1,840,660	1,634,440	1,864,290	1,235,200	1,036,880
Total Resources	74,260,260	78,447,920	70,407,650	73,381,480	77,301,350
Expenditure	78,477,910	78,919,270	64,887,610	67,523,730	68,520,000
Transfer-Out	653,730	617,610	5,471,170	3,412,200	2,816,520
Total Use of Resources	79,131,640	79,536,880	70,358,780	70,935,930	71,336,520
Operating Margin	-6.2%	-1.4%	0.1%	3.4%	8.4%

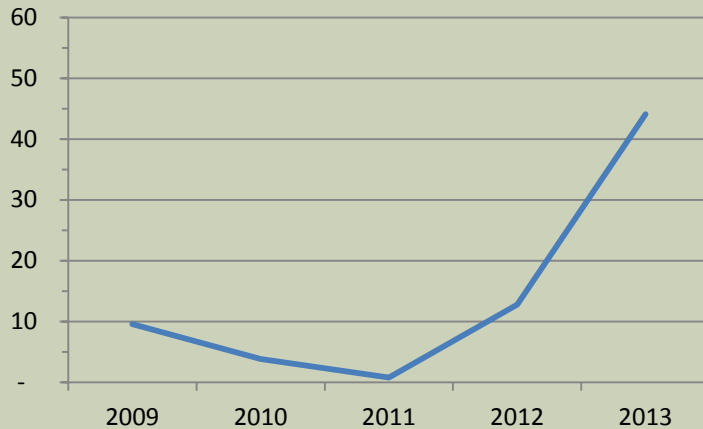
*Expenditures do not include capital outlay.*

**Operating Margin = (Resources - Current Expenses (use of resources)) / Total Expense (use of resources).**

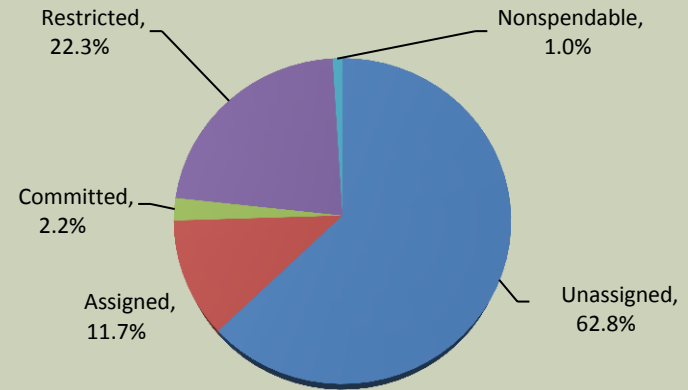
If the operating margin is positive, funding received in the current year was sufficient to cover the city's spending on operating and contributions toward capital and transfers to other funds.

# GENERAL FUND FUND BALANCE SUFFICIENCY

## Fund Bal. Sufficiency Days - All



## Composition of GF Fund Balance



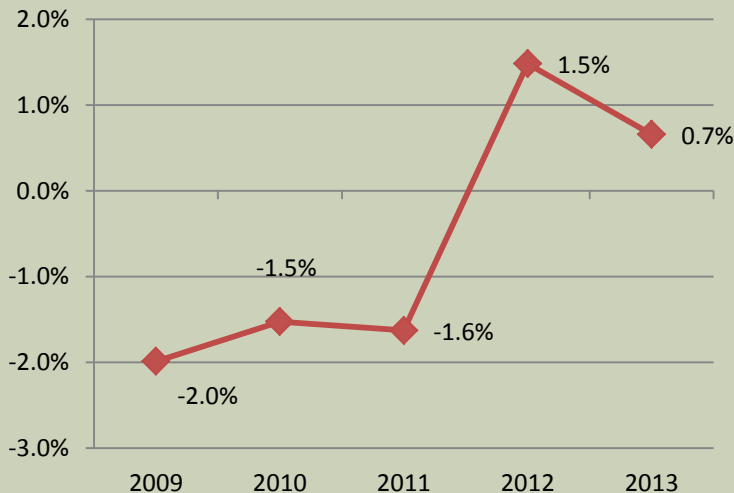
	2009	2010	2011	2012	2013
Ending Fund Balance	2,060,230	826,110	142,460	2,363,760	8,279,930
Unassigned			(205,780)	1,290,800	5,200,180
Assigned			-	772,590	968,870
Committed			283,670	129,560	184,690
Restricted			5,030	67,440	1,846,130
Nonspendable			59,540	103,370	80,060
Current Expenditure	78,477,910	78,919,320	64,887,610	67,523,730	68,520,000
Sufficiency/days all	10	4	1	13	44
Sufficiency/days unassigned	N/A	N/A	-	7	28

*Current Expenditure does not include capital outlay expenses.*

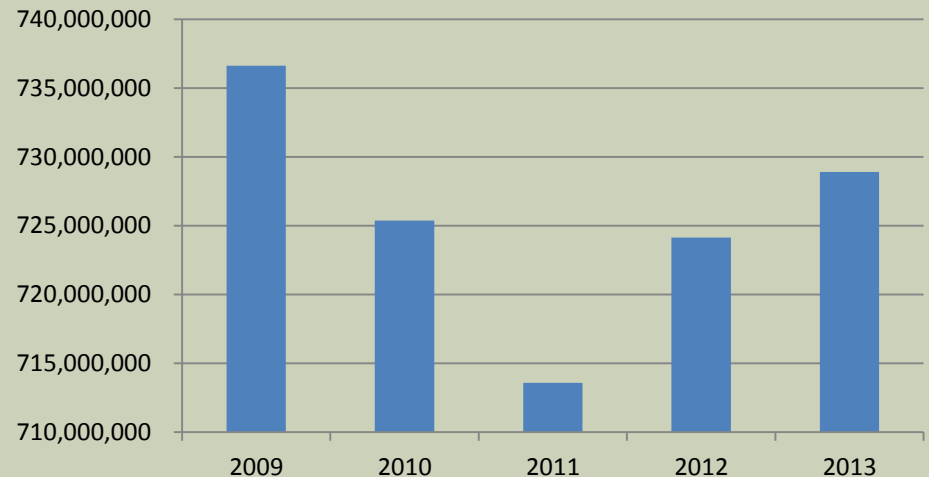
Sufficiency days = Fund Balance / (Current Expenditures / 365 days)

