



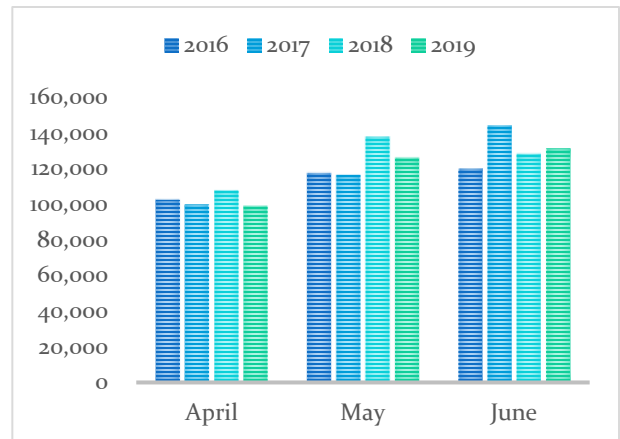
# Top 10 Things You Need to Know About the Budget

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Each year the City Council approves an operating budget. This budget allocates funds to be spent and collected for a variety of programs and purposes. This review is intended to provide the reader with some helpful information about the financial condition of the City and budget compliance. The Finance Department can be contacted at (509)786-2332, to answer questions about this report or other financial questions.

## #10: Sales Tax Receipts

To date, we have received \$725,570 or 57% of anticipated sales tax receipts for the year. Initially, you might think that this revenue is in good condition because we are 50% through the year and have collected 57%. But current receipts are only \$8,683 or 1% more than we received during the same period in 2018. In the 2019 Budget we anticipated an increase of 5% which means we would like to see this revenue closer to \$753,000 which is about \$27,430 more than our current position. We continue to watch this revenue as it seems to be lagging behind expectations. This is mostly likely due to commercial changes in our community but it is anticipated that one-time development revenue will begin to come in and bridge the gap until the commercial changes are corrected or additional adjustments can be put in place.



## #9: Lodging Tax Funds

To date, we have received \$58,976 or 55% of anticipated Hotel/Motel Tax receipts for the year. Additionally, we have received \$29,157 in TPA funds, which equates to 51% of the anticipated revenue for the year. Each year council accepts applications through its appointed LTAC committee who then make funding recommendation for Council's approval. Currently, the application period is open for the second round of LTAC funding. Depending on if applications are submitted, the Council may see new funding recommendations in the next quarter.

## #8: Building Permit Receipts

To date, we have received \$166,635 or 238% of the anticipated permit fees for the year. This excess is due to improvements planned by Prosser School District. Pursuant to financial policies, these excess dollars

will be treated as one-time money and proposals will be included in either a future budget amendment or in the 2020 Budget on how to use these funds.

### #7: Property Tax Receipts

To date we have received only \$630,871 or nearly 44% of property tax receipts for the year. In 2019, we expect to receive \$1,287,500 in property tax receipts. When property taxes are received 41% are directed to the Street Fund and the remaining 59% go to the general fund. These funds are vitally important for both funds and without them the negative impacts to them have an adverse effect on our ability to continue standard service levels. Property Taxes are due in April and October, so funds are usually received in small trickles followed by larger deposits in late April and October. As the 2020 Budget is prepared we will be paying special attention to this revenue source as we anticipate the impacts of ballot items.

### #6: Budget Amendment

The following possible budget amendments are being tracked for a future budget amendment:

| Project or Item  | Amount   | Fund                                 |
|--|----------|--------------------------------------|
| Pool Bond Admin Fee  | \$500    | 233 – PAC G&O Bond                   |
| 7 <sup>th</sup> Street Closure – Return of cash flow funds to Arterial Streets Fund and close project fund | \$50,500 | 303 – 7 <sup>th</sup> Street Project |
| EJ Miller Roof Repairs on Pavilion   | \$16,000 | 001 – General Fund                   |
| Skate Park Fencing   | \$40,000 | 001 – General Fund                   |
| Bennett Avenue Matching Funds  | \$50,000 | 001 – General Fund                   |
| Playground Reserve   | \$26,000 | 001 – General Fund                   |

### #5: General Fund Projects

| Item                           | Cost     | Status   |
|--------------------------------|----------|--|
| CSO Equipment                  | \$35,000 | Purchased Truck in March; evaluating other equipment needs.          |
| Parks Truck                    | \$20,000 | Purchased in May   |
| Pool Deck & Slide Improvements | \$66,300 | Deck repairs completed in May; Slide repairs scheduled for September |
| Parks Signs                    | \$17,500 | Installed in May   |
| Drop Slide Repairs             | \$17,500 | In Progress awaiting work schedule from contractor                   |

To date, the General Fund has collected about 49% of its budgeted revenue for the year. Additionally, the fund has spent about 42% of its expenses for the year.

#### #4: Street Fund Projects

| Item                      | Cost      | Status  |
|---------------------------|-----------|---|
| Yakima Avenue Reclamation | \$120,000 | Open for Bid in July and work to be complete in September |
| Bennett Avenue Project    | \$750,000 | Postponed to Spring 2020                                  |
| Spokane Avenue Sidewalks  | \$22,500  | To be Complete in July                                    |
| Street Truck              | \$17,500  | Purchased in May  |

To date, the Street Fund has collected about 58% of its budgeted revenue for the year. Additionally, the fund has spent about 30% of its expenses for the year.

#### #3: Water Fund Projects

| Item                   | Cost      | Status      |
|------------------------|-----------|-------------|
| Meter Reading Software | \$10,000  | In Progress |
| Chlorine Analyzer      | \$120,000 | In Progress |
| Filter Meters          | \$40,000  | In Progress |

To date, the Water Fund has collected about 50% of its budgeted revenue for the year. Additionally, the fund has spent about 31% of its expenses for the year. Though these percentages seem low, it is important to remember that some one-time expenses like insurance and audit costs occur later in the year.

#### #2: Sewer Fund Projects

To date, the Sewer Fund has collected about 41% of its budgeted revenue for the year. Additionally, the fund has spent about 46% of its expenses for the year. We will continue to closely monitor this funds revenue and spending activity, but it is expected that as we enter the fall and harvest season that revenues will gain speed. It is also important to note that some one-time costs in this fund are coming (like insurance) but other have already occurred (sludge hauling). This means that staff spend more time digging into the details of this fund for analysis and cannot depending of simple percentages.

#### #1: 2020 Budget Preparation

In June, the Finance Department sent out to departments the call for 2020 budgets. Staff are currently working to collect operational needs, maintenance items, and planned improvements to reconcile with the Council's established goals and priorities. In the coming months you can expect to hear more about the proposed projects and other budget impacts such as potential property tax reductions, TBD fee elimination, and other funding changes.

Is that it? No way! The budget is a very complicated and ever-changing machine. If there is something you would like the Finance Department to particularly highlight we would be happy to do it. This report is only meant to provide the headlines. Thanks for reading!