



City of Prosser

601 7th Street, Prosser, WA 99350 (509)786-2332

Quarterly Financial Report - September 2014

This quarterly report provides a summary of budget to actual comparisons of revenues and expenditures for each fund through the third quarter of 2014 (July - September 2014). At this point in the year we can expect to see that revenues and expenditures should be approximately 75% or less. Larger expenditures or seasonal programs can be the exception.

The information in this report is unaudited and prepared on a cash basis. Accordingly, adjustments may need to be made in accordance with the Budgeting, Accounting and Reporting System (BARS) in preparation of the annual financial reports.

General Fund:

General Fund Revenues:

Through the third quarter of 2014, the financial condition and economic trends are relatively positive for the City of Prosser. The City has experienced a slowdown of Building Permits through the third quarter.

Construction & Permit Activity			
	2014 Jan - Sep	2013 Jan - Sep	% Change
Building Permits	157	204	-23.0%
Permit Valuation	5,277,563	10,661,762	-49.5%
Permit Fees	67,373	115,518	-41.6%

During the third quarter there were no new building permits. Upcoming projects for the next year consist of:

- Catholic Charities
- Zirkle – Kitchen & Storage Room
- ShopKo
- 14 Hands - Expansion



City of Prosser

This table shows the actual revenues collected through September 2014 and compares this information with the Adopted 2014 Budget.

General Fund Revenues			
Revenues Category	September 2014 YTD Actual	2014 Budget	% Received
Property Tax	577,560	998,328	57.98%
Sales Tax	872,073	1,072,500	81.4%
Utility Tax	1,302,579	1,722,951	75.6%
Other Tax	59,509	58,700	101.0%
Building Permits	35,258	66,000	53.5%
Franchise Fees	23,914	31,000	77.2%
General Business Registration	32,354	35,000	92.5%
Other Licenses & Permits	15,926	19,850	80.3%
Intergov't Revenue	70,148	102,615	68.4%
Charges for Services	177,107	243,078	72.9%
Fines & Penalties	81,048	103,500	78.3%
Miscellaneous and Other Revenue	111,812	142,910	78.3%
Total 9/30/2014 Revenues	3,359,288	4,596,432	73.1%
Unaudited.			

Property Tax: Property tax revenues are generally received during the second and fourth quarters of the year. The City of Prosser has received 57.9% of the anticipated budget amount, or \$577,560. This is an increase of 5.1% over the third quarter of 2013. Property tax revenue is the third largest revenue source for Prosser's General Fund.

The five top property taxpayers are:

- ✓ Zirkle Fruit Company
- ✓ Conagra Foods Lamb Weston Inc
- ✓ Kenyon Zero Storage Inc
- ✓ Tree Top Inc.

Sales Tax: The sales tax base is the selling price of tangible personal property and selected food and services. The current sales tax rate for the City of Prosser is 8.3%. For every \$100.00 in applicable sales in Prosser, the consumer pays \$8.30. Of the \$8.30 in sales tax paid, the City receives approximately \$1.80 and the remaining \$6.50 is distributed to the state and county.

