

STAFF REPORT**2011 Mid-Year BUDGET REVIEW**

To: Members of the Finance Committee and City Council

Date: July 15, 2011

From: Debbie L. Mahler, Director of Finance/City Clerk

The mid-year financial reports are attached. As you can see from the chart below, General Fund revenues have picked up and are at 52% of the yearly budget. We have been able to hold down expenditures which are at 44% of the budget. With the exception of legal fees, most expenditures are under what was budgeted. We ended June with a positive balance of \$119,633 in the General Fund. We will be paying back a \$25,000 interfund loan this month, but that should still leave the General Fund with a healthy balance. If revenues continue to increase and we are able to hold down costs, we should end the year with a strong cash flow.

Real Estate Excise tax has picked up and is at 54% of the budget. At the end of the first quarter, we had only collected 6%. Building permits (71%) and plan check fees (52%) are also up from the first quarter which was extremely low. We have now collected over 1/2 of the budgeted property taxes, which has helped cash flow significantly.

**General Fund
Major Revenue
Sources**

	2011	2010	2009	2008	2007	
Percentage of budget collected by June 30 th - 50% of year						
Property Tax	55	54	55	54	54	
Sales Tax	49	44	51	48	55	
Utility Taxes	57	49	62	61	58	
Business Licenses*	15	85	100	98	73	
Franchise Fees	46	47	50	53	56	
Building Permits	71	51	22	61	32	
Plan Check Fees	52	46	21	20	23	
Real Estate Excise Tax	54	25	30	43	49	
Fire Hall Rent	50	50	0	50	50	
Operating Transfers	50	50	50	50	50	
All Revenues	52	49	55	60	62	Avg 56%
All Expenditures	44	48	49	47	47	Avg 47%

*Due date changed to June from Feb

Most expenditures are within budget limits with the exception of legal fees. The City paid attorney Carol Morris over \$15,000 to handle the Langley Passage matter this year alone. Over \$1,000 has been spent for the City attorney to research elections issues and

possible required changes if the vote for a change in form of government is to pass. We have had a significant amount of contract work this year with the Police Guild negotiations, leases at the fire station, a new contract with Whidbey Children's Theater, etc.; and the usual expenses for reviewing ordinances, minutes, attendance and preparation for workshops, public disclosure requests and other administrative matters.

Other general fund line items that will need to be watched closely are also legal expenses from the Municipal Court such as County Prosecutor Services (currently at 65% of budget) and Public Defender costs (75%). Legal expenditures are the hardest line items to estimate for budget purposes, as we rarely know in advance what types of issues will surface or how many citations will be issued.

All utility funds expenditures are under budget and revenues are coming in at or over expected levels. If the year continues as expected, we should have the restored cash carryover that we strove for during the budget process. We will continue to watch the few line items that have exceeded expectations and begin working on amendments if needed.