



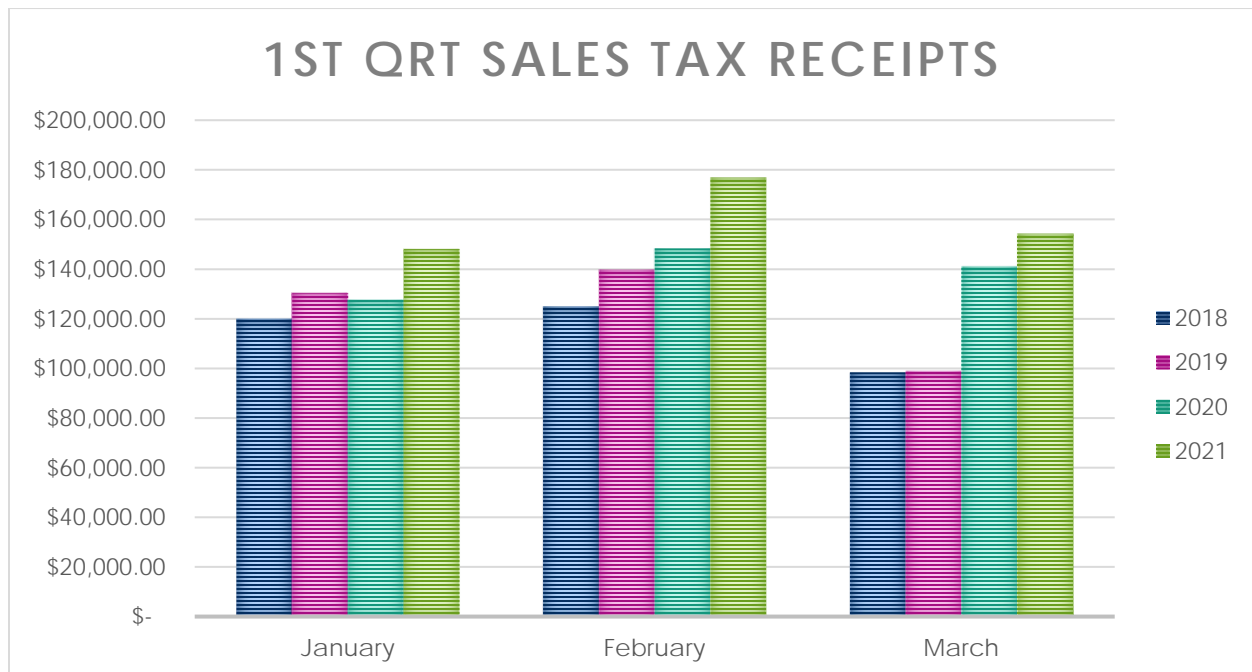
Top 10 Things You Need to Know About the Budget

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 \$479,048 which is \$62,027 or about 15% more than the same period in 2020. As we discussed in previous reports, much of this boom is related to ongoing construction activity and should be treated as one-time revenue. But we are seeing that many of our business sectors are rebounding as more and more business activities return to regular operations.

