



City of Prosser

Quarterly Budget Review – Third Quarter (September 2015)

Overview

The Quarterly Budget Review provides a summary of budget to actual comparisons of revenues and expenditures for each fund through the end of the year. This information contained in this report is unaudited and prepared on a cash basis. Changes or adjustments to these figures may occur occasionally to correct mispostings or miscodings.

General Fund

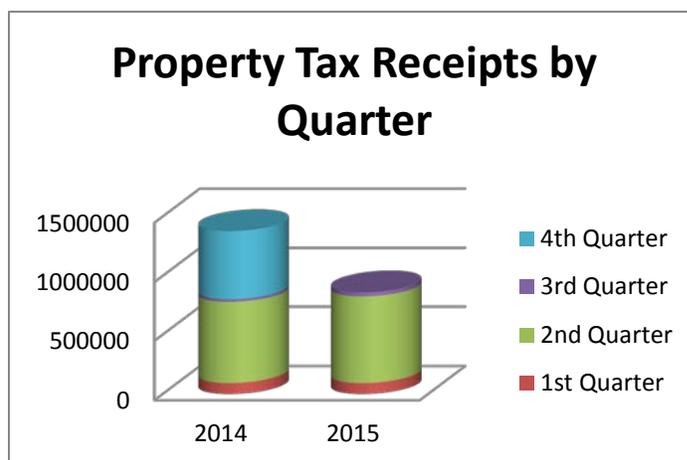
Summary

The general fund was established to account for revenues and expenditures necessary to carry out basic governmental activities of the City such as administration, public safety, recreation, parks, and library services.

Revenues

With three-quarters of the year in the books, the General Fund has received about 76% of the budgeted revenue for the year. In 2014, at the same point in time, the fund had received about 73% of its budget. Unlike expenditures which are more consistent in nature, revenues typically come in waves in the General Fund since a large portion of our funding comes from property tax receipts which are due in April and October of each year.

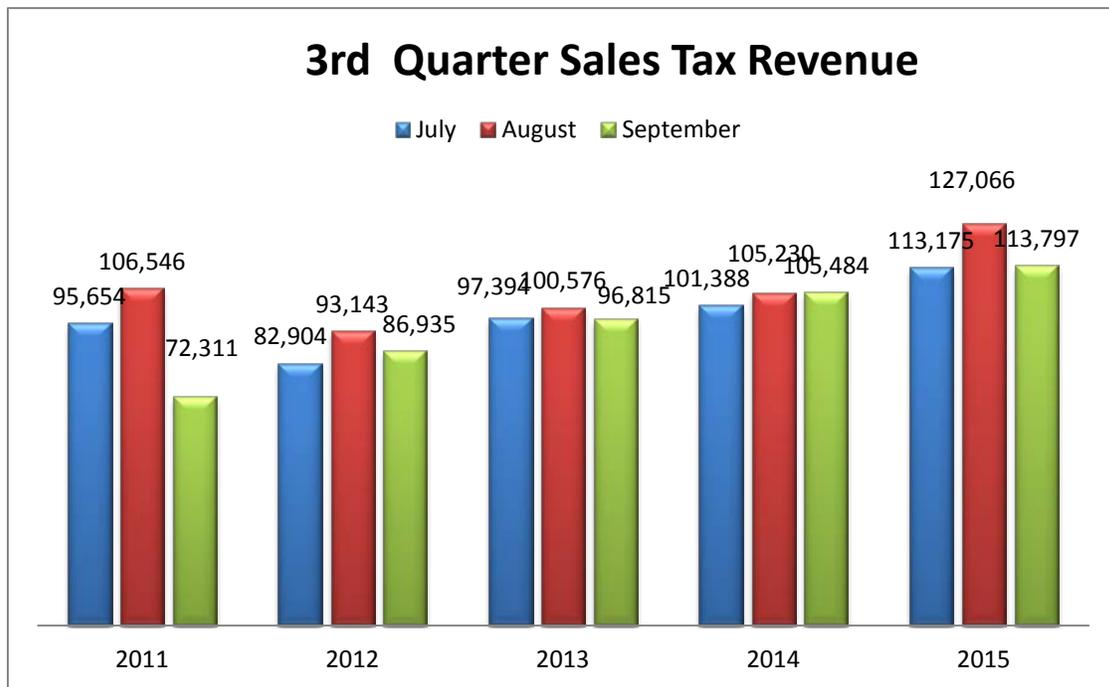
Property Taxes - To date, we have received \$859,575 or 60% of property tax receipts for the year. This reflects the first wave of payments that are received early in the second quarter. As you can see from the “Property Tax Receipts by Quarter” chart the first and third quarters see very little activity. But the second and fourth are where the majority of receipts are received. In 2015 we expect to have received \$1,057,291 in property tax receipts into the general fund. This equates to 22% of the total revenue coming into the general fund. This is the third largest contributor of revenue to the general fund.