# GOVERNMENTAL FUNDS CHANGE IN NET POSITION

### Percent Change



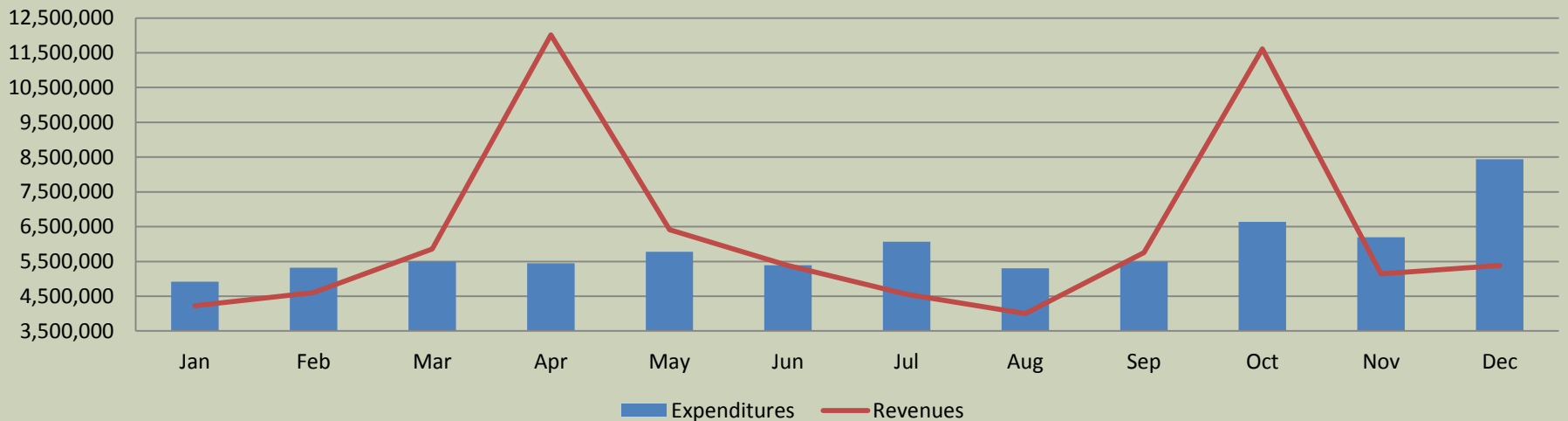
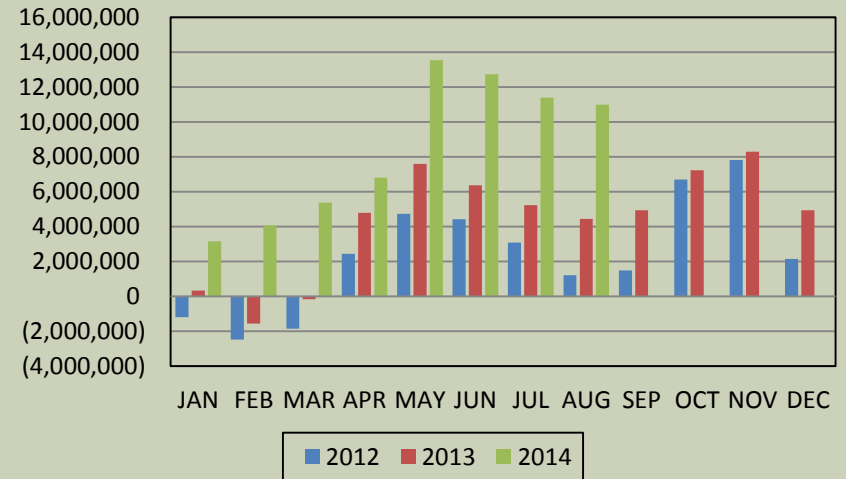
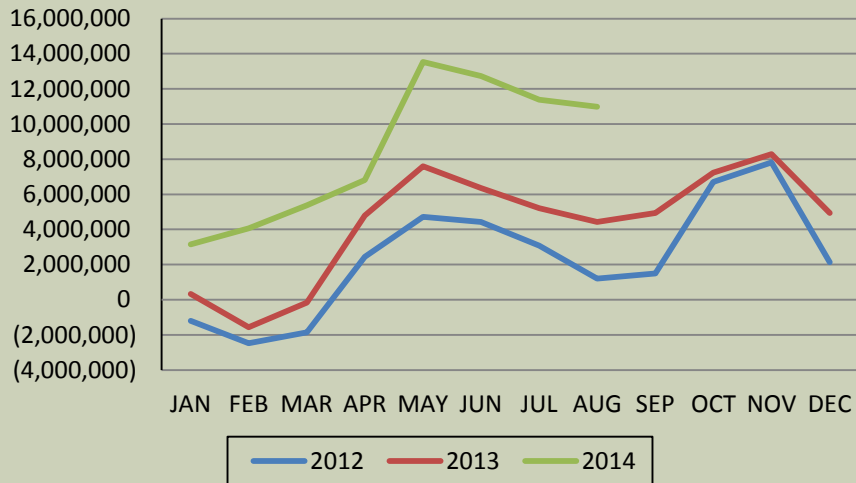
### Ending Net Position



	2009	2010	2011	2012	2013
Ending Net Position	736,610,850	725,377,330	713,577,780	724,143,800	728,898,190
Change in Net Position	(14,938,810)	(11,233,520)	(11,799,550)	10,566,020	4,754,390
Percent Change	-2.0%	-1.5%	-1.6%	1.5%	0.7%

Change in Net Position = Change in Net Position / Prior Year Net Position

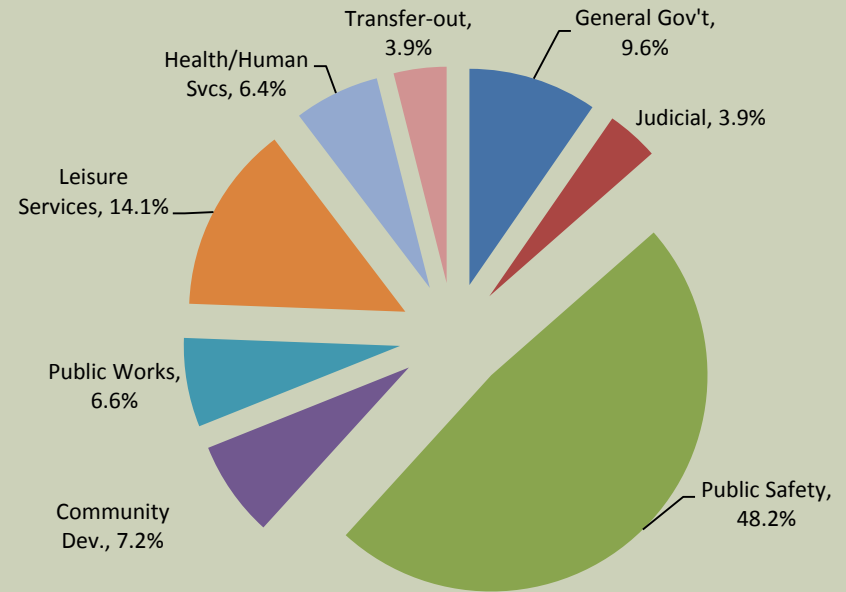
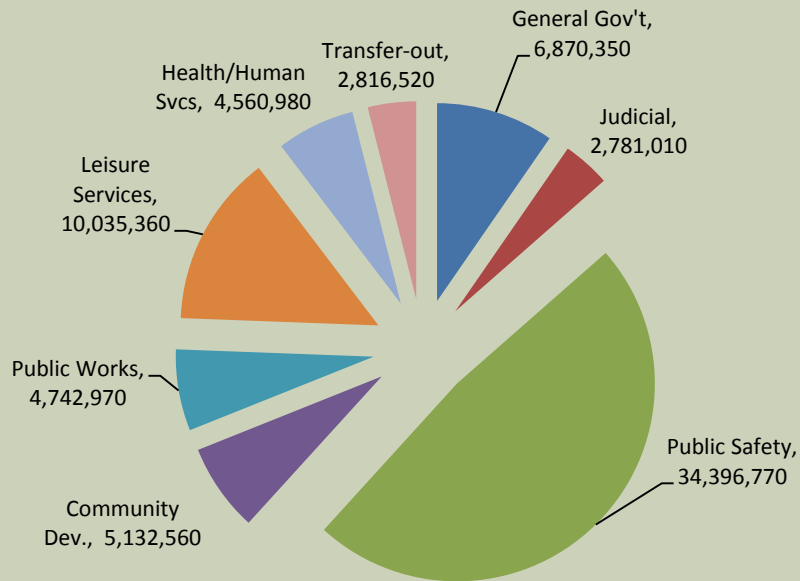
# GENERAL FUND CASH FLOW & AVERAGE EXPENSES AND REVENUES