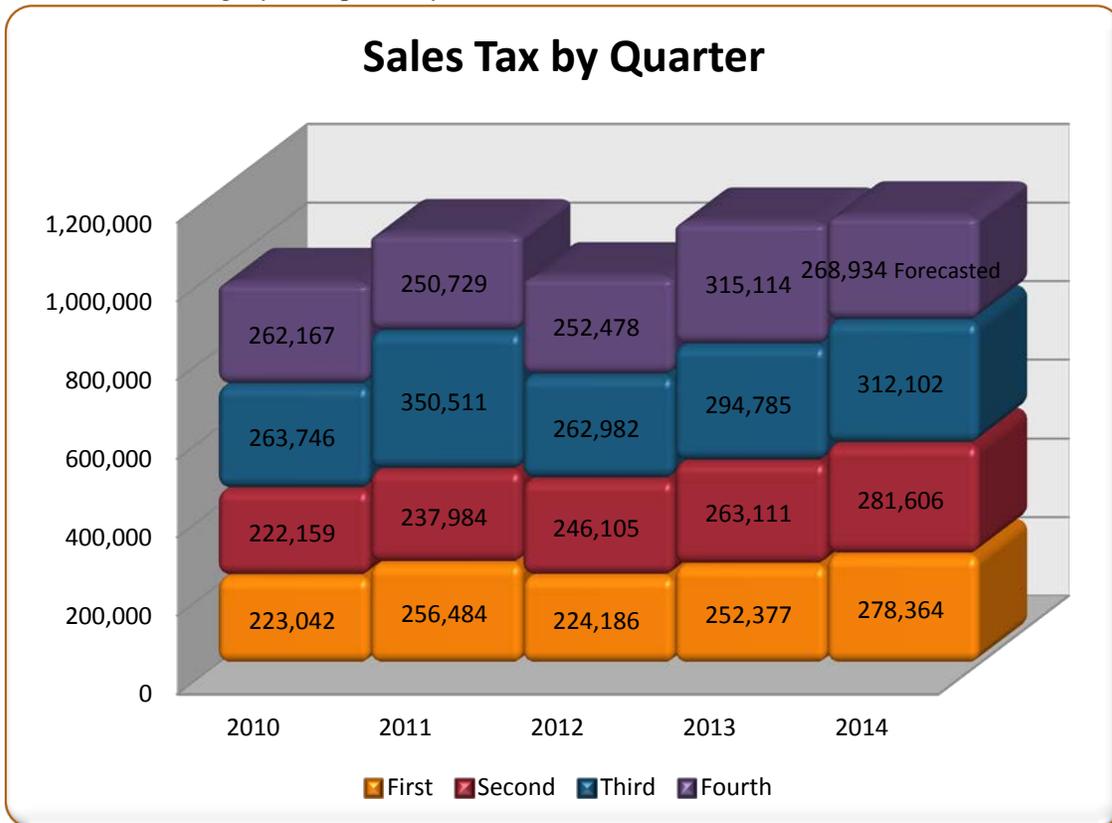
Retail sales and use tax is the second largest revenue source for Prosser's General Fund. Revenue from sales tax increased by 22.3% for the third quarter of 2014 compared to the third quarter of 2013.



City of Prosser

Sales tax collections fluctuate from quarter to quarter due to seasonal activity. The City generally receives more sales tax revenue in the second half of the year. This is because of the combination of construction improvements both privately and publically, seasonal activities and inflation.

The chart below displays the quarterly sales and use tax collected since 2010.



	<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>	<u>Total</u>
2010	223,042	222,159	263,746	262,167	971,113
2011	256,484	237,984	350,511	250,729	1,095,708
2012	224,186	246,105	262,982	252,478	985,752
2013	252,377	263,111	294,785	315,114	1,125,387
2014	278,364	281,606	312,102	268,934 1)	1,141,006

