



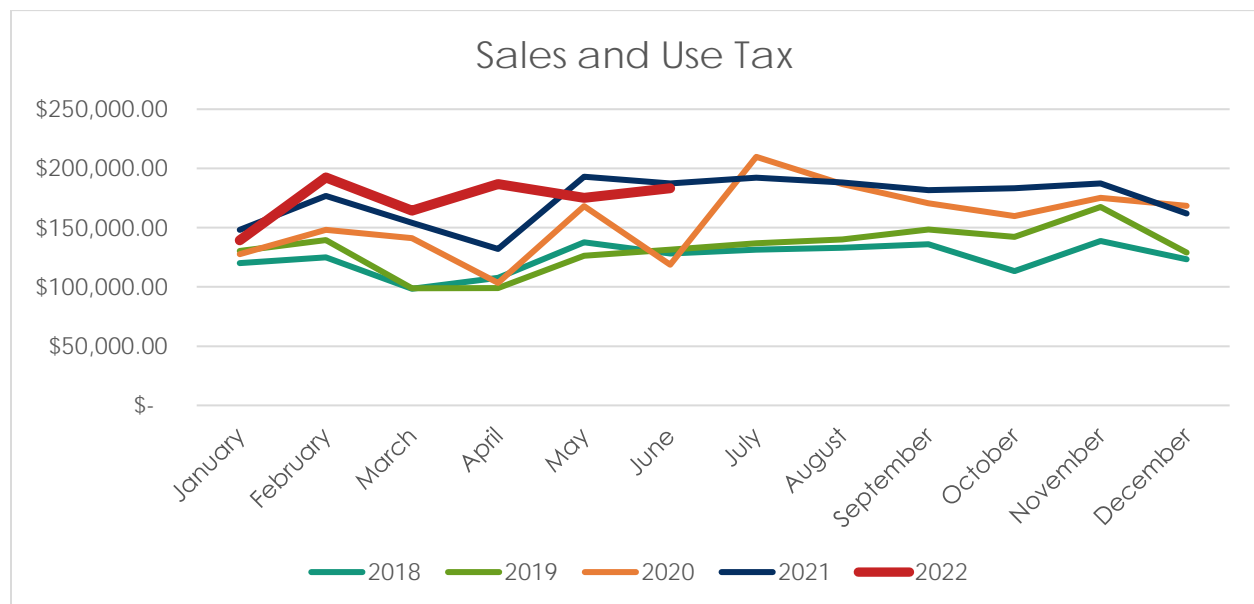
Top 10 Things You Need to Know About the Budget

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 \$1,041,271 which is \$50,000 or about 5% more than the same period in 2021. Locally, we have seen many of our business sectors rebound from the COVID impacts. Construction, retail sales, and housing market are busy and thriving. Nationally, reports seem to indicate that rising gas prices and the resulting retail pricing may have an impact of consumer purchasing activity. If things are too expensive, people won't buy as much. While other reports seem to indicate that any consumer confidence slump, is just a nuance and should not stir any concern. We will continue to monitor this revenue stream closely.

