



## *Quarterly Financial Report*

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### **Mid-Year 2011**

July 15, 2011

#### **Overview**

The Quarterly Financial Report provides a summary budget to actual comparison of revenues and expenditures for each fund through the end of the most recently completed fiscal quarter. The information contained in this report is unaudited and prepared on a cash basis.

#### **General Fund 001 Revenues**

The General Fund ended the second quarter of 2011 in reasonably good shape, with total actual revenues 1% above the 50% budget threshold. Comparing total actual to total budgeted revenues through June 30th, the General Fund is 51% of budget in 2011 versus 53% of actuals in 2010. Comparing 2011 with 2010, total revenues are down \$38,164, primarily due to interest payments received on the golf course, which went to the General Fund in 2010 and are now receipted in the Cumulative Reserve.

Retail sales tax revenues remained flat compared to revenues collected through second quarter 2010. The City received notification in April that a company was incorrectly coding use tax to West Richland. Retail sales and use tax receipts were reduced by approximately \$64,000 in May and June. City staff are monitoring retail sales and use tax reports closely to ensure businesses are properly coding sales tax.

Utility taxes, which apply to private and public utilities, were 47% of budget in 2011 compared to 50% of actuals in the prior year. Building permit revenues increased slightly over 2010 with a 2% increase. Other building revenues, including zoning and plan checking fees, also increased in 2011 compared to 2010.

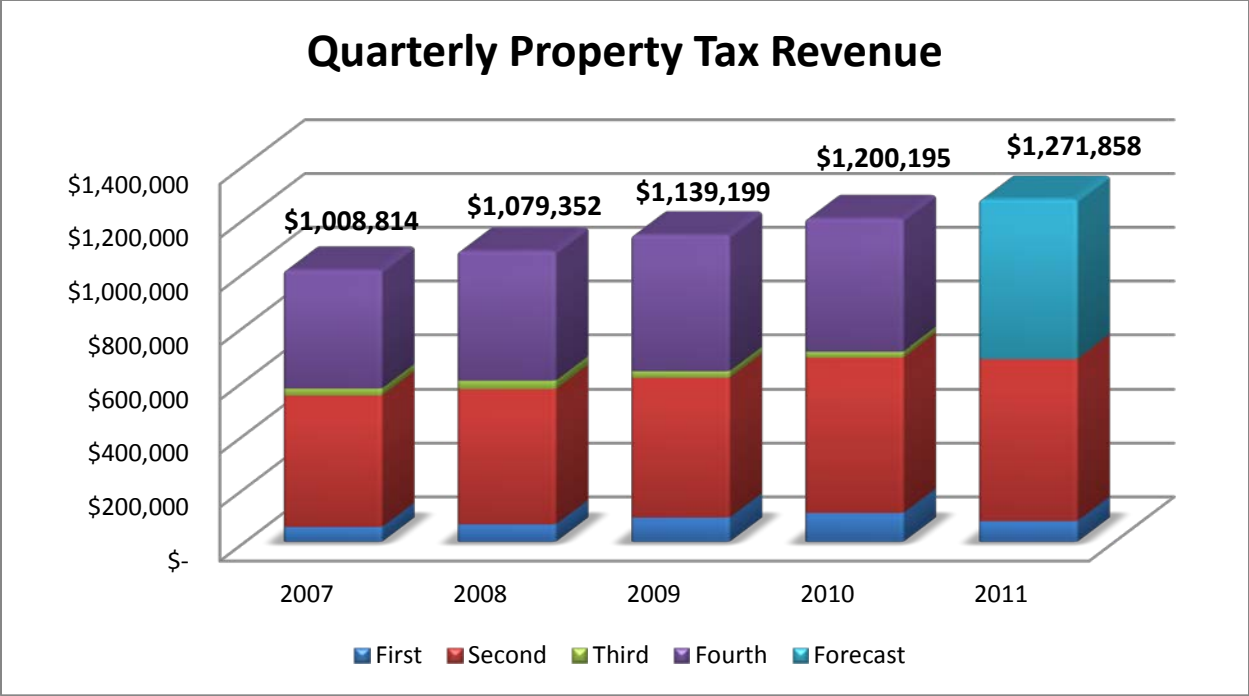
The following table shows the amended annual budget and actual revenues collected through June 30, 2011 and compares this information with actual revenues collected through June 30, 2010 and 2010 actuals for the year. The table also shows the percent of revenues utilized and the remaining uncollected balance through June 30, 2011.