*Unaudited
1) Forecasted

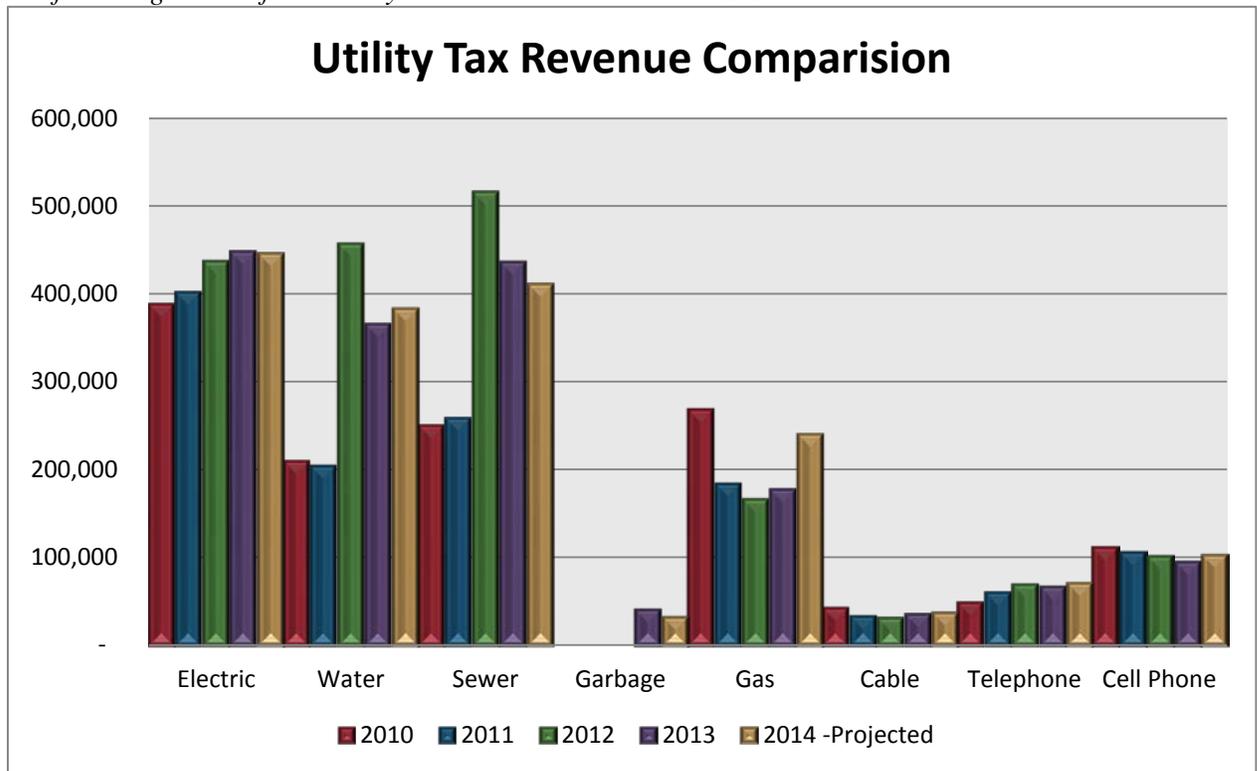


City of Prosser

Utility Taxes: The City collects both internal and external utility taxes. Internal taxes are paid by the City's utility and garbage funds to the General Fund. External taxes are paid by providers of telephone, electric, gas, cell phone, and cable services in the City.

As you can see by the chart below, water and sewer spike in 2012. This was due to a rate increase and adjustments made for the 2011 year in 2012. This distorts the graph adversely. Current receipts of Utility Tax are \$1,302,579, or 75.6% of the 2014 Budgeted Amount of \$1,722,951. Utility taxes are the largest revenue source for Prosser's General Fund.

The following table reflects utility tax revenue received since 2010.



Unaudited



City of Prosser

General Fund Expenditures:

Total General Fund expenditures through the 3rd quarter of 2014 total \$3,164,232, 69.2% of the budgeted amount of \$4,572,228.

It is expected that Insurance Premiums will be \$32,767 more than was budgeted for the 2014 year. This is due to a change in when the insurance company invoices the City and when we are expected to pay the annual payment. The insurance company is amending the coverage period from August through September to be January through December. As part of this transition, and additional coverage period from September through December was invoiced to ensure the City had adequate coverage during until the new coverage period began.

