



## FINANCE & ECONOMIC DEVELOPMENT COMMITTEE

MAY 4, 2016

8:00 AM

COUNCIL CHAMBERS

---

1. **2016 FIRST QUARTER FINANCIAL REPORT**  
*TROY WOO, FINANCE DIRECTOR*  
(STAFF REPORT ATTACHED)



**FINANCE & ECONOMIC  
DEVELOPMENT COMMITTEE**  
May 4, 2016

**SUBJECT:** 2016 First Quarter Financial Report

---

**RECOMMENDATION:** Review First Quarter Financial Report

---

**STAFF CONTACT:** Scott Spence, City Manager   
Troy Woo, Finance Director 

**ORIGINATED BY:** Troy Woo, Finance Department

**ATTACHMENTS:** 1. [Revenue and Expenditure Reports for the Quarter Ending March 31, 2016](#)

**FISCAL NOTE:**

**PRIOR REVIEW:** None

---

**BACKGROUND:**

The 2016 first quarter financial report has been completed. The report focuses on the General Fund. The revenue and expenditure summaries are attached.

**GENERAL FUND EXPENDITURES**

As of March 31, 2016, total General Fund Expenditures were \$9,335,483 or 21.9 percent of the adopted 2016 Budget. This is a total increase of \$1,736,926 or 22.9 percent compared to the first quarter 2015 total expenditure level. Expenditures at March 31, 2015 were 19.4 percent of the total 2015 General Fund Budget. The majority of the 2016 increase is due to one-time transfers between funds to establish the City Council committed reserve fund for strategic investment. These transfers amounted to \$1,060,000. After removing the impacts of the one-time transfers, the total first quarter 2016 expenditures increased \$676,926 or 8.9 percent compared to the previous year. This variance was anticipated by the adopted 2016 Budget.

Although all first quarter expenditure categories show variances from the previous year, only the most significant variances are described below.

- The Police Department's first quarter expenditures declined \$204,442 compared to last year. The Criminal Justice Fund experienced an increase of approximately the same amount. This is a result of the establishment of the City Council's 2015 adopted committed reserves. Salaries and benefits were adjusted between the funds to re-prioritize the Council adopted committed reserves to establish the Strategic Investment reserves.
- The impacts of the aforementioned one-time transfers to establish the City Council's Strategic Investment reserves can be seen in the first quarter expenditures for the Street and Capital Equipment Funds. Transfers of \$500,000 and 560,000 were transferred from the Street Fund and Capital Equipment Fund, respectively.
- The Street Fund experienced increases due to timing differences relating to street lighting electricity (\$158,759) and road marking supplies (\$46,941) purchases.

Additional details are provided in the attached expenditure summaries for the General Fund departments and other funds.

## **GENERAL FUND REVENUES**

As of March 31, 2016, total General Fund Revenues were \$9,344,471 or 22.0 percent of the adopted budget. Last year at this same time, revenues were 19.8 percent of budget. First quarter General Fund revenues increased \$1,608,048 compared to the previous year. The aforementioned one-time transfers had a similar impact on revenues. Removing the impacts of the transfers, the General Fund revenue changes to a positive variance of \$548,048 or 7.1 percent. The overall level of increase is consistent with the revenue budget projections.

- Through March 2016, \$126,577 of property taxes has been collected. This is equal to 2.2 percent of the annual property tax budget. Low collection rates are expected during the first quarter. Property taxes are due twice per year on April 30 and October 31, so the majority of property taxes will be collected during these two times of the year.
- 2016 sales tax receipts totaled \$2,526,784 at the end of March. This is \$244,713 or 10.7 percent higher than last year. Please note that sales tax receipts from two of the three months collected will be accrued back to 2015 when the sales activity actually took place. The following table shows the year-to-date top 20 sales tax sources.