Revenue Category	2011				2010		
	6/30/2011 YTD	Amended Budget	% Received	Remaining	6/30/2010 YTD	Actual	% Received
Property Tax	679,223	1,271,858	53%	592,635	684,512	1,200,195	57%
Sales Tax	293,624	616,701	48%	323,077	288,240	634,205	45%
Utility Taxes	728,419	1,535,706	47%	807,287	718,805	1,448,889	50%
Other Taxes	7,581	9,700	78%	2,119	5,176	10,836	48%
Building Permits	159,321	270,000	59%	110,679	156,395	267,276	59%
Other Licenses & Permits	39,007	49,550	79%	10,543	38,441	42,567	90%
Intergovernmental Revenue	151,470	249,051	61%	97,581	131,647	262,461	50%
Grants - Federal/State/Local	2,141	70,000	3%	67,859	69,359	79,569	87%
Charges for Services	215,629	365,888	59%	150,259	135,226	280,987	48%
Fines and Forfeitures	75,708	217,000	35%	141,292	90,051	167,210	54%
Miscellaneous Revenues	58,625	104,001	56%	45,376	46,163	90,668	51%
Other Revenues	9,908	10,000	99%	92	94,805	161,266	59%
<b>Total Revenues*</b>	<b>2,420,655</b>	<b>4,769,455</b>	<b>51%</b>	<b>2,348,800</b>	<b>2,458,819</b>	<b>4,646,128</b>	<b>53%</b>

\*Excludes charges for services for Solid Waste in 2010 for comparison purposes. Solid waste was moved from the General Fund to Solid Waste Fund 405 in 2011.

### General Fund Major Revenue Sources

Property Tax: Property tax revenues are typically received during the second and fourth quarters of the year. Through second quarter 2011, the City collected 53% of the property taxes projected. Total property tax collections through the second quarter of 2011 were \$679,223. The table below reflects quarterly property tax collections from 2007 to 2011.



Retail Sales and Use Tax: The sales tax base is the selling price of tangible personal property and selected food and services. The current sales tax rate for West Richland is 8.3%. For every \$100.00 in applicable sales in West Richland, the consumer pays \$8.30. Of the \$8.30 in sales tax paid, the City receives approximately 85¢ and the remaining \$7.45 is distributed to the state and county.

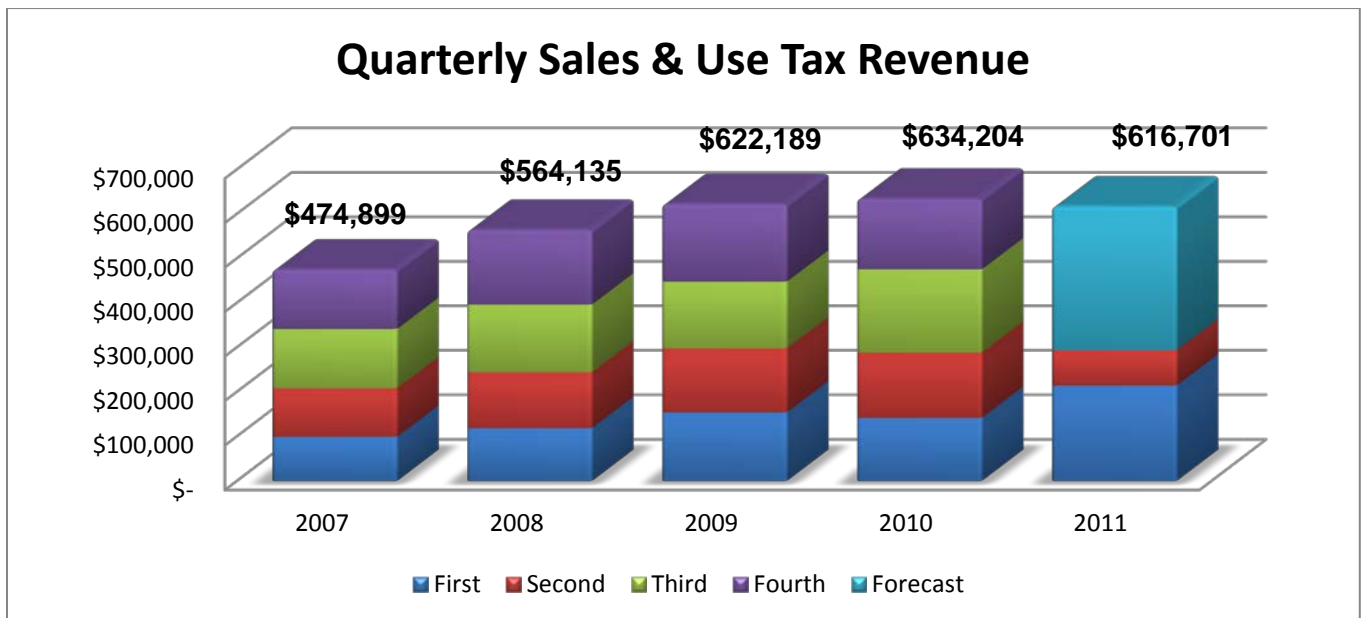
Comparing 2010 with 2011 retail sales and use tax collections, most sectors increased over mid-year 2010 including construction, manufacturing, and retail. The City experienced a 48% decline in telecommunications and other services. This decline in telecommunications and other services is attributed to a company incorrectly coding use tax to the City of West Richland.