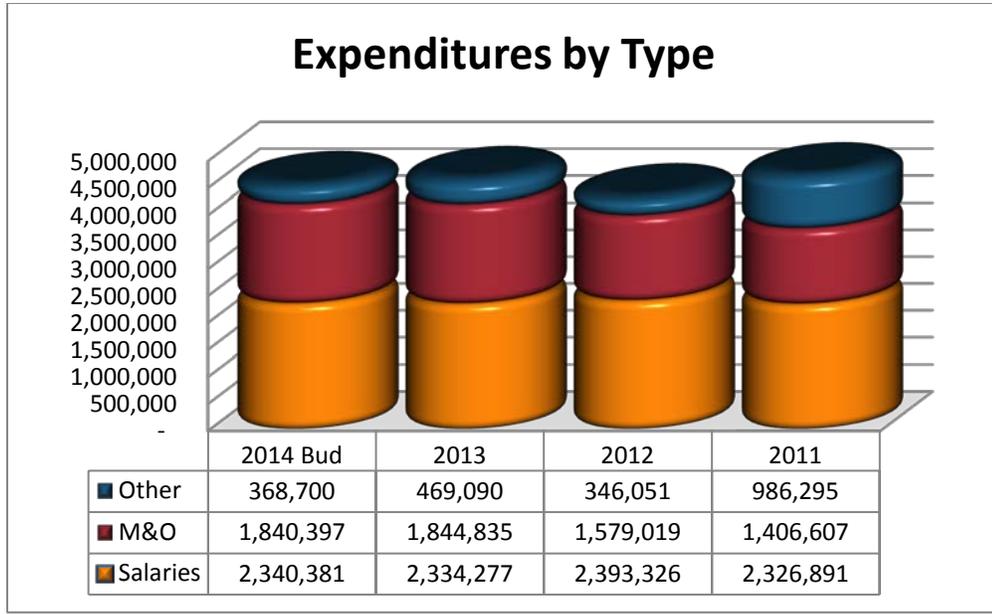
This table shows the actual expenditures paid through September 2014 and compares this information with the Adopted 2014 Budget.

General Fund Expenditures			
Expenditure Category	Sept 2014 YTD Actual	2014 Budget	% Expended
Legislative	91,674	128,010	71.6%
Judicial	61,919	105,000	59.0%
Financial Services	312,658	440,670	71.0%
Records Services	68,109	96,405	70.6%
Election Services	5,679	5,500	103.3%
Legal Services	22,143	30,000	73.8%
Labor Relations	17,591	23,600	74.5%
Custodial Services	95,084	193,093	49.2%
Information Technology	52,873	100,635	52.5%
Law Enforcement	1,006,322	1,419,195	70.9%
Fire Services	212,806	318,948	66.7%
Dispatch Services	69,945	90,000	77.7%
Detention/Correction	53,900	120,000	44.9%
Protective Inspections	116,828	148,380	78.7%
Planning & Economic Development	106,415	192,978	55.1%
Senior Center	13,289	24,047	55.3%
Education & Recreation	61,924	81,325	76.1%
Libraries Services & Facility	148,547	201,735	73.6%
Swimming Pools	195,703	227,072	86.2%
General Parks	174,044	256,479	67.9%
Non-Departmental	148,165	180,656	82.0%
Capital Outlay (Fox Sander)	-	15,000	0.0%
Transfers	128,614	173,500	74.1%
Total 9/30/2014 Expenditures	3,164,232	4,572,228	69.2%
Unaudited.		v	



City of Prosser

This chart depicts the General Fund Expenditures by Expenditure.