Table 1: Sales and Use Tax – 4 Year Comparison

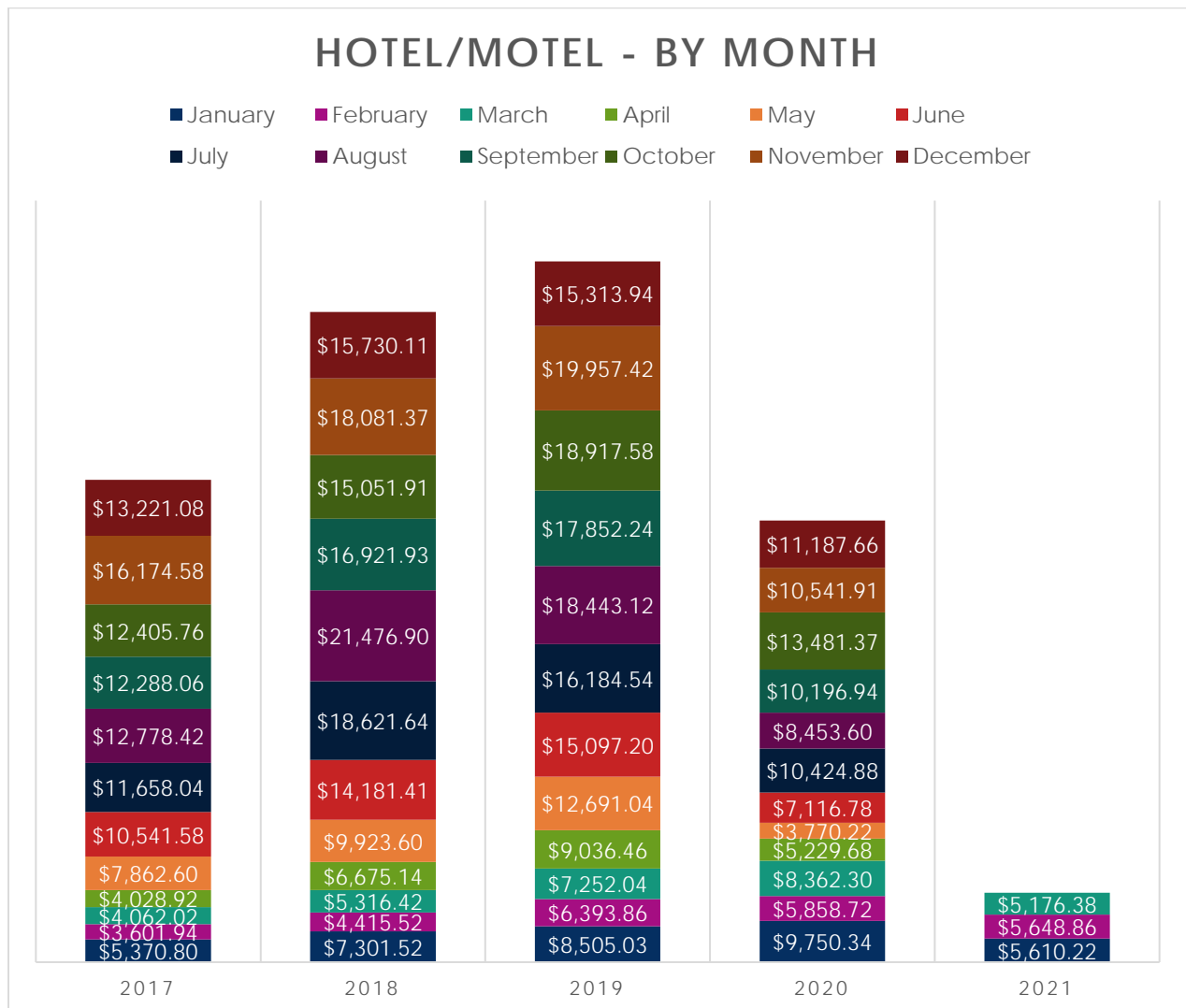


#9: Lodging Tax Funds

To date, we have received \$16,435.46 (or 18%) of the \$90,000 anticipated Hotel/Motel Tax receipts for the year. Additionally, we have received \$9,913.65 in TPA funds, which equates to 10% of the anticipated revenue for the year. Collectively, these receipts reflect a loss of \$9,364.28 over the same period in 2020.

This is an area significantly impacted by COVID-19 public health emergency. We are hopeful that in phase 3 (and in future phases) more events, vacations, and family gathering will begin to safely resume and this revenue source will rebound.

