



City of Prosser

Quarterly Budget Review – First Quarter 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

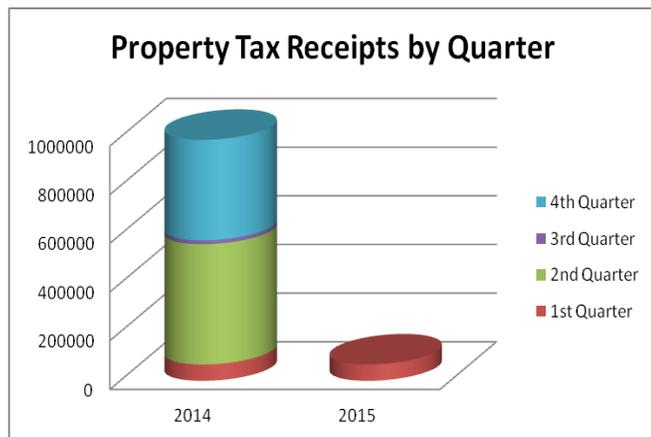
Summary

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

The General Fund ended the first quarter of 2015 in relatively good shape compared to budget. Overall, total revenues collected in the General Fund increased 4.2% in first quarter 2015 compared to first quarter 2014. This increase is primarily attributed to the beginning cash balance being larger than expected or budgeted. If you factor out the beginning cash from each year you will find that we have collected about 21% of our annual revenue which is identical to last year and right on target. Some of you might expect to see revenues at 25% since we have 25% of the year behind us. Unlike expenditures which more closely follow this methodology, 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.

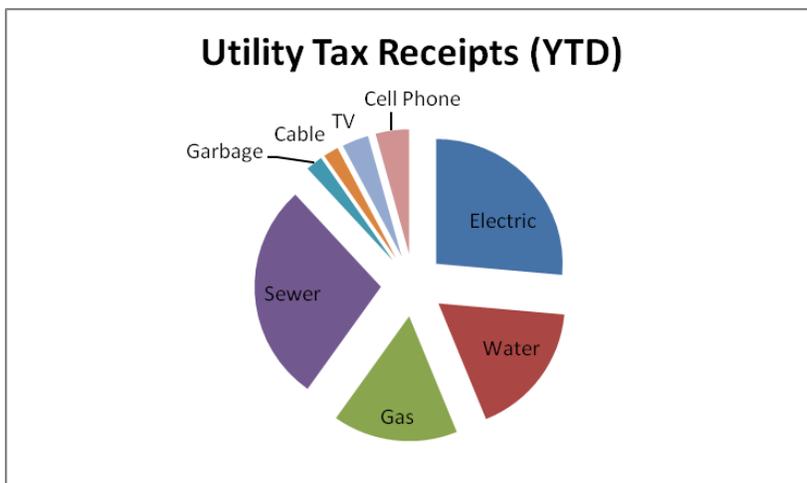
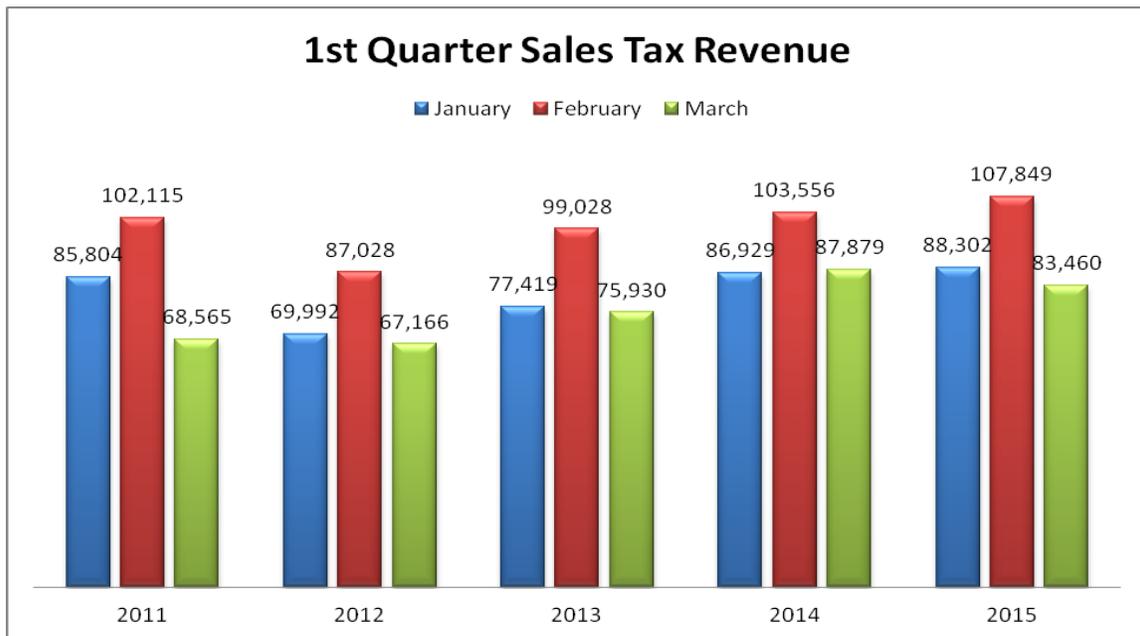
To date, we have received \$67,141.64 or 6.4% of property tax receipts for the year. This may seem low, but consider that by the end of April it will most likely jump to nearly 35%. In 2015 we expect to have received \$1,057,291 in property tax receipts into the general fund. This equates to 22% of the total revenue coming into the general fund. This is the third largest contributor of revenue to the general fund.