|  | Year-To-Date        |                     |       | Last 12 Months      |
|--|---------------------|---------------------|-------|---------------------|
|  | This Year           | Last Year           | % Chg |                     |
| General Merchandise Stores                           | \$ 550,692          | \$ 532,081          | 3.5   | \$ 1,913,306        |
| Food Services and Drinking Places                    | 237,765             | 220,430             | 7.9   | 953,646             |
| Construction of Buildings                            | 232,952             | 126,297             | 84.4  | 834,128             |
| Building Material and Garden Equipment and Supplies  | 137,302             | 126,505             | 8.5   | 643,592             |
| Sporting Goods, Hobby, Musical Instrument, and Books | 162,383             | 161,264             | 0.7   | 554,208             |
| Specialty Trade Contractors                          | 120,983             | 115,132             | 5.1   | 536,250             |
| Miscellaneous Store Retailers                        | 109,343             | 96,457              | 13.4  | 403,031             |
| Merchant Wholesalers, Durable Goods                  | 76,036              | 69,675              | 9.1   | 355,946             |
| Motor Vehicle and Parts Dealers                      | 67,066              | 67,968              | -1.3  | 317,999             |
| Electronics and Appliance Stores                     | 90,990              | 90,408              | 0.6   | 316,455             |
| Telecommunications                                   | 76,698              | 76,010              | 0.9   | 294,082             |
| Food and Beverage Stores                             | 56,976              | 60,904              | -6.4  | 246,981             |
| Clothing and Clothing Accessories Stores             | 72,190              | 75,544              | -4.4  | 231,109             |
| Repair and Maintenance                               | 56,517              | 55,921              | 1.1   | 227,610             |
| Professional, Scientific, and Technical Services     | 78,037              | 38,642              | 102.0 | 183,614             |
| Administrative and Support Services                  | 35,623              | 35,421              | 0.6   | 162,458             |
| Nonstore Retailers                                   | 50,197              | 43,874              | 14.4  | 155,802             |
| Furniture and Home Furnishings Stores                | 35,609              | 29,940              | 18.9  | 141,866             |
| Health and Personal Care Stores                      | 30,068              | 26,324              | 14.2  | 121,763             |
| Rental and Leasing Services                          | 29,388              | 24,414              | 20.4  | 108,594             |
|  | <b>\$ 2,306,817</b> | <b>\$ 2,073,210</b> |       | <b>\$ 8,702,441</b> |

The top 20 sources provide 91.3 percent of all sales tax. The largest sales tax category, "General Merchandise Stores", is experiencing a year-to-date 3.5 percent increase compared to 2015. The categories related to construction and housing continue to report positive results. This is consistent with strong single-family residential building permit activity and the North Thurston School District voter approved bond capital improvement program. Sales tax is the General Fund's largest source of revenue, so close monitoring of sales tax collections will continue.

- The General Fund business & occupation (B&O) tax first quarter revenues total \$705,756 or 37.3 percent of budget estimate. B&O taxes increased \$120,392 or 20.6 percent. B&O tax collections have the same basis as sales tax, so B&O taxes are likely to be following the same positive trend curve. In addition, the new business licensing partnership with the State is likely improving compliance with the City's B&O tax requirements.
- Utility tax collections for the first quarter were \$185,202 higher than the previous year. Electricity and natural gas utility taxes experienced the most significant increases. Higher heating consumption during a normal winter following a very mild winter from the previous year is the main reason for the increase. Utility tax from electricity and natural gas increased \$133,079 compared to the previous year. Telephone Utility Tax was \$27,830 lower than the previous year. It is assumed that households continue to eliminate land line phones due to broader use of cellular phones, which reduces overall consumption. In addition, larger portions of cell

phone bills are related to data, which is exempt from local utility taxes. Utility tax collections from water, sewer, and stormwater increased 11.0 percent, which is consistent with adopted rate increases and a growing number of households.

- Non-business license (includes building, mechanical, plumbing, and electrical permits fees) revenues have been collected at 32.8 percent of the budget estimate. The majority of the permit categories are experiencing increases. Building permits are experiencing the largest increase.

79 single-family residential permits were issued as of March 31. This is higher than the 53 single-family residential permits issued during the first quarter of 2015. It was projected that 250 permits will be issued by year-end. Based on the first quarter issuances and historical activity, permits are on pace to exceed the projection. Building permit activity indicates future one-time sales tax increases, ongoing property, and utility tax increases.

- First quarter transfers-in increased \$1,061,834. The increase is a result of the aforementioned one-time \$1,060,000 Strategic Investment committed reserve transfers.

## **UTILITY FUNDS**

First quarter 2016 operating expenditures for the City's utilities were within projections. The Water Utility Maintenance and Operations Fund expenditures were \$96,271 or 5.7 percent higher in 2016. Professional services (internal engineering) were the most significant increase (\$56,433). Wastewater Utility Maintenance and Operations Fund expenditures were \$224,796 or 9.2 percent higher in 2016. The primary reason for the increase is higher transfers for LOTT revenue collection. The Stormwater Maintenance and Operations Fund expenditures were \$6,125 or 1.3 percent higher than the previous year.

