

March 2007



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General Fund Status

The General fund's cash balance the end of this quarter is: \$1,180,397 versus \$736,878 last year for the same time period.

Our total collections for General fund year to date are \$2,844,234 (23% collected) versus this time last

year at \$2,603,309 (22% collected). Whereas the expenditures to date are \$3,846,958, a 23.23% expended, versus \$3,603,667, a 22.68% expended, last year for the end of the first quarter.

Throughout this report are more details on the various revenue activity, but we have several revenues that we have to keep an eye on this year, such as sales tax, and business & occupation tax.

GENERAL FUND DEPARTMENTS BUDGET UPDATE

DEPARTMENT	BUDGET 2007	2007 Y-T-D SPENT	2007 % USED	2006 Y-T-D SPENT	2006 % USED
Legislative/ Council	\$118,250	\$31,466	26.61	\$30,941	25.2
Executive/Mayor	236,792	59,937	25.31	55,727	25.2
Finance/ Administrative Services	1,872,459	700,602	37.42	645,221	38.8
General/Personnel	299,940	64,093	21.37	66,633	23.8
Legal	249,146	64,435	25.86	59,057	24.6
Police	3,562,832	917,502	25.83	958,157	27.0
Fire	3,130,732	720,102	23.00	666,681	23.6
Parks & Recreation	1,013,877	208,274	20.54	192,992	18.9
Planning & Facilities	1,552,578	363,183	23.40	328,177	22.1
Development Services	1,276,089	335,312	26.28	269,223	22.4
Public Works:					
- Engineering	175,489	35,973	20.50	34,142	19.4
- Street	1,164,917	307,438	26.50	258,649	21.7
TOTAL	\$14,653,101	\$3,803,316	25.96	\$3,565,601	24.4

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

SPECIAL POINT OF INTEREST:

- Consumer Price Index (CPI) :
Seattle-Tacoma: 4.2%
- Unemployment rate:
4.8%

Property Tax

Property tax collections are exactly at where we would expect at this time of the year. Normally, we would have approximately 2% reported and we are at 1.99%, after having taken the hit last year on the Qwest agreement we are back on track.



<u>2007</u>	<u>2006</u>
\$71,393	\$41,467

Retail Sales & Use Tax

The city's portion of the Sales & Use Tax is a bit below, in dollars, from last year at this time, by \$32,796, but only 1.07% less.

Overall we have collected 24.9%, which even though it is less than last year, we expected this in our budget forecast.

We realized the impact that the new retail located in Lacey and how it was affecting our retail vitality.

Hopefully, the construction season will pick up and we will at least be able to make our budget projections.

<u>Year</u>	<u>Amount</u>
2003	815,818
2004	883,590
2005	975,070
2006	954,679
2007	921,883

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.

economic volatility.

Collections are again lower than last year during the same time period. 2006's first quarter brought \$381,214 and this year's first quarter's collections are: \$338,521.

Even though we lowered our budget projections this year realizing the additional retail that located in Lacey, we still are behind our estimates with only 19.34% collected so far this quarter.

Hopefully, the construction season will pick up and that will get us through the year, we will watch this stream consistently.

We have been watching very diligently activity related to the local B&O tax during the legislative session. We hoped to combat the business industry's move on apportionment in 2004 that comes into affect in 2008, but we were unsuccessful. So our budget will be hit substantially by at least \$150,000 in additional loss of

Development Fees

Development Fees include building

<u>Year</u>	<u>Y-T-D</u>
2001	\$154,242
2002	\$103,343
2003	\$169,902
2004	\$277,604
2005	\$289,642
2006	\$202,875
2007	\$381,423

permits, plan-checks, street plan check/inspections and water/sewer/storm plan checks.

This grouping is significantly behind the collections from a year ago.



