

# City of Hastings

## City Council Memorandum

**To:** Mayor Hicks & City Councilmembers  
**From:** Charlene Stark, Finance Director  
**Date:** 10/14/2013  
**Item:** Financial Summary

**Council Action Requested:**

No council action requested. Informational only.

**Background Information:**

Attached is the financial report for 3rd quarter 2013.

**Financial Impact:**

**Advisory Commission Discussion:**

NA

**Council Committee Discussion:**

NA

**Attachments:**

- Financial Summary Report

## 2013 3<sup>rd</sup> Quarter Financial Summary

Presented below is the 3<sup>rd</sup> Quarter Financial Summary Revenues and Expenditure report for 2013. The report is comparing the results of this year's 3<sup>rd</sup> quarter to the 2012 3<sup>rd</sup> quarter as well as the 2013 amended budget to date. Currently the governmental funds (General, Parks Operations, Cable, Heritage Preservation, Fire and Ambulance, Parks Capital, Arena and the Debt Funds) are within the expected 75% spendable budget.

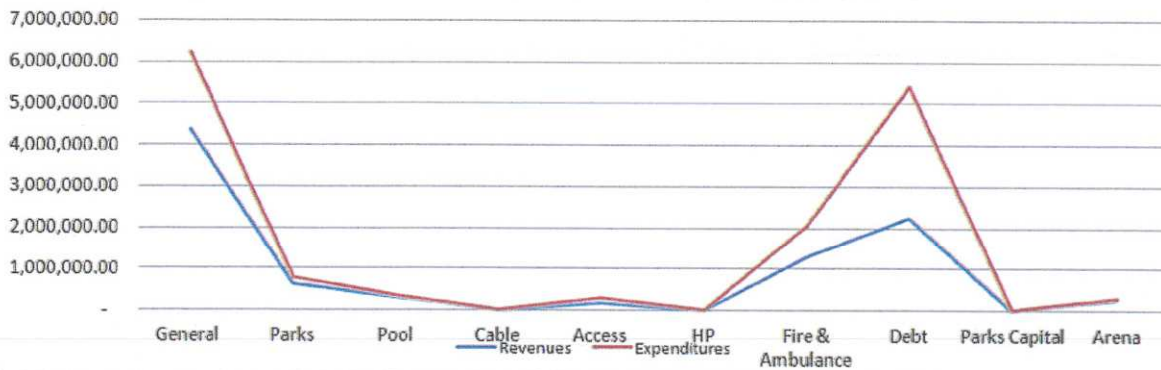
Revenues for third quarter appear to be in line with last year's revenues. There are three revenue sources that are lower than the 2012-3<sup>rd</sup> quarter. In 2012 we received Federal Emergency Management Agency funds (FEMA) due to the storm damage. This is included in the Grants/State Aid revenue line item. Special assessment revenue is down for 2013 when compared to 2012. This could be the result of timing of payments to the county and when received at the City. The third revenue line reporting a reduction from 2012 is Charges for Services. A reduction in reporting of Fire and Ambulance receipts is being reported for third quarter. This may be the result of a timing difference between collections and recording. Additional follow up on this account will occur after 4th quarter. It is expected that revenues should be in line with the 2013 budget.

Savings in spending has been achieved in three line items; salaries and benefits, capital and supplies. Reduction in salaries and benefits are largely due to the turnover of staff the City has experienced this year. We are currently at a 3.25% reduction when compared to last year at this same time. Turnover of staff has caused some of the capital projects to be delayed and are not underway as of the reporting of third quarter. If the projects are not completed in this year budget the capital items can be requested to be carried over to the next year. Some of these items include improvements to the Levee park, improvements at the Arena, and the Pioneer Park shelter as well as some equipment yet to be purchased—ambulance and lift truck. The line item for supplies is also down for the year and when compared to last year at the same time period. A large purchase of chemicals used for snow and ice removal has not been purchased for the 2013-14 season. In 2012 we had purchased \$40,000 more in the street chemical line item than the current year at the same 3<sup>rd</sup> quarter reporting. This year of change in spending in this line item would account for the difference in supplies. It is expected that all funds will retain current levels of fund balance for reporting year end of 2013.