Operating revenues for the utilities are meeting projections and consistent with approved rate increases and customer growth. Total water revenues were \$259,518 higher than the first quarter of 2015. Through March 2016, water sales were \$239,400 higher than the 2015 water sales. Wastewater total revenues were \$263,247 higher than the previous year. Wastewater sales for the first quarter were \$95,204 higher than 2015 and LOTT sales were \$168,086 higher than 2015 for the same quarter. Stormwater revenues were \$60,520 higher than 2015. Stormwater sales increased \$67,797.

## **CONCLUSION AND FORECAST**

After adopting three straight budgets that addressed significant deficits (2013 – 2015), the 2016 Budget was adopted using reserves to balance a relatively small deficit of \$153,586. The deficit relief experienced by the 2016 Budget can be attributed to significant growth to sales tax collections. The majority of the sales tax increase comes from construction activity single-family housing, commercial development, and the voter-approved North Thurston Public Schools property tax bond levy for capital projects. The majority of the

school district's capital improvement program projects, which are located within the Lacey city limits, will be completed during 2017. Without significant increases to retail sales or new construction projects to replace the school district's capital improvement program, the 2018 sales tax projection will decrease and significant budget deficits could return.

Recognizing past annual deficits, long-term projected annual deficits, and the potential one-time nature of the construction sales tax increase, development of the City's first Six-Year Strategic Financial Plan is nearing completion. The plan is expected to provide the following benefits:

- Long-term outlook and perspective on the City's future financial condition.
- Information to make short-term budget decisions and the forward insight of the long-term impacts of current policy decisions.
- A financial model that allows for real time adjustments for flexibility and recognizes that budgets are dynamic documents.
- Guidance for budget actions and policy directives that will address the anticipated deficits.

The Six-Year Strategic Financial Plan is scheduled to be completed in advance of the development of the 2017 Budget.

With the exception of the stronger than anticipated sales tax collections due to construction activity, revenues and expenditures as a whole are occurring as projected. Although the sales tax collections are exceeding expectations, the increase does not warrant change of course from the adopted budget or long-range projections. More than half of the sales tax increase is generated from new construction and housing related categories. A significant portion of the new construction activity relates to the North Thurston Public Schools' voter-approved bond capital improvement program projects. The elevated construction sales taxes are expected to continue through 2017. At this time, there are no indicators that the elevated level of construction will continue beyond 2017, so the conservative approach is to consider the increase one-time in nature.

Each of the City's three labor contract terms includes 2017, so the City's commitments are known. The current contracts include maintenance of benefits and the cost of living adjustments (COLA) equal to 90 percent of the mid-year Seattle/Tacoma/Bremerton CPI-W with a minimum COLA of 2.0 percent and a maximum of 4.0 percent for American Federation of State, County and Municipal Employees (AFSCME) and a minimum COLA of 2.0 percent and maximum of 5.0 percent for the Lacey Police Management Association and Lacey Police Officers' Guild. The medical benefit increases have been lower due to the Association of Washington Cities (AWC) Benefit Trust change to self-insurance on January 1, 2014. The long-term rate increase outlook is 7.0 percent compared to 10.0 percent previously. The cost of labor will continue to be the City's largest expenditure challenge. Labor is the City's most important asset, but it is the most expensive to maintain.

2016 is final year that the Street Overlay Program is funded through City Council committed reserves. Preservation of the City's street system is a top priority of the City Council, so the Lacey Transportation Benefit District was established by Ordinance No. 1485 on January 28, 2016. A funding source has not been authorized, but is expected to be considered in time to avoid any significant delay to the overlay program.

At the end of March, the State House of Representatives and Senate released their compromised operating budget. The Governor has signed the Supplemental Budget with some vetoes that benefitted Washington cities. The budget continued to consider the sweeping of city revenue and programs to help balance the State's budget. The City of Lacey will not be directly impacted this year. Highlights of the Washington cities impacts of the proposed budget compromise include the following:

- Funding for the Municipal Research and Services Center (MRSC) was almost reduced to devastating levels. Thankfully, the budget compromise did not sweep any additional funding from liquor revenues, which preserves the MRSC funding.
- The compromised budget does not increase the direct cost to cities for law enforcement cadet training. Early versions of the budget included increases.
- The proposal to merge the LEOFF 1 (Law Enforcement Officers and Fire Fighters) and TRS 1 (Teacher's Retirement System) retirement plans was not included in the compromise. LEOFF 1 is fully funded, while TRS 1 is not. Merging the two retirement plans has the potential to negatively impact the City's funding of LEOFF 1.