The overall budget in this grouping is approximately 50% collected of our budget goals. Unless we have a big-

<u>TYPE</u>	<u>2007</u>	<u>2006</u>
Building Permits	\$143,559	\$80,340
Plan-Checks	\$120,578	\$99,035
Miscellaneous	\$117,286	\$23,500
Total	\$381,423	\$202,875

ger than expected slow down during the heightened construction season we have no reason to believe we will fall short of our budget goals. This should translate into an increased sales tax stream.

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. We had expected this revenue stream

Year	Y-T-D
2001	\$593,697
2002	\$542,939
2003	\$519,120
2004	\$513,144
2005	\$548,803
2006	\$610,540
2007	\$670,947

to increase with the increased rates and the added inventory.

We have no expectation we will not meet our budget projections at this time.



General Fund Contingency Reserve Status

After the dust settled with the final budget of 2007, the Council contingency reserve started at a much larger amount than in previous years with \$180,274. This was because we were not certain how the Audit was going to come out, which came out very well. At the end of the first quarter the amount is down to \$86,462, with the authorization of a Secretary; computer; contract for implementation of the Development Services Study and the \$20,000 for the Urban Forester.

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
2001	22,351
2002	30,450
2003	33,833
2004	35,047
2005	39,966
2006	45,499
2007	55,527

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 still 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 historical program is: \$30,326 whereas the revenue to support the program is: \$27,635.

But, there is good news on the fund balance for this quarter is \$187,125 and last year at this time it was \$173,905.

This is a good trend toward the \$250,000 policy.

This fund also has requirements for donations to support the main program. The donation budget is now down to \$4,500 and in the first quarter of this year not quite 3% of that has been collected at \$123..

We are happy to report we got our legislation passed this session, that will allow for this tax to support certain local festivals and operating expenses.



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 slowdown in the sales activity shows in this first quarter, hopefully it will pick up later this year.

Year	Y-T-D
2001	33,887
2002	47,220
2003	65,997
2004	188,857
2005	230,467
2006	237,947
2007	172,572

Tumwater Valley Golf Course

The Tumwater Valley Golf Course has been a member of the city family for 11 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 2002 to current. As of this date the line of credit from the Sewer Fund is at \$312,027. Last year at this time it was at \$415,244, so we have made

significant headway. The revenues and costs are so very dependent upon the weather, that it is almost impossible to predict. The revenues are slightly up in comparison to the previous year; and the expenses are significantly up for the year also. The Parks & Recreation quarterly report will address this further.

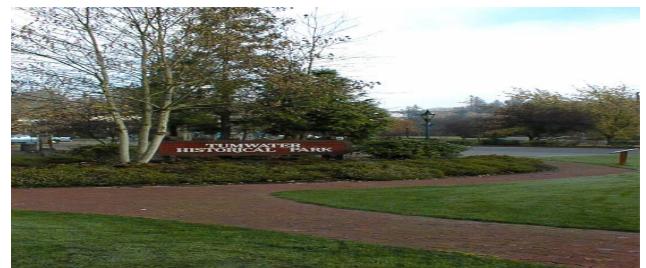
Type	2002	2003	2004	2005	2006	2007
Green Fees	\$41,878	\$46,574	\$49,556	\$76,221	\$45,343	\$55,686
Pro Shop	16,973	14,405	23,737	33,282	21,832	32,508
Cart Rental	5,513	7,177	9,114	12,532	7,117	7,077
Driving Range	7,290	8,684	12,888	14,381	8,178	8,701
Restaurant Lease	7,676	8,488	12,816	8,898	8,418	9,248
Miscellaneous	6,477	2,820	2,885	4,003	4,935	1,392
Total Revenues	\$85,807	\$88,148	\$110,996	\$149,317	\$95,823	\$114,612
Operations	\$81,352	\$63,352	\$95,703	\$83,649	\$110,986	\$121,807
Maintenance	76,521	86,235	88,457	60,194	92,028	92,841
Total Expenses	\$157,873	\$149,587	\$184,160	\$143,843	\$203,014	\$214,648
Debt	\$29,382	\$29,691	\$9,977	\$205,473	\$169,016	\$209,019

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, except for the Youth program, obviously far more activity there.