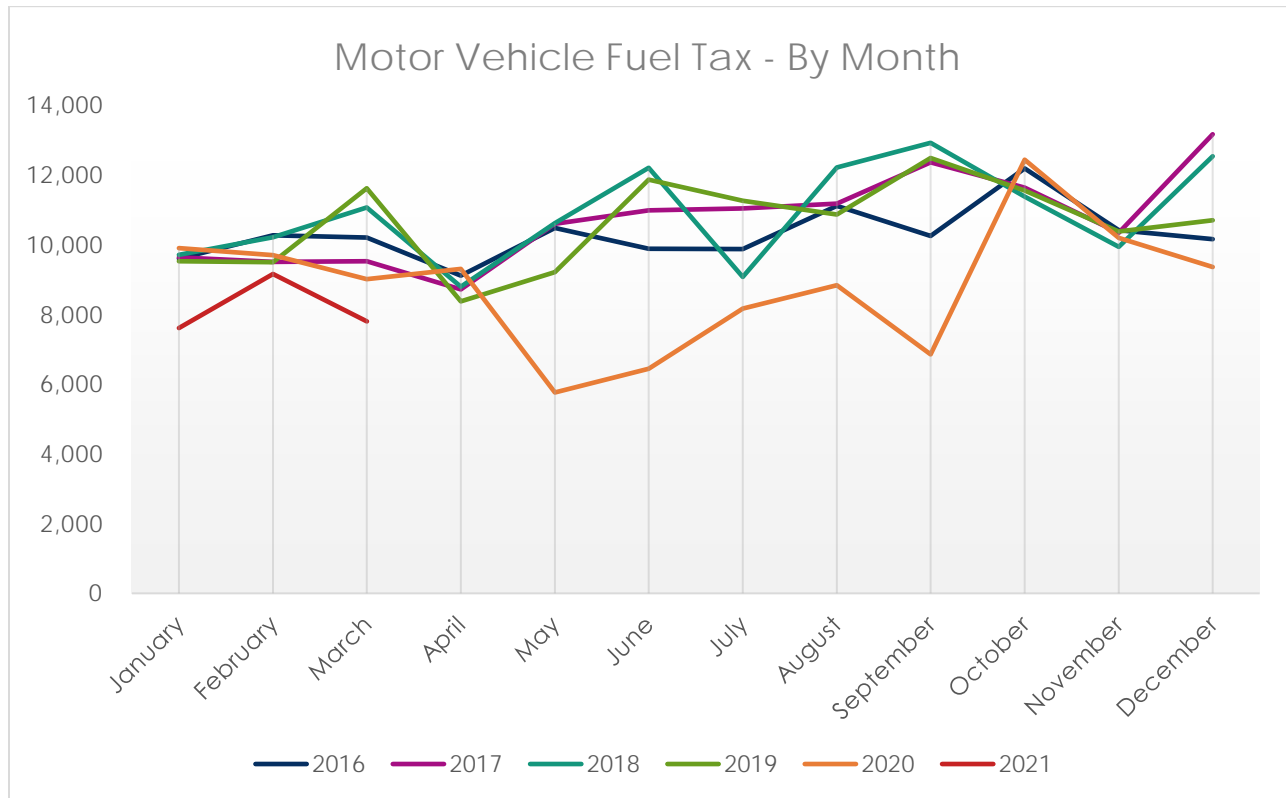
Table 2: Hotel/Motel by Month – 5 Year Comparison



#8: Motor Vehicle Fuel Tax (MVFT)

Another area we are monitoring with COVID-19 impacts is Motor Vehicle Fuel Tax (MVFT). This tax of \$0.494 is applied to each gallon of gas sold and then distributed to cities and counties. This single source provides 21% of the Street Funds revenue.

Table 3: Motor Vehicle Fuel Tax – 6 Year Comparison



MVFT funds that are collected in our community are not directly returned to our community. The funds are collected by the state and reallocated based on population. So even though our gas stations seem overflowing and busy, that does not connect with this revenue source. I do expect that in the next few months that this revenue source will rebound, possibly faster than others impacted, as counties open up, people go on vacations, and return to work.

In the first quarter to 2021, we have received 24,571 which is \$4,044 (or 14%) less than the same period in 2020.

#7: Budget Position Summary

General Fund

	Adopted Budget	YTD Amount (3/31/2021)	% collected/spent
Revenue	\$5,436,750	\$1,177,553	22%
Expense	\$5,434,755	\$1,013,653	19%

Street Fund

	Adopted Budget	YTD Amount (3/31/2021)	% collected/spent
Revenue	\$895,000	\$84,119	10%
Expense	\$894,725	\$156,023	17%

Water Fund

	Adopted Budget	YTD Amount (3/31/2021)	% collected/spent
Revenue	\$3,023,058	\$534,456	18%
Expense	\$3,021,600	\$489,344	16%

Sewer Fund

	Adopted Budget	YTD Amount (3/31/2021)	% collected/spent
Revenue	\$2,678,450	\$605,563	23%
Expense	\$2,745,890	\$360,522	13%

**We would like to see first quarter revenues over 25% and expenditures under 25%. This doesn't always work out since some revenues (like property taxes) are received monthly and some one-time large expenditures can also effect the numbers.*

#6: Budget Amendment

The following budget amendments were adopted by Ordinance 21-3140 on April 6th.