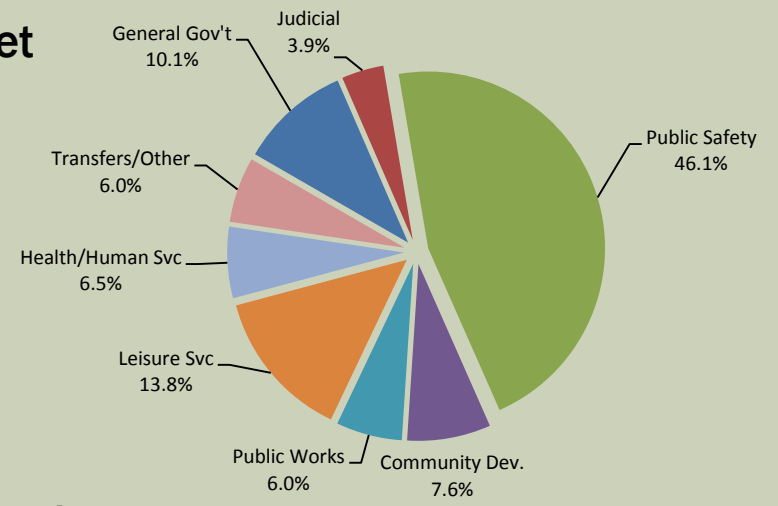
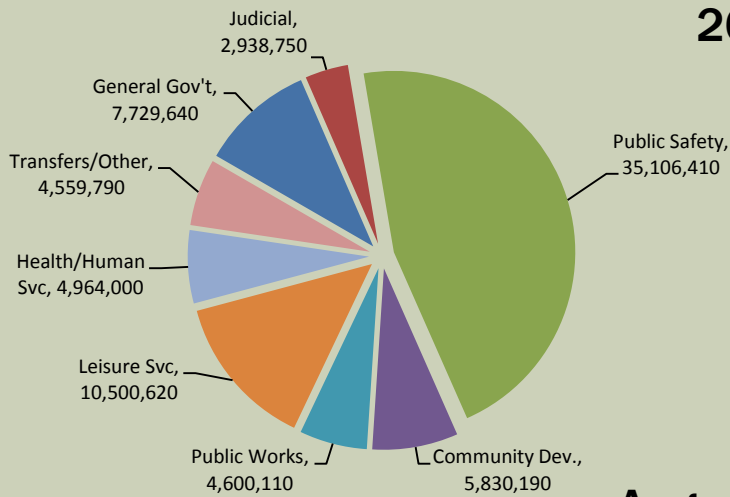
# 2014 BUDGETARY STATUS AND COMPARISONS TO PREVIOUS YEARS

# GENERAL FUND 2013 EXPENSE BY CATEGORY

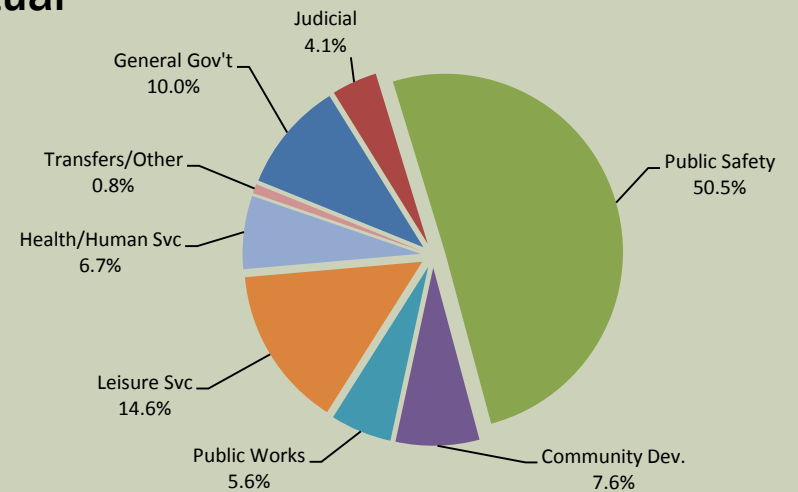
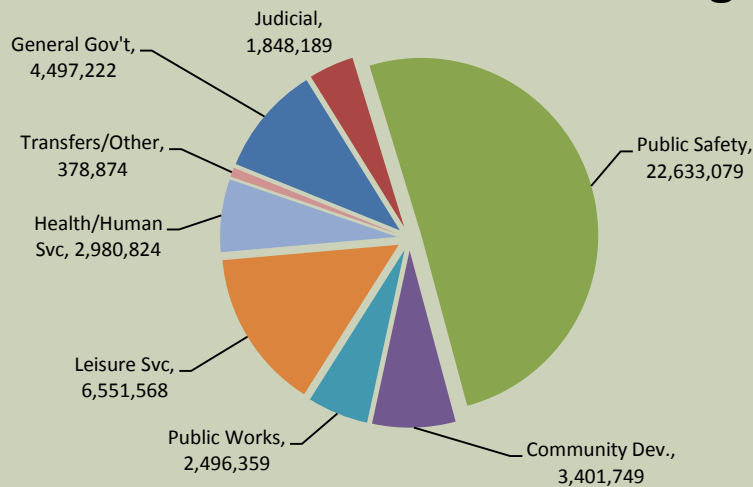