Table 1: Sales and Use Tax – 5 Year Comparison

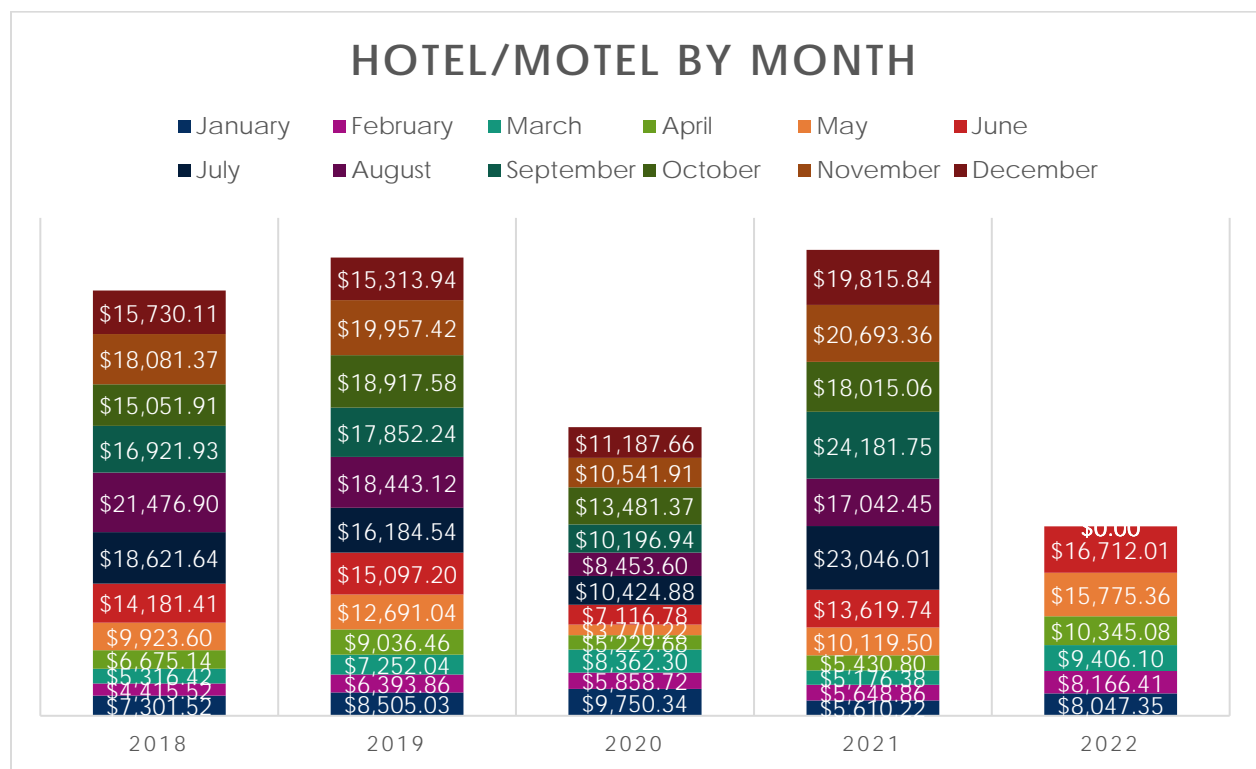


#9: Lodging Tax Funds

To date, we have received \$68,452 Hotel/Motel Tax receipts and \$30,031 in TPA funds. Collectively we have received \$98,483 or nearly 70% of our budgeted amount.

The important story here is that these revenue continue to mirror receipts from 2019 (pre-COVID) and are hopeful indicators of progress. It is reported that travelers are feeling more comfortable traveling in 2022. Some are planning the trips they didn't get to have in COVID. Others are impacted by the rising expense of travel. Despite high fuel costs, many are opting for road trips to lesser known locations in their area. Both cases, many are extending their vacation time by up to a week.