The State will need to address the McCleary K-12 education funding mandate in the next biennial budget. It is estimated \$3 to \$5 billion will be needed to address the McCleary funding mandate. In addition, there is currently a \$750 million operating deficit projected for the 2017-19 biennium. Local governments will be in danger of losing State-shared revenues. The State's budget process is likely to be long and the City's budget process could include a degree of uncertainty.

The early 2017 Budget projections indicate a lower deficit similar to the adopted 2016 Budget. 2017 sales taxes are projected to continue to include higher new construction collections and other revenue sources are expected to grow. However, the expenditures necessary to preserve the service levels Lacey's citizens have come to appreciate and expect are projected to grow as quickly as or more quickly than revenue projections.

It is recommended that the 2017 Budget be approached with caution and continued conservatism. If the recent new construction trend is one-time in nature, 2018 could be financially challenging. Lacey's conservative budget approach has served its citizens well as illustrated with its ability to maintain service levels during the "Great Recession" and subsequent slow recovery.

**City of Lacey**  
**Monthly Expenditure Summary**  
**March 2016**

| <b>Expenditures:</b>                   | <b>2015</b>           | <b>YTD</b>              | <b>2015</b>            | <b>2016</b>           | <b>YTD</b>              | <b>2016</b>            | <b>2016-2015</b>       |
|--|-----------------------|-------------------------|------------------------|-----------------------|-------------------------|------------------------|------------------------|
| <b><u>General Fund</u></b>             | <b><u>Amended</u></b> | <b><u>3/31/2015</u></b> | <b><u>YTD % of</u></b> | <b><u>Amended</u></b> | <b><u>3/31/2016</u></b> | <b><u>YTD % of</u></b> | <b><u>YTD</u></b>      |
|  | <b><u>Budget</u></b>  | <b><u>Actual</u></b>    | <b><u>Budget</u></b>   | <b><u>Budget</u></b>  | <b><u>Actual</u></b>    | <b><u>Budget</u></b>   | <b><u>Variance</u></b> |
| City Council                           | 272,390               | 94,574                  | 34.7%                  | 341,974               | 141,508                 | 41.4%                  | 46,934                 |
| Contracted Services                    | 2,407,932             | 358,009                 | 14.9%                  | 2,627,314             | 318,433                 | 12.1%                  | (39,576)               |
| City Manager                           | 519,297               | 124,483                 | 24.0%                  | 539,446               | 135,997                 | 25.2%                  | 11,514                 |
| Public Affairs/Human Resources         | 1,209,931             | 245,575                 | 20.3%                  | 1,261,143             | 289,236                 | 22.9%                  | 43,661                 |
| Finance                                | 828,952               | 193,567                 | 23.4%                  | 848,165               | 210,957                 | 24.9%                  | 17,391                 |
| Legal & Judicial                       | 583,649               | 95,327                  | 16.3%                  | 594,585               | 148,430                 | 25.0%                  | 53,103                 |
| Common Facilities Overhead             | 1,652,148             | 597,990                 | 36.2%                  | 1,677,690             | 563,398                 | 33.6%                  | (34,591)               |
| Police                                 | 9,001,830             | 2,282,416               | 25.4%                  | 8,393,461             | 2,077,974               | 24.8%                  | (204,442)              |
| Public Works - Support SVC             | 84,229                | 19,331                  | 23.0%                  | 78,437                | 17,485                  | 22.3%                  | (1,846)                |
| Public Works - Engineering             | 2,829,217             | 675,233                 | 23.9%                  | 2,940,140             | 747,079                 | 25.4%                  | 71,846                 |
| Public Works - Parks Maint.            | 2,541,925             | 451,810                 | 17.8%                  | 2,590,606             | 521,135                 | 20.1%                  | 69,325                 |
| Public Works - Facilities Maint.       | 451,257               | 86,736                  | 19.2%                  | 492,971               | 81,352                  | 16.5%                  | (5,383)                |
| Planning & Community Dev.              | 2,186,129             | 503,182                 | 23.0%                  | 2,176,334             | 543,888                 | 25.0%                  | 40,707                 |
| Public Works - Water Resources         | 1,300,694             | 309,342                 | 23.8%                  | 1,335,552             | 321,498                 | 24.1%                  | 12,156                 |
| Parks & Recreation                     | 2,360,216             | 440,974                 | 18.7%                  | 2,551,850             | 476,705                 | 18.7%                  | 35,731                 |
| Transfers Out                          | 4,425,785             | -                       | 0.0%                   | 5,792,863             | -                       | 0.0%                   | -                      |
| <b>Total Current Expense Fund:</b>     | <b>32,655,581</b>     | <b>6,478,547</b>        | <b>19.84%</b>          | <b>\$34,242,531</b>   | <b>6,595,076</b>        | <b>19.26%</b>          | <b>116,529</b>         |
| Criminal Justice Fund                  | 730,215               | 161,342                 | 22.1%                  | 1,485,525             | 373,786                 | 25.2%                  | 212,444                |
| Community Buildings Fund               | 530,943               | 110,125                 | 20.7%                  | 514,583               | 121,108                 | 23.5%                  | 10,983                 |