# GENERAL FUND 2014 EXPENSE BY CATEGORY

## 2014 Budget

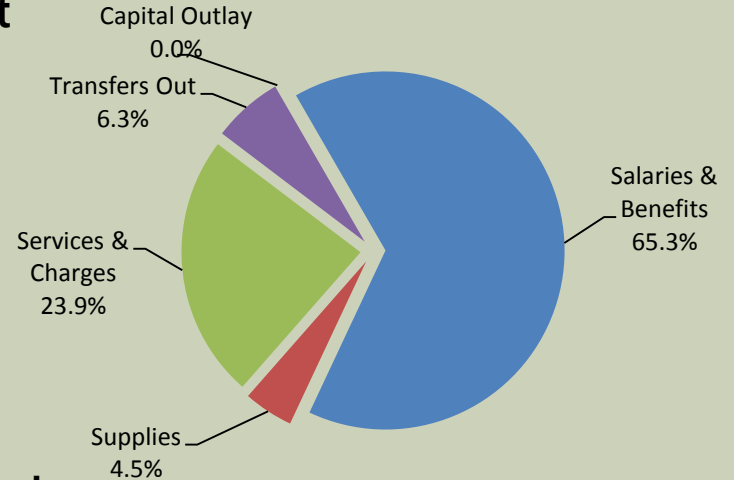
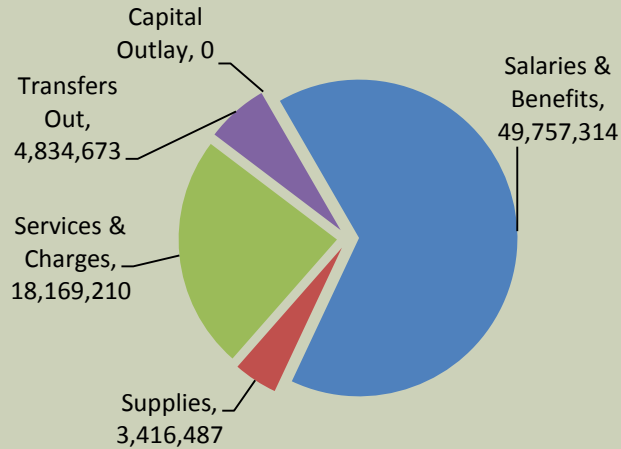


## August YTD Actual

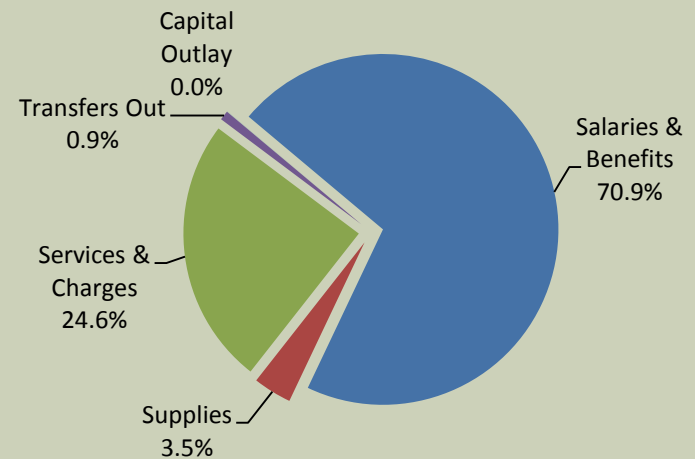
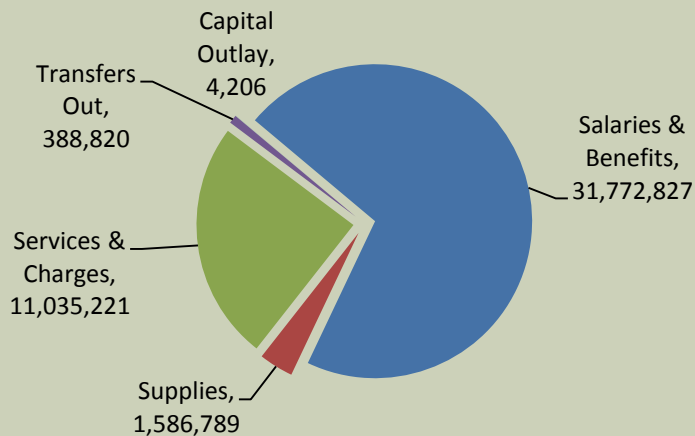


# GENERAL FUND 2014 EXPENSE BY TYPE

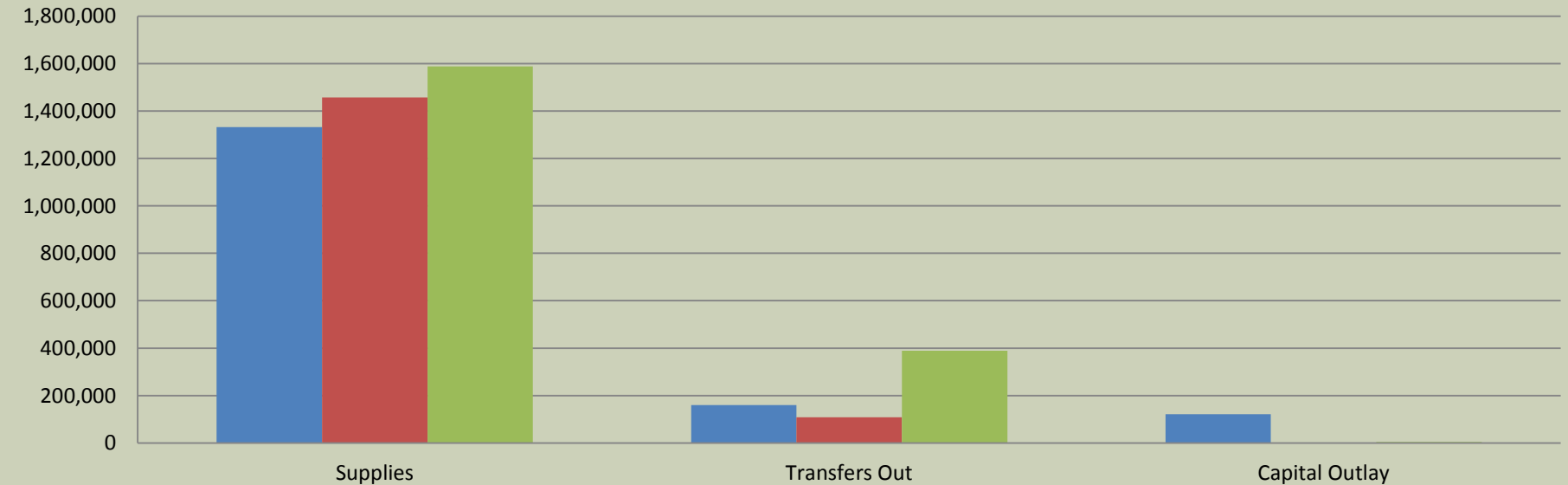
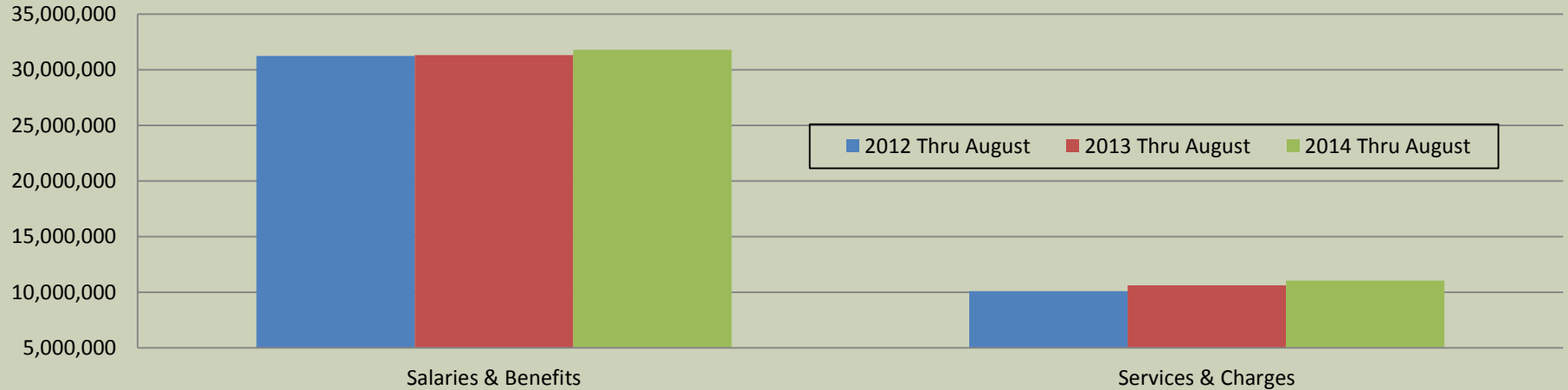
## 2014 Budget