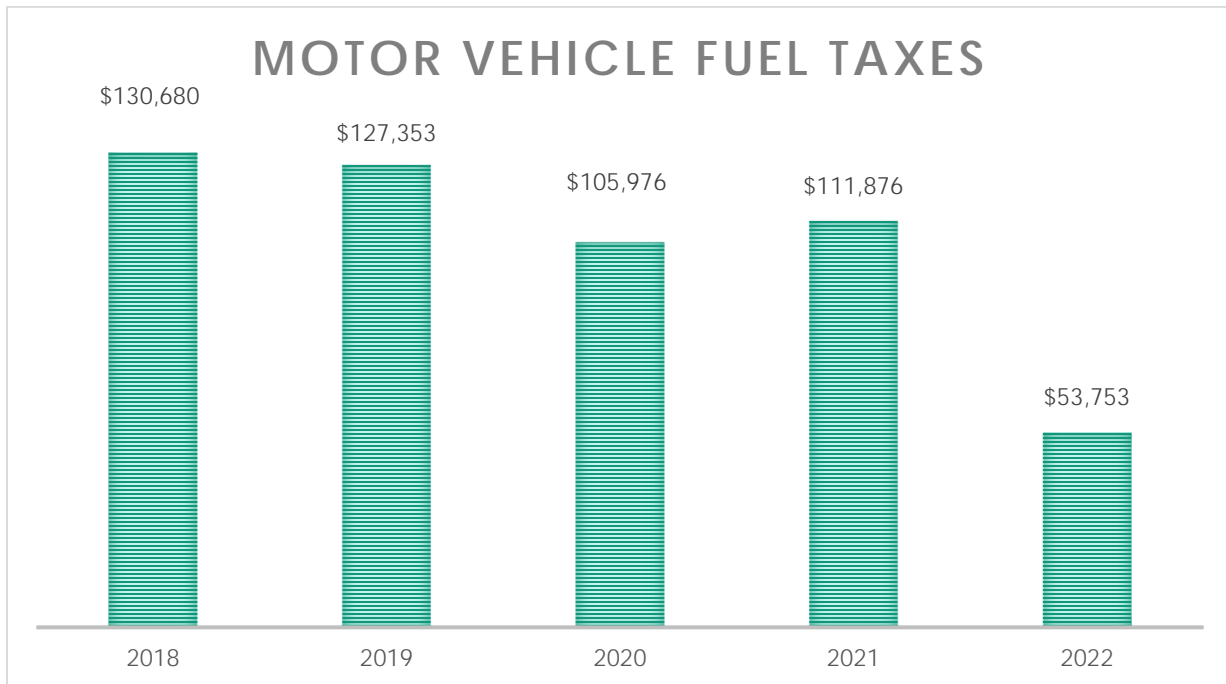
Table 2: Hotel/Motel by Month – 5 Year Comparison



#8: Motor Vehicle Fuel Tax (MVFT)

To date, we have received \$53,753 (or 45%) of the \$124,000 anticipated Motor Vehicle Fuel Tax receipts for the year.

Table 3: Motor Vehicle Fuel Tax – 5 Year Comparison



Like many revenue impacted by COVID-19, MVFT also appears to be returning to pre-COVID receipts. However, the recent increase in fuel prices may impact this revenue. We will be watching this revenue closely for impacts as a result of the extraordinarily high fuel prices and the resulting consumer conservation practices.

#7: Budget Position Summary

General Fund

	Adopted Budget	YTD Amount (6/30/2022)	% collected/spent
Revenue	\$5,760,000	\$3,079,892	53%
Expense	\$6,037,570	\$2,522,738	42%

Street Fund

	Adopted Budget	YTD Amount (6/30/2022)	% collected/spent
Revenue	\$819,450	\$491,099	60%
Expense	\$819,450	\$412,188	50%

Water Fund

	Adopted Budget	YTD Amount (6/30/2022)	% collected/spent
Revenue	\$3,168,955	\$1,292,874	40%
Expense	\$3,327,955	\$1,402,453	41%

Sewer Fund

	Adopted Budget	YTD Amount (6/30/2022)	% collected/spent
Revenue	\$2,799,415	\$1,244,566	44%
Expense	\$2,817,165	\$1,426,984	50%

**We would like to see first quarter revenues over 50% and expenditures under 50%. 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: Projects

Below is a listing of only some of the projects that were included in the 2022 Budget and a little information about each of them:

Department	Item	Cost	Status
Sewer	Reclaimed Water Project	\$135,000	Project Complete
Parks	EJ Miller Sidewalk	\$30,000	Project Complete
Police	Portable Radios	\$13,500	Ordered – waiting for delivery
Water	Filter Meters	\$146,150	Project Complete
Recreation	SEEK Grant Scholarships	\$50,000	Grant accepted and program preparing for launch
Water/Sewer	I-82 Crossing	\$2,703,000	Underway; anticipated work complete early summer
Streets	Kinney Way Sidewalk Improvements	\$690,000	Project in Progress
Streets	Wine Country Rd Overlay	\$461,100	Project in Progress
Clerk	Council Audio equipment	\$50,000	Project in Progress
Recreation/Parks	City Park Playground	\$568,000	Project in Progress
Water	Well 7 Project	\$2,450,000	Project in Progress
Admin	City Hall Abatement	\$383,157.69	Project Complete
Clerk/IT	Security Cameras	\$163,000	Project in Progress
Planning	Housing Study Grant	\$75,000	Project in Progress
Police/IT	Body and In Car Cameras	\$71,304	Body cams are actively being used by PD. In-car cameras should arrive this fall.
Sewer	Sludge De Watering	\$7,450,000	HLA and staff are preparing funding applications to USDA for grant and loan funds.
Sewer	Bennett Avenue Mainline and Lift Station	\$626,000	Preparing bid documents and working with County on possible project funding

#5: Utility Taxes

Utilities taxes are the largest revenue source in the General Fund and account for almost 45% of general fund revenue. To date we have received \$982,042 which is \$28,371 or about 3% more than during the same period in 2021.

