

March 2008

# General Fund Status



## Finance Department First Quarter Report

The General Fund ended the quarter with a cash balance of \$1,608,912, which is \$428,515 higher than this time last year.

Our receipts for General fund through March total \$2,878,849, which is just \$34,615 greater than the same time last year.

On the other side of the ledger, General Fund expenditures through March stand at \$4,021,308 which is \$174,350 greater than the \$3,846,958 figure from 2007. Labor and insurance costs make up the

majority of that increase.

Although our cash balance is higher than last year, that cushion will be needed as we move forward to the second quarter and beyond with the uncertainties in the marketplace.

We will be monitoring Retail Sales Tax and Business & Occupation Tax revenue and adjusting to account for the resulting changes to new laws that are in effect for both sources of revenue.

We have adjusted our reve-

nue projection for both Retail Sales Tax and B.& O. Tax to totals less than 2007 in anticipation of these law changes, but the economic outlook and the consumer confidence factors will be an unknown.



### GENERAL FUND DEPARTMENTS BUDGET UPDATE

Department	YTD-2008	% of Budget	YTD-2007	% of Budget
Legislative	\$ 33,814	27.60	\$ 31,466	26.61
Administration	64,380	25.04	59,937	25.31
Finance	682,271	35.24	700,602	37.42
Human Resources	59,184	18.76	64,093	21.37
Legal	69,619	25.50	64,435	25.86
Parks & Recreation	251,013	22.87	208,274	20.54
Police	967,976	25.99	917,502	25.75
Fire	788,865	23.52	720,102	23.00
Engineering	46,290	25.61	35,973	20.50
Planning & Facilities	353,233	21.18	363,183	23.39
Development Services	391,542	23.53	335,312	26.28
Street	274,287	21.64	307,438	26.39
Transfers	38,832	21.08	38,641	29.05
<b>TOTAL</b>	<b>\$ 4,021,308</b>	<b>25.11%</b>	<b>\$ 3,846,958</b>	<b>25.99%</b>



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## Property Tax

Property tax collections are minimal during the first quarter of the year. The majority of the collections result from the sale of properties where the taxes are paid through escrow. The second quarter will reflect the April 30th deadline for the first installment.

2007	2008
\$71,393	\$71,234



## Retail Sales & Use Tax

Sales tax revenue has come in higher than projected through March, with a total of \$1,001,512, which is 1.41% or \$53,471 more than budget. This income stream lags the calendar by two months, meaning that this is revenue generated for the months of November and December of 2007, the holiday season, and January of 2008.

of projections going in to the second quarter.

The economic outlook changed considerably after January as news of the sub-prime mortgage investment industry began to hit the headlines, the cost of fuel and other goods began to climb, and consumer confidence began to show a decline. The outlook for retail sales and the tax generated will be watched and reported to you monthly as we wait to see the effect on our local economy. We're off to a good start by being \$53,471 ahead

Although the Seattle consumer price index rose 1.3% in the first two months of 2008, it is difficult to determine how increasing costs and the reduction in property values may affect the buying habits of this region.



## Local Business and Occupation Tax

The B.& O. tax we have received through the first quarter of the year reports the revenue for the final quarter of 2007. October through December tax was due on January 30th.

The total to date is \$347,589 compared to last year at this time of \$338,521, or an increase of \$9,068.

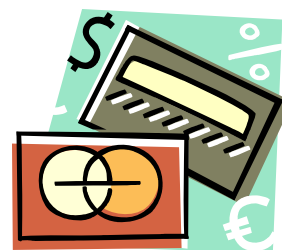
We reduced our annual projection to \$1,200,000, so we are currently at 29.0% of expected income. Although this looks like a very optimistic view, keep in mind that the allocation and apportionment rules that changed as of

January 1, 2008 are expected to impact our revenue by as much as \$300,000 according to a study completed in 2005 by the Washington State Department of Revenue. The rules have changed to identify the city that receives the revenue for a sale of tangible goods as where the products are delivered as opposed to the location from where they are shipped.

Taxes for the first quarter of the year are due April 30th and we'll get our first look at the impact of the law change.

We've updated our city website with a

link on the home page directing business to several new and informative documents regarding the changes as well as new forms that can be printed that are necessary for calculating the Business & Occupation tax.



## Real Estate Excise Tax

Real Estate Excise Tax is budgeted at \$750,000 in the Capital Improvement-Transportation Fund. This tax is levied on the all sales of real estate at the rate one-half percent.

As of the end of this quarter, we received \$173,531, which is just shy of 25%. This

is \$959, or just a fraction higher than where we were last year at this time.

This revenue will be affected by the sales of homes and businesses as we continue through the year, but so far we've seen no major change in activity despite news of declining single-family homes sales.