Sales tax collections fluctuate from quarter to quarter due to seasonal activity. The City typically receives more sales tax revenue in the second half of the year. The following table compares 2010 with 2011 retail sales and use tax revenue for mid-year and includes a breakdown by business sector.

Business Sector	Revenue (Jan - June)		% Change	% of Total	
	2011	2010		2011	2010
Construction	\$ 80,835	\$ 72,850	11%	27%	25%
Manufacturing	\$ 12,819	\$ 7,922	62%	4%	3%
Wholesale Trade	\$ 17,971	\$ 16,765	7%	6%	6%
Retail	\$ 94,215	\$ 82,685	14%	32%	29%
Telecommunications & Other Information Services	\$ 22,434	\$ 43,203	-48%	8%	15%
Finance, Insurance, Real Estate & Administrative Support Services	\$ 31,578	\$ 28,532	11%	11%	10%
Accommodation and Food Services	\$ 29,436	\$ 27,320	8%	10%	9%
All Other Sectors	\$ 7,657	\$ 8,951	-14%	3%	3%
<b>Total</b>	<b>\$ 296,945</b>	<b>\$288,228</b>	<b>3%</b>	<b>100%</b>	<b>100%</b>

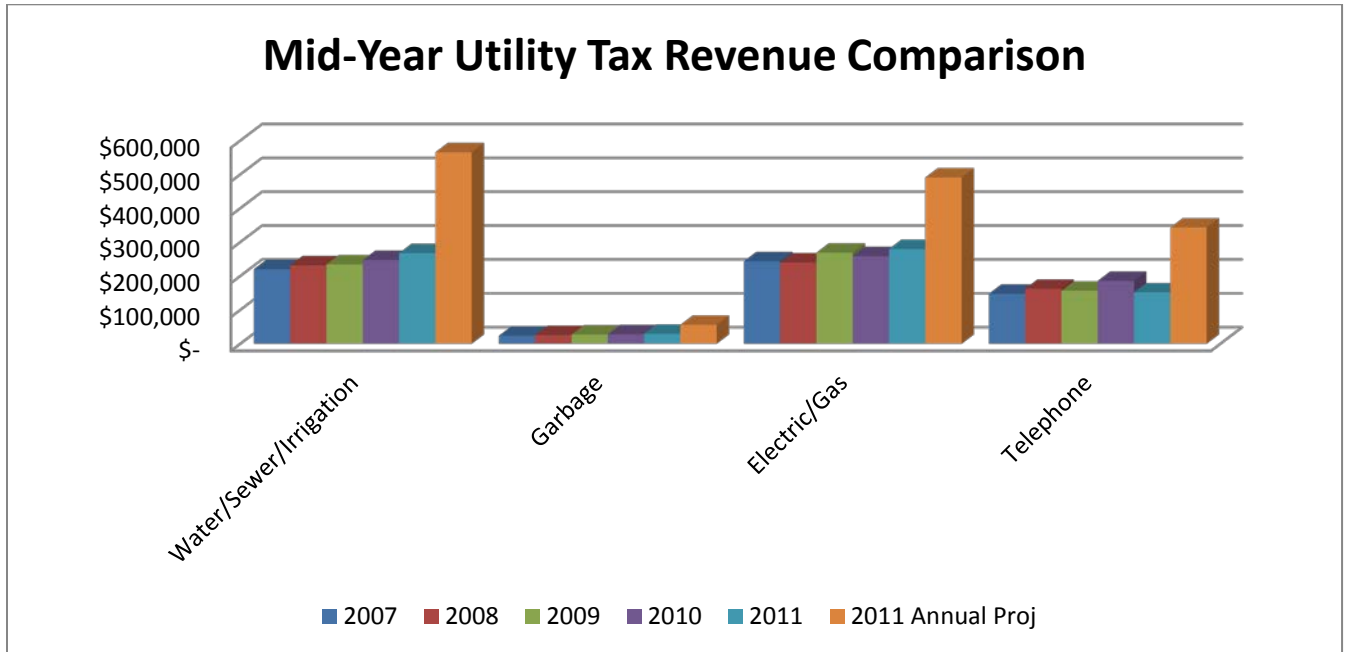
Note: Totals for the quarter listed by sector may slightly differ from the retail sales tax revenue actually received due to adjustments made by the DOR between the time the detailed sales tax reports are received by the City and when the revenue is actually received.