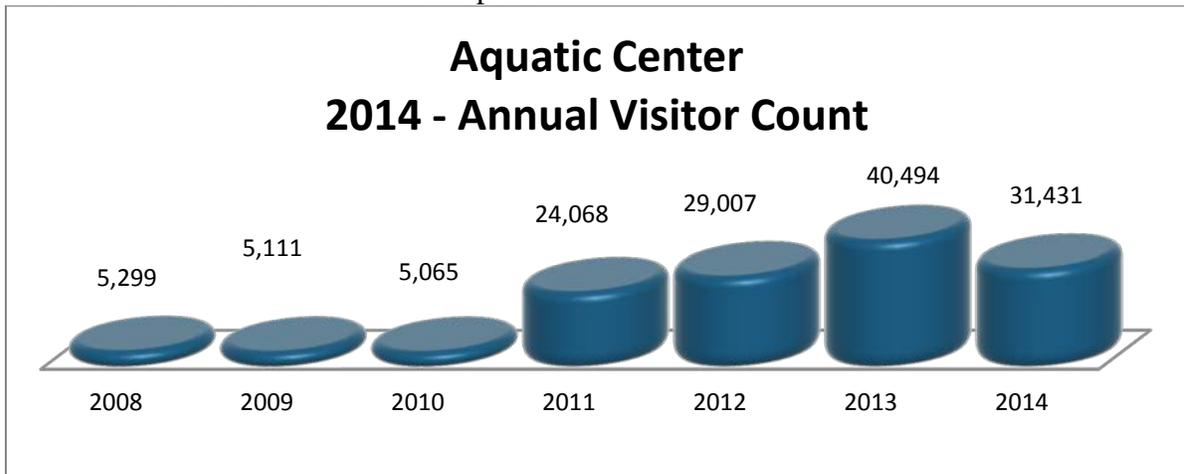
Unaudited

Salaries and Benefits are on average 50% of the General Fund Expenditures. Of this, overtime represents 3%. For the 3rd quarter, salaries and benefits are \$1,739,253, or 55% of the 2014 3rd quarter expenditures to date.

For the 3rd quarter, overtime expenditures are \$53,748. This exceeds the 2014 budget of \$43,719 by \$10,029. This is due to the Police Departments overtime increased due to staff scheduling and staff shortages.

Aquatic Center Activity:

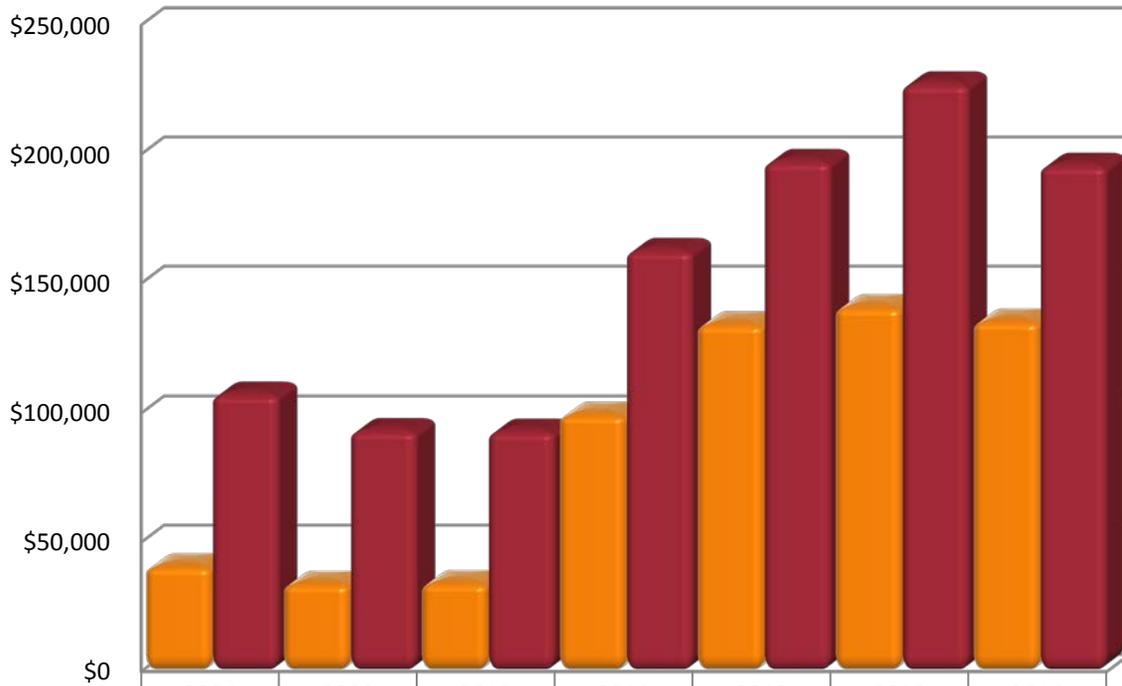
During the 2014 season, the Aquatic Center saw 31,431 visitors this year. This was a decrease of 9,063 visitors from 2013. The Revenues and Expenditures were also down from 2013 as you can see in the following graphs. A more detailed reporting of PAC activities is being prepared and will come in the PAC Annual Report.