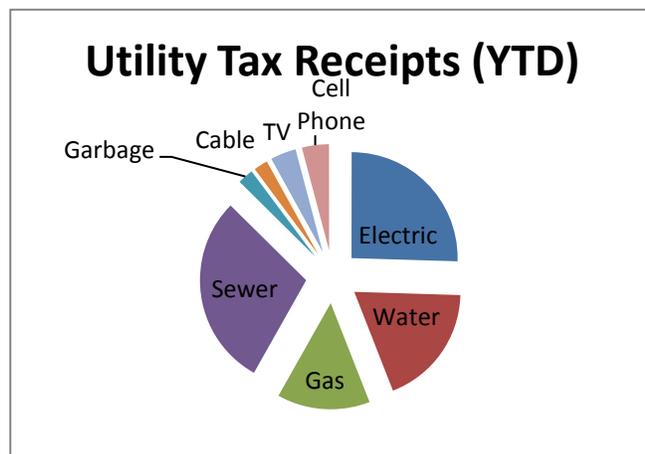


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Sales Tax - In second place would be sales tax receipts. To date, we have received \$932,737.55 or 79% of the anticipated revenue. This is an increase of \$60,665 as compared to the same period in 2014. It is important to note that these receipts reflect spending from a few months ago which are historically smaller receipt months. We will continue to monitor this revenue but are confident that given anticipated construction projects and escalating consumer spending that we will exceed the budget of \$1,185,853. It is anticipated that we will collect about \$1,250,000 in sales tax receipts this year which is \$64,147 more than budgeted.



Utility Taxes - The largest contributor to the general fund are utility taxes. To date we have received \$1,319,788 or 78% of our budgeted utility taxes for 2015. This is an increase of \$17,213.14 as compared to the same period in 2014.





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Expenditures

Department	Budgeted	Spent	% Spent
Council/Legislative	\$149,769	\$84,836	56.6%
Judicial	\$106,000	\$84,586	79.8%
Finance & Clerk	\$601,252	\$413,154	68.7%
Legal	\$39,000	\$7,411	19.0%
Custodial	\$201,654	\$76,870.41	38.1%
IT	\$87,459	\$48,736	55.7%
Police	\$1,454,193	\$997,457	68.6%
Contracted PS	\$426,200	\$293,867	69.0%
Detention	\$120,000	\$56,867	47.4%
Building Inspect.	\$162,124	\$122,098	75.3%
Planning	\$176,866	\$102,940	58.2%
Senior Center	\$25,762	\$10,695	41.5%
Recreation	\$81,325	\$61,093	75.1%
Libraries	\$200,332	\$151,523	75.6%
Aquatic Center	\$261,173	\$211,626	81.0%
Parks	\$243,326	\$166,168	68.3%
Other	\$446,225	\$316,974	71.0%
Totals	\$4,782,660	\$3,206,902	42.7%

As 75% of the year is gone we look at the number above and want to see department at or below 75%. If they are too far off this percentage, we need to look at the department more closely to determine why. For instance, the custodial department has currently spent about 38% of their budget. Why so far from 75%? Well, in November or December we will be paying the annual property insurance premium which is estimated to be \$83,225. That single expenditure equates to 41% of their annual budget. Additionally, especially in the next report, you will see that many of our seasonal departments like Park and the Aquatic Center will have higher percentage than the other department simply because their "year" is shorter than the other departments and only operate for 5 or 6 months.

