The City of REDMOND

2015-2016 1st Quarter Financial Report

April 21, 2015

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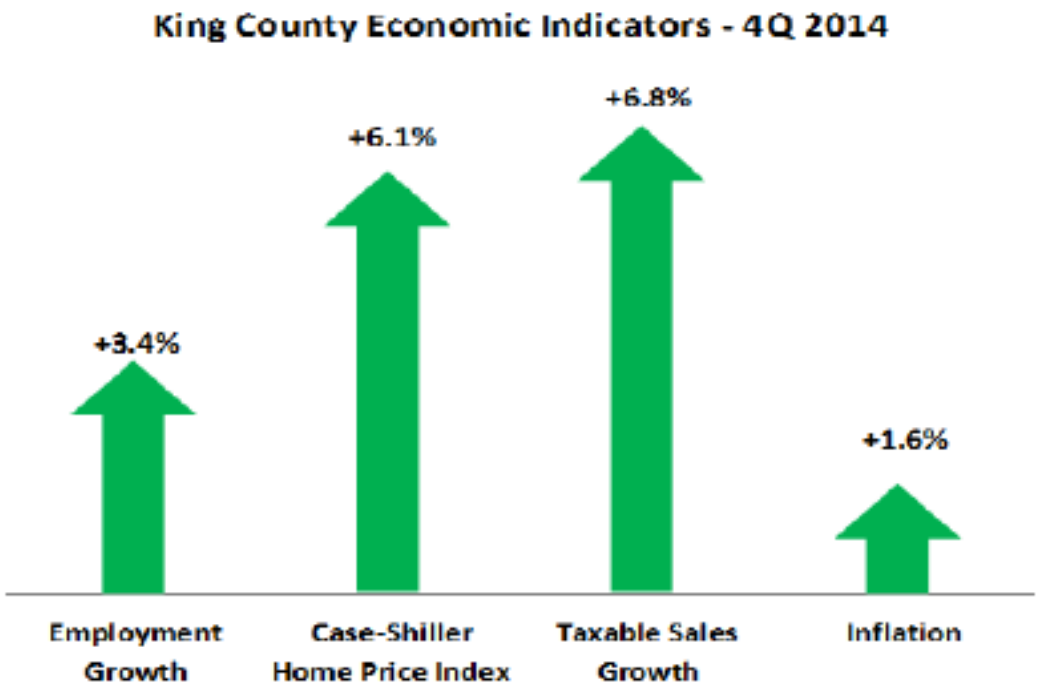
Agenda

- 2014 Year-end King County Review
- Six-Year Financial Plan
- Brief review of General Fund & Water/Wastewater
- Audit Update
- Conclusions/Next Steps

King County 2014 Review



- Employment up overall, with construction employment up 11.4% and services up 3.2%
- Home prices slowed to 6.1% in the 4th quarter compared to same period 2015
- Taxable sales up 6.8%
- Inflation up 1.6% year over year
- 2015-2016 solid growth predicted

