

Financial Report ***2nd Quarter of 2006***

Presented by
Finance Department
August 21, 2006

Purpose

- *Review financial position of the City after first half of 2006*
- *Information Only - No Action Required By Council*

City Operating Funds Overview

General Fund

- ◆ *2006 Annual Revenues projected at \$28.7 million*
 - ◆ **Original budget \$29.4 million, revised projections result in a \$675,000 decrease**
 - ◆ *Reductions: Gambling tax and state shared revenues*
 - ◆ *Increases: Criminal justice sales tax, Seattle City Light contract payment, Grants*
 - ◆ **Based on revised revenue projections revenues are 1.3% above projections = \$150,945**
- ◆ *2006 Annual Expenditures projected at \$28.8 million*
 - ◆ **Original budget \$29.4 million, revised projections result in a \$605,199 decrease**
 - ◆ *Reductions: Contingencies and Operating Transfers to Capital (Gambling Tax Equivalent)*
 - ◆ *Increase: Jail*
 - ◆ **Based on revised expenditure projections expenditures 1.4% below projections = \$184,443**

City Operating Funds Overview

Street Fund

- ◆ *2006 Annual Revenues projected at \$2.6 million*
 - ◆ **Original budget \$2.55 million, revised projections result in a \$44,000 increase**
 - ◆ *Increases: Grants, Investment Interest, Insurance Recoveries*
 - ◆ **Based on revised revenue projections revenues are .6% below projections = \$7,803**
- ◆ *2006 Annual Expenditures projected at \$2.58 million*
 - ◆ **Original budget \$2.56 million, revised projections result in a \$21,500 increase**
 - ◆ *Increase: Expenditures related to the WTSC Grant*
 - ◆ **Based on revised expenditure projections expenditures 2.6% below projections = \$27,681**

General Fund - Revenue Highlights

Revenue Decreases:

- **Gambling Tax Revenue Reduced by \$876,700**
 - Card room activity down by 20%
 - Temporary Reduction in tax rate from 10% to 7%
 - Loss of bingo establishment
 - Pull tab activity down
- **State Shared Revenue Reduced by \$35,012**
 - Liquor Board Profits will be \$35,012 lower than expected.