(Note: A peek ahead to April shows we will jump ahead of last year's receipts by \$3,286, so sales are still holding steady.)

# Utility Taxes

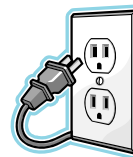


The City of Tumwater imposes a utility tax on telephones, telegraph, electrical energy, natural gas, brokered natural gas, solid waste, water, sanitary sewerage, and storm drainage at the rate of 6%.

Council policy direction is that one-half of the six percent (3%) is to be for the support of general fund and the other half is for the capital facilities plan (CFP). One third of the CFP's three percent (1%) goes toward the transpor-

tation program and two-thirds (2%) of the three percent goes toward the general governmental portion of the capital facilities plan.

Revenue has increased slightly compared to the same quarter last year. We should begin to see revenue increase in the second quarter in all categories except for Water and Sewer as we have informed all utility service providers of the parcels included in the Little-rock-70th Avenue annexation. (Note: Water and sewer tax has been paid in the past since service is already in place for these customers.)



Utility	2007	2008
Electricity	\$ 288,145	\$ 300,059
Natural Gas	126,026	110,981
Solid Waste	27,620	27,479
Telephone	136,193	153,034
Water	30,387	30,061
Sewer	51,612	55,432
Storm	13,481	15,511
<b>TOTAL</b>	<b>\$ 670,927</b>	<b>\$ 692,557</b>

# Lodging Tax

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. 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. The additional 2%, authorized in 1998, is used solely for paying for tourist promotion, acquisition and/or maintenance of tourism-related facilities.

year is set at \$210,000. The good news is that first quarter earnings of \$62,411 exceed earnings of the same quarter last year by \$6,583, or an increase of 11.7%. If that trend were to hold, we could gain nearly \$25,000 over the expected revenue for the year.



During the budget process for 2008, concerns were raised as to the sustainability of the lodging tax revenue by members of the industry. The original projection was reduced by 25% to a modest increase of \$11,000. The budget for the

Year	Budget	Year-to-Date	% of Budget
2007	\$199,000	\$55,828	28.0%
2008	\$210,000	\$62,411	29.7%

# Eden System Update

Big changes have come about since the last quarterly report was issued. Finance Director Gayla Gjertsen announce her resignation in November and left the city at the end of the year. I was appointed Interim Finance Director at the beginning of the year and affirmed as the new Finance Director as of March 1st. The progress of the implementation of all modules of Eden System software has suffered due to this change as we re-group an assess where we are in the project.

Utility Billing implementation has been delayed until further notice, but advancements in GBA, a maintenance program, have continued. As of the end of the quarter, all employees of the Public Works Operations and Facilities departments enter their hours on shop orders as they complete their work on equipment or facilities. That information is imported directly into the Eden Payroll module, so tracking maintenance and entering hours worked are now

handled in one process rather than two.

As we move forward with the addition of the Software Applications Specialist to our staff, we will begin the process of fixing bugs, and documenting processes in all the modules currently in operation to assure that integration is functioning as expected before moving toward the final phases of implementation. Our stakeholder's group will reconvene when we are back to full staff.

*Jim Hendrickson*  
Finance Director

# DEPARTMENT NEWS

## Littlerock-70th Avenue Annexation

On February 1st, the city approved the annexation of approximately 1,600 acres containing over 900 land parcels. It's estimated that 2,500 new residents have joined the city that live in this area.

The city already served 530 properties with water or water and sewer services, however their accounts were set up identifying them as county parcels and rates reflecting county service, and as county parcels they were not subject to storm drain utility fees. It was necessary to manually change each account to new rate codes and add storm drain service to each one.

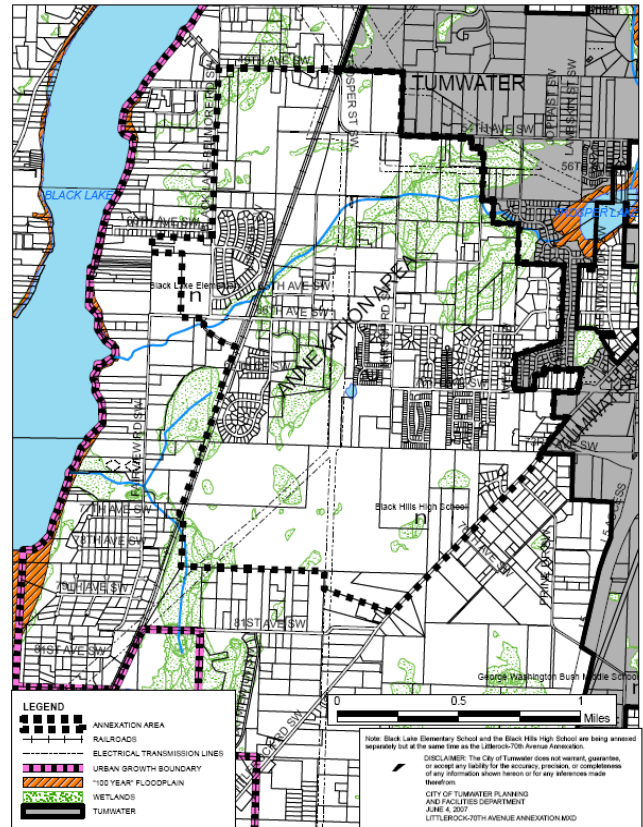
In addition, we identified 331 parcels that are now subject to storm drain utility service fees. These homes are on wells or served by small water utility systems and are on individual septic systems. Each of these accounts were created in the Utility Management system and billed at the end of the February billing cycle along with the existing 530 accounts.