Projects

Item	Cost	Status
Library Improvements	\$26,984	Grand Opening May 2015
Police Officer (SRO)	\$82,482	Employee started 3/2015
Records Clerk (Part-Time)	\$30,731	Employee started 6/2015
Records and Agenda Mgmt Software	\$11,900	Purchased and Implementation in Process
2014 Patrol Car Loan	\$39,566	Completed 3/2015



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Street Fund

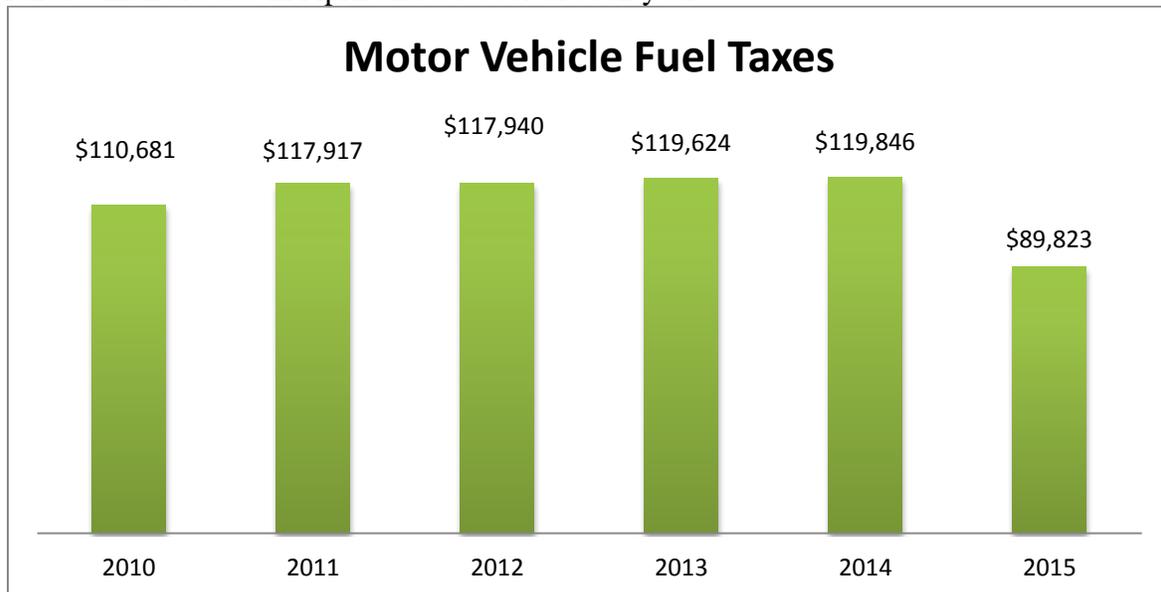
Summary

The Street Fund is a special revenue fund established to track and monitor revenues and expenses related to street operation and maintenance. The City currently maintains approximately 27 miles of street, curbs and sidewalks. Additionally, the maintenance of Wine Country Bridge, Grant Street Bridge, and Grande Bridge are also expenses out of this fund. Other street operations include the annual crack seal, signage and traffic lights, street lighting, snow plowing, and street cleaning.

Revenue

In 2015, we have budgeted to receive \$530,804 in revenue into the Street Fund. A majority of this funding (77%) is received from the allocation of property taxes from the General Fund to the Street Fund. The remaining funding comes primarily from Motor Vehicle Fuel Tax, \$117,885.

To date, the fund has received \$382,576 or about 61% of its anticipated budget. Like the general fund, this percentage may seem low and this is due to the receipt of property tax funds which are due in April and October of each year.





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Expenditures

Staff is currently working with engineers to develop a strategic improvements plan for this struggling fund. As we have discussed several times, the Street Fund is unable to support the maintenance of our existing streets and related services. There are several revenue options that the City could explore to help address these needs. Some options discussed at Council include:

- Implementation of an additional sales tax (similar to the criminal justice sales tax recently approved) which would be dedicated to street improvements.
- Dedication of property tax received based upon the current levy rate and fire service savings.
- Dedication of anticipated excise tax receipts from cannabis sales.

These ideas along with the needs of the department will be discussed and prioritized further in the budget process.

Below is a chart outlining some of the difference services found in the street fund and the funding for each.