City of Prosser

Aquatic Center 2014 - Revenues/Expenditures



Revenue	\$40,997	\$34,279	\$34,523	\$99,692	\$134,432	\$141,081	\$135,575
Expenditures	\$107,520	\$93,429	\$93,165	\$162,903	\$197,358	\$227,392	\$195,843

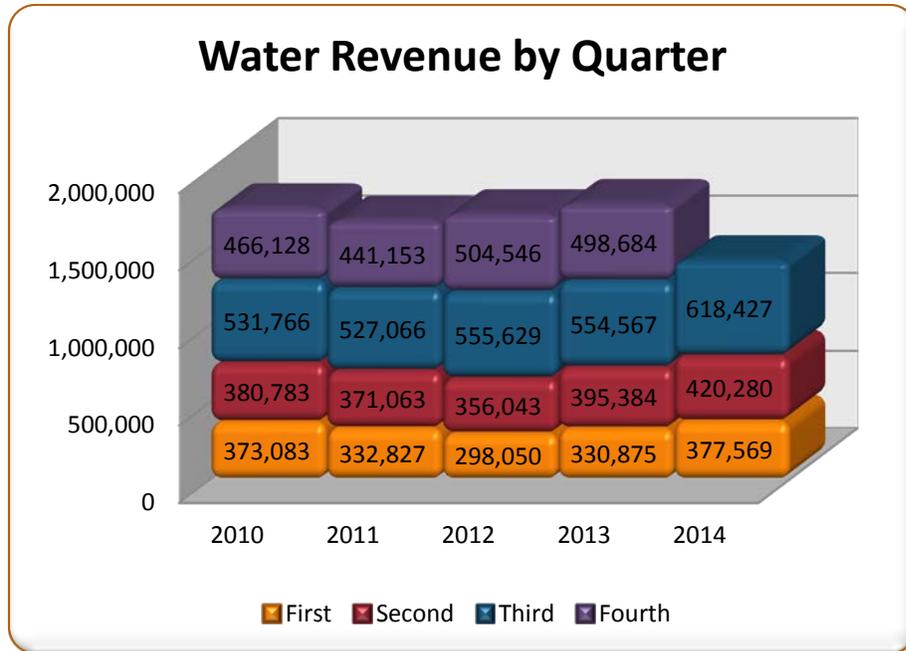
WATER FUNDS

The water revenues for the 3rd quarter of 2014 are 75.3% of what was budgeted for the year. This is consistent with prior periods as you can see in the chart below. In addition, there was a rate increase of 4%. The rate increase was incorporated to capture the addition costs associated with future projects and the hiring of an additional staff member.

During 2014, some Water Fund Projects are being accounted for in the Operating Fund (403) which distorts the actual operations by inflating the financial data. These are separated out for comparative purposes and analysis herein.



City of Prosser



Unaudited

Quarterly Charges for Services – Water Revenue (only)					
	First	Second	Third	Fourth	Total
2010	373,083	380,783	531,766	466,128	1,751,761
2011	332,827	371,063	527,066	441,153	1,672,110
2012	298,050	356,043	555,629	504,546	1,714,268
2013	330,875	395,384	554,567	498,684	1,779,510
2014	377,569	420,280	618,427	-	1,416,275

Unaudited

Irrigation revenues are \$247,918 through the 3rd Quarter of 2014. This is 77.6% of what was budgeted.

Operating Expenses for the Water Fund are 77.2% or \$1,853,720 of the 2014 Budget of \$2,414,314. Expenditure items that have not been realized include Insurance premium of \$18,412.