The chart below displays the quarterly retail sales and use tax collected since 2007.



Utility Taxes: The City collects both internal and external utility taxes. Internal taxes are paid by the City’s utility funds to the General Fund. External taxes are paid by providers of telephone, electric, gas and garbage collection services in the City. Utility revenues remained flat in 2011 when compared to 2010. Revenues collected from telephone utilities declined 18% in 2011 compared to 2010.

The following table reflects utility tax revenue received for the months of January through June from 2007 to 2011 and includes the 2011 annual projections.



### General Fund 001 Expenditures

Departments are prudently managing their budgets. Total General Fund expenditures are 3% below the 50% budget threshold. General Fund expenditures totaled \$2,212,862. Voter registration charges increased slightly over last year under **Council**. Under the **Administrative** category, a \$50,000 transfer was made from the General Fund to the Cumulative Reserve. **Information Technology** service expenses declined 29% from 2010. District court expenses under **Police** declined 18% and jail costs declined 5% compared to mid-year 2010. The **Polo Dewatering System under Public Works** experienced a significant increase in expenditures in 2011 due to flooding. The pond at Keene and South Highlands had to be pumped and expenses were incurred to repair pumps for the Lexington Dewatering Well.

The following table shows budgeted and actual expenditures through June 30, 2010 and 2011.

Expenditure Category	2011				2010		
	6/30/2011 YTD	Amended Budget	% Expended	Remaining	6/30/2010 YTD	Actual	% Expended
Council	36,177	69,200	52%	33,023	32,622	55,066	59%
Mayor	5,951	14,780	40%	8,829	8,865	22,476	39%
Administrative	109,565	236,307	46%	126,742	128,269	249,198	51%
City Clerk	65,867	145,222	45%	79,355	68,353	146,065	47%
Finance	190,578	347,147	55%	156,569	172,055	336,446	51%
Police	1,111,857	2,480,009	45%	1,368,152	1,152,919	2,509,498	46%
Planning/Community Dev	274,648	551,149	50%	276,501	287,249	572,946	50%
Economic Dev	121,100	282,556	43%	161,456	75,751	242,244	31%
Engineering Services/Polo Dewatering System/Parks	247,119	506,084	49%	258,966	231,489	479,315	48%
Transfers Out	50,000	50,000	100%	-	-	-	-
<b>Total Expenditures*</b>	<b>2,212,862</b>	<b>4,682,454</b>	<b>47%</b>	<b>2,469,592</b>	<b>2,157,571</b>	<b>4,613,254</b>	<b>47%</b>

\*Excludes services for Solid Waste for comparison purposes. Solid waste was moved from the General Fund to Fund 405 in 2011.

## **Other Fund Revenues**

Other funds include Special Revenue Funds, Capital Funds, and Enterprise Funds. Other fund revenues totaled \$4,302,335 through second quarter 2011. The Street Fund's main revenue source, **fuel tax**, remained flat compared to 2010 and was 47% of the budgeted revenue anticipated for the year. Fuel tax is tied to the number of gallons sold, not the price per gallon. The fuel tax is collected at the state level and distributed to cities based on percent of population as compared with the State.