Department	Budgeted	Spent	% Spent
Roadway	\$75,700	\$16,187	21%
Structures	\$2,500	\$0	0%
Sidewalk	\$1,000	\$0	0%
Street Lights	\$75,500	\$45,839	61%
Traffic Control	\$24,530	\$26,683	109%
Snow & Ice	\$8,500	\$367	4%
Sweeper	\$7,500	\$2,996	40%
Roadside	\$76,500	\$53,612	70%
Maintenance	\$303,449	\$203,699	67%
Administration	\$36,155	\$23,543	65%
Debt	\$6,465	\$6,465	100%
Capital	\$6,250	\$0	0%
Total	\$624,049	\$379,389	61%



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Projects

Item		Cost	Status
Village Park Tree Removal		\$35,000	Project Complete 10/2015
Luther Improvements	Lane	\$25,000	Developing Bid
Yakima Improvements	Ave	\$25,000	Developing Bid
Energy Efficiency Project		\$920,650	Project Underway
Chip Seal (TBD)		\$85,000	Project Complete 9/2015



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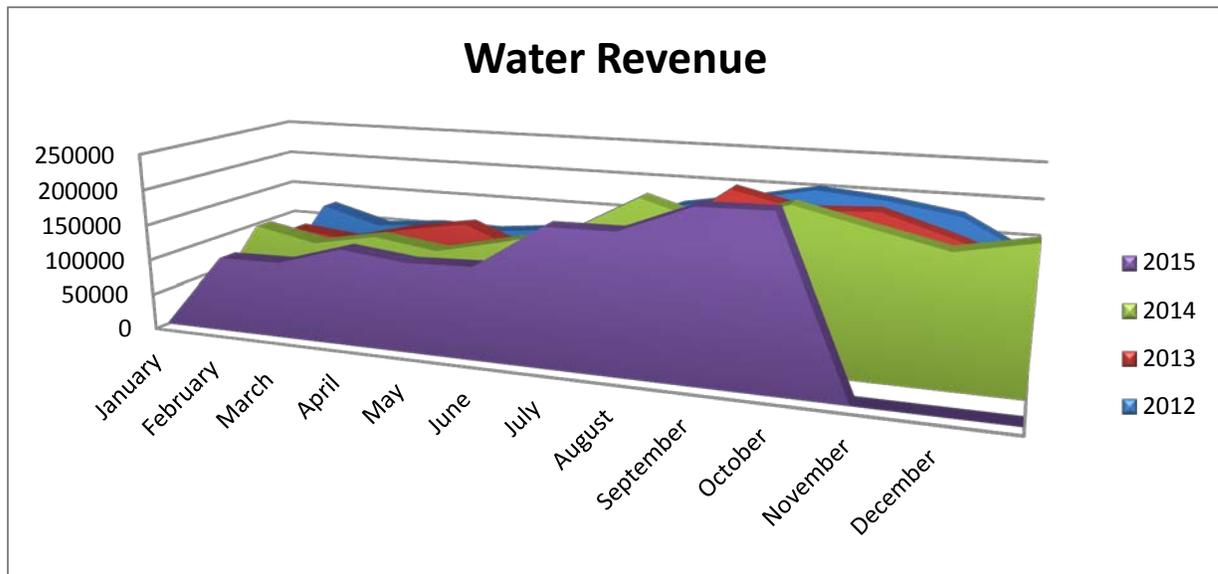
Water Fund

Summary

The Water Fund is an enterprise fund which means that it is supported by self sustaining fees or rates. There are several smaller funds that are components of the water fund. For instance there are debt, project, and reserve funds that are managed separately for administrative purposes but as far as practically possible, they are all part of the water fund and reported as such. The water fund is also where revenues and expenses related to the irrigation system can be found.

Revenue

In 2015, the Council adopted a rate increase of 4.5% for water service and a 0% rate increase for irrigation service. To date the fund has received 92.6% of its revenue for the year. This is quite a high number considering most revenue we expect to see near 75% at this point in the year. The reason for this large percentage can be tied directly to the close out of the North Prosser Water Project and the receipt of loan funds for that project. If you consider only the operating revenues, the fund has collected 73.5%. As you can see from the chart below, water revenue is on the rise which is traditional and expected as we are in the summer irrigating months and will continue into fourth quarter as harvest season begins.