| Regional Athletic Complex              | 1,055,676             | 221,253                 | 21.0%                  | 1,059,126             | 239,943                 | 22.7%                  | 18,690                 |
| Street Fund                            | 2,888,097             | 569,054                 | 19.7%                  | 3,504,352             | 1,359,183               | 38.8%                  | 790,129                |
| Capital Equipment Fund                 | 1,288,073             | 58,236                  | 4.5%                   | 1,757,963             | 646,387                 | 36.8%                  | 588,150                |
| <b>Total General Fund Expenditures</b> | <b>39,148,585</b>     | <b>7,598,557</b>        | <b>19.41%</b>          | <b>\$42,564,080</b>   | <b>9,335,483</b>        | <b>21.93%</b>          | <b>1,736,926</b>       |
| <b>Expenditures:</b>                   |                       |                         |                        |                       |                         |                        |                        |
| <b><u>Other Funds</u></b>              |                       |                         |                        |                       |                         |                        |                        |
| Arterial Street Fund                   | 8,213,144             | 385,120                 | 4.7%                   | 9,237,323             | 164,496                 | 1.8%                   | (220,624)              |
| Lodging Tax                            | 439,000               | 9,467                   | 2.2%                   | 458,600               | 6,421                   | 1.4%                   | (3,046)                |
| Community Block Grant                  | 200                   | -                       | 0.0%                   | 200                   | -                       | 0.0%                   | -                      |
| General Obligation Bond                | 2,060,856             | -                       | 0.0%                   | 2,026,525             | -                       | 0.0%                   | -                      |
| LID Debt                               | 1,398,017             | -                       | 0.0%                   | 1,047,803             | -                       | 0.0%                   | -                      |
| Building Improvement                   | 466,157               | 115,161                 | 24.7%                  | 323,379               | 22,964                  | 7.1%                   | (92,197)               |
| Parks & Open Space                     | 661,823               | 2,285                   | 0.3%                   | 886,752               | 723                     | 0.1%                   | (1,562)                |
| Regional Athletic Complex Capital      | 726,500               | 45,637                  | 6.3%                   | 901,500               | 5,378                   | 0.6%                   | (40,259)               |
| Water Utility                          | 9,839,257             | 1,698,059               | 17.3%                  | 11,021,048            | 1,794,329               | 16.3%                  | 96,271                 |
| Wastewater Utility                     | 13,769,434            | 2,448,457               | 17.8%                  | 14,540,495            | 2,673,253               | 18.4%                  | 224,796                |
| Stormwater Utility                     | 2,636,873             | 474,259                 | 18.0%                  | 3,245,821             | 480,385                 | 14.8%                  | 6,125                  |
| Reclaimed Water                        | 400                   | -                       | 0.0%                   | 400                   | -                       | 0.0%                   | -                      |
| Water Capital                          | 9,686,752             | 342,220                 | 3.5%                   | 16,713,340            | 386,582                 | 2.3%                   | 44,362                 |
| Wastewater Capital                     | 6,405,043             | 395,733                 | 6.2%                   | 11,030,735            | 330,190                 | 3.0%                   | (65,542)               |
| Stormwater Capital                     | 2,027,194             | 312,851                 | 15.4%                  | 1,509,310             | 320,601                 | 21.2%                  | 7,750                  |
| Reclaimed Water Capital                | 3,000                 | -                       | 0.0%                   | 3,500                 | -                       | 0.0%                   | -                      |
| Water Debt Service                     | 6,155,431             | -                       | 0.0%                   | 4,022,965             | -                       | 0.0%                   | -                      |
| Wastewater Debt Service                | 5,527,752             | -                       | 0.0%                   | 4,801,748             | -                       | 0.0%                   | -                      |
| Stormwater Debt Service                | 1,751,921             | -                       | 0.0%                   | 1,751,686             | -                       | 0.0%                   | -                      |
| Equipment Rental                       | 2,538,763             | 566,767                 | 22.3%                  | 2,543,522             | 237,106                 | 9.3%                   | (329,661)              |
| Information Management                 | 1,886,027             | 381,789                 | 20.2%                  | 1,905,736             | 314,549                 | 16.5%                  | (67,239)               |
| <b>Total Expenditures</b>              | <b>115,342,129</b>    | <b>14,776,361</b>       | <b>12.81%</b>          | <b>\$130,536,468</b>  | <b>16,072,461</b>       | <b>12.31%</b>          | <b>1,296,100</b>       |