Table 4: Utility Tax Receipts – By Month Comparison

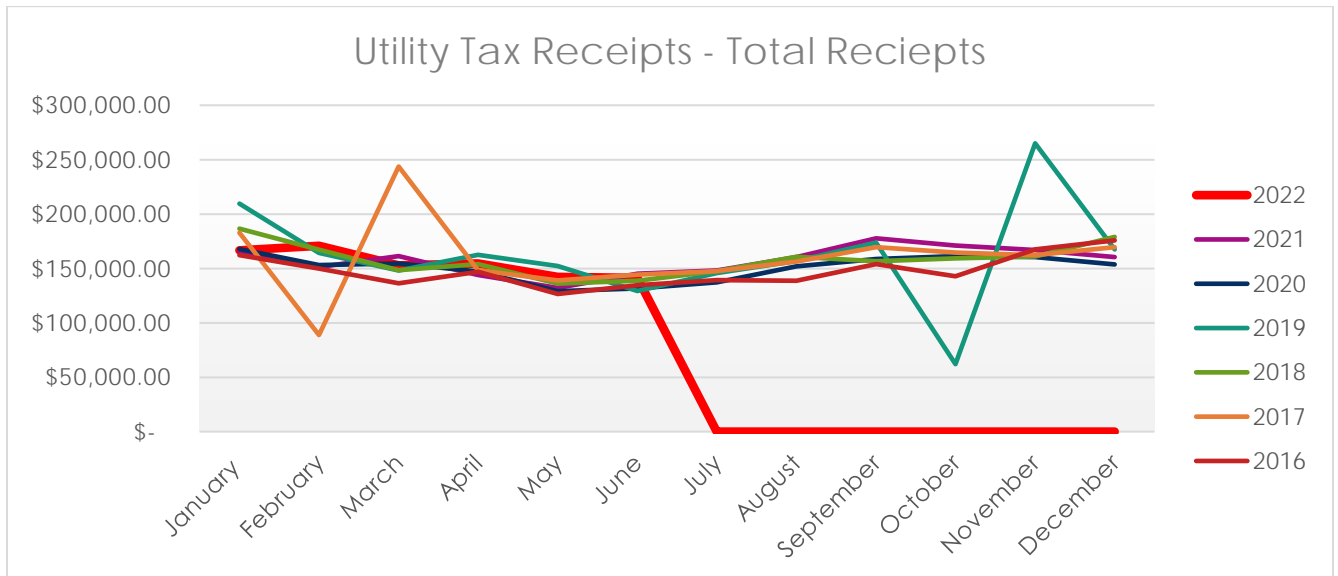
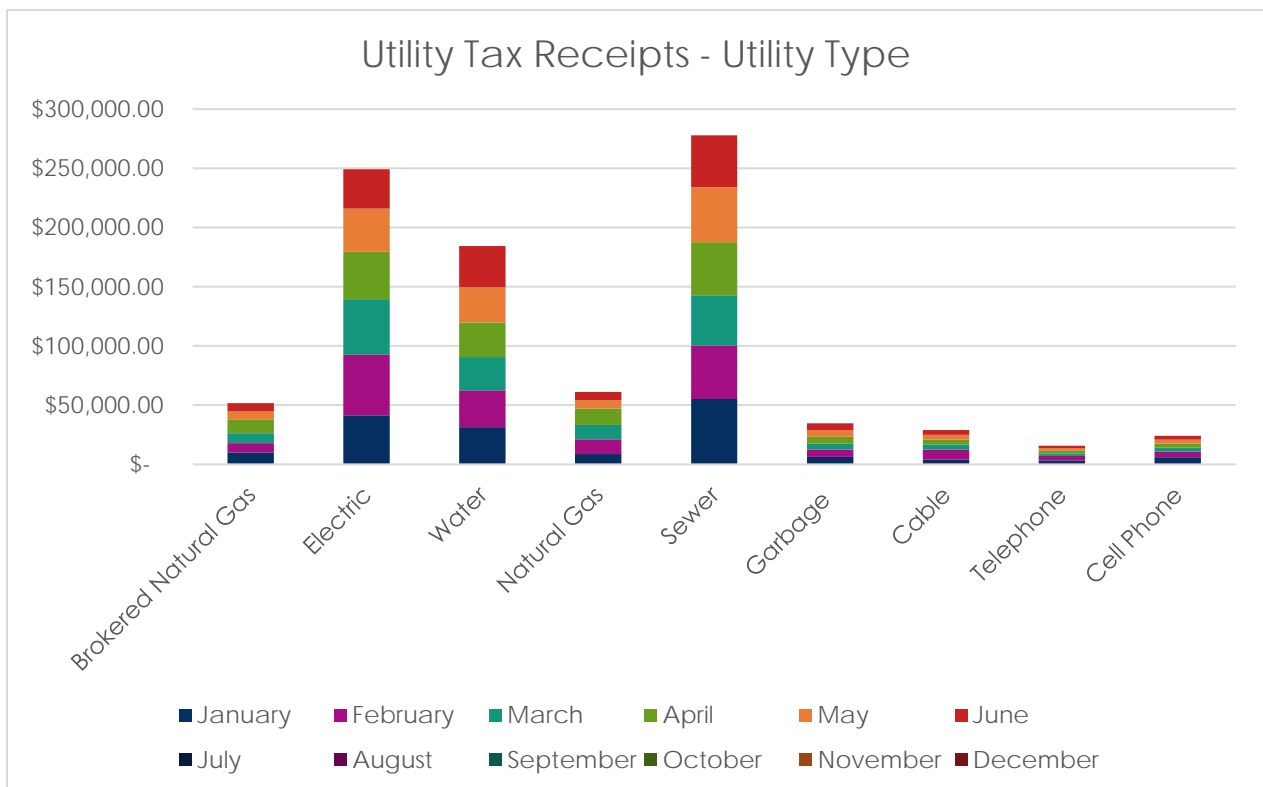