## August YTD Actual

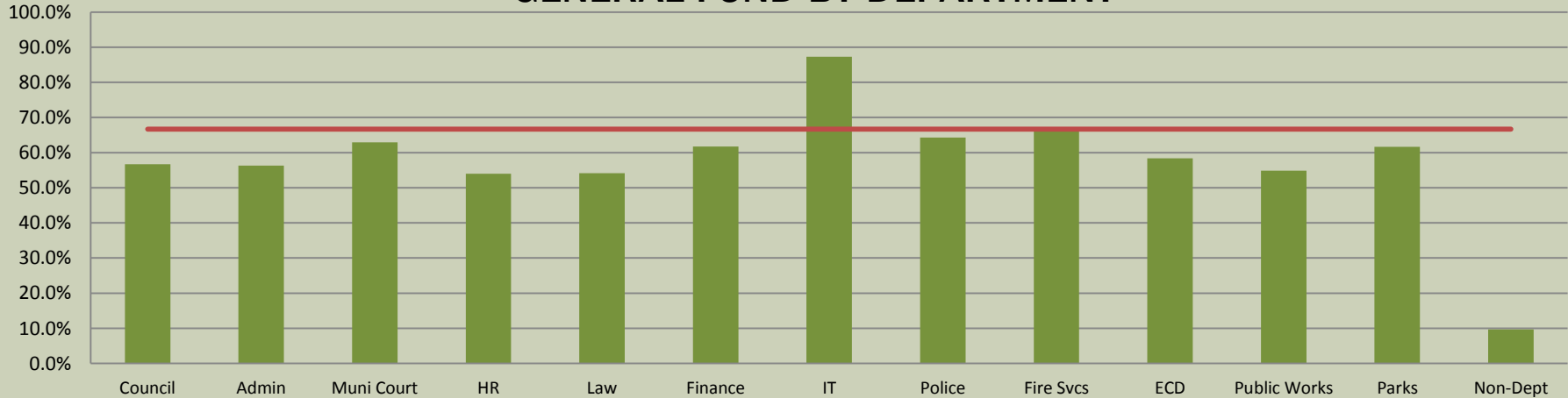


# GENERAL FUND EXPENDITURE TYPE COMPARISON: 2012, 13, & 14 AUG YTD

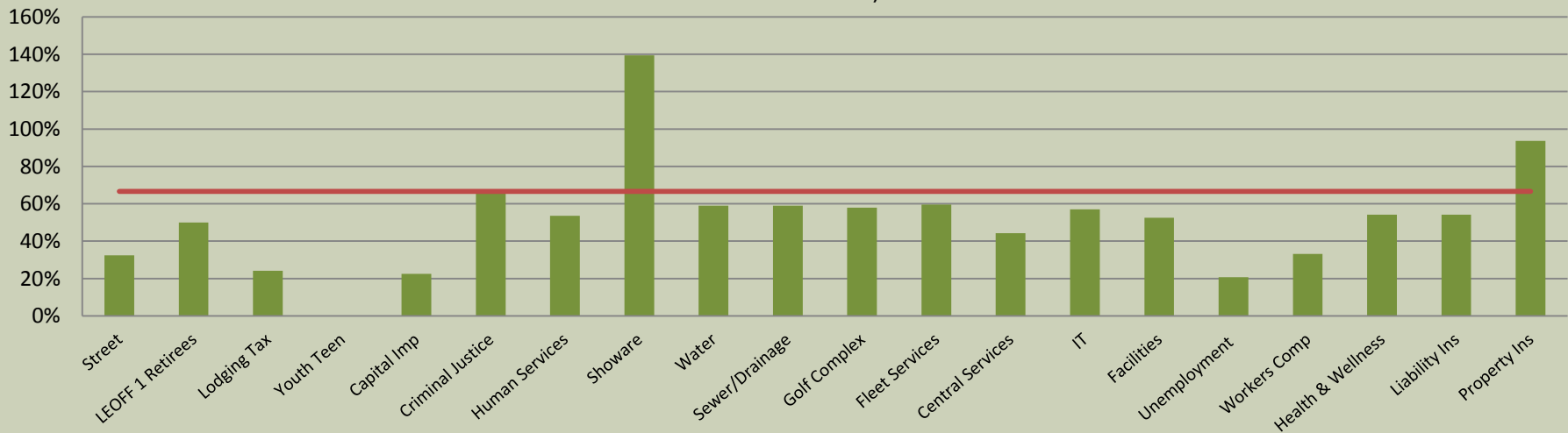


# CITY –WIDE SPENDING COMPARISON AUGUST YTD IN RELATION TO BUDGET

## GENERAL FUND BY DEPARTMENT

