

## 2nd Quarter Financial Report 2005

### STAFF REPORT ON 2005 SECOND QUARTER FINANCIAL STATUS JANUARY 1 - JUNE 30, 2005 AUGUST 1, 2005

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**ISSUE:** Presentation of the 2005 Second Quarter Financial Report

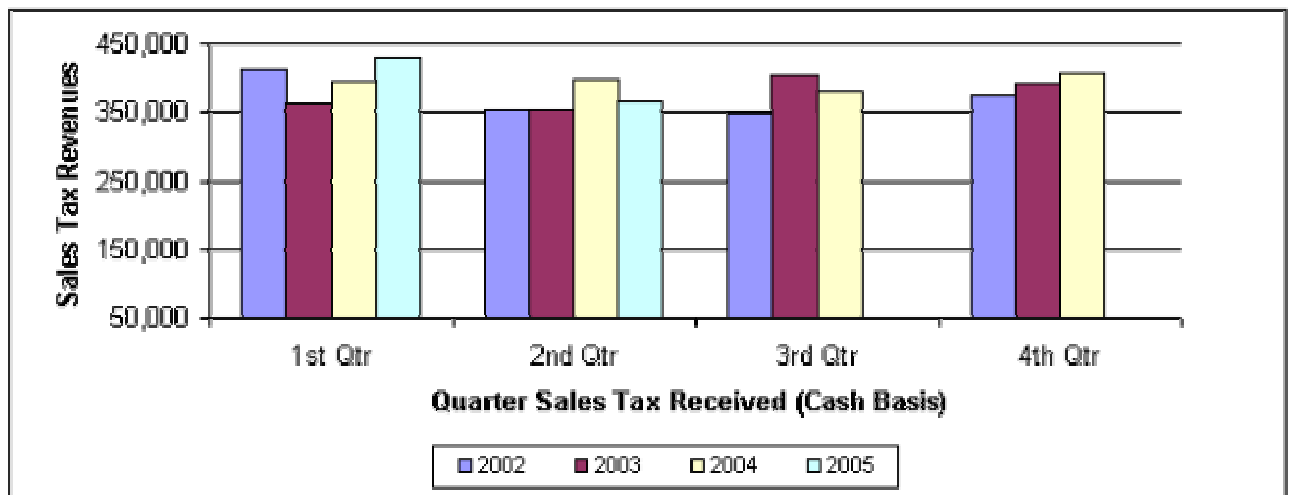
#### GENERAL FUND

As of June 30, 2005, General Fund revenues totaled \$7,766,149, equaling 50% of the 2005 budgeted revenue for the year. General Fund expenditures were at 42% of budget at the end of the second quarter, or a total of \$6,510,685.

Personnel costs are at 50% of budget, while other operating expenses are at 31% of the budget. Although it may seem that other operating expenses should be at 50%, the quarterly payments to Fire District One have not yet been processed and will appear in the third quarter report. The City received the first invoice from Fire District One on July 21, which will be paid on August 3.

#### General Fund Revenues

Sales tax revenues came in at 47% of budget, and \$657 less than what was received during the first six months in 2004. Sales tax revenues are received from the State Department of Revenue two months after business or sales occur. For example, this second quarter report reflects sales tax received from sales that occurred during the six months beginning November 2004, through April 2005. As the chart below indicates, sales tax revenues for the first quarter of 2005 have exceeded first quarter sales tax received for the past three years, with the second quarter lower than 2004. The second quarter of 2004 included unusually high sales tax revenue from the construction of the Solid Waste Transfer facility.



Gas and electric utility taxes are at 60% of budget, which are right on track as revenues will decrease during the summer months and then increase again during the latter part of the year as the weather gets cooler. City utility taxes, which reflect 10% of water, sewer and stormwater revenues, are only at 41% of budget at the end of the second quarter due to less water consumption during the first six months of the year.

Gambling tax revenues total \$705,605 for the second quarter, which is \$90,746 more than the first six months of 2004, coming in at 67% of the overall 2005 budget. License revenues have also exceeded budget projections, coming in at 60% of budget for the first six months.

Development fee revenues are at 51% of budget and total \$370,042 through the second quarter, slightly lower than the second quarter of 2004 that totaled \$372,947.

Grant revenues are only at 19% of budget as the second quarter Domestic Violence Grant payments will be received during the third quarter, and the \$65,000 School Zone Safety Grant will be received after June 30. At the end of the year, grant revenues will be close to 100% of budget.

Other governmental revenues are at 35% of budget, as the PUD Privilege Tax, estimated at \$75,000 for the year, will not be received until September and will be reflected in the third quarter report.

Fines and forfeiture revenues are at 47% of the budget totaling \$122,052 for the first six months. This reflects a decrease of \$19,579 from 2004.

Interest revenues are at 89% of budget as of the end of the second quarter. This is a bit higher than expected due to the delayed payment to Fire District One and because semi-annual interest payments are received during the second quarter.

The budget of \$400,000 for "Sale of Capital Assets" represents the estimated value of the Fire Department vehicles and equipment that has been sold to Fire District One. The revenues for this transfer will occur as we process our quarterly payments to Fire District One in August.

All other revenues are at 30% of budget. Included in this category is a budget of \$109,992 for the Golf Course Lease payments. No Golf Course Lease payments have been received in 2005 due to the temporary closure of the Ballinger Golf Course.

### **General Fund Expenditures**

General Fund expenditures are at 42% of budget overall, with personnel costs at 50%, other operating expenditures at 31% and interfund transfers at 50%.