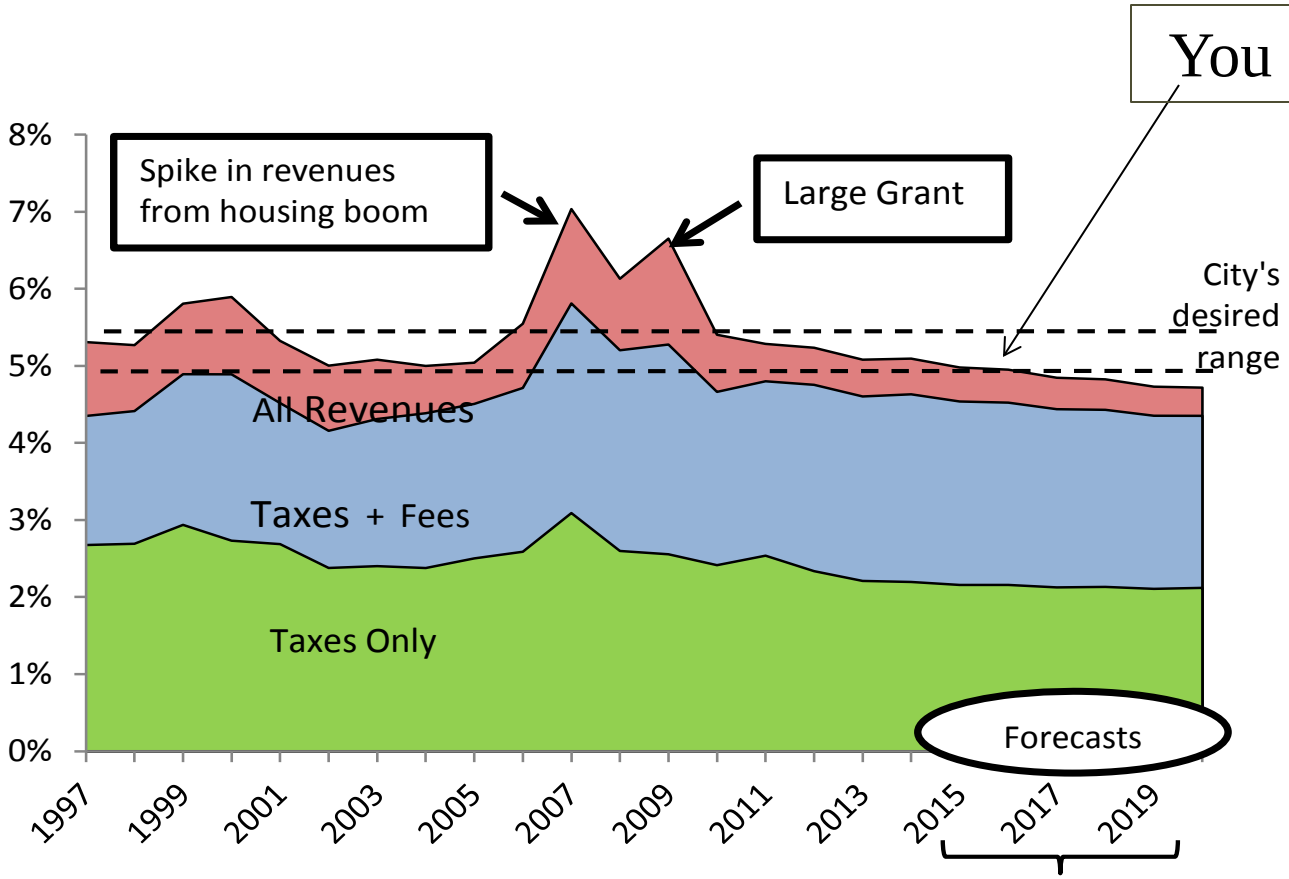
2015 1st Quarter Context

- Closing the books on the last biennium has an impact on the 1st quarter numbers
- Though early, the biennial budget remains a sound financial plan
- Continue to monitor performance of six-year revenue strategy

Six Year Strategy

- 2015-2016 Budget
  - Reduce expenditures
  - Promote innovations/efficiencies
  - Raise revenue
- 2015 six-year property tax levy vote (August)
  - Public and transportation safety
  - Parks
- 2018 or 2019 capital bond