Type	2003	2004	2005	2006	2007
Ball Field User Fees	\$735	\$230	\$0	\$0	\$1,920
Historical Park User Fees	1,550	1,750	1,800	1,875	1,840
Recreation Fees	22,580	23,166	23,807	30,666	29,665
Recreation Youth Program			2,851	10,787	12,461
Total	\$24,865	\$26,146	\$28,458	\$43,328	\$45,886



	Inflows		Outflows		Year-to-date Fund Balance
	2007	2006	2007	2006	
WATER	\$837,457	\$736,915	\$735,078	\$459,384	\$7,682,870
SEWER	1,352,018	1,152,807	1,375,349	1,055,537	5,221,087
STORM	255,315	224,276	184,815	167,243	2,304,550
TOTAL	\$2,444,790	\$2,464,477	\$2,295,242	\$1,682,164	\$15,208,507

Utility Funds

WATER

The Water Fund, has connection fees to date collected of \$161,512, whereas last year at this time that amount was \$125,360. We estimated the budget to have \$759,625 in this category, therefore we have collected 21.26% of that amount.

The water sales are historically where they should be with the additional hook-ups from this past year at \$516,686. Last year at this time we had collected \$492,896.

Whereas, that is only 20.46% 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 spent only 3.46% of the \$2,090,638 budget. Whereas the operational portion of the budget is 22.77% expended.

SEWER

The city's portion of the sewer service collections for this fund are just slightly ahead at \$280,985 (25.05%) as last year's collections were \$276,319.

The connection fees this year though are only at \$117,320 (26.07% collected) versus \$60,772 this time last year.

On the expenditure side the operational portion of the budget has expended 24.95% of the budget and therefore right on target. On the

construction projects portion of the budget only 10.05% of budget has been expended, but that is expected at this time of the year.

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: \$214,368 whereas last year's to date number was \$195,752.

On the expenditure side we have the operations portion of the budget at only 19.87% expended. While the construction portion of the budget has expended less than \$10,000 and all on staff time doing preliminary engineering work.



Business Licenses

In the first quarter of 2007, we processed 141 new business licenses. Our partnership with Washington State Master Licensing program allows all city of Tumwater licenses to be obtained at the same time as obtaining the required State licenses. Therefore, we no longer process business license applications at the City. As the state processes new business licenses, we get notification electronically.

Year	Total
2006	\$15,842
2007	\$19,198

Passports

In the first quarter of 2007, we processed 201 passports. We have seen a dramatic rise this quarter over last year. This can be attributed to the State Department's news bulletins earlier this year placing more restrictions on travel outside of the U.S. without a passport. We currently process passports Monday-Wednesday from 10am-3pm by appointment only.

Year	Total
2006	\$2,820
2007	\$6,270

Municipal Court

Under the direction of the Municipal Court Judge Tumwater Municipal Court hears misdemeanor and gross misdemeanor criminal cases including criminal traffic, all non-criminal traffic infractions, and parking tickets for violations occurring within the City limits.

This quarters activities are: 754 Infractions

filed, along with 206 Criminal cases and 16 Driving while under the influence cases. We have had

1,186 proceedings in Court during this quarter.

The Court also provides traffic diversion classes, for those qualifying defendants.