The City Council/City Manager personnel costs are at 67% of budget, due primarily to the separation payment made to the City Manager in April. The City Council/City Manager operating expenditures are at 65% of budget, primarily due to annual dues, insurance, memberships, subscriptions, and election costs that were paid at the beginning of the year. In addition, the fees paid for the Interim City Manager are not included in the adopted budget. Later this year there will be a budget amendment

that increases the City Council/City Manager budget for the costs related to the departure of the previous City Manager.

The Municipal Court operating expenditures are only at 32% of the budget, due to later billings for court and jail costs. This report reflects only five months of court and jail costs.

Administrative Services operating expenditures are at 28% of budget at the end of the second quarter, as computer equipment purchases will occur later in the year.

The Facilities operating expenditures are at 52% of budget as of June 30 because the Ballinger Clubhouse repairs were completed and paid during the first four months of the year. In addition, the new phone system at the Pavilion has already been paid for or encumbered against the budget.

The Police Department operating expenditures are already at 51% of budget because the supplies for the School Zone Safety Grant have already been paid or encumbered and charged against the budget.

The Fire Department personnel expenditures include higher than projected LEOFF retiree medical benefits. As a result, personnel costs are at 66% of budget at the end of the second quarter. The operating expenditures are only at 8% of budget as no payments to Fire District One had occurred before June 30.

The Community Development Department has expended 44% of its budget as of the end of the second quarter, as there was a building official position vacancy and the budget includes funds for consultants that will be paid later in the year.

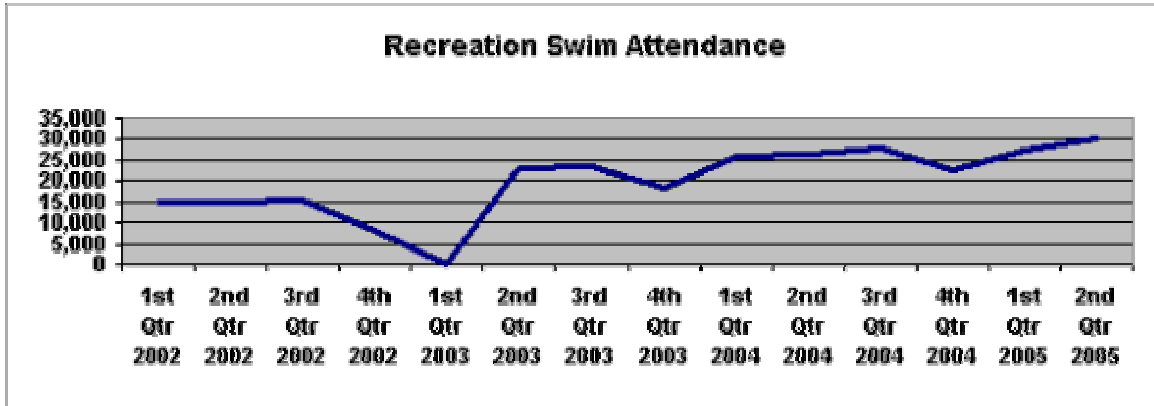
## **STREET FUND**

Street Fund revenues are at 49% of budget, and Street Fund expenditures are at 43% of budget. Personnel costs are higher at 59% of budget, because the street maintenance work to get the pre-slurry seal preparation done in time required crew time from other maintenance divisions.

## **RECREATION PROGRAMS FUND**

Overall, the Recreation Program Fund ended the 2nd quarter at an 86.1% recovery rate. It is important to note that a significant amount of revenues from summer aquatics and camp programs are collected in June, while the majority of expenses occur during the third quarter when the programs occur. Total expenditures at the end of the second quarter are at 46% of budget with revenues at 51% of budget.

Recreation Swim Attendance continues to increase when compared to previous years as reflected in the chart below.



Facility rentals, including pool, rooms for parties or sport functions remained popular during the 2nd quarter.

## UTILITY FUNDS

### Sewer

Sewer Utility revenues are at 42% of budget and expenditures are at 46% of budget. Revenues are expected to be close to budget as water consumption increases later this summer. Personnel costs are only at 37% of budget as some of the crews were working on street maintenance projects during the second quarter.

At the end of the second quarter sewer expenditures exceed sewer revenues by \$249,694.

### Water

Water revenues are at 37% of budget and water utility expenditures are at 42% of the budget. Revenues will increase during the third quarter as consumption is expected to increase during the summer months.

At the end of the second quarter water utility expenditures exceed water revenues by \$164,597.

### Storm Water

Storm Water revenues are at 45% of the annual budget and storm water expenditures total 46% of the adopted budget. At the end of the second quarter storm water expenditures exceed storm water revenues by \$77,835.

## CAPITAL IMPROVEMENT FUNDS

Capital improvement funds show little activity in the second quarter. The Street Construction Fund will show additional activity in the remainder of the year as construction projects are begun.

Revenues from Real Estate Excise Tax continue to increase and exceed budgeted amounts. Revenue totaled \$313,276 through the second quarter, which is 60% of the \$524,784 budgeted for the year. The expenditures include the quarterly transfer to other funds.

The Facilities Construction Fund's expenditures for the Fire Station construction include payments of \$564,056 and an outstanding encumbrance balance of \$1,619,166, which represents the outstanding balance on the contract with Premium Construction. Later this year there will be a request for a budget amendment to the Fire Station Construction budget within the Facilities Construction Fund to cover the total actual costs of the construction of the Fire Station.

The Capital Improvement Projects Fund includes revenue transfers in from other funds and transfers to the General Fund for reimbursement of various routine capital expenditures.

Second quarter expenditures in the capital improvement funds include encumbrance (commitment) amounts carried over from 2004. The Utility Construction Funds show little activity in the second quarter prior to the construction season.