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In second place would be sales tax receipts. To date, we have received \$279,611.07 or 23.6% of the annual budget. This is only about \$245 more than we received in 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 reach our anticipated budget amount of \$1,185,853.



The largest contributor to the general fund are utility taxes. To date we have received \$479,505 or 28% of our budgeted utility taxes for 2015. This is an increase of \$17,754 as compared to the same period in 2014.



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Expenditures

Department	Budgeted	Spent	% Spent
Council/Legislative	\$149,769	\$27,690	18.5%
Judicial	\$106,000	\$9,759	9.2%
Finance & Clerk	\$601,252	\$145,515	24.2%
Legal	\$39,000	\$1,806	4.6%
Custodial	\$201,654	\$24,882.10	12.3%
IT	\$86,930	\$12,473	14.3%
Police	\$1,454,193	\$351,446	24.2%
Contracted PS	\$426,200	\$51,543	12.1%
Detention	\$120,000	\$0	0%
Building	\$162,124	\$40,285	24.8%
Inspections			
Planning	\$177,395	\$30,432	17.2%
Senior Center	\$24,162	\$2,539	9.9%
Recreation	\$81,325	\$18,754	23.1%
Libraries	\$200,332	\$50,619	25.3%
Aquatic Center	\$261,173	\$4,116	1.65%
Parks	\$243,326	\$33,169	13.6%
Other	\$454,583	\$123,960	27%
Totals	\$4,789,418	\$928,988	19%

You will see that a majority of the funds are under 25% which is exactly what we expect to see. There are some departments that are seasonal, like the aquatic center, where we expect to see the percentages low until the department starts up for the year. While in other areas a one-time purchase can make the percentages higher than expected. For instance, in the “other” category there are some one time fund transfers that cause this section to appear higher than typical.

Projects

Item	Cost	Status
Library Improvements	\$26,984	Anticipated Completion 5/2015
Police Officer (SRO)	\$82,482	Employee started 3/2/15
Records Clerk (Part-Time)	\$30,731	Currently in the recruitment process
Laser-fishe	\$25,000	In Process
2014 Patrol Car Loan	\$39,566	Completed 3/2015