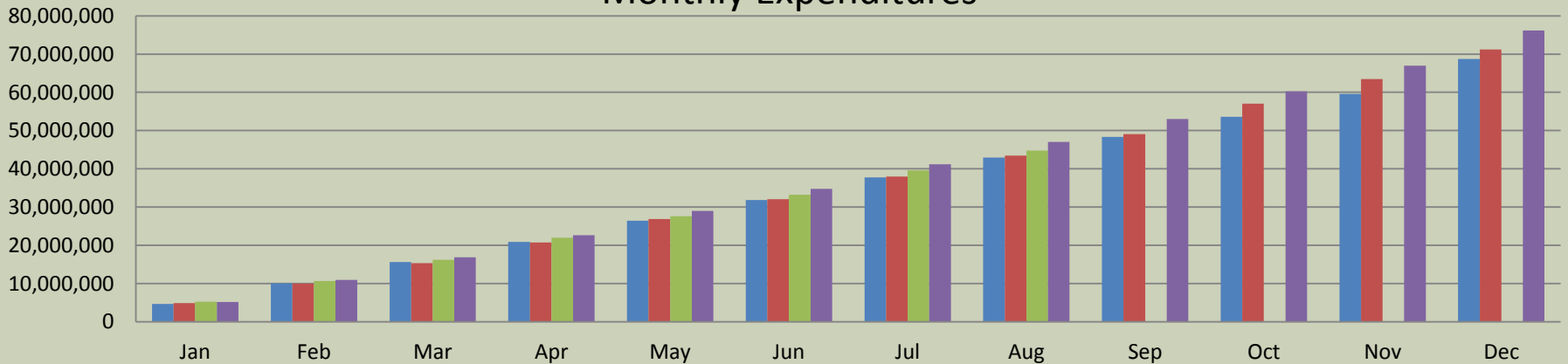


## ALL OTHER FUNDS; FUND LEVEL

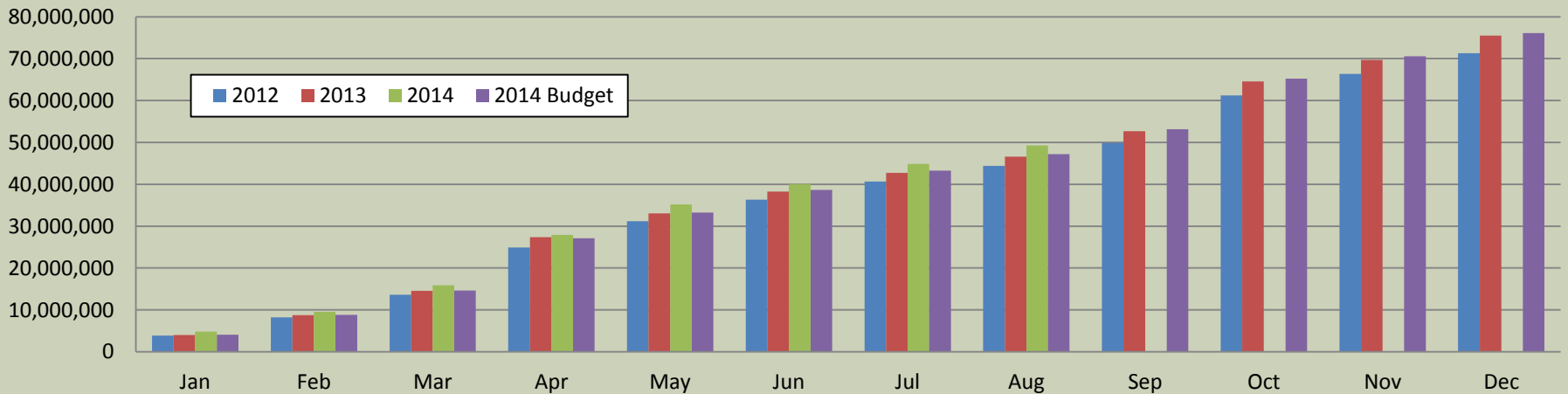


# GENERAL FUND MONTHLY EXPENSE AND REVENUE

## Monthly Expenditures

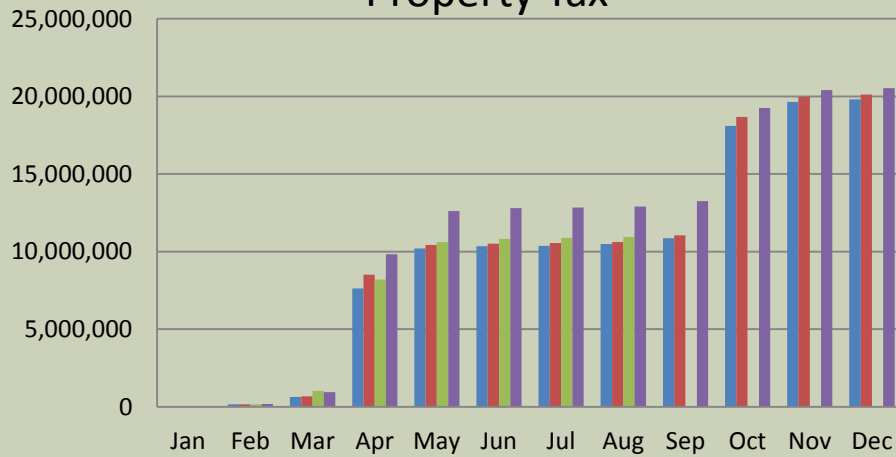


## Monthly Revenue

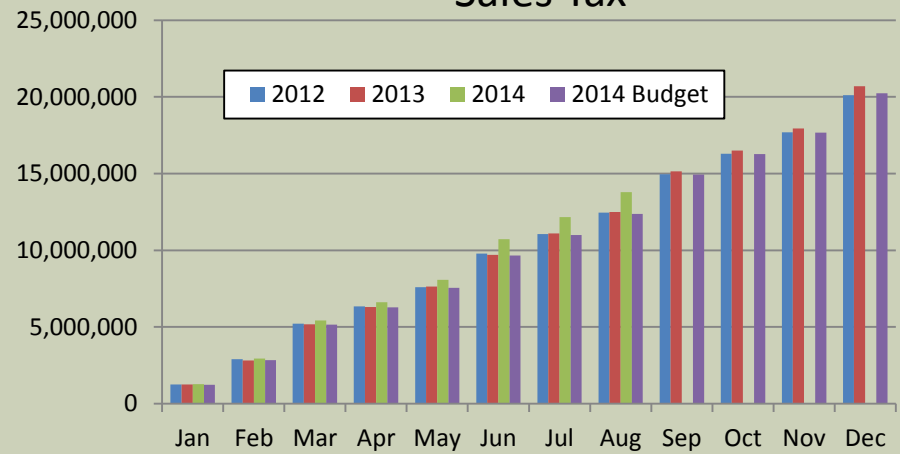