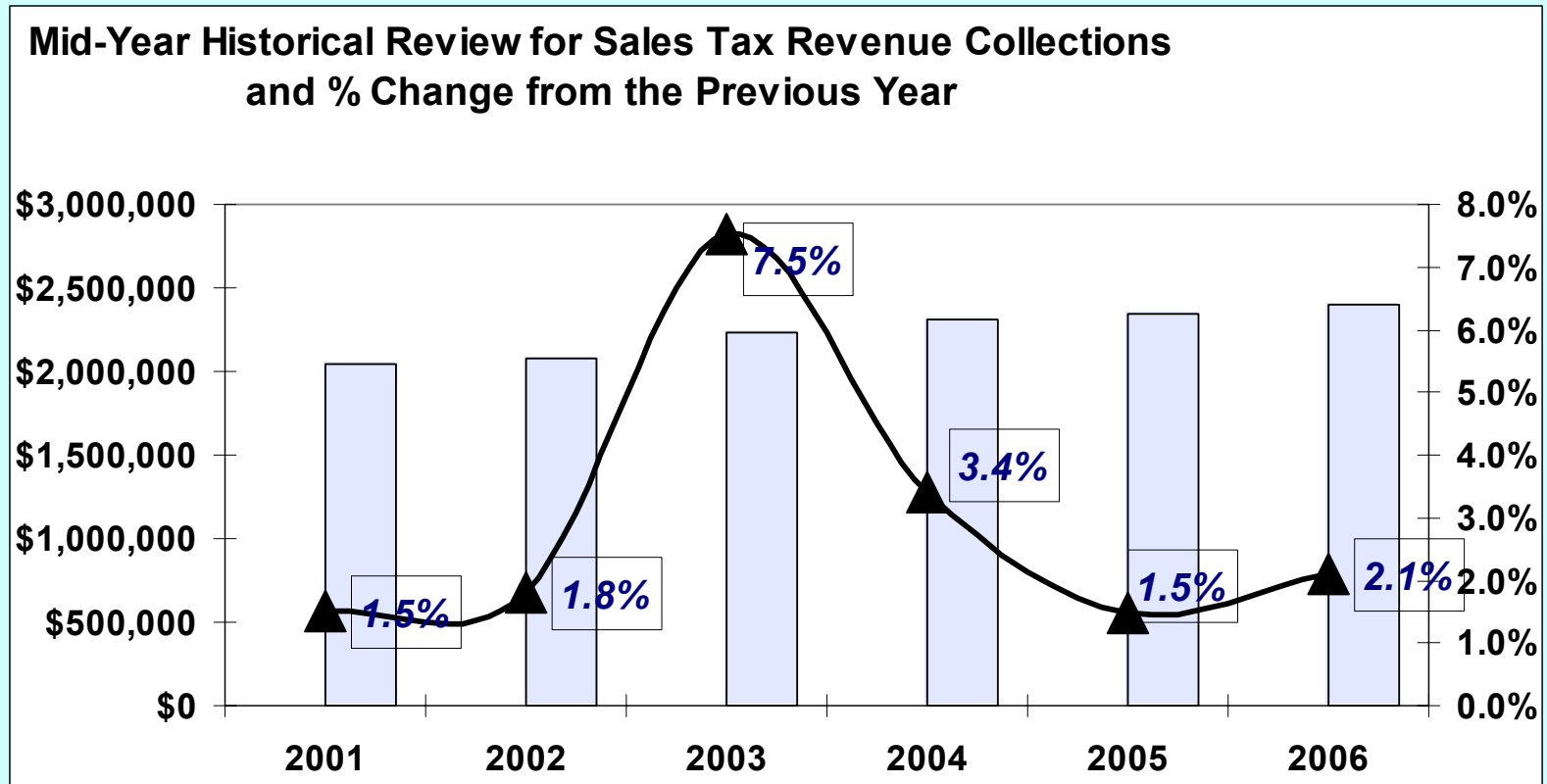
General Fund - Revenue Highlights

Revenue Increases:

- **Criminal Justice Sales Tax Increased by \$49,313**
- **Seattle City Light Contract Payment Increased by \$150,000**
- **Newly Awarded Grants were added totally \$33,438**
- **Miscellaneous Revenue Increased by \$3,474**

Sales Tax Revenue

First 6 Months Historical Look



Compared to 2005 first six months

- Retail sales tax up 3.5% (\$53,000) – Considered on-going
- Construction sales tax down 13.8% (\$35,000) – Partially one-time

General Fund Revenue Highlights

Gambling Tax Outlook

Revenue Source	2006 Budget	2006 Projections	Difference Between Budget & Projections	Operational Revenue Impact	Capital Revenue Impact
Punch Boards/Pull Tabs	\$236,000	\$185,000	(\$51,000)	(\$51,000)	\$0
Bingo/Raffles	\$44,000	\$18,300	(\$25,700)	(\$25,700)	\$0
Amusement Games	\$500	\$500	\$0	\$0	\$0
Card Games	\$2,650,000	\$1,850,000	(\$800,000)	(\$350,000)	(\$450,000)
Total	\$2,930,500	\$2,053,800	(\$876,700)	(\$426,700)	(\$450,000)

General Fund Expenditure Highlights

Expenditures 1.4% (\$184,443) Below Projections

- ***Staff vacancies in Customer Response Team, Parks, & Planning & Development Services***
- ***Savings in Contracted Services and Utilities in Parks***
- ***Delayed billings for services from King County in Police & Public Works***

Street Fund

Revenues Behind Revised Projections by 0.6% or \$7,803

- Fuel tax receipts under projections by \$12,712 as consumption levels have dropped.

Expenditures Under Projections by 2.6% or \$27,681

- Delayed billings from King County for street maintenance and street lighting services
- Salary savings from staff vacancy

Surface Water Utility Fund

(Includes Operations and Capital Projects)

Overall Revenue Projections Increased

- ***Revenue Ahead of Revised Projections by 2.3% or \$72,199***
 - Storm Drainage Fees Ahead of Projections by 0.5% or \$6,504
 - Interest Earnings Ahead by \$72,199 or 2.3%

Overall Expenditures Decreased

- ***Expenditures Under Projections by 17.5% or \$208,310***
 - Delayed King County billings
 - Capital projects occurring later in the year than originally expected

General Capital Fund

Overall Revenues Increased

▪ Revenue Ahead of Revised Projections by 5.3% or \$78,342

- Real Estate Excise Taxes Ahead of Projections by \$68,239 or 12.7%***
- Investment Earnings Ahead by 14.6% or \$8,671***