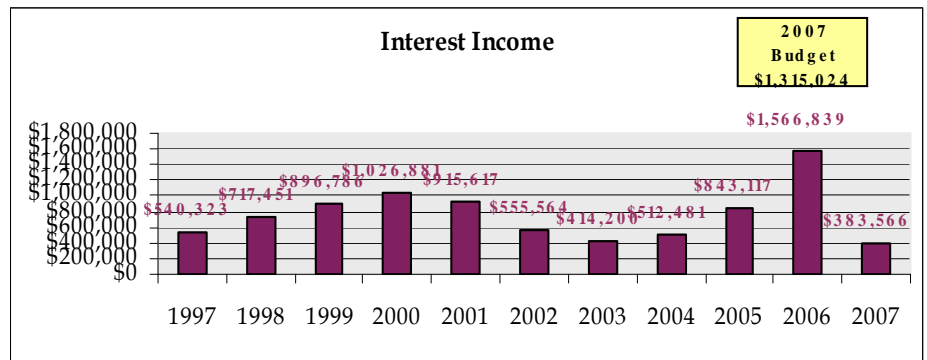
Year	Collections
2003	\$51,608
2004	\$48,503
2005	\$45,614
2006	\$62,457
2007	\$55,726



City-Wide Interest Income

The Federal Reserve has kept the overnight rates consistent at 5.25%. The market, though, is predicating lower rates in the next few months, but still higher than older bonds. So, we can expect to continue to see some increase through the beginning of 2007 with a leveling off later in the year. We still find the Local Government Investment Pool (LGIP) to serve us well. That is a program provided by our State Treasurer. The interest rates through the first

quarter of 2007 has allowed us to have 29% of the budget collected.



Barnes Lake Management District

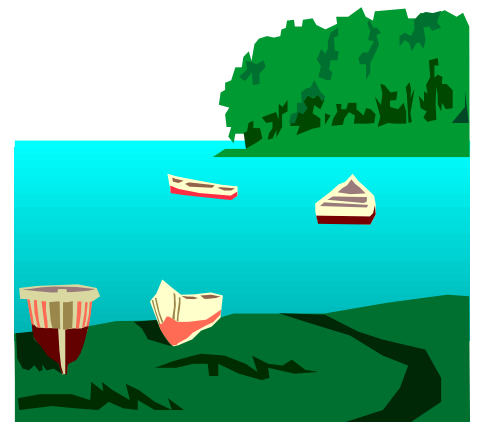
This was the second year of the Lake Management District assessment billings. All 109 parcels were billed in January giving the property owners 30 days to pay their assessments.

The Annual assessments ranged from as low as \$77.00 to as high as \$240.

The total assessment for the entire district was: \$18,528, the total paid as of the end of March, is \$14,732.

Out of the 109 parcels, we still have 17 parcels, not paid. In addition, we have 10 of the 17 landowners that never paid last year's assessment.

Staff will have to address this issue shortly, and follow through with the statutory requirements on non-payment.



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. And now learning new software and doubling their work load. 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. We have significant projects going on, with major upgrades of systems and increased web activity.

The **Risk Management** portion of the Department has had average amount of activity this past quarter. We have had 25 incidents filed since the first of the year. We have had 8 claims filed, but only one was 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.

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.

We recently placed more than 25,000 public records, some dating to the 1800s online. The records include council minutes, agendas, ordinances, resolutions, contracts, leases and more. All historical information, anything we are required to keep is online. It has been a 2 year project that was done to streamline the public records requests with city staff and citizens. Now citizens can go online and don't have to come into city hall to obtain information.

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.

Special Project: A tremendous amount of time this past year has been spent on the conversion of our Software. We have been using the Financial portion of the software for over a year now. The 2005 Annual report, and budget for 2006 was developed with the software. We have converted all staff from paper written purchase orders to doing it within the system, and it includes a queue system that is working well. Now we are branching out from the "core" financials to other departments. We will be going "live" on our parcel manager system in June, following with the new permitting system this summer and the new utility billing shortly after that. In May we will be adding the module titled, "Customer Request" that is a formal tracking system inter-linked to all departments. Also, Public Works operations will be starting their conversion in July!

Our city **2007 Budget and Budget at a Glance** are out and we are very proud of both products. Both documents are on the web page. We are no longer produce as many documents and have therefore significantly cut the production costs.

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 2008, so if you have any suggestions, or want to provide feedback please let us know.