Project Revenues were budgeted at \$1,000,000, actual receipts are \$1,489,579, while expenditures were budgeted at \$1,192,510 and actual expenditures through the 3rd Quarter are \$1,576,660.

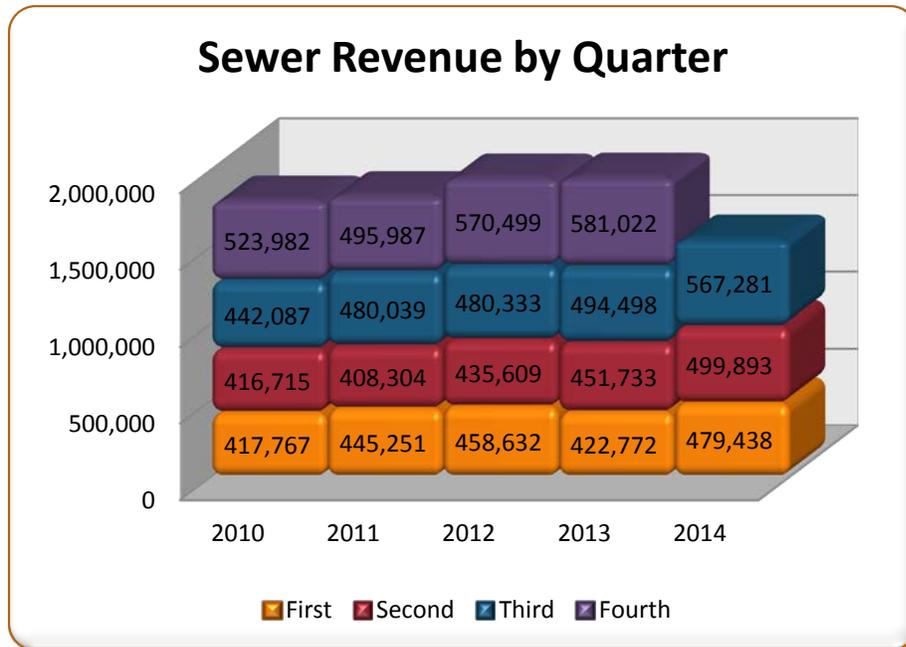
Budget amendments need to be completed to capture the changes in the Projects. Collectively these projects are distorting the operating budget significantly.



City of Prosser

SEWER FUNDS

The sewer fund revenues for the 3rd quarter of 2014 are about 83% of what was budgeted for the year. This is consistent with prior periods as you can see in the chart below. In addition, there was a rate increase of 2% rate. The rate increase was incorporated to capture the addition costs associated with future projects.



Quarterly Charges for Services - Sewer Revenues (Only)				
	First	Second	Third	Fourth
2010	417,767	416,715	442,087	523,982
2011	445,251	408,304	480,039	495,987
2012	458,632	435,609	480,333	570,499
2013	422,772	451,733	494,498	581,022
2014	479,438	499,893	567,281	

Unaudited

The Sewer Fund expenditures through the 3rd quarter of 2014 total \$1,131,560, or 63.1% of the budgeted amount of \$1,794,507. Part of the annual expenditures that have yet to be realized include insurance premium of \$25,821.

GARBAGE FUND:

The Garbage Fund revenues for the 2014 3rd Quarter are \$697,020, or 71.4% of the 2014 Budget of \$976,111. The Garbage Revenue is in the range of 3rd quarter of 2013 cash receipts.

The Expenditures of the Garbage Fund appear to be low compared to budget for the 3rd quarter of 2014 as they are at 64.6% of the budgeted amount.



City of Prosser

OTHER FUNDS:

The following table provides the Fund Activity for each fund through the 3rd Quarter of 2014. It shows the beginning fund balance, revenues, expenditures, compared to the 2014 Budget for each fund.