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Expenditures

To date the water fund has expended about 91% of their budget for 2015. Typically, we would expect this figure to be closer to 75% because 75% of the year is gone. In the case of the water department, they have had some significant capital and construction expense thus far this year, about \$3,610,744, which causes the percentage to be inflated. If you consider only their operating budget, they have expended 69% of the water budget and 86% of the irrigation budget. As we have reviewed previously, it is important to remember that the irrigation budget is a seasonal service and that is the cause of the larger percentage of completion.

In the section below I have prepared a summary and status of some of the larger budget items and projects. As you might recall, the North Prosser Water Improvement Project which began in 2010 was completed earlier this year. With that project the City took on \$3,507,000 in debt USDA. This debt is expected to repaid in full in 2054. Additionally, the City recently completed the Zone 2.5 Improvement project, funding by a loan with the Washington State Drinking Water Revolving Fund. Currently, improvements are being made to Well 5 which are associated with the Energy Efficiency Project. These improvements are planned to replace a VFD which will reduce energy costs.

Projects

Item	Cost	Status
Hire Utility Worker 1	\$63,114	Employee started 3/16/2015
Fire Hydrants	\$5,000	Completed 8/2015
Actuators for Filters	\$35,000	Completed 8/2015
Highland Drive Mainline Extension	\$20,000	Completed 8/2015
Clay Valve Rebuild	\$12,000	Completed 8/2015
North Prosser	\$3,507,000	Completed 2/2015
Zone 2.5 Improvement Project	\$890,315	Completed 9/2015
Well 5 VFD	TBD	Underway



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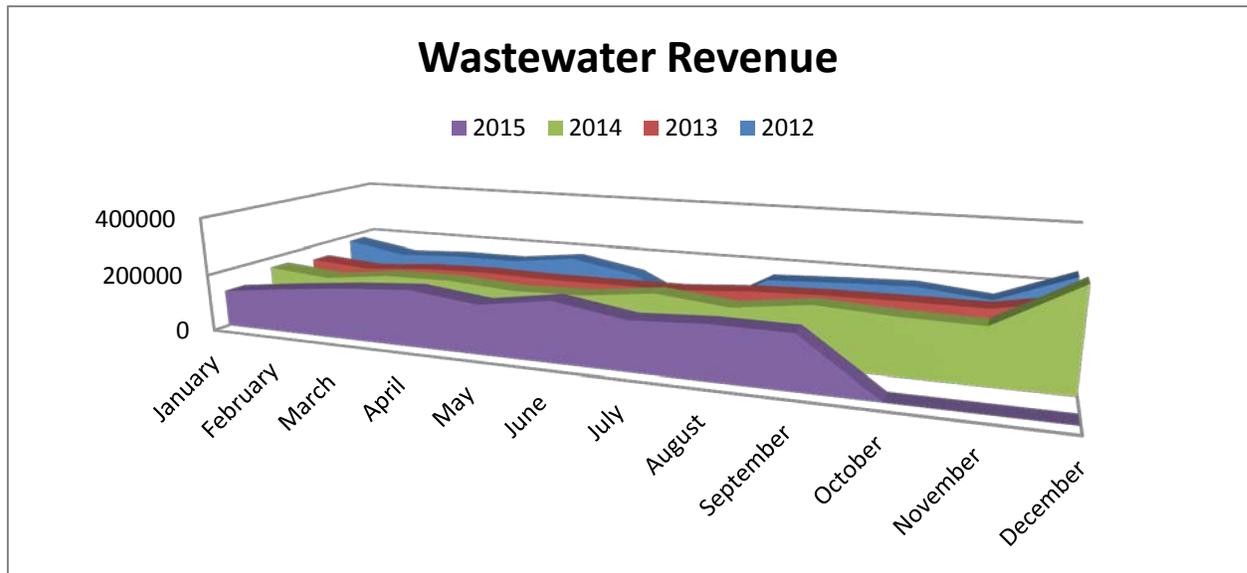
Waste Water

Summary

The Waste Water Fund is also an enterprise fund, similar to water, which means that it sustains itself using revenues collected from user fees and rates. As with the water fund, the sewer fund also maintains a variety of managerial funds which account for special projects, debt service, and reserves.