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Street Fund

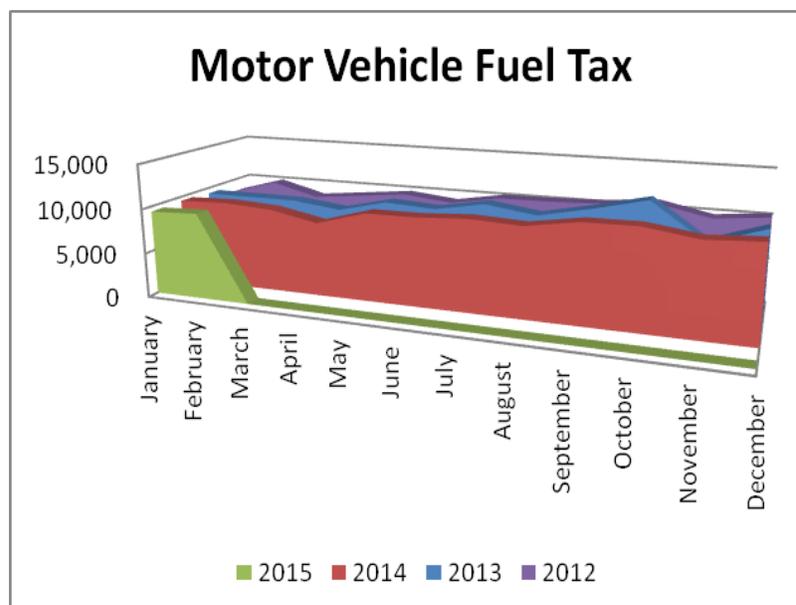
Summary

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 \$54,654 or about 9% 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. We are hoping to have more information soon, so that we can further explore the needs and how we can best address those.

Below is a chart outlining some of the difference services found in the street fund and the funding for each. In the 2015 Budget funds are dedicated in the General Fund to _____ the Street Fund

Department	Budgeted	Spent	% Spent
Roadway	\$75,700	\$3,895	5.10%
Structures	\$2,500	\$0	0.00%
Sidewalk	\$1,000	\$0	0.00%
Street Lights	\$75,500	\$11,672	15.50%
Traffic Control	\$24,530	\$9,645	39.30%
Snow & Ice	\$8,500	\$210	2.50%
Sweeper	\$7,500	\$1,448	19.30%
Roadside	\$56,500	\$3,733	6.60%
Maintenance	\$303,449	\$63,125	21%
Administration	\$36,155	\$9,163	25.30%
Debt	\$6,465	\$0	0.00%
Total	\$597,799	\$102,891	17.21%

Projects

Item	Cost	Status
Village Park Tree Removal	\$35,000	Currently preparing bid
Luther Lane Improvements	\$25,000	Developing Bid
Yakima Ave Improvements	\$25,000	Developing Bid
Energy Efficiency Project	\$920,650	Developing Bid
Chip Seal (TBD)	\$85,000	Administered by Benton County



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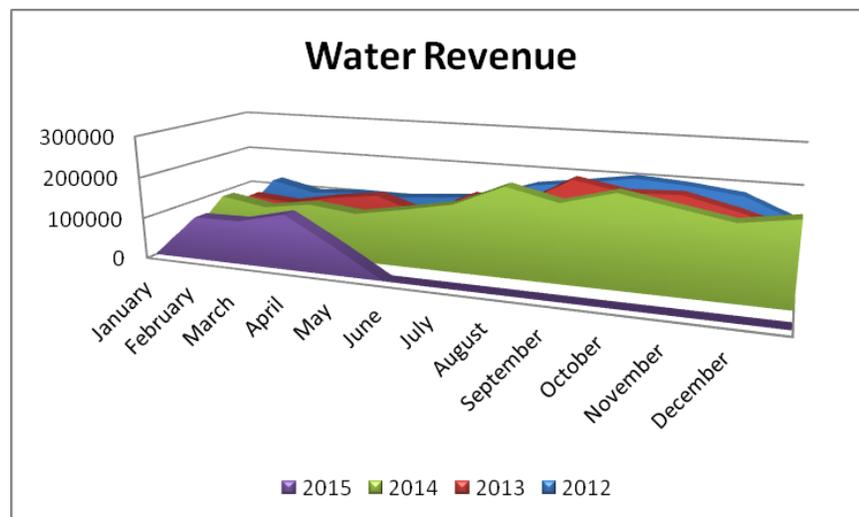
Water Fund

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 26.5% of its operating revenue for the year. This is right on track! An important item to note is that we received the loan from USDA in the amount of \$3,507,000 to compensate us for the expenses and interim financing associated with the North Prosser Water Improvement Project. These funds were not budgeted for and, if you look at the revenue summary, the percent collected to date shows 174.5%. If you adjust this balance to remove the cash balance and loan receipt you will find the amount collected is 26.5% as stated above.