Price of Government

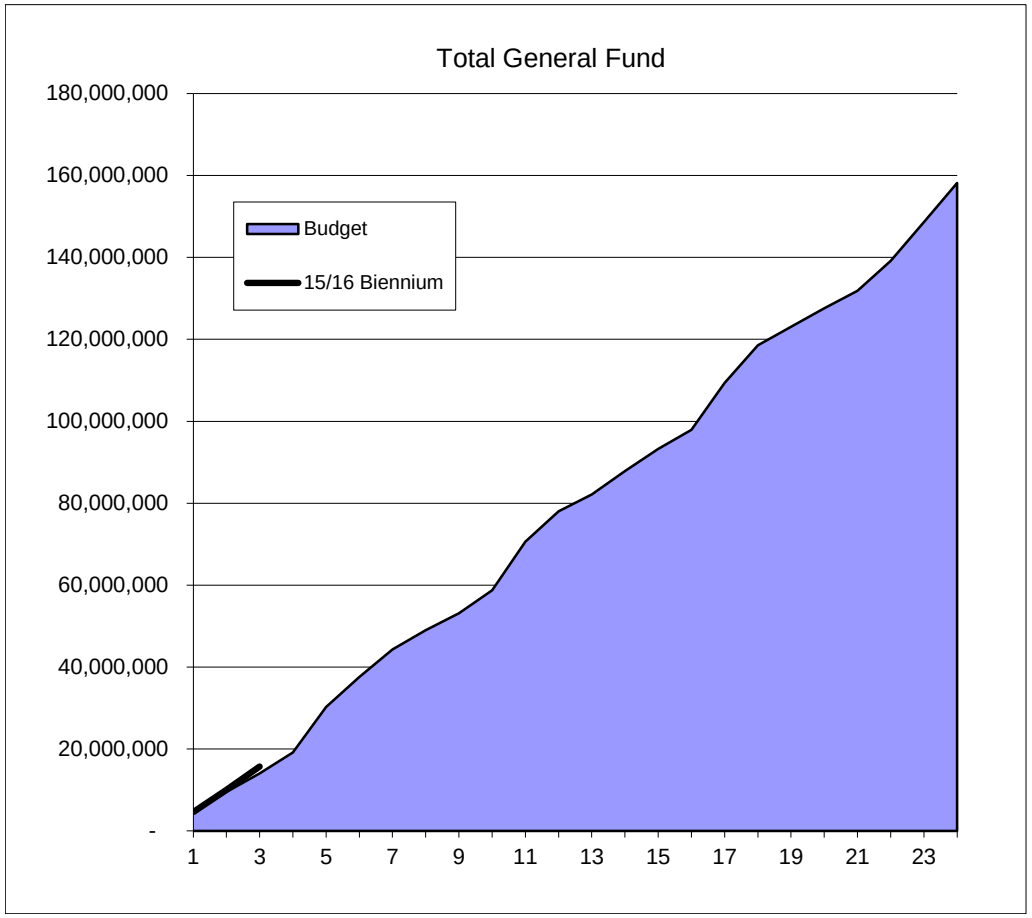


- 2013 POG equals 5.08%
- 2016 estimated POG is 5.0% (with new revenues*)
- Maintain POG between 5% and 5.5%

* As adopted in budget

General Fund Revenues

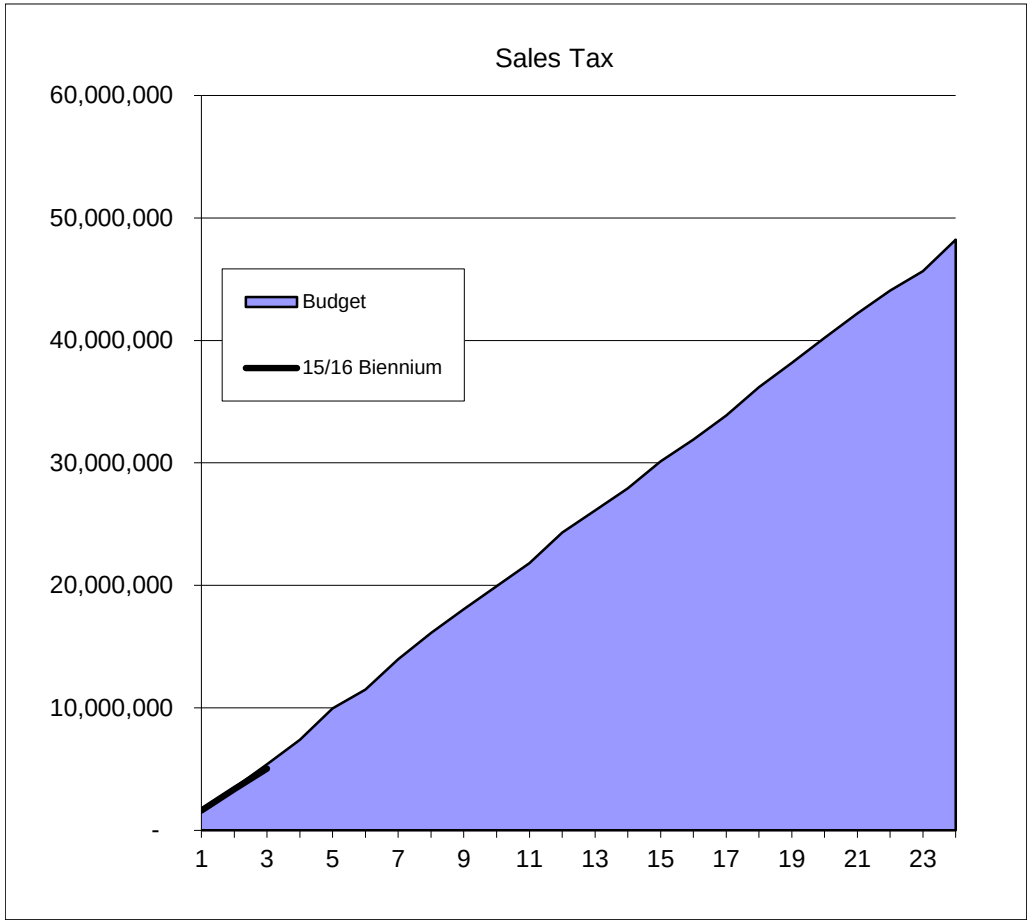
2015-2016



- $15.7 million total collections
- 12% over budgeted trends (will decrease)
- Year-end accruals are affecting numbers, particularly in utility taxes and fines and forfeitures