Expenditures Under Projections by 31.5% or \$238,255

- Delay in Civic Center Project***

Roads Capital Fund

Overall Revenues Reduced

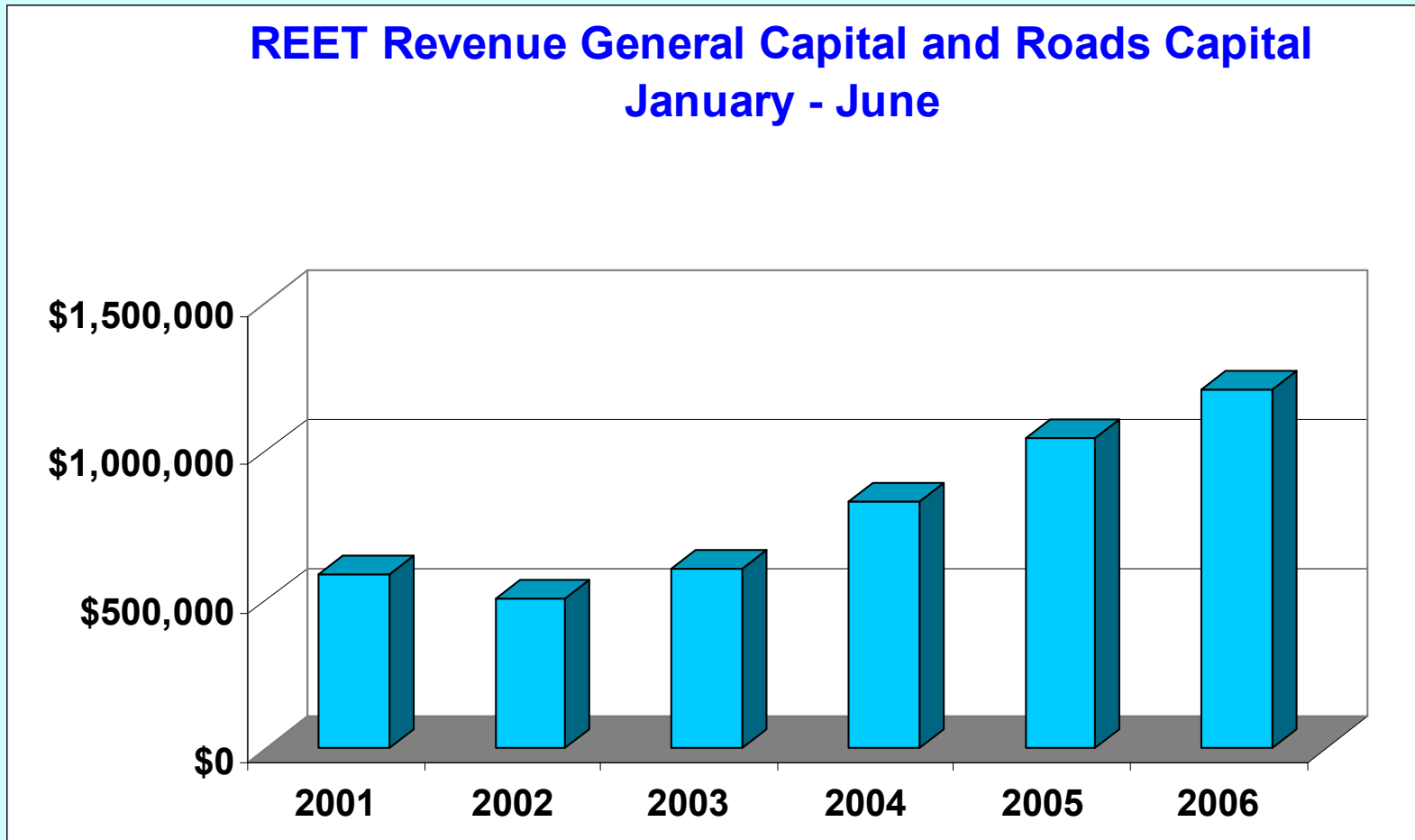
- ***Revenue Ahead of Revised Projections by 0.3% or \$16,274***
 - Real Estate Excise Taxes Ahead of Projections
 - Operating Transfers Reduced to Reflect Reduction in Gambling Tax Revenue

Overall Expenditures Reduced as adopted in during the CIP process

- ***Expenditures Under Projections by 12.5% or \$1,253,568***

Real Estate Excise Tax

REET Revenue General Capital and Roads Capital
January - June



**REET 2006 Revenue Projections Increased by
65% from \$1.4 Million to \$2.3 Million**

Summary

- *Overall Revenues Are Tracking Slightly Ahead of Projections and Expenditures Slightly Behind*
- *Areas to Watch:*
 - Gambling Tax
 - Sales Tax
 - Jail Expenditures