# GENERAL FUND REVENUES BY MAJOR TYPE

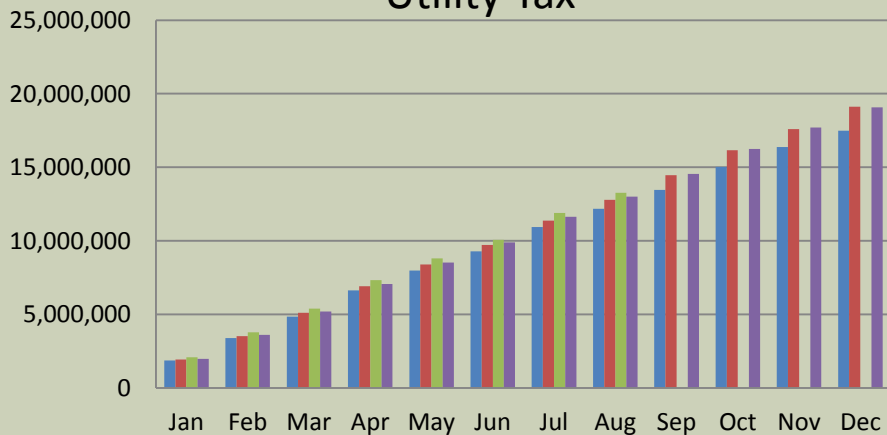
## Property Tax



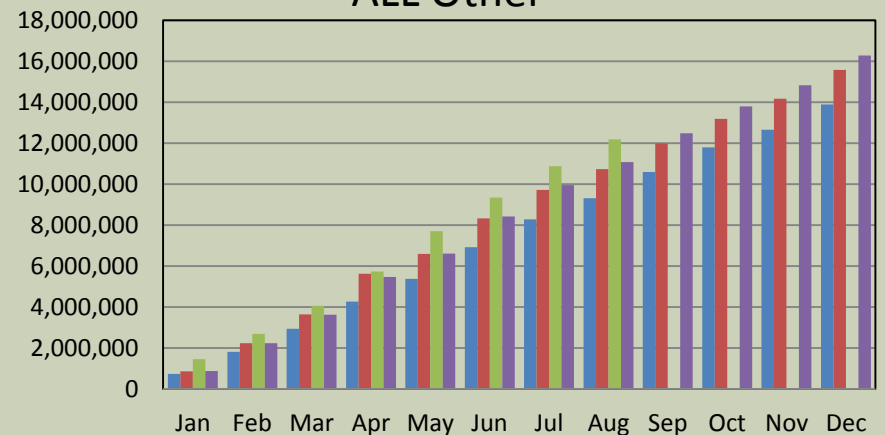
## Sales Tax



## Utility Tax

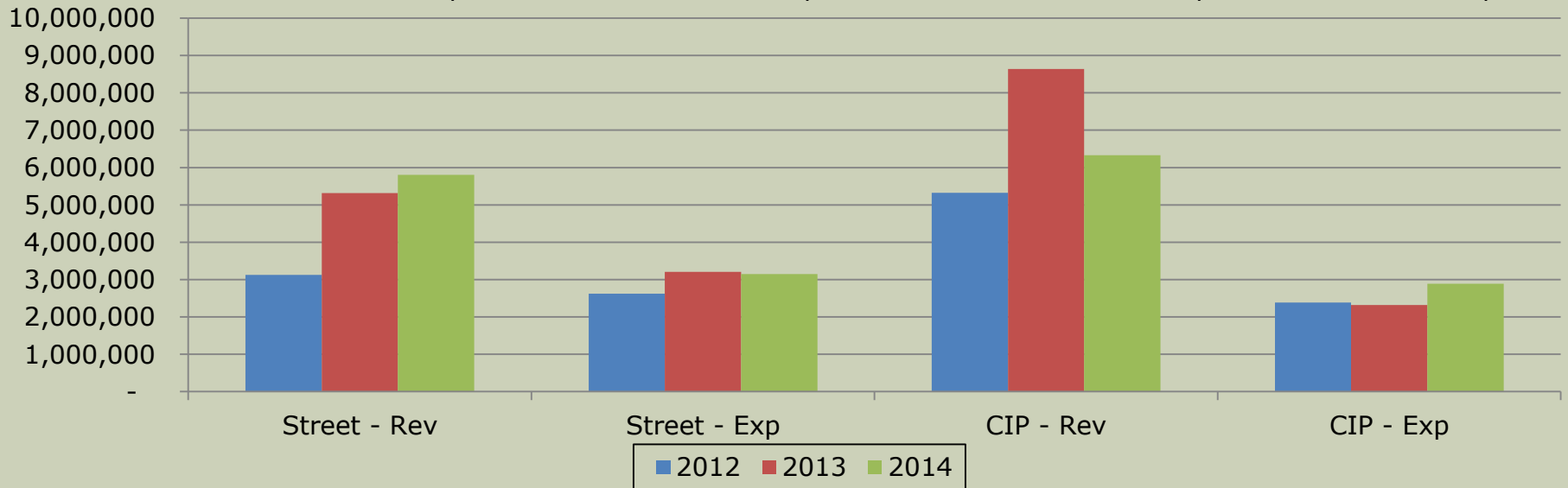
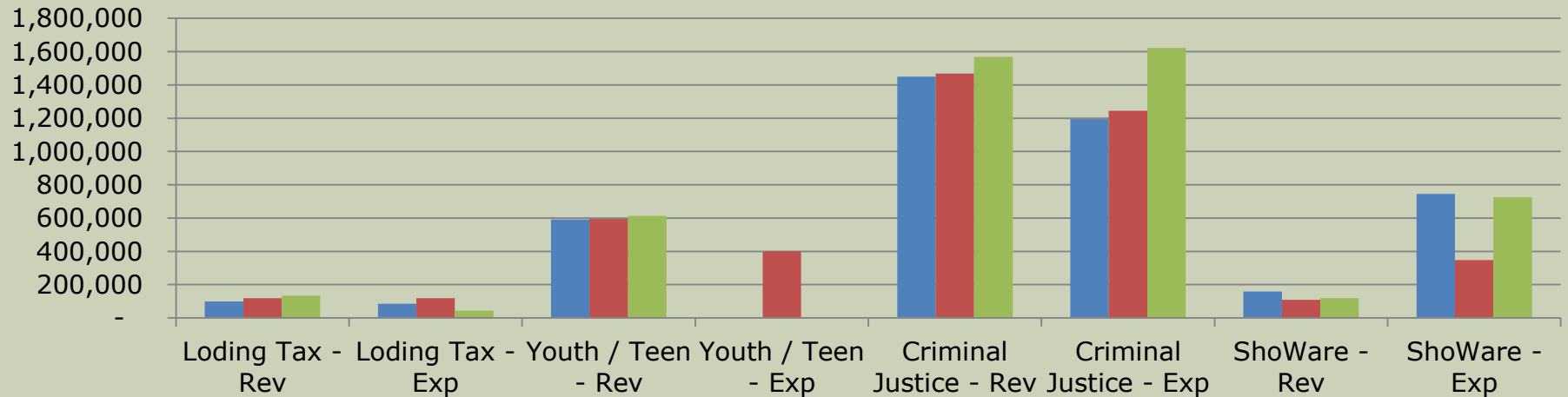


