

March 2005



General Fund Status

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The General fund's cash balance the end of this quarter is: \$1,210,853 versus \$1,035,028 last year for the same time period. Our total collections for General fund year to date are \$2,638,581 versus this time last year at \$2,409,358 .

Whereas the expenditures to date are \$3,179,926 versus \$2,965,098 last year for the end of the first quarter.

The reason our fund balance seems so robust is pointed out throughout this report. So, we have to keep in mind all of these revenue streams are coming from the current construction boom (Sales , B&O, and Development Fees) and not sustainable. None of the current activity is from retail, all of these additional dollars are a "one-time" source.

GENERAL FUND DEPARTMENTS BUDGET UPDATE

DEPARTMENT	BUDGET 2005	2005 Y-T-D SPENT	2005 % USED	2004 Y-T-D SPENT	2004 % USED
Legislative/Council	\$118,662	26,718	22.5	\$27,159	23.1
Executive/Mayor	216,761	52,257	24.1	50,872	24.6
Finance/ Administrative Services	1,535,273	575,730	37.5	507,413	34.9
General/Personnel	265,414	58,567	22.1	56,073	22.5
Legal	217,471	52,023	23.9	48,201	26.8
Police	3,214,915	802,105	24.9	793,525	25.0
Fire	2,506,782	621,693	24.8	567,619	22.9
Parks & Recreation	860,644	169,506	19.7	150,786	19.3
Planning & Facilities	1,426,893	253,392	17.8	282,371	22.4
Development Services	1,115,497	246,097	22.1	226,514	24.3
Public Works:					
- Engineering	169,467	32,899	19.4	34,752	19.5
- Street	1,014,960	228,811	22.5	207,811	21.6
TOTAL	\$12,662,739	\$3,119,798	23.44	\$2,953,097	22.2

SPECIAL POINT OF INTEREST:

- Consumer Price Index (CPI) :
Seattle-Tacoma: 2.1
- Unemployment rate:
5.5%

The above table does not include ending fund balance, contingency reserve, or operating transfers.

Property Tax

Property tax collections are slightly below what we would expect at this time of the year. Normally, at this time we would have over 2% reported and we are at 1.8%



The city does not receive the 1st half property tax payment until May.

2005	2004
\$55,641	\$62,668

Retail Sales & Use Tax

The city's portion of the Sales & Use Tax is \$195,764 ahead from a year ago at this time. Last year at this time we had collected \$829,355 and at the end of this quarter our collections are at \$1,023,174.

The increase is from "one-time" sales tax transactions; construction. Our "on-going" tax base is stable, so that is good news. The concern is there is nothing to fill the hole

when the construction is completed. If additional retail from our current inventory does not arrive we have a large deficit in this tax stream to deal with in the future. For now we are in good shape, but we will continue to monitor this revenue and the City's B&O tax revenue to watch for the first sign of the construction boom slowing, as it will immediately affect our budget position.

Local Business and Occupation Tax

The City's Business & Occupation tax is charged to all businesses that do business within the city.

Whether or not they are located here. The rate is 1/10 of 1% on the gross receipts and if you are engaged in the business of rendering any type of service the rate is 2/10 of 1%.

We watch this revenue stream with the same amount of vigilance as we do the sales tax because of its economic volatility.

Collections are slightly ahead of last year during the same time period. 2004's first quarter brought \$364,122 and this year's first quarter's collections are: \$378,157.

But as with *Sales & Use* tax the major portion of the increase is from a "one-time" source: construction.

We have been watching very diligently activity related to the B&O during the legislative session. We expected the business industry to advocate several changes. It looks like at

this point, there will be no negative legislation. Although, we are still dealing with the apportionment bill from 2004, effective 2008.

The Department of Revenue was required to do a survey of our business on the apportionment issue, and all of our businesses did get that survey in their first quarter B&O tax statement. Also, we will be sending our post-cards later this month as a reminder to return the surveys.

Development Fees

Development Fees include building permits, plan-checks, street plan check/inspections and water/sewer/storm plan checks.

Year	Y-T-D
2000	\$93,903
2001	154,242
2002	103,343
2003	169,902
2004	277,604
2005	289,642

This grouping is slightly behind of the collections from a year ago.

The overall budget in this grouping is at 46% of budget.



Plan-check dollars are less than half of the amount that was collected at this time last year. That might be indicating that the "spike" from last year's

TYPE	2005	2004
Building Permits	\$138,126	\$135,799
Plan-Checks	51,731	111,082
Miscellaneous	99,785	30,723
Total	\$289,642	\$277,604

activity is slowing. We need to be aware of this, as they could translate into the end of the construction environment, which would mean we are

Utility Taxes



The City of Tumwater imposes a utility tax on telephones, telegraph, electrical energy, natural gas, brokered natural gas, solid waste, water, sanitary sewerage, and storm drainage at the rate of 6 percent.

Council policy direction is that one-half (3%) is to be for the support of general fund and the other half is for the capital improvement fund. This reporting is for the entire amount collected.