2014 YEAR TO DATE TOTALS

City Of Prosser		Time: 11:19:19 Date: 10/17/2014	
MCAG #: 0205		Page: 1	
Fund	Revenues	Expenditures	Net
001 General Fund	3,359,282.48	3,164,231.75	195,050.73
102 Street Fund	314,405.85	339,654.76	(25,248.91)
103 Transportation Benefit Distric	74,312.00	75,635.93	(1,323.93)
105 General Fund Small Projects Fund	0.00	0.00	0.00
110 Arterial Street Fund	509.37	0.00	509.37
111 Municipal Capital Improvement	21,073.38	0.00	21,073.38
115 General Fund Reserve	6,898.67	0.00	6,898.67
116 City Facilities Reserve Fund	94.02	0.00	94.02
117 Employee Benefits Security	33,851.51	36,255.44	(2,403.93)
118 General Fund Capital Reserve	0.00	0.00	0.00
119 Parks Reserve Fund	5,015.53	0.00	5,015.53
125 Contingency Fund	0.00	0.00	0.00
130 Hotel/Motel Tax Fund	56,629.70	65,060.00	(8,430.30)
131 Tourism Promotion Area Fund	12,344.07	17,500.00	(5,155.93)
144 PS Enhancement Fund	7,902.35	0.00	7,902.35
145 Narcotics Dog Operations Fund	1,710.17	0.00	1,710.17
146 Drug Enforcement Fund	48.95	0.00	48.95
147 Police Investigative Fund	297.48	0.00	297.48
148 Criminal Justice Fund	133,852.70	0.00	133,852.70
152 Infrastructure Develop Reserve	1,942.69	38,600.00	(36,657.31)
221 LID Guarantee Fund	215.31	0.00	215.31
229 1996 GO Bond - Fire Station	91,209.68	6,237.00	84,972.68
233 2011 GO Bond - Pool	106,059.73	39,608.00	66,451.73
234 Local Improvement Dist. 10-23	3,588.76	0.00	3,588.76
301 REET - First Quarter %	20,608.11	22,090.95	(1,482.84)
302 OIE Improvement Project Fund	65,786.85	31,317.00	34,469.85
303 7th Street ADA Sidewalk Ramp Improvement F	0.00	0.00	0.00
304 OIE Highway Improvements - Phase 2 Fund	0.00	0.00	0.00
311 Well 4B Construction Fund	0.00	0.00	0.00
403 Water Fund	3,189,263.80	3,414,560.73	(225,296.93)
407 Sewer Fund	1,563,523.56	1,131,599.82	431,923.74
409 Consumer Utility Deposits Fund	8,125.00	7,584.80	540.20
420 Zone 2.5 Water Supply Improv	67,157.20	56,695.20	10,462.00
442 1997 W/S Refunding Bond Redemp	280.57	73,277.56	(72,996.99)
443 1997 W/S Refunding Bond Reserv	562.94	627,551.50	(626,988.56)
444 1998 Water Revenue Bond Redemp	155,210.90	77,456.00	77,754.90
445 1998 Water Revenue Bond Reserv	658.21	0.00	658.21
448 Garbage Fund	697,019.55	598,136.12	98,883.43
449 1999 Water Revenue Bond Redemp	79,391.13	39,588.00	39,803.13
450 1999 Water Revenue Bond Reserv	327.73	0.00	327.73
451 Water Facilities Reserve Fund	595,782.97	0.00	595,782.97
452 Sewer Facilities Reserve Fund	330,600.91	2,550,000.00	(2,219,399.09)
453 North Prosser Debt Redemption	1,558.67	0.00	1,558.67
454 North Prosser Debt Reserve	153,831.34	0.00	153,831.34
470 Waste Water Treatment Plant Improvement	2,550,000.00	0.00	2,550,000.00
606 Library Memorial Fund	46.56	0.00	46.56
	<u>13,710,980.40</u>	<u>12,412,640.56</u>	<u>1,298,339.84</u>