**Golf interest and principal payments** are now receipted in the Cumulative Reserve. A transfer was also made to the Cumulative Reserve in the amount of \$50,000 from the General Fund which was approved during the passage of the 2011 budget.

**Park impact** fee collections have increased over the same period last year. Collections totaled \$110,568. County-wide sales tax collections dedicated for **criminal justice** purposes totaled \$105,927, increasing 13% over last year and are right in line with budget.

**Charges for services** are driven by monthly utility billings. **Water** revenue is at 40% of budget, which is comparable with 2010. **Sewer** revenue, which is based primarily on a fixed rate structure and usually flows in a more linear fashion, is at 49% of budget. **Water development** fee revenue has increased 19% compared with mid-year 2010. **Sewer development** fee revenues are down from 2010 by 9%.

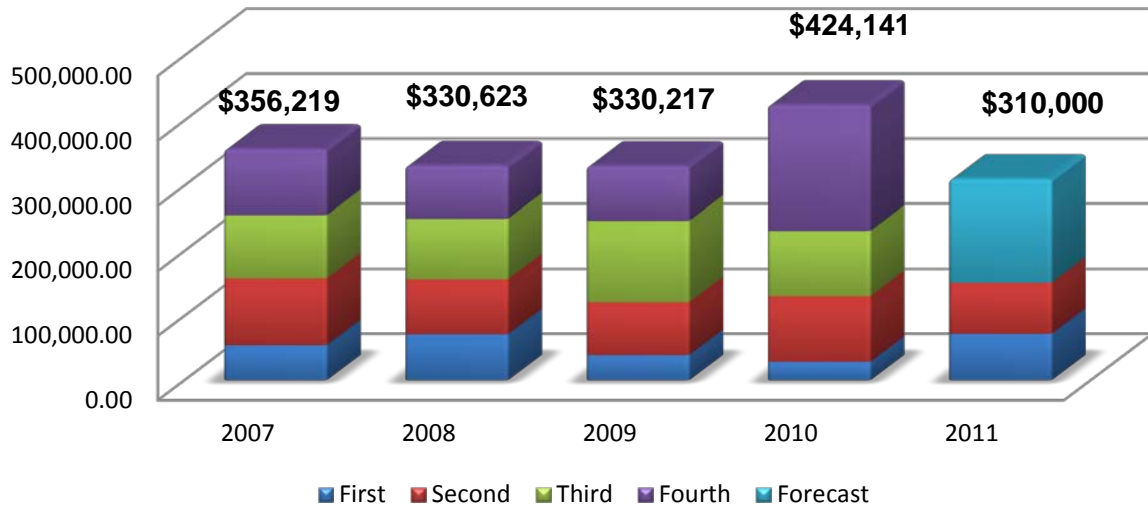
Revenues by Fund	2011				2010		
	6/30/2011 YTD	Amended Budget	% Received	Remaining	6/30/2010 YTD	Actual	% Received
Street	163,071	314,594	52%	151,523	146,916	312,817	47%
General Cumulative Reserve	120,621	180,400	67%	59,780	3,253	5,029	65%
Park Impact	112,596	113,800	99%	1,205	85,110	132,013	64%
Criminal Justice	114,462	213,178	54%	98,716	109,021	222,641	49%
Library Services	185,849	351,200	53%	165,351	191,994	347,833	55%
Real Estate Cons/Mngmt	97	20,000	0%	19,903	198	181	110%
Cap Imp - REET 1	76,611	156,500	49%	79,889	66,238	213,696	31%
Cap Imp - REET 2	79,318	163,000	49%	83,682	71,054	221,469	32%
Cap Imp - CERB/Shelby	-	1,425,962	0%	1,425,962	-	-	-
Cap Imp - Transportation Imp Program	64,483	61,000	106%	(3,483)	58,616	222,983	26%
Cap Imp - Streets	-	-	-	-	144	182	79%
Cap Imp - Paradise Way Ph 3	45,008	45,000	100%	(8)	1	265,114	0%
Cap Imp - Van Giesen Redev Ph 1	25,056	254,000	10%	228,944	-	-	-
Water/Sewer Operating	2,203,942	5,586,299	39%	3,382,357	2,109,861	4,868,385	43%
Irrigation Utility	32,617	60,574	54%	27,957	33,521	65,396	51%
Storm Water Utility	113,179	221,514	51%	108,335	106,390	369,726	29%
Solid Waste Utility	494,921	950,000	52%	455,079	-	-	-
Water System Development	249,720	1,175,000	21%	925,280	212,727	397,854	53%
Sewer System Development	208,825	3,969,000	5%	3,760,176	231,467	469,505	49%
Water Line Development	8,359	15,900	53%	7,541	5,725	5,875	97%
Sewer Line Development	2,709	10,400	26%	7,691	522	804	65%
Cap Imp - NWTP Expansion Const	894	-	-	(894)	2,064	3,082	67%
<b>Total Revenues</b>	<b>4,302,335</b>	<b>15,287,321</b>	<b>28%</b>	<b>10,984,986</b>	<b>3,434,823</b>	<b>8,124,584</b>	<b>42%</b>