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Expenditures

To date the water fund has expended about 20% of their budget for 2015. If you review the “2015 Budget Position Totals” report found at the end of this summary you will find that it reports that 168% of the budget has been expensed. This overage can be attributed to the payment of interim financing associated with the North Prosser Improvement Project. If you adjust the total expense figure by this payment amount you find that the fund has expended 20% of their budget, as stated previously.

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 is near completion on the Zone 2.5 Improvement project, funding by a loan with the Washington State Drinking Water Revolving Fund. It is anticipated that this project will be complete this summer. The loan associated with this project is expected to be paid in full in 2039.

Item	Cost	Status
Hire Utility Worker 1	\$63,114	Employee started 3/16/2015
Fire Hydrants	\$5,000	
Actuators for Filters	\$35,000	
Highland Drive Mainline Extension	\$20,000	
Clay Valve Rebuild	\$12,000	Anticipated for 7/2015
North Prosser	\$3,507,000	Completed 2/2015
Zone 2.5 Improvement Project	\$890,315	In Construction



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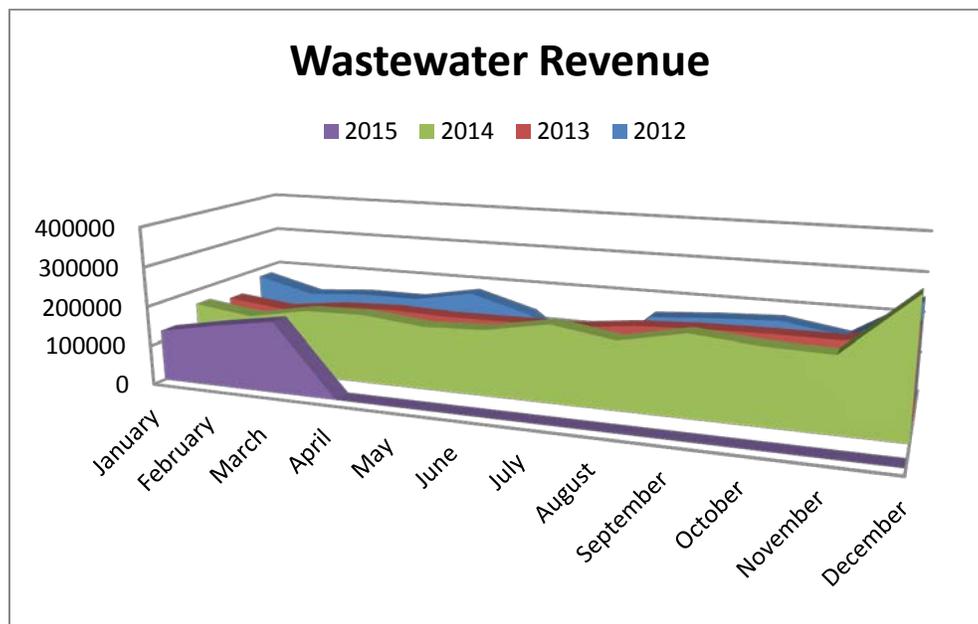
Waste Water

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 23% of its operating revenue for the year. This it right on track! 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.





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Expenditures

To date the sewer fund has expended about 16% 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	\$35,000	In Process
Main Street Repair	\$20,000	In Process
WWTP Improvement Project	\$3,312,000	In Design



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Other Items to Note

Cash Balance

Below we have prepared a chart 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 cut or left unfunded during the budget process.

Fund	Budgeted Beginning Cash	Actual Beginning Cash	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.