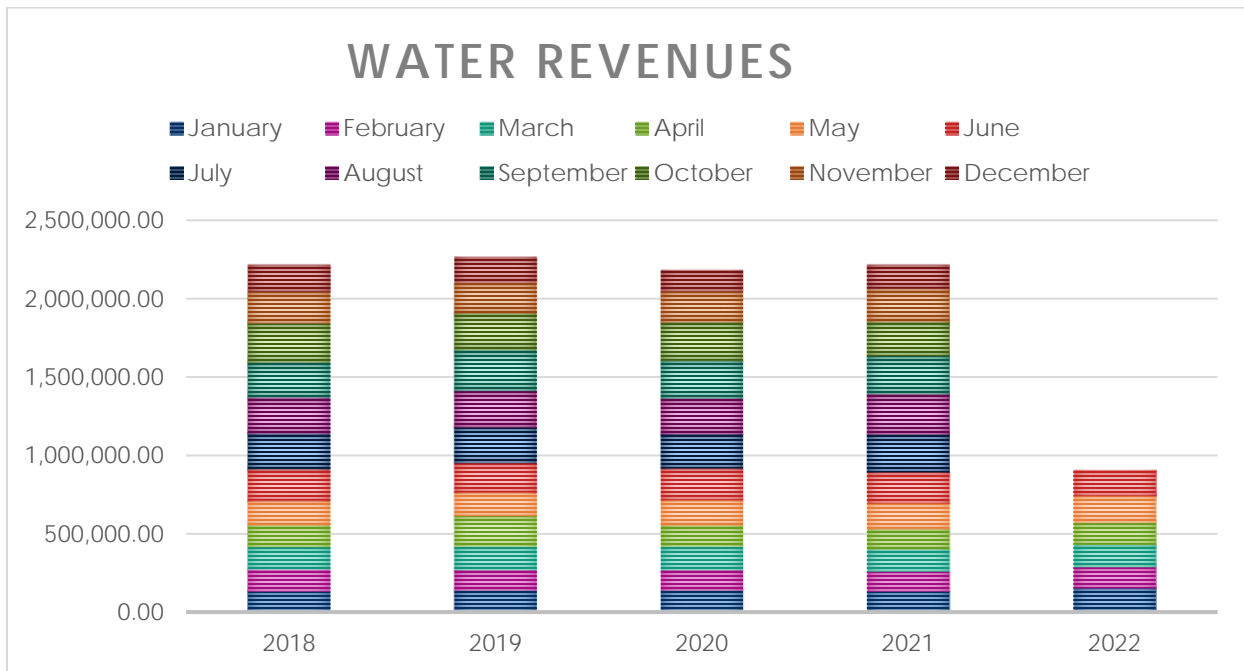
Table 4A: Utility Tax Receipts – By Month Comparison



#4: Water Revenue

Current receipt \$165,176.01 is about \$25,711.41 less than the average amount received this time of year. For the quarter, total receipts of \$479,629 are about \$12,240 less (or about 2%) than the amount received last year. Reflects mid-April to mid-May activity. YTD we have collected \$908,336 or 37% of the budgeted amount.