	Year to Date 09/30/2012	Year to Date as of 9/30/2013	Amended Budget 2013	Percentage of 2013 Budget	Percentage Change from 12-13
Levy	6,087,166	6,047,834			
Grants/State Aid	242,929	141,473			
Special Assessments	658,134	480,543			
Charges for services	2,150,533	2,031,781			
Permits & Licenses	374,651	376,241			
Interest	131,813	130,541			
Other	11,211	210,735			
<b>Total Revenues</b>	<b>\$ 9,656,436</b>	<b>\$ 9,419,147</b>	<b>\$19,996,917</b>	<b>47.103%</b>	<b>-2.46%</b>
Salaries and Benefits	6,503,334	6,291,699	9,214,370	68.281%	-3.25%
Charges for Services	2,770,235	2,909,526	3,935,057	73.939%	5.03%
Supplies	489,254	446,245	717,495	62.195%	-8.79%
Capital	349,592	383,214	1,125,941	32.259%	3.90%
Debt Service					
Principal	4,015,000	4,750,000	4,750,609	99.987%	118.31%
Interest and Fees	896,087	663,567	633,009	104.827%	-25.95%
<b>Total Expenditures</b>	<b>\$ 15,023,502</b>	<b>\$ 15,424,251</b>	<b>\$ 20,376,481</b>	<b>75.696%</b>	<b>3%</b>

Below is a line graph for each of the governmental funds revenues and expenditures for the 3rd quarter. The graph below depicts the governmental funds revenues and expenditures. The funds which are not as dependent upon tax levy have the revenues (blue line) and expenditures (red line) about even on the graph. The General Fund, Fire and Ambulance and the Debt Funds need the second half levy revenues to cover the spending to date and for the fourth quarter. It is expected that these funds should be even by the end of the year and possibly have gains in fund balance due to the decrease in spending in salaries and benefits this year.

Major Funds Revenues and Expenditures as of September 30th



## Enterprise Funds (Hydro, Water, Sewer, Storm Water)

Below is the 3rd quarter summary for each of the City enterprise funds. Each of these funds are currently tracking a bit above average for 3<sup>rd</sup> quarter. This is mostly due to the dewatering of the hydro plant, Storm water and Utility work done in the summer and into the fall. Included below this summary is a cash flow projection done for each of the funds. This analysis was done in conjunction of the Bond Rating Call as well as the Budget process this year.

### Enterprise Funds (Hydro, Water, Sewer, Storm Water)

	Actuals Year to Date as of 9/30/2012	Actuals Year to Date as of 9/30/2013	Amended Budget 2013	Percentage of 2013 Budget	Percentage Change from 12-13
Total Revenues	\$ 3,265,328	\$ 3,180,202	\$ 5,652,500	56.262%	-2.61%
Salaries and Benefits	878,417	867,891	1,234,525	70.302%	-1.20%
Charges for Services	1,505,895	1,805,772	2,126,413	84.921%	19.91%
Supplies	95,706	112,183	148,850	75.367%	17.22%
Capital	3,940	173,314	300,268	57.720%	0.00%
Debt Service					
Principal	220,000	268,250	268,250	100.000%	0.00%
Interest and Fees	152,831	146,234	145,668	100.389%	-4.32%
Total Expenditures	\$ 2,856,790	\$ 3,373,644	\$ 4,223,974	79.869%	18%

### Operations of Utility accounts

	Water 600	Sewer 601	Storm 603	Hydro 620	Total All Fund
9/30 Revenues	1,256,885	1,063,081	250,008	611,634	3,181,608
Projected Revenues	956,000	690,000	177,000	303,093	2,126,093
Total YE Revenues	2,212,885	1,753,081	427,008	914,727	5,307,701
9/30 Expenses	936,453	1,280,154	240,094	561,001	3,017,702
Projected expenses	554,862	637,131	92,427	402,437	1,686,857
Total YE Expenses	1,491,315	1,917,285	332,521	963,438	4,704,559
YE Projected Operations Gain (Loss)	721,569	-164,204	94,487	-48,711	603,142
Beginning Cash	3,140,328	2,103,895	260,620	250,143	5,754,986
Ending Cash	3,861,897	1,939,691	355,107	201,432	6,156,696