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	988,581.82	20.9%	4,789,415.00	928,988.00	19.4%
102 Street Fund	615,804.00	54,654.84	8.9%	604,049.00	102,891.35	17.0%
103 Transportation Benefit Distric	80,500.00	0.00	0.0%	80,000.00	272.43	0.3%
105 General Fund Small Projects Fun	0.00	0.09	0.0%	0.00	0.00	0.0%
110 Arterial Street Fund	500.00	80.25	16.1%	0.00	0.00	0.0%
111 Municipal Capital Improvement	27,600.00	10,302.06	37.3%	0.00	0.00	0.0%
115 General Fund Reserve	6,500.00	6,168.55	94.9%	0.00	0.00	0.0%
116 City Facilities Reserve Fund	500.00	17.14	3.4%	0.00	0.00	0.0%
117 Employee Benefits Security	50,500.00	7,516.58	14.9%	50,000.00	23,122.27	46.2%
118 General Fund Capital Reserve	0.00	0.00	0.0%	0.00	0.00	0.0%
119 Parks Reserve Fund	0.00	3.52	0.0%	0.00	0.00	0.0%
130 Hotel/Motel Tax Fund	80,120.00	16,561.94	20.7%	111,500.00	40,000.00	35.9%
131 Tourism Promotion Area Fund	20,100.00	3,373.13	16.8%	22,500.00	10,000.00	44.4%
144 PS Enhancement Fund	10,500.00	2,596.40	24.7%	0.00	0.00	0.0%
146 Drug Enforcement Fund	50.00	8.92	17.8%	0.00	0.00	0.0%
147 Police Investigative Fund	350.00	54.00	15.4%	45,263.00	0.00	0.0%
148 Criminal Justice Fund	185,299.00	79,424.14	42.9%	180,000.00	4,500.00	2.5%
149 Public Safety Sales Tax Fund	135,300.00	15,517.46	11.5%	112,917.00	196.51	0.2%
152 Infrastructure Develop Reserve	400.00	348.63	87.2%	0.00	0.00	0.0%
221 LID Guarantee Fund	0.00	39.23	0.0%	0.00	0.00	0.0%
229 1996 GO Bond - Fire Station	158,700.00	10,933.82	6.9%	158,384.00	0.00	0.0%
233 2011 GO Bond - Pool	129,575.00	21,591.12	16.7%	127,963.00	53.64	0.0%
234 Local Improvement Dist. 10-23	1,700.00	2,462.13	144.8%	1,700.00	0.00	0.0%
301 REET - First Quarter %	27,600.00	10,205.21	37.0%	27,000.00	4,500.00	16.7%
302 OIE Improvement Project Fund	166,642.00	35,118.38	21.1%	193,000.00	17,323.05	9.0%
303 7th Street ADA Sidewalk Ramp 1	14,041.00	3,706.70	26.4%	16,232.00	4,286.73	26.4%
304 OIE Highway Improvements - Ph	100,580.00	17,092.91	17.0%	116,277.00	5,439.04	4.7%
403 Water Fund	2,369,694.00	4,135,212.64	174.5%	2,437,130.00	4,094,866.40	168.0%
407 Sewer Fund	1,912,122.00	470,780.73	24.6%	1,846,297.00	297,541.59	16.1%
420 Zone 2.5 Water Supply Improv	768,700.00	220,670.77	28.7%	768,600.00	419,657.39	54.6%
444 1998 Water Revenue Bond Rede	155,012.00	51,659.61	33.3%	154,912.00	0.00	0.0%
445 1998 Water Revenue Bond Reser	750.00	119.94	16.0%	0.00	0.00	0.0%
448 Garbage Fund	949,898.00	218,588.30	23.0%	941,850.00	147,164.63	15.6%
449 1999 Water Revenue Bond Rede	79,301.00	19,805.91	25.0%	79,176.00	0.00	0.0%
450 1999 Water Revenue Bond Reser	0.00	59.71	0.0%	0.00	0.00	0.0%
451 Water Facilities Reserve Fund	50.00	419.54	839.1%	0.00	0.00	0.0%
452 Sewer Facilities Reserve Fund	2,500.00	440.32	17.6%	0.00	0.00	0.0%
453 North Prosser Debt Redemption	0.00	240.93	0.0%	159,920.00	77,456.00	48.4%
454 North Prosser Debt Reserve	0.00	133.22	0.0%	0.00	0.00	0.0%
455 Irrigation Reserve Fund	69,740.00	69,786.01	100.1%	0.00	0.00	0.0%
470 Waste Water Treatment Plant Im	3,312,100.00	1,384.00	0.0%	3,312,000.00	219,402.00	6.6%
603 Consumer Utility Deposit Fund	15,000.00	2,455.18	16.4%	15,000.00	1,650.00	11.0%
606 Library Memorial Fund	0.00	8.49	0.0%	13,000.00	12,106.46	93.1%
	16,183,896.00	6,478,124.27	40.0%	16,364,085.00	6,411,417.49	39.2%