Real Estate Excise Tax: Real Estate Excise Tax (REET) in the amount of one-quarter of one percent of the selling price is imposed on property sales in the City of West Richland. The tax is deposited into the Capital Improvement REET 1 Fund and is restricted to fund any capital purpose identified in a capital improvement plan and local capital improvements including those listed in RCW 35.43.040.

There is an additional one-quarter of one percent real estate excise tax on real estate sales within the city limits. According to state law, cities planning under GMA have the authority to levy a second quarter percent tax (REET 2). Funds from REET 2 are placed in the Capital Improvement REET 2 dedicated to street capital projects.

Mid-year REET collections increased 16% compared to 2010. The chart below demonstrates quarterly fluctuations in REET collections since 2007.

## Quarter REET 1 & 2 Revenue



## Other Fund Expenditures

Other fund expenditures typically followed historic spending patterns. Operational expenditures for Street, Criminal Justice, and Utility Funds compared favorably to budget. Water and Sewer utility operations were at 46% of budget.

Expenditures by Fund	2011				2010		
	6/30/2011 YTD	Amended Budget	% Expended	Remaining	6/30/2010 YTD	Actual	% Expended
Street	149,689	314,594	48%	164,905	92,388	272,880	34%
General Cumulative Reserve	31,390	67,500	47%	36,110	31,368	31,368	100%
Park Impact	5,914	321,250	2%	315,336	82,606	84,540	98%
Criminal Justice	113,457	254,554	45%	141,097	128,580	162,940	79%
Library Services	165,071	350,223	47%	185,152	159,439	322,900	49%
Real Estate Cons/Mngmt	1,040	20,000	5%	18,960	-	-	
Cap Imp - REET 1	104,563	124,420	84%	19,857	104,782	124,488	84%
Cap Imp - REET 2	44,724	466,800	10%	422,076	10,793	58,585	18%
Cap Imp - CERB/Shelby	-	1,421,962	0%	1,421,962	-	-	
Cap Imp - Transportation Imp Program	113,290	128,000	89%	14,710	5,058	256,032	2%
Cap Imp - Streets	-	-		-	678	15,678	4%
Cap Imp - Paradise Way Ph 3	63,621	82,000	78%	18,379	225	227,793	0%
Cap Imp - Van Giesen Redev Ph 1	-	254,000	0%	254,000	-	-	
Water/Sewer Operating	2,501,673	5,464,754	46%	2,963,081	2,478,823	4,607,495	54%
Irrigation Utility	19,087	63,125	30%	44,038	16,912	36,280	47%
Storm Water Utility	100,109	221,514	45%	121,405	50,802	322,440	16%
Solid Waste Utility	435,230	950,000	46%	514,770	-	-	
Water System Development	68,506	1,199,620	6%	1,131,114	13,680	161,322	8%
Sewer System Development	9,605	4,161,303	0%	4,151,698	2,998	136,329	2%
Water Line Development	99	31,478	0%	31,379	114	9,093	1%
Sewer Line Development	44	59,345	0%	59,301	-	-	
Cap Imp - NWTP Expansion Const	68,450	200,000	34%	131,550	18,405	33,157	56%
<b>Total Expenditures</b>	<b>3,995,563</b>	<b>16,156,442</b>	<b>25%</b>	<b>12,160,879</b>	<b>3,197,649</b>	<b>6,863,320</b>	<b>47%</b>