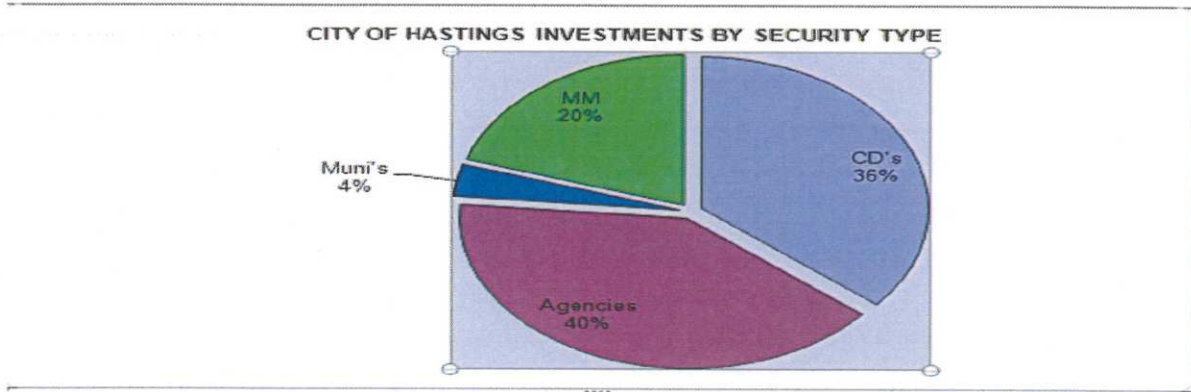
### RECAP:

- 3rd quarter governmental activities are expected to result in increasing fund balance for each of the governmental funds.
- Some of the projects and equipment in the 2013 budget may be requested to carry over to 2014.

- Debt principal payments have been made for the year.
- There is a projected gain in all Enterprise funds except for the Sewer Utility Fund.

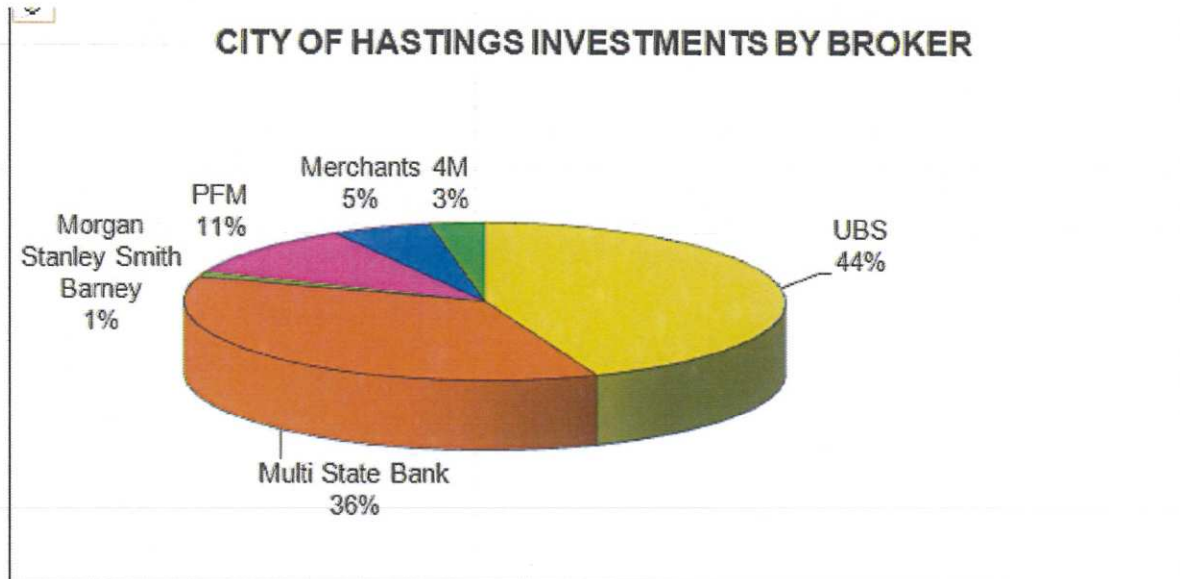
**INVESTMENT ACTIVITY:**

Below is a chart describing the investment portfolio by security type. The City's investment policy which follows the Minnesota State Statute requirements allows these types of Investment vehicles for the City excess funds to be invested in.



Money Market (MM), Municipal Bonds (Muni's), Certificate of Deposits (CD), and Agency market which included Fannie Mae and Freddie Macs

Below is another chart describing how much is held with each brokerage firm the City works with. The City has 3 National Brokerage Firms, 2 MM Pooled Accounts and 1 Local Bank.



The City's Investment portfolio is laddered out for cash flows needs for the next six months. The investments range from short term such as the MM and available each and every day as well as long term in the Agency as far out as 15 years. The City has a core portion of the portfolio in the 5-10 year range or about 37.46%. The core investments are not needed for day to day operations and represent cash held for long term replacement of assets.

**CITY OF HASTINGS INVESTMENTS as of 9/30/2013**