General Fund – Sales Tax

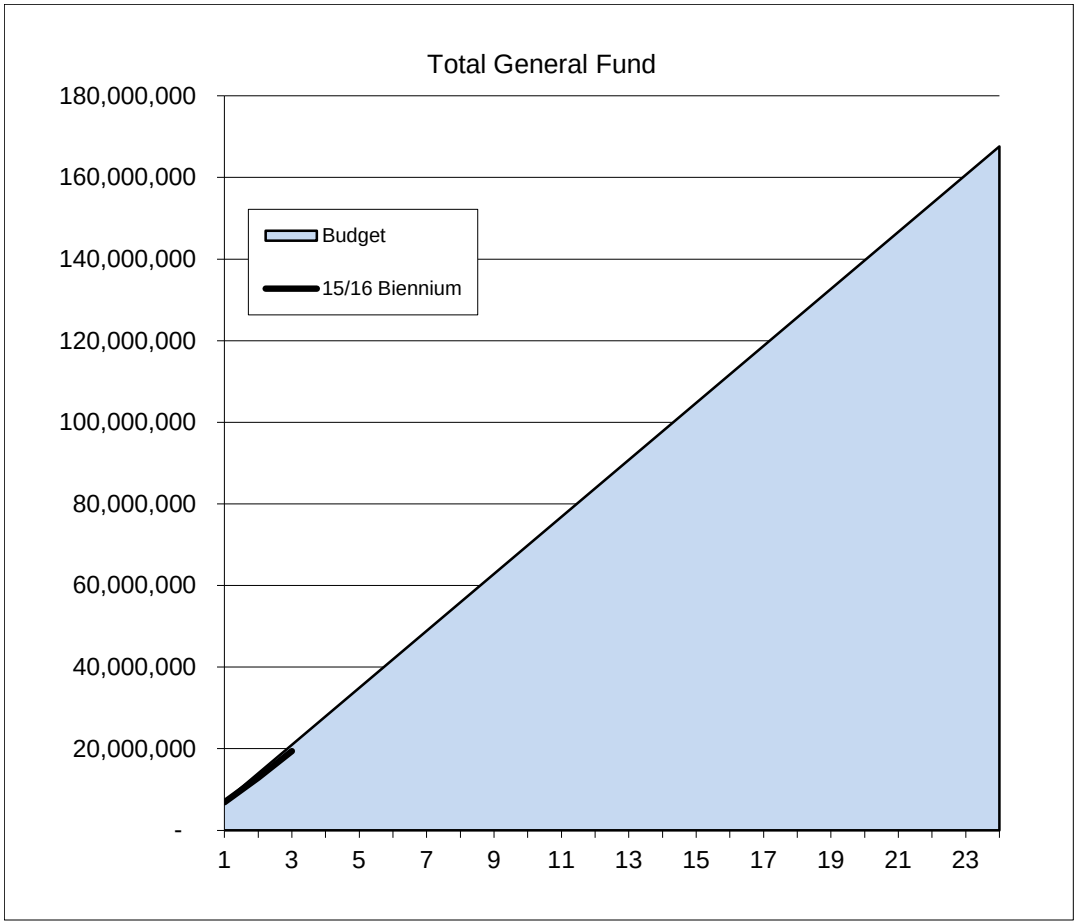
2015-2016



- 2014 sales tax lagged trends by approximately $600,000
- 2015 1st Quarter performance to budget is down 6%
- Slowing sectors are construction, retail and information services
- Still too early to predict year-end results