Revenue

In 2015, the Council adopted a rate increase of 2% for sewer service. To date the fund has received 83% of its operating revenue for the year. As you can see from the chart below, the revenues tend to rise gradually through the year peaking in December. This year continues to follow the historical pattern and we will continue to monitor it as the year progresses.





City of Prosser

Expenditures

To date the sewer fund has expended about 67% of their budget for 2015. In section below I have prepared a summary and status of some of the larger budget items and projects. Currently, HLA is working on the design and building the specifications for the Wastewater Treatment Plant Improvement Project. It is anticipated that in the coming months that the project will go out to bid with construction to start thereafter. Additionally, the department has planned to replace a section of mainline located on Main Street. This project has been bid out and awarded and it is anticipated that the improvements will begin in the near future.

Projects

Item	Cost	Status
Truck	\$35,000	Completed 3/2015
Air Compressor	\$22,000	
Flat Bed for Truck	\$7,500	Completed 2/2015
Channel Sewer Grinder	\$17,903	Completed 7/2015
Main Street Repair	\$20,000	In Process
WWTP Improvement Project	\$3,312,000	Anticipated Notice to Proceed 10/26/15



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Other Items to Note

Cash Balance

Below we have prepared a table outlining the differences in the beginning cash balance versus the budgeted beginning cash balance. What is the difference between the two? Well, it is simple really. The budgeted figure is an estimate we preparing during the budget process based upon several factors including anticipated revenues and expenditures. Why is this important to note? Beginning cash which is less than anticipated may require budget adjustments which re-prioritize projects or purchases until revenues rebound. Beginning cash which is more than anticipated allows the Council and Mayor to consider the funding of projects or purchases that may have been deferred or left unfunded during the budget process.

Fund	Budgeted Cash	Beginning	Actual Cash	Beginning	Difference
001 – General Fund	\$	521,376	\$	751,990	\$ 230,614
102 – Street Fund	\$	89,089	\$	105,735	\$ 16,646
403 – Water Fund	\$	614,064	\$	808,064	\$ 194,000
407- Wastewater Fund	\$	850,744	\$	1,252,490	\$ 401,746
448 – Garbage Fund	\$	402,858	\$	395,414	\$ (7,444)

** It is important to note that these figures only include the operating funds balances and do not include cash found in debt, project, special revenue, or reserve funds.

2016 Budget Process

The Preliminary budget was published and made available to the public on September 22nd. Various public hearings are scheduled in the coming months and Department Heads will discuss with Council their goals, objectives, needs, and requests.

2015 Budget Position Totals

We have also attached the “2015 Budget Position Totals” report from our financial software which quickly summaries the activity in all funds thus far this year.