City of Lacey  
Monthly Revenue Summary  
March 2016

| Revenues:<br><u>General Fund</u>           | 2015<br>Amended<br>Budget | YTD<br>3/31/2015<br>YTD Actual | 2015<br>YTD % of<br>Budget | 2016<br>Amended<br>Budget | YTD<br>3/31/2016<br>YTD Actual | 2016<br>YTD % of<br>Budget | 2016-2015<br>YTD<br>Variance |
|--|---------------------------|--------------------------------|----------------------------|---------------------------|--------------------------------|----------------------------|------------------------------|
| <b>Taxes:</b>                              |                           |                                |                            |                           |                                |                            |                              |
| Property                                   | 5,422,899                 | 138,015                        | 2.5%                       | 5,650,871                 | 126,577                        | 2.2%                       | (11,437)                     |
| Sales                                      | 7,811,185                 | 2,282,071                      | 29.2%                      | 8,373,364                 | 2,526,784                      | 30.2%                      | 244,713                      |
| Business & Occupation                      | 1,873,258                 | 585,364                        | 31.2%                      | 1,893,858                 | 705,756                        | 37.3%                      | 120,392                      |
| Admissions                                 | 275,000                   | 76,920                         | 28.0%                      | 275,000                   | 89,333                         | 32.5%                      | 12,414                       |
| Utility - Electric                         | 2,026,752                 | 514,929                        | 25.4%                      | 2,054,309                 | 660,122                        | 32.1%                      | 145,192                      |
| Utility - Natural Gas                      | 771,108                   | 286,434                        | 37.1%                      | 714,079                   | 274,321                        | 38.4%                      | (12,113)                     |
| Utility - Solid Waste                      | 320,214                   | 84,774                         | 26.5%                      | 357,506                   | 112,743                        | 31.5%                      | 27,969                       |
| Utility - Telephone                        | 1,280,432                 | 313,559                        | 24.5%                      | 1,278,607                 | 285,729                        | 22.3%                      | (27,830)                     |
| Utility - Water/Sewer/Storm                | 2,109,196                 | 474,744                        | 22.5%                      | 2,263,577                 | 526,728                        | 23.3%                      | 51,983                       |
| Excise - Forest/Leasehold                  | 5,000                     | 40                             | 0.8%                       | 500                       | 40                             | 8.1%                       | -                            |
| Gambling                                   | 392,100                   | 112,857                        | 28.8%                      | 400,100                   | 100,795                        | 25.2%                      | (12,062)                     |
| <b>Total Taxes</b>                         | <b>22,287,144</b>         | <b>4,869,707</b>               | <b>21.85%</b>              | <b>\$23,261,771</b>       | <b>5,408,928</b>               | <b>23.25%</b>              | <b>539,221</b>               |
| Penalties & Interest                       | 250                       | 20                             | 8.0%                       | 250                       | -                              |                            | (20)                         |
| Franchises                                 | 625,000                   | 162,160                        | 25.9%                      | 650,000                   | 173,149                        | 26.6%                      | 10,989                       |
| Licenses & Permits                         | 936,345                   | 322,714                        | 34.5%                      | 1,051,700                 | 347,332                        | 33.0%                      | 24,618                       |
| <b>Inter-Governmental:</b>                 |                           |                                |                            |                           |                                |                            |                              |
| Criminal Justice                           | -                         | -                              |                            | -                         | -                              |                            | -                            |
| Traffic Safety                             | 5,000                     | 2,400                          | 48.0%                      | 5,000                     | -                              |                            | (2,400)                      |
| Liquor Excise                              | 86,561                    | 22,544                         | 26.0%                      | 203,869                   | 48,968                         | 24.0%                      | 26,423                       |
| Liquor Profits                             | 397,456                   | 99,304                         | 25.0%                      | 396,232                   | 99,763                         | 25.2%                      | 459                          |
| Other State Entitlements                   | -                         | -                              |                            | 17,451                    | 4,363                          | 25.0%                      | 4,363                        |
| Inter-Gov. Service Charges                 | 236,110                   | 26,624                         | 11.3%                      | 234,768                   | 4,308                          | 1.8%                       | (22,316)                     |
| Other Grants                               | 76,500                    | -                              |                            | 69,500                    | -                              |                            | -                            |