## ALL Other

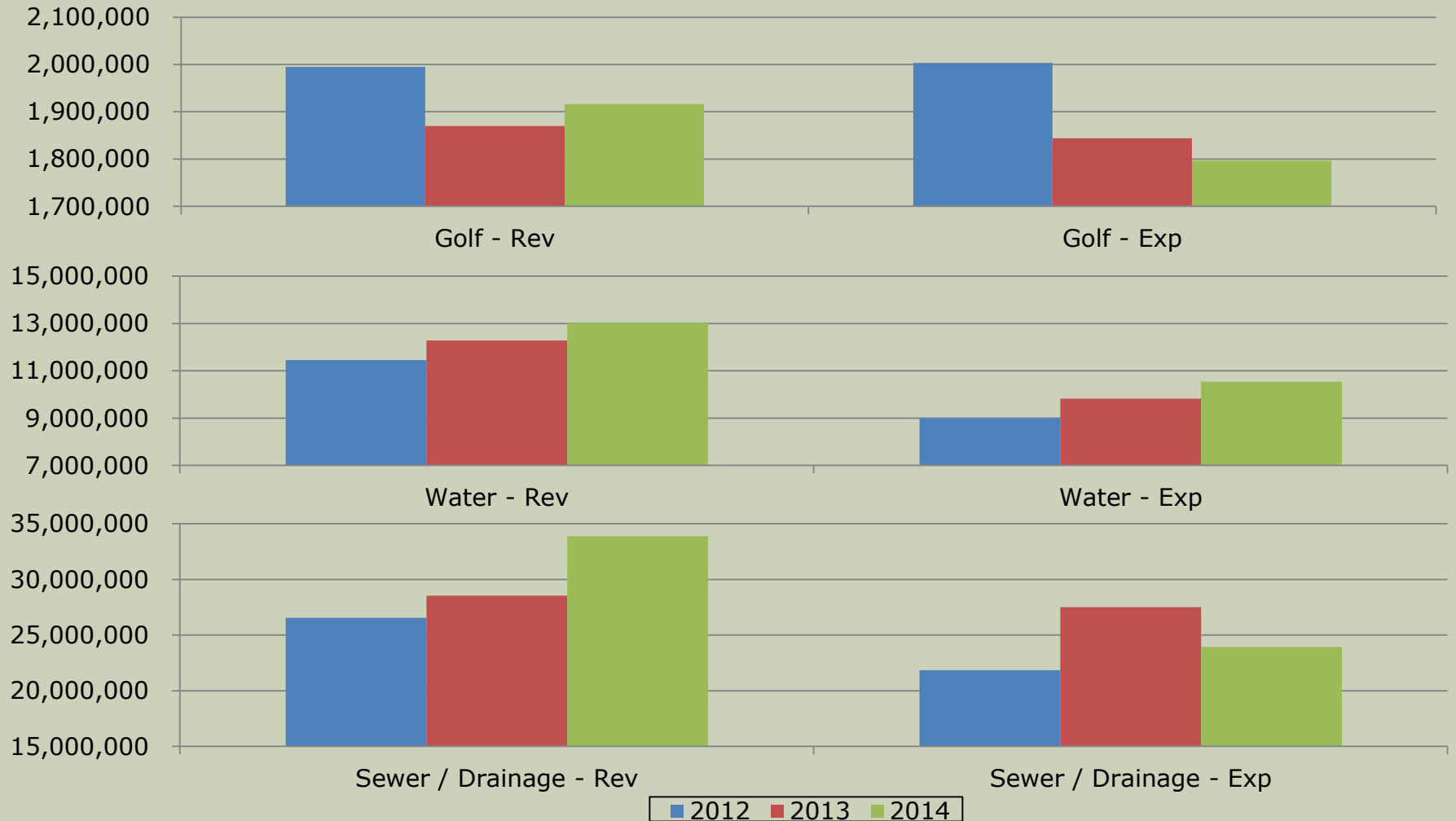




# SPECIAL REVENUE FUNDS EXPENSE AND REVENUE AUGUST YTD



# ENTERPRISE FUNDS EXPENSE AND REVENUE AUGUST YTD



# ONGOING BUDGETARY ISSUES/CONCERNS

- **Internal Debt:** The City owes millions of dollars to itself and until the repayment of debt, those funds repaying the debt can not be used for another purpose.
- **Balancing Expense and Revenue:** GF projected base budget expense for 2015 was 1.8% higher than projected revenue.
- **Benefit Costs:** Medical, Dental, and PERS.
- **State Shared Revenue:** Potential impact of Supreme Court case estimated to be \$1B to \$2B.
- **City Infrastructure Needs:** How will we pay for the ongoing needs of maintenance/improvements/expansion of city roads, utilities, parks, and facilities.

# 2015 – 2016 BUDGET

- The Mayor's 2015 – 2016 Preliminary Budget is currently under development. Her budget message is scheduled for September 30<sup>th</sup>, at which time her proposed budget will become public.
- As in previous years, the budget process was tremendously difficult, especially for the General Fund, and again required the Mayor to make tough decisions on how to spend our valuable resources.
- The 2015 -2016 budget is balanced and sustainable for the biennium.
- The following high level information concerning some of our base expenditure and revenue projections.

# 2015 - 2016 ASSUMPTIONS (30,000 FOOT VIEW)

## Expenditure Assumptions

- COLA of 2.2% each year (June 2014 CPI-W Seattle / Tacoma / Bremerton), in accordance with labor contracts.
- Healthcare flat for 2015 (to use fund balance), then 3% increase in 2016.
- Continue increase Fleet reserves for vehicle replacements until full annual funding is reached.
- Mandates and contracts funded at required levels.
- 2014 ongoing positions, totaling 641.605 FTE:
  - GF: 421.505
  - Other Funds: 220.10

## Revenue Assumptions

- Property Tax - 1% increase, plus new construction of \$75,000 per year.
- Sales Tax - reset based on 2013 actual, with 1% growth.
- External Utility Tax - reset based on 2013 actual, with .5% growth
- Internal Utility Tax - .5% growth on water, drainage; known city/kc metro increases on sewer.
- All state-shared revenues remain at their 2014 funding levels.
- Permits/Plans Review - 2.2% June CPI-W (Seattle/Tacoma/Bremerton ).
- The following remained essentially flat:
  - Cultural & Recreation Fees
  - Fines & Forfeitures
  - Interest Income
  - Rents, contributions and other miscellaneous revenues

**QUESTIONS?**