Project Description	Amount
General Fund Reserve: Reserve funds to provide for future and on-going litigation; pay back funds expended at part of the Labor Day windstorm in 2020.	\$350,000
Street Fund Reserve: Provide match funds for transportation projects.	\$300,000
Playground Project: Replacement and improvement of playground at City Park. Estimated total project cost is \$550,000. Currently \$140,000 in previously reserved fund are dedicated to project.	\$300,000
Community Assessment Grants/Projects: Provides funds to support small business grants or city projects associated with the findings of the Community Assessment currently underway.	\$50,000
Parks Seasonal Support: Only one seasonal parks position is included in the 2021 budget. This would provide the funding for the second position.	\$12,500
General Fund Department – Budget Reductions: Return some funding the General Fund departments to offset budget reductions.	\$25,000

It is important to note that the City may be receiving some federal aid funds related to the pandemic (American Rescue Plan see #1 below) so depending on the scope and requirements of those grant funds, we may ask council to reallocate these commitments to other priorities.

#5: Projects

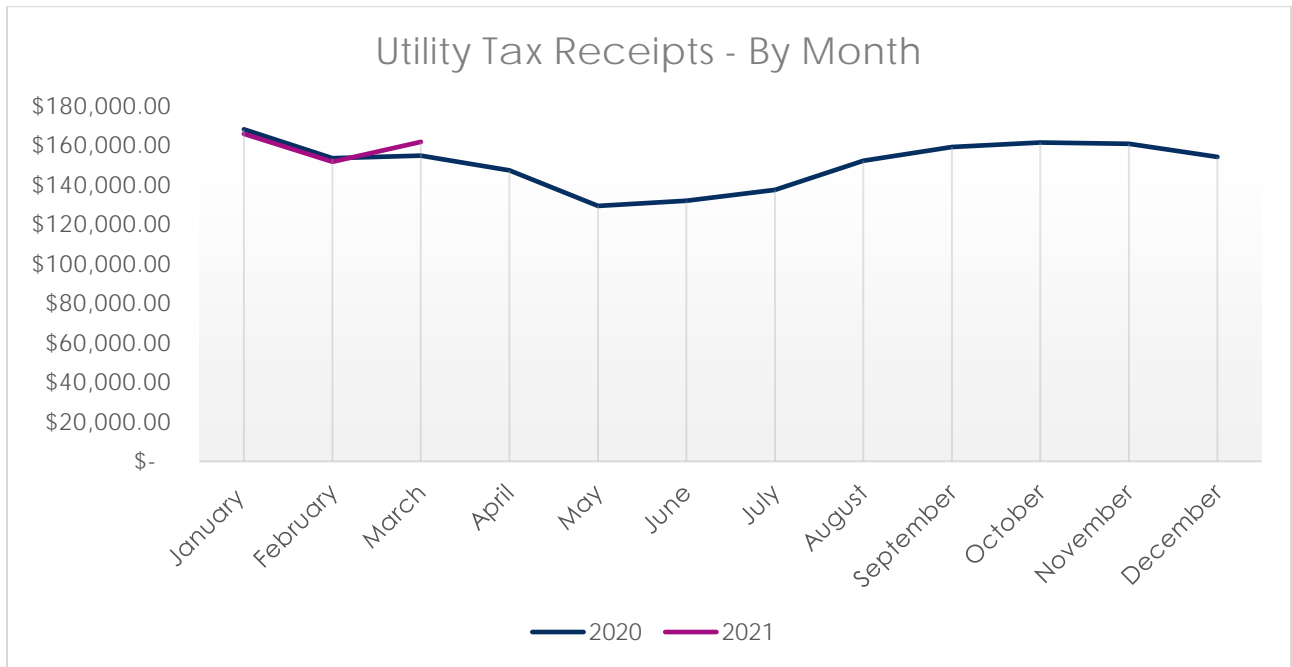
Below is a listing of only some of the projects that were included in the 2021 Budget and a little information about each of them:

Department	Item	Cost	Status
Parks	Skate Park Fence	\$6,000	COMPLETE
Parks	EJ Miller Park Pavilion Re-roof	\$20,000	In progress
Parks	EJ Miller Sidewalk	\$13,000	In planning
Parks	Crawford Park Ramp	\$2,500	In planning
Parks	EJ Miller LED Lights	\$14,000	COMPLETE
Police	Portable Radios	\$12,500	
Planning/Building	Plotter/Scanner	\$7,000	COMPLETE
Recreation	Event Speakers	\$1,500	
Finance	USDA Tourism Study	\$35,000	In progress
Planning	Multipurpose Event Space	\$50,000	In planning
Streets	6 th Street BNSF Crossing	\$50,000	Waiting for BNSF
Streets	Concord Way Infiltration System	\$35,000	COMPLETE
Water	Water Main Relocations	\$20,000	Not started yet
Water	Water System Plan Update	\$100,000	Not started yet
Water	Filter Meters	\$95,000	Not started yet
Water	Hydrant Replacement	\$16,000	In progress
Water	Heights Irrigation Design	\$65,000	Not started yet
Water	Well 6 Repairs	\$40,000	COMPLETE
Sewer	Weigh Scales	\$12,500	Not started yet
Sewer	Composite Samplers	\$16,500	COMPLETE
Sewer	Reclaimed Water Project	\$135,000	In progress

#4: Utility Taxes

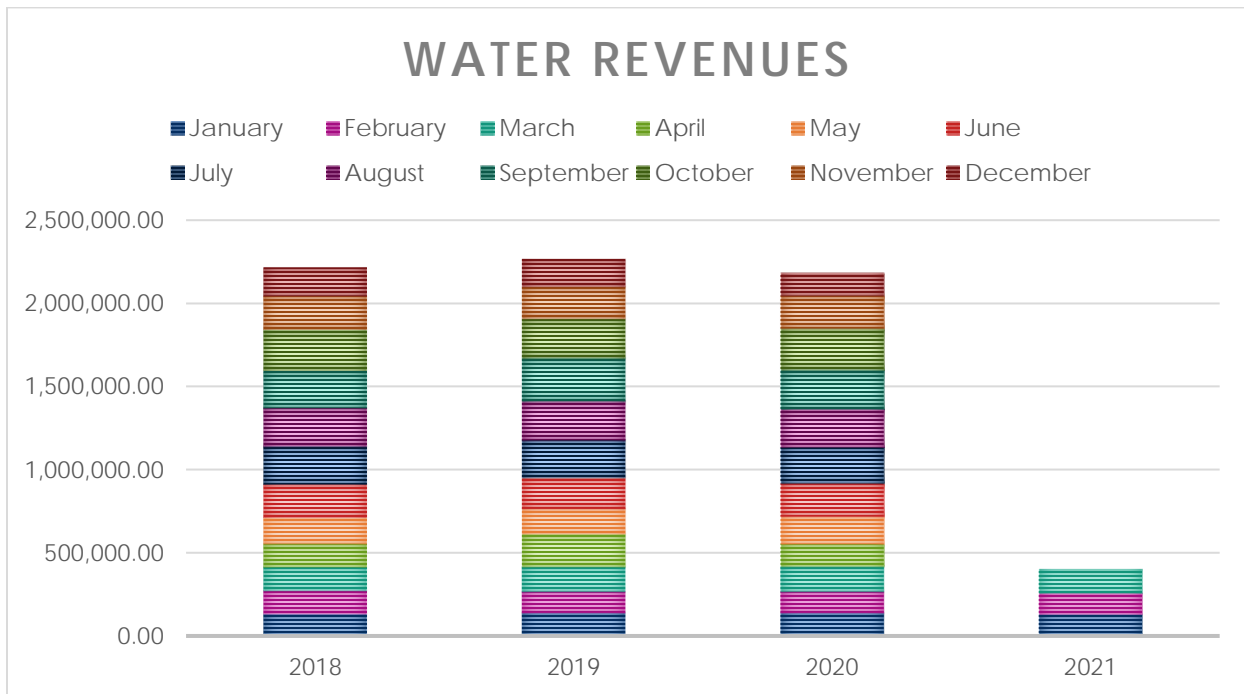
Utilities taxes are the largest revenue source in the General Fund and account for almost 45% of general fund revenue. In the first quarter we received \$478,407.76 which reflects an increase of \$2,847 as compared to the same period in 2020.