| <b>Total Inter-Governmental</b>            | <b>801,627</b>            | <b>150,872</b>                 | <b>18.82%</b>              | <b>\$926,820</b>          | <b>157,402</b>                 | <b>16.98%</b>              | <b>6,529</b>                 |
| <b>Service Charges:</b>                    |                           |                                |                            |                           |                                |                            |                              |
| General Government                         | 32,250                    | 11,200                         | 34.7%                      | 35,000                    | 10,051                         | 28.7%                      | (1,149)                      |
| Security of Persons/Property               | 52,500                    | 3,032                          | 5.8%                       | 23,500                    | 490                            | 2.1%                       | (2,542)                      |
| Economic Environment/Plan Checking         | 318,000                   | 76,166                         | 24.0%                      | 344,500                   | 194,547                        | 56.5%                      | 118,381                      |
| Culture and Recreation                     | 870,138                   | 142,440                        | 16.4%                      | 988,326                   | 151,626                        | 15.3%                      | 9,186                        |
| <b>Total Service Charges</b>               | <b>1,272,888</b>          | <b>232,838</b>                 | <b>18.29%</b>              | <b>\$1,391,326</b>        | <b>356,714</b>                 | <b>25.64%</b>              | <b>123,876</b>               |
| <b>Interfund Charges:</b>                  |                           |                                |                            |                           |                                |                            |                              |
| Engineering Services                       | 2,628,459                 | 512,063                        | 19.5%                      | 2,638,953                 | 575,383                        | 21.8%                      | 63,320                       |
| Park Maintenance                           | 293,752                   | 61,164                         | 20.8%                      | 377,650                   | 92,653                         | 24.5%                      | 31,489                       |
| Water Resources                            | 1,565,694                 | 381,160                        | 24.3%                      | 1,601,515                 | 417,824                        | 26.1%                      | 36,664                       |
| Other Interfund Charges                    | 200,000                   | -                              |                            | -                         | -                              |                            | -                            |
| <b>Total Interfund Charges</b>             | <b>4,687,905</b>          | <b>954,387</b>                 | <b>20.36%</b>              | <b>\$4,618,118</b>        | <b>1,085,861</b>               | <b>23.51%</b>              | <b>131,474</b>               |
| Violations                                 | 750,000                   | 191,187                        | 25.5%                      | 525,000                   | 87,871                         | 16.7%                      | (103,316)                    |
| Interest Earnings                          | 80,000                    | 11,679                         | 14.6%                      | 55,000                    | 24,225                         | 44.0%                      | 12,546                       |
| Other Miscellaneous                        | 113,450                   | 7,401                          | 6.5%                       | 43,550                    | 10,363                         | 23.8%                      | 2,962                        |
| Contributions                              | 56,100                    | 44,450                         | 79.2%                      | 57,600                    | 20,883                         | 36.3%                      | (23,568)                     |
| Financing                                  | -                         | 15,894                         |                            | -                         | -                              |                            | (15,894)                     |
| Transfers                                  | 434,647                   | -                              |                            | 1,501,338                 | 1,061,834                      | 70.7%                      | 1,061,834                    |
| Beginning Cash                             | 610,225                   | -                              |                            | 160,058                   | -                              |                            | -                            |
| <b>Total Current Expense Fund Revenues</b> | <b>32,655,581</b>         | <b>6,963,311</b>               | <b>21.32%</b>              | <b>\$34,242,531</b>       | <b>8,734,562</b>               | <b>25.51%</b>              | <b>1,771,251</b>             |
| Criminal Justice Fund                      | 730,215                   | 189,730                        | 26.0%                      | 1,485,525                 | 205,720                        | 13.8%                      | 15,990                       |
| Community Buildings Fund                   | 530,943                   | 37,466                         | 7.1%                       | 514,583                   | 42,850                         | 8.3%                       | 5,384                        |
| Regional Athletic Complex Fund             | 1,055,676                 | 144,331                        | 13.7%                      | 1,059,126                 | 144,289                        | 13.6%                      | (41)                         |
| Street Fund                                | 2,888,097                 | 193,624                        | 6.7%                       | 3,504,352                 | 197,684                        | 5.6%                       | 4,060                        |
| Capital Equipment Fund                     | 1,288,073                 | 207,961                        | 16.1%                      | 1,757,963                 | 19,366                         | 1.1%                       | (188,595)                    |
| <b>Total General Fund Revenues</b>         | <b>39,148,585</b>         | <b>7,736,423</b>               | <b>19.76%</b>              | <b>\$42,564,080</b>       | <b>9,344,471</b>               | <b>21.95%</b>              | <b>1,608,048</b>             |