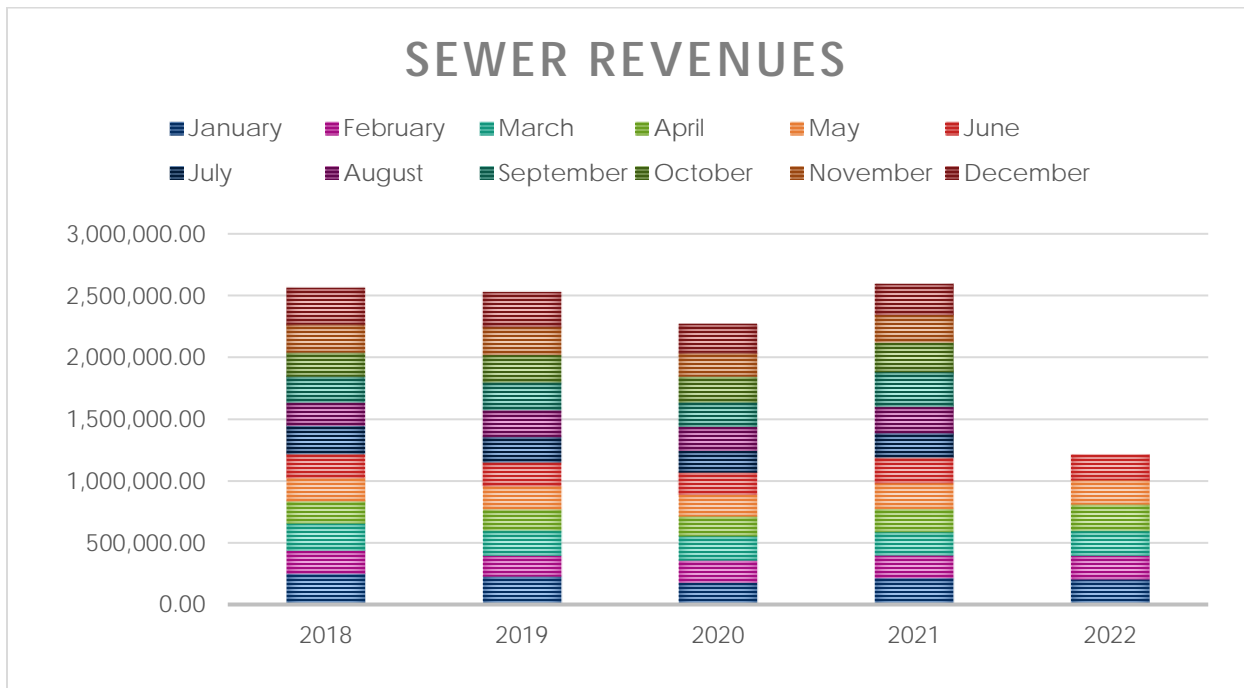
Table 5: Water Revenue – 5 Year Comparison



#3: Sewer Revenue

Current receipt \$205,385 is \$12,987 more than the amount received this time last year. For the quarter, total receipts of \$613,774 is about \$12,988 more (or about 2%) than the same period in 2021. Reflects mid-April to mid-May activity. YTD we have collected \$1,213,042 or 44% of the budgeted amount.

Table 6: Sewer Revenue – 5 Year Comparison



#2: American Rescue Plan

Last year we received our first allotment of American Rescue Plan Act (ARPA) funds. Total Award of \$1,780,964 distributed in two deposits

- 2021 deposit = \$890,482
- 2022 deposit = \$890,482
- Must be expended by December 31, 2024

As part of the budget process City Staff presented and Council approved the allocation of these funds to the following projects:

- Bennett Avenue Sewer Mainline and Lift Station #2
 - Total Project Cost = \$626,000
 - ARPA Funds Allocated to this Project = \$626,000
- Sludge De-Watering and Headworks
 - Total Project Cost = \$7,450,000
 - ARPA Funds Allocated to this Project = \$1,154,964

These projects were recommend and approved by Council because the improvements were necessary; because they improved the system's ability to sustain industries essential in the food supply chain; and to reduce the utility rate increases that would have resulted from these improvements. Those rate increases avoided are estimated at nearly 5%.

The City has also applied to Benton County for an allocation of the ARPA funds they received. The projects submitted to the County include:

- Bennett Avenue Sewer Mainline and Lift Station
- Standby Emergency Generator for Water Treatment Plant

If might be helpful to note that should the Bennett Avenue Project be funded by the County, those funds assigned by the City will be rolled into the Sludge De-Watering Project to further reduce the utility rate impact of that project.

#1: 2023 Budget Development

Departments are busy developing their budget requests for 2023. Departments use resources like Council's approved goals and objectives, strategic plans, community input, and staff recommendations to put together their budget requests. Staff then collect these requests and work together to prepare a balanced Proposed Budget. The Proposed Budget is then presented to Council and the community in late September for review, discussion, and adjustment. During this process the community has the opportunity to participate in this process through citizen comment and during the various public hearings scheduled as part of the budget development process. The Final Budget is required by RCW to be approved by December 31st.

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!