General Fund - Expenditures

2015-2016

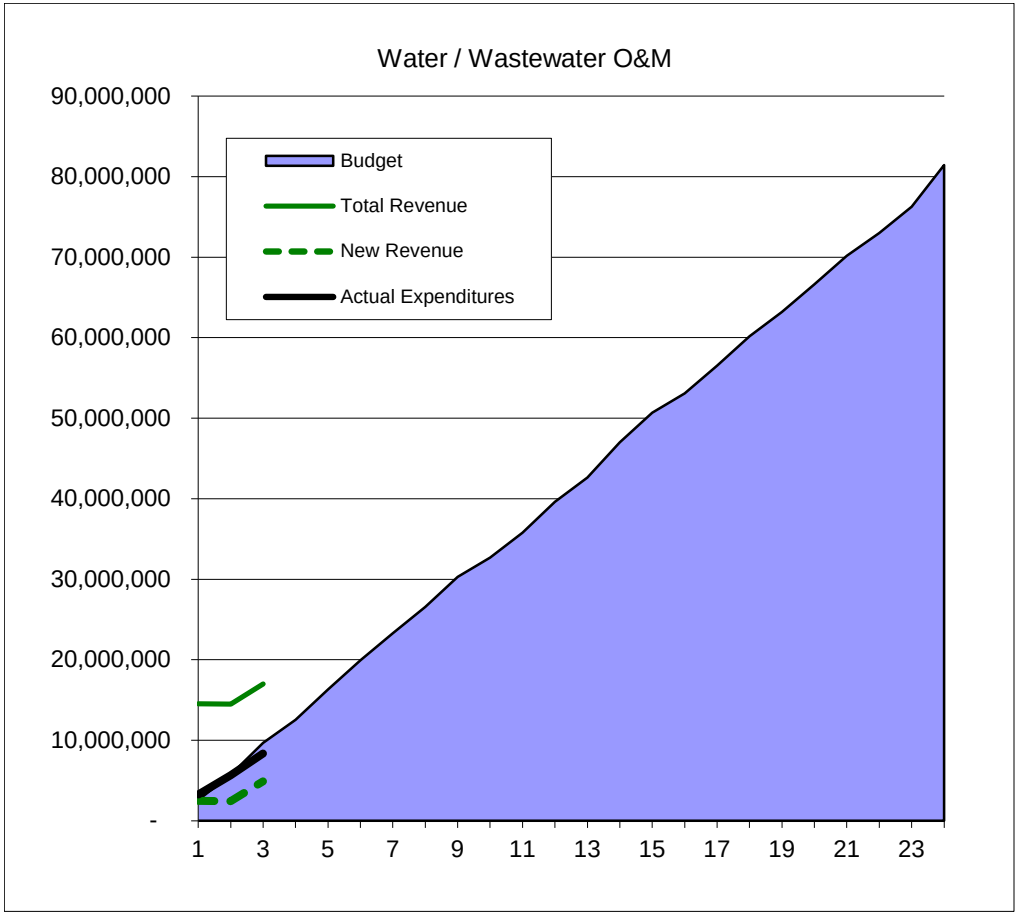


- Expenditures under budget by 7%
- Most departments under budget
- Fire over budget due to retroactive pay-out related to the new fire contract

General Fund – Quarterly Performance

- Revenue
  - Accruals are skewing some revenue categories such as utility taxes
  - Miscellaneous revenues are being affected by the maturing of investments
- Expenditures
  - Fire Department expenditures were affected by the retro payments for the new firefighter contract

Water/Wastewater



- Development revenues sluggish
- A warm winter and spring affecting water sales
- Drought could be a possibility this year

Revenue Risks

- State shared revenue
  - Liquor Excise Tax loss of approximately $258,000 within the state's biennial budget
  - Fire Insurance Premium loss of approximately $332,000 (will not affect General Fund)
- Utility Taxes continue to remain sluggish
- Drought prospects may affect utility revenues

2014 Audit Update

- Annual Financial Report deadline is May 1
- Auditors in-house late April – early May
- City has been selected to participate in the State Auditor's examination of the WA State Pension Plan to comply with GASB 68

Financial Management

Investment Benchmarks	●	→
Invoices paid within 30 days	●	↑
Preventable claims	●	↓

Technology Infrastructure

Sites with high speed connections	●	↑
Number of incidents related to infrastructure downtime	●	↓
Incident closure rate (hours)	●	↑

Human Resources

Turnover rate	●	→
% of on time performance reviews	●	→
Cost per Workers' Comp incident	●	↑

City Administration

Quality of Life Rating	●	→
Right direction/wrong track	●	↓
Citizens feeling informed	●	↑

Understanding the Symbols

Each symbol answers the question:

How are we doing now?

Target Met ●

Progress continuing ●

Performance gaps ●

Where are we headed?

Maintaining →

Improving ↑

Worsening ↓

Conclusions/Next Steps

- Generally stable economy
- Watch impact state budget will have on Redmond's biennial budget
- Preparation for August levy vote continues
- Performance Reports continue in May/June