| <b>Revenues:</b>                  | <b>2015</b>           | <b>YTD</b>               | <b>2015</b>            | <b>2016</b>           | <b>YTD</b>               | <b>2016</b>            | <b>2016-2015</b>       |
|-----------------------------------|-----------------------|--------------------------|------------------------|-----------------------|--------------------------|------------------------|------------------------|
| <b><u>Other Funds</u></b>         | <b><u>Amended</u></b> | <b><u>3/31/2015</u></b>  | <b><u>YTD % of</u></b> | <b><u>Amended</u></b> | <b><u>3/31/2016</u></b>  | <b><u>YTD % of</u></b> | <b><u>YTD</u></b>      |
|                                   | <b><u>Budget</u></b>  | <b><u>YTD Actual</u></b> | <b><u>Budget</u></b>   | <b><u>Budget</u></b>  | <b><u>YTD Actual</u></b> | <b><u>Budget</u></b>   | <b><u>Variance</u></b> |
| Arterial Street Fund              | 8,213,144             | 447,300                  | 5.4%                   | 9,237,323             | 1,113,688                | 12.1%                  | 666,387                |
| Lodging Tax                       | 439,000               | 82,841                   | 18.9%                  | 458,600               | 89,172                   | 19.4%                  | 6,331                  |
| Community Block Grant             | 200                   | 15                       | 7.7%                   | 200                   | 19                       | 9.5%                   | 4                      |
| General Obligation Bond           | 2,060,856             | 27,611                   | 1.3%                   | 2,026,525             | 18,879                   | 0.9%                   | (8,732)                |
| LID Debt                          | 1,398,017             | 93,064                   | 6.7%                   | 1,047,803             | 37,154                   | 3.5%                   | (55,910)               |
| Building Improvement              | 466,157               | 1,864                    | 0.4%                   | 323,379               | 3,720                    | 1.2%                   | 1,856                  |
| Parks & Open Space                | 661,823               | 5,165                    | 0.8%                   | 886,752               | 5,905                    | 0.7%                   | 740                    |
| Regional Athletic Complex Capital | 726,500               | 205,042                  | 28.2%                  | 901,500               | 224,839                  | 24.9%                  | 19,797                 |
| Water Utility                     | 9,839,257             | 1,739,734                | 17.7%                  | 11,021,048            | 1,999,252                | 18.1%                  | 259,518                |
| Wastewater Utility                | 13,769,434            | 3,446,042                | 25.0%                  | 14,540,495            | 3,709,289                | 25.5%                  | 263,247                |
| Stormwater Utility                | 2,636,873             | 684,354                  | 26.0%                  | 3,245,821             | 744,874                  | 22.9%                  | 60,520                 |
| Reclaimed Water                   | 400                   | 75                       | 18.8%                  | 400                   | 91                       | 22.8%                  | 16                     |
| Water Capital                     | 9,686,752             | 875,936                  | 9.0%                   | 16,713,340            | 969,918                  | 5.8%                   | 93,982                 |
| Wastewater Capital                | 6,405,043             | 377,053                  | 5.9%                   | 11,030,735            | 431,825                  | 3.9%                   | 54,772                 |
| Stormwater Capital                | 2,027,194             | 894                      | 0.0%                   | 1,509,310             | 951                      | 0.1%                   | 57                     |
| Reclaimed Water Capital           | 3,000                 | 905                      | 30.2%                  | 3,500                 | 1,774                    | 50.7%                  | 868                    |
| Water Debt Service                | 6,155,431             | 1,633                    | 0.0%                   | 4,022,965             | 1,530                    | 0.0%                   | (103)                  |
| Wastewater Debt Service           | 5,527,752             | -                        |                        | 4,801,748             | -                        |                        | -                      |
| Stormwater Debt Service           | 1,751,921             | 16                       | 0.0%                   | 1,751,686             | 19                       | 0.0%                   | 3                      |
| Equipment Rental                  | 2,538,763             | 571,245                  | 22.5%                  | 2,543,522             | 561,589                  | 22.1%                  | (9,656)                |
| Information Management            | 1,886,027             | 407,564                  | 21.6%                  | 1,905,736             | 422,855                  | 22.2%                  | 15,291                 |
| <b>Total Revenues</b>             | <b>115,342,129</b>    | <b>16,704,776</b>        | <b>14.48%</b>          | <b>\$130,536,468</b>  | <b>19,681,813</b>        | <b>15.08%</b>          | <b>2,977,037</b>       |