This category of tax receipts is right at

the 25% mark for budget projections. This was a revenue we were very concerned about when the Brewery

Year	Y-T-D
2000	530,375
2001	593,697
2002	542,939
2003	519,120
2004	513,144
2005	552,684

closed, but with the current construction activity the revenue has been doing well.

We are still not where we were, but it appears to be gaining.



General Fund Contingency Reserve Status

After the dust settled with the final budget of 2005 the Council contingency reserve started with \$50,675, which is below the Council policy of \$100,000. The tight budget environment did not allow for more.

The first quarter of this year, has not had any draws from the account.

Hotel-Lodging Tax Status

The sole source of revenue for this program that supports the core "Historical Activities" and "Tourism Activities" is the Hotel/Motel tax. This is a 4% tax on the cost of renting a room in a Hotel or Motel within the city.

Year	Y-T-D
2000	25,640
2001	22,351
2002	30,450
2003	33,833
2004	35,047
2005	39,966

The first 2% is derived by taking 2% of the state's 6.5% sales tax and rebating it back to the community for local programs to promote tourism and the additional 2%, that

was authorized in 1998, is to be used solely for paying for tourist promotion, acquisition and/or maintenance of tourism-related facilities.

We are back in the situation that the outflows (expenses) are more than the inflows (revenues) of the historical program.

The operating expense year to date for

the program is: \$25,803 whereas the revenue to support the program is: \$21,825.

In addition the fund balance for this quarter is \$154,615 and last year at this time the fund balance was 162,198. Again a decrease that we will need to keep vigilance on as it is significantly short from the policy of \$250,000.

This fund also has requirements for donations to support the main program. The donation budget is \$15,000 and in the first quarter of this year only \$347 has been collected.

Although, the overall news is not good we can report that our hotel-motel tax is doing well for the first quarter of the year, so if that sustains we will be in a slightly better position.



R.E.E.T Collections

Other than utility tax, real estate excise tax (R.E.E.T) is the other major funding source for the Capital Improvement Fund.

This tax is levied on all sales of real estate at the rate one-half percent. The active real estate market shows in this revenue. The overall sales are high and that includes new inventory and re-sales. As long as the interest rate remains steady this trend will more than likely continue.

Year	Y-T-D
2000	81,521
2001	33,887
2002	47,220
2003	65,997
2004	188,857
2005	230,467

Tumwater Valley Golf Course

The Tumwater Valley Golf Course has been a member of the city family for 9 years now. We acquired the course in May of 1996. Since that time we have spent considerable time and money in getting the course up

to "par". Both the Course and the Equipment were in bad disrepair. It was allowed to degrade considerable over the years. In fact, the equipment was fully depleted along with the carts, so new carts and golf course equipment was purchased.

There is a table provided indicating the revenues and expenses for year to date from 2001 to current. As of this date the line of credit from the Sewer Fund is at \$551,001. Last year at this time it was at \$897,714, so we have made significant headway.

The current line of credit the Council approved is up to \$1,000,000.

The revenues and costs are so very dependent upon the weather, that it is almost impossible to predict. But, the first quarter revenues reflect the light and "golfable" weather we have had.

It is obvious Staff has a good handle on the expenditures. This is a good trend for the long term viability of this activity.

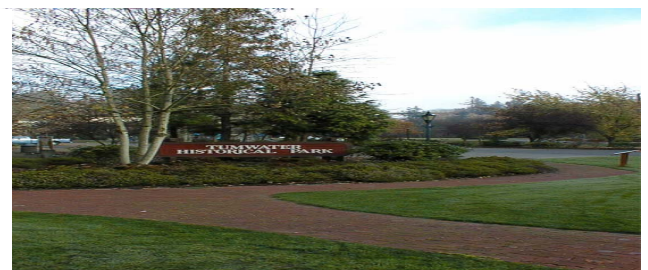
Type	2001	2002	2003	2004	2005
Green Fees	\$59,206	\$41,878	\$46,574	\$49,556	\$76,221
Pro Shop	18,852	16,973	14,405	23,737	33,282
Cart Rental	1,664	5,513	7,177	9,114	12,532
Driving Range	11,447	7,290	8,684	12,888	14,381
Restaurant Lease	5,071	7,676	8,488	12,816	8,898
Miscellaneous	3,572	6,477	2,820	2,885	4,003
Total Revenues	\$99,812	\$85,807	\$88,148	\$110,996	\$149,317
Operations	\$96,345	\$81,352	\$63,352	\$95,703	\$83,649
Maintenance	63,819	76,521	86,235	88,457	60,194
Total Expenses	\$160,164	\$157,873	\$149,587	\$184,160	\$143,843
Debt	\$25,783	\$29,382	\$29,691	\$9,977	\$205,473



Cultural & Recreational Fees

The Parks & Recreation Department collect fees for various classes and sporting events. The Finance Department tracks only the categories that are required by the accounting structure. Everything seems to be on track and within a reasonable range from previous years. Many of these categories are seasonal and not the time of year for much activity.

This table is a year to date tracking from 2002 to current.