Table 4: Utility Tax Receipts – By Month Comparison



#3: Water Revenue

Table 5: Water Revenue – 4 Year Comparison

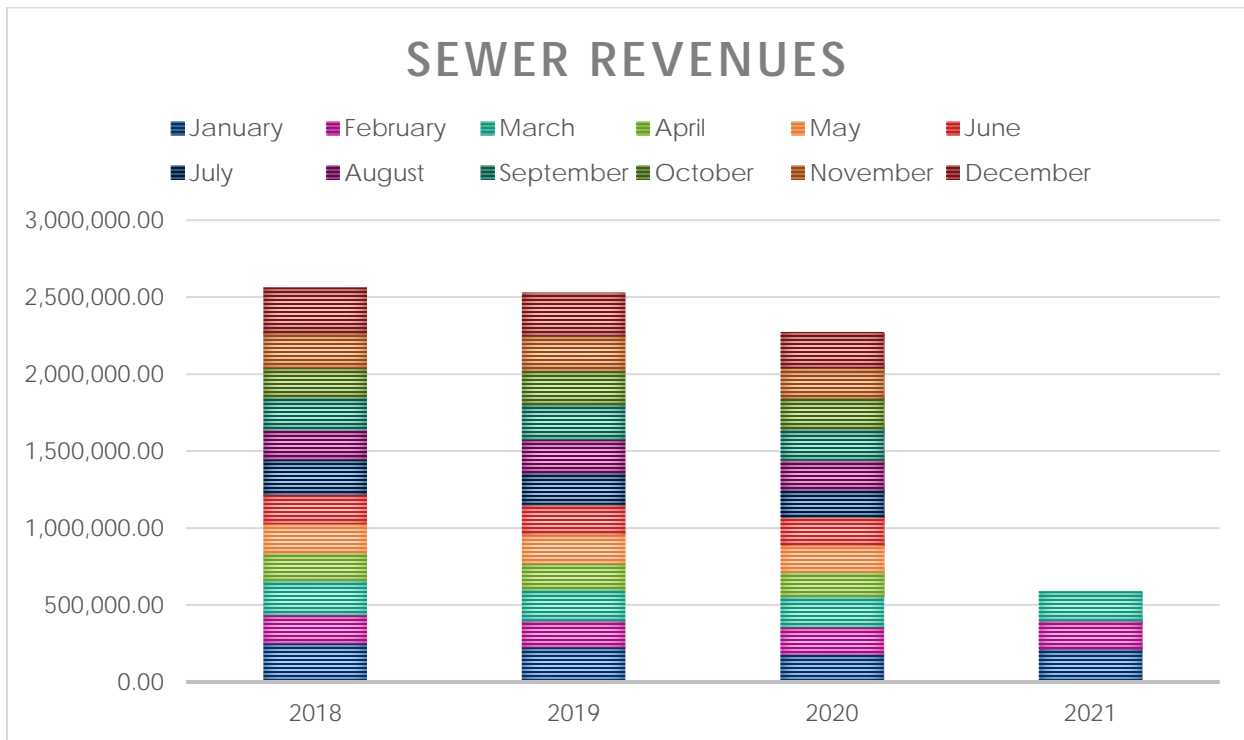


Current receipt \$143,866.37; (\$7,425.59) LESS or -5% than 2020

First Quarter is down (\$17,479.81) or -4% as compared to the same period in 2020.

#2: Sewer Revenue

Table 6: Sewer Revenue – 3 Year Comparison



Current receipt \$192,278.49; (\$6,998.41) LESS or -4% than 2020

First Quarter is up \$32,306.25 or 6% as compared to the same period in 2020.

#1: American Rescue Plan

We were informed recently of the America Rescue Plan which would provide funding to state, county and local governments to address pandemic impacts. Unfortunately, we do not have much information at all about the funding, but wanted to take a moment to make you aware of this upcoming item. Once we know more about the funding, City Staff will review the grant requirements along with Council's established goals, priorities, and plans. Then we will present Council with our funding recommendations.

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!