

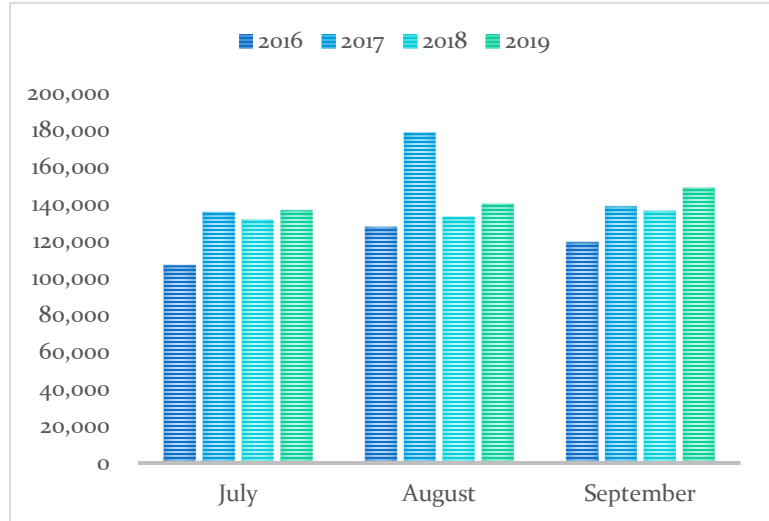


Top 10 Things You Need to Know About the Budget

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 \$1,150,990 or 68% of anticipated sales tax receipts for the year. This first half of 2019 showed only a 1% (or \$8684) increase over the same period in 2018. These returns are disappointing but we are encouraged by receipts so far in the third quarter. July receipts show an increase of 4%, August 5% and September 9%. In total, third quarter was an increase of nearly \$25,000 over the same period in 2018. A closer inspection of the receipts show that much of this increase can be attributed to increases in construction activity.



In the 2019 Budget we anticipated an increase of 5% which means we would like to see this revenue closer to \$1,278,450 which is about \$127,460 more than our current position. Adjustments are proposed

in the 2020 Budget to reduce projected sales tax receipts to avoid a deficit in that budget.

#9: Lodging Tax Funds

To date, we have received \$111,706 or 86% of anticipated Hotel/Motel Tax receipts for the year. Additionally, we have received \$44,735 in TPA funds, which equates to 75% 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 2020 LTAC funding.

#8: Building Permit Receipts

To date, we have received \$178,855 or **255%** of the anticipated permit fees for the year. This excess is due to improvements planned by Prosser School District.

#7: Property Tax Receipts

To date we have received \$742,820 or nearly 58% of property tax receipts for the year. Generally, property taxes are collected in to big chunks. One chunk comes in April when the first payment is due and the second comes in October, when the second portion is due.

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, or negative impacts to them, have an adverse effect on our ability to continue standard service levels.

#6: Budget Amendment

The following budget amendments were approved:

| Project or Item | Amount | Fund |
|--|----------|--------------------------------------|
| Pool Bond Admin Fee | \$500 | 233 – PAC G&O Bond |
| 7 th Street Closure – Return of cash flow funds to Arterial Streets Fund and close project fund | \$25,000 | 303 – 7 th Street Project |
| RCO Competition Pool Improvement Project: Establish project fund and budget | \$60,000 | 309 – RCO Pool Project Fund |
| RCO Project Match | \$60,000 | 115 – General Fund Reserve |
| CDL Scales (authorization of spend funs/budget available) | \$30,000 | 148 – Criminal Justice Funds |
| FEMA Snow Project Fund – transfer funds to Arterial Streets | \$45,000 | 106 – Streets Small Project 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 completed in September |
| Parks Signs | \$17,500 | Installed in May |
| Drop Slide Repairs | \$17,500 | Slide repairs completed in August and we have been reimbursed by insurance. |

To date, the General Fund has collected about 72% of its budgeted revenue for the year. Additionally, the fund has spent about 67% of its expenses for the year.

#4: Street Fund Projects

| Item | Cost | Status |
|---------------------------|-----------|--------------------------|
| Yakima Avenue Reclamation | \$120,000 | Completed in September |
| Bennett Avenue Project | \$750,000 | Postponed to Spring 2020 |
| Spokane Avenue Sidewalks | \$22,500 | Completed in July |
| Street Truck | \$17,500 | Purchased in May |

To date, the Street Fund has collected about 66% of its budgeted revenue for the year. Additionally, the fund has spent about 67% of its expenses for the year.

#3: Water Fund Projects

| Item | Cost | Status |
|------------------------|-----------|--|
| Meter Reading Software | \$10,000 | In Progress |
| Chlorine Analyzer | \$120,000 | Bids exceeded budget allotment, re-bidding project |
| Filter Meters | \$40,000 | Bids exceeded budget allotment, re-bidding project |

To date, the Water Fund has collected about 75% of its budgeted revenue for the year. Additionally, the fund has spent about 68% of its expenses for the year.

#2: Sewer Fund Projects

To date, the Sewer Fund has collected about 63% of its budgeted revenue for the year. In the first half of 2020 monthly receipts were down anywhere between 2-10%. But as we entered third quarter, receipts are improving and we are seeing monthly increase of 4-14%. Although it is good to see the revenues increasing, we do not feel the increases in the second half of the year will make up for the losses in the first half. In the 2019 Budget, \$2.87m was budgeted for receipts. This projection was based on user increases and new connections. It is now anticipated 2019 revenues will most likely end at about \$2.6m. Adjustments have been made to the 2020 budget to reduce projected receipts. Expenditures for this fund are currently at about 64%.

#1: 2020 Budget Presentation

We have been spending a lot of time in the last few meetings, and will be in the next several, going through the Proposed 2020 Budget. As part of this process important decisions will be made regarding rates, reserves, projects, and ongoing operations.

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!