Type	2002	2003	2004	2005
Ball Field User Fees	\$1,035	\$735	\$230	\$0
Historical Park User Fees	1,185	1,550	1,750	1,800
Recreation Fees	24,338	22,580	23,166	23,807
Total	\$26,558	\$24,865	\$26,146	\$25,607



Public Works

	Inflows		Outflows		Year-to-date Fund Balance
	2005	2004	2005	2004	
WATER	\$862,911	\$766,364	\$459,384	\$491,775	\$6,143,869
SEWER	1,377,290	1,228,713	1,055,537	1,161,392	5,860,248
STORM	224,276	205,916	167,243	188,162	1,972,805
TOTAL	\$2,464,477	\$2,200,993	\$1,682,164	\$1,841,329	\$13,976,922

Utility Funds

WATER

The Water Fund, has connection fees to date collected of \$288,960, whereas last year at this time that amount was \$249,204. We estimated the budget to have \$789,757 in this category, therefore we have collected over 36% of that amount!

The water sales are historically where they should be even with the additional hook-ups from this past year at \$455,405. Last year at this time we had collected \$424,547. Whereas, that is only 19% of the budget it is the time of year for less water consumption and we feel confident about our budget target being met.

Whereas, our construction portion of the budget has only spent

\$32,373 and primarily on salaries for pre-construction and bid preparation of the capital projects.

The primary project for this fund is the "north-south Tumwater Boulevard upgrade". The total amount of the Capital Program for 2005 is \$1,305,000.

SEWER

The city's portion of the sewer service collections for this fund are just slightly ahead at \$251,396 as last year's collections were \$229,537.

The connection fees this year though are at \$172,434 (33% collected) versus \$141,536 this time last year.

Construction projects at this point

and time are almost exclusively the "System Rehabilitation " project, having spent just \$19,012 out of the \$2,910,000 budgeted.

STORM

Collections in the storm drain fund for monthly fees have a very small variable from year to year. This year to date collections are: \$186,778 (25% of budget) whereas last year's to date number was \$180,289.

\$401,375 in project funds are budgeted for this utility. As of this date only a very small amount , \$7,157, has been expended for preliminary engineering work.



Departmental Issues

The ***Financial Services*** division of the Finance Department is knee deep in preparations of the city's annual financial report that is required by state law.

The deadline for the annual report is the end of May. It ultimately is what is the basis for the city audit, done by the Washington State Auditor's Office. This information is used for the statistical data base managed by the State Auditor's Office. This data base is used by all the State Agencies

and the State Legislature for all their research data on bills and various other financial related matters.

It not only requires a tremendous amount of staff time, but a lot of coordination between this department and several other departments of the city, because of one of the major components is the composite grant reporting.

Again this year, we will meet that deadline, but it does take a tremendous amount of staff resources.

But, most of the staff just continue their basic monthly duties, receipting monies, billing utilities, paying bills, doing payroll, tax reporting (to the state), tax reporting to us, and keeping up with business licensing. That in itself keeps my staff on their toes.

They are a great bunch and consistently amaze me with what they deal with on a regular basis.

Our ***Information Technology*** division continues to be whirling with activity. We are either repairing, replacing, or acquisitioning computers, printers, telephones, etc. And every day we have new, old and unique issues. The downstairs City Hall renovation has taken up a lot of time of this division.

The ***Risk Management*** portion of the Department has had average amount of activity this past quarter. We have had 17 incidents filed since the first of the year. We have had 4 claims filed, but only 2 were paid by the Washington Cities Insurance Authority.

We still have 8 active claims from the prior year, that may or may not become lawsuits. Sometimes if the claim's process is lengthy it is because they have retained an Attorney and are planning on filing a suit.

Special Projects: We are working towards the financial system conversion that will take all of the rest of this year and completion will not be until mid-2006 and that is optimistic.

Municipal Courts: Activity remains high in this division. This quarters activities are: 780 Infractions filed, along with 192 Criminal cases and 31 Driving while under the influence cases. We have had 1,212 proceedings in Court during this quarter. The work load of this division has gotten so big that several staff members, including the Director work on a variety of functions of this division.

Year	Collections
2002	\$29,213
2003	51,608
2004	48,503
2005	\$45,614

The ***City Clerk's Office*** continues to provide excellent service in the maintenance of the city's television reader board and more importantly serving as the city's web page master.

The web page is used more and more. More of our citizens, on a daily basis, look to it for their information. Therefore, the page must be kept current. We have very good cooperation amongst all Departments to keep us updated on their goings on, so we can keep the web page and reader board timely.

Also, this division of the department continues to provide service to the Administration for the city council agenda preparation and dissemination.

Lastly, but most importantly, the major project of records management that includes the city-wide imaging continues.

Our city ***2005 Budget*** is out and we are very proud of the product. We continue to work diligently to improve the product every year and we believe this year is one of the best ever.

Believe it or not we are starting on the preliminary work for 2006, so if you have any suggestions, or want to provide feedback please let us know.

Additionally, this year we again developed the ***Budget At a Glance***, and have provided the actual document on the web page. We have had a lot of positive comments and appreciation for the ease of reading our the document. Which is one of the goals we consistently work on.