2015 BUDGET POSITION TOTALS

City Of Prosser
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Fund	Revenue Budgeted	Received		Expense Budgeted	Spent	
001 General Fund	4,736,168.00	3,612,850.78	76.3%	4,782,660.00	3,206,901.86	67.1%
102 Street Fund	624,049.00	382,576.36	61.3%	624,049.00	379,389.55	60.8%
103 Transportation Benefit Distric	80,500.00	0.00	0.0%	80,000.00	3,060.83	3.8%
105 General Fund Small Projects Fun	43,600.00	43,600.72	100.0%	43,600.00	43,600.00	100.0%
110 Arterial Street Fund	500.00	627.79	125.6%	0.00	0.00	0.0%
111 Municipal Capital Improvement	27,600.00	33,878.90	122.7%	0.00	0.00	0.0%
115 General Fund Reserve	206,500.00	6,514.07	3.2%	200,000.00	200,000.00	100.0%
116 City Facilities Reserve Fund	500.00	134.06	26.8%	0.00	0.00	0.0%
117 Employee Benefits Security	50,500.00	33,886.86	67.1%	50,000.00	38,597.03	77.2%
118 General Fund Capital Reserve	0.00	0.00	0.0%	0.00	0.00	0.0%
119 Parks Reserve Fund	0.00	27.54	0.0%	0.00	0.00	0.0%
130 Hotel/Motel Tax Fund	80,120.00	66,995.56	83.6%	111,500.00	90,042.00	80.8%
131 Tourism Promotion Area Fund	20,100.00	15,088.24	75.1%	22,500.00	18,000.00	80.0%
144 PS Enhancement Fund	10,500.00	7,895.73	75.2%	0.00	0.00	0.0%
146 Drug Enforcement Fund	50.00	69.81	139.6%	0.00	0.00	0.0%
147 Police Investigative Fund	350.00	297.63	85.0%	45,263.00	0.00	0.0%
148 Criminal Justice Fund	228,899.00	190,080.27	83.0%	1,149,238.00	230,896.42	20.1%
149 Public Safety Sales Tax Fund	135,300.00	120,115.87	88.8%	112,917.00	67,117.28	59.4%
152 Infrastructure Develop Reserve	400.00	2,727.33	681.8%	0.00	0.00	0.0%
221 LID Guarantee Fund	0.00	306.92	0.0%	0.00	0.00	0.0%
229 1996 GO Bond - Fire Station	158,700.00	88,355.26	55.7%	158,384.00	3,192.00	2.0%
233 2011 GO Bond - Pool	129,575.00	97,294.07	75.1%	127,963.00	38,784.89	30.3%
234 Local Improvement Dist. 10-23	1,700.00	3,154.12	185.5%	1,700.00	1,689.00	99.4%
301 REET - First Quarter %	27,600.00	34,904.29	126.5%	27,000.00	20,250.00	75.0%
302 OIE Improvement Project Fund	166,642.00	59,442.33	35.7%	193,000.00	45,424.30	23.5%
303 7th Street ADA Sidewalk Ramp 1	14,041.00	6,152.38	43.8%	16,232.00	7,127.37	43.9%
304 OIE Highway Improvements - Ph	100,580.00	29,494.44	29.3%	116,277.00	19,782.20	17.0%
305 Energy Efficiency Improvement 1	1,125,000.00	277,751.26	24.7%	1,125,000.00	43,079.59	3.8%
306 WCR Crosswalk Project	0.00	0.00	0.0%	0.00	0.00	0.0%
307 City Park Restroom Improvemen	0.00	0.00	0.0%	0.00	0.00	0.0%
403 Water Fund	5,876,694.00	5,442,063.54	92.6%	5,944,130.00	5,411,423.71	91.0%
407 Sewer Fund	1,912,122.00	1,590,233.96	83.2%	1,846,297.00	1,240,338.26	67.2%
420 Zone 2.5 Water Supply Improv	768,700.00	659,349.53	85.8%	768,600.00	642,639.44	83.6%
444 1998 Water Revenue Bond Rede	155,012.00	155,139.42	100.1%	154,912.00	154,912.00	100.0%
445 1998 Water Revenue Bond Reser	750.00	938.31	125.1%	0.00	0.00	0.0%
448 Garbage Fund	949,898.00	690,607.20	72.7%	941,850.00	601,277.47	63.8%
449 1999 Water Revenue Bond Rede	79,301.00	79,352.13	100.1%	79,176.00	39,588.00	50.0%
450 1999 Water Revenue Bond Reser	0.00	467.16	0.0%	0.00	0.00	0.0%
451 Water Facilities Reserve Fund	50.00	3,282.03	6564.1%	0.00	0.00	0.0%
452 Sewer Facilities Reserve Fund	2,500.00	3,444.66	137.8%	0.00	0.00	0.0%
453 North Prosser Debt Redemption	0.00	1,826.02	0.0%	159,920.00	0.00	0.0%
454 North Prosser Debt Reserve	0.00	1,042.17	0.0%	0.00	0.00	0.0%
455 Irrigation Reserve Fund	69,740.00	70,119.72	100.5%	0.00	0.00	0.0%
457 Water Rev Bond Debt Reserve	0.00	0.00	0.0%	0.00	0.00	0.0%
470 Waste Water Treatment Plant Im	3,312,100.00	7,045.32	0.2%	3,312,000.00	488,219.82	14.7%
603 Consumer Utility Deposit Fund	15,000.00	9,731.23	64.9%	15,000.00	9,051.05	60.3%
606 Library Memorial Fund	0.00	9.00	0.0%	13,000.00	12,115.46	93.2%
	21,111,341.00	13,828,873.99	65.5%	22,222,168.00	13,056,499.53	58.8%