The changes and additions of 831 accounts and reviewing all the remaining parcels had to be done within a three week window, between the time the January bills were produced and mailed and before the February bills were finalized.

This was a monumental task during a time of transition in the department. The staff members that were chosen to assist in this project recognized the importance of completing the review and file maintenance in an organized and rapid fashion. Their dedication to the project is a reflection of their teamwork. As the interim director at the time, I very much appreciated this display of teamwork and cohesiveness as they pulled together to finish the job while others covered the day to day work of the department. Thanks to everyone!

*Jim Hendrickson*  
Finance Director

PHYSICAL FEATURES MAP  
LITTLEROCK ROAD-70TH AVENUE ANNEXATION



## Coming Up Next Quarter...a note from the Finance Director



This quarter's report contains information on the major sources of revenue, an update of general fund expenditures, and other items of note. During the next three months I'll be reviewing other noteworthy topics that can be presented on a

regular basis and provide updates of articles included in this report. The first three months in this position have been filled with change for me and the rest of the department and little time to develop my own brand of reporting. My goal is to make the

time during the next three months to refine the format to include concise summary information on topics such as impact fees, municipal court activity, utilities statistics, city clerk functions, and other observations of interest.

**CITY OF TUMWATER**  
**MONTHLY FINANCIAL SUMMARY**  
**REPORT FOR THE MONTH OF - March 2008**

Fund	Revenue			Expenditures			Month-End Fund Cash Balance		
	2008 Budget	2007 Carryover	Previous Balance	Current Month Revenue	Total Revenue	2008 Budget		Previously Expended	This Period
Legislative	\$122,512			\$784,515	\$5,630,221	\$122,512	\$27,176	\$6,637	\$33,814
Administration	\$257,158			\$853	\$453,537	\$257,158	\$43,190	\$21,190	\$64,380
Finance	\$1,936,042					\$1,936,042	\$566,957	\$115,313	\$682,271
General Services	\$315,516					\$315,516	\$40,242	\$18,942	\$59,184
Legal	\$272,985					\$272,985	\$46,990	\$22,629	\$69,619
Parks & Recreation	\$1,097,420					\$1,097,420	\$171,295	\$79,718	\$251,013
Police	\$3,724,295					\$3,724,295	\$671,939	\$296,037	\$967,976
Fire	\$3,353,706					\$3,353,706	\$533,969	\$254,896	\$788,865
Engineering	\$180,746					\$180,746	\$32,165	\$14,125	\$46,290
Planning & Facilities	\$1,667,668					\$1,667,668	\$223,992	\$129,241	\$353,233
Development Services	\$1,664,118					\$1,664,118	\$262,007	\$129,534	\$391,542
Street	\$1,267,776					\$1,267,776	\$190,278	\$84,009	\$274,287
Fund Equity	\$1,453,595					\$1,453,595	\$30,548	\$8,284	\$38,832
<b>GENERAL FUND</b>	<b>\$17,313,537</b>	<b>\$2,751,372</b>	<b>\$4,845,706</b>	<b>\$784,515</b>	<b>\$5,630,221</b>	<b>\$17,313,537</b>	<b>\$2,840,750</b>	<b>\$1,180,558</b>	<b>\$4,021,308</b>
Cumulative Reserve Fund	\$480,000	\$437,179	\$452,885	\$853	\$453,537	\$480,000	\$0	\$520	\$453,017
<b>TOTAL GENERAL FUND</b>	<b>\$17,793,537</b>	<b>\$3,188,551</b>	<b>\$5,298,590</b>	<b>\$785,368</b>	<b>\$6,083,758</b>	<b>\$17,793,537</b>	<b>\$2,840,750</b>	<b>\$1,181,079</b>	<b>\$4,021,829</b>
E-Link & Fiber	\$34,693	\$18,556	\$58,201	\$110	\$58,311	\$34,693	\$0	\$0	\$58,311
Domestic Violence Advocacy/Prevention	\$7,200	\$4,957	\$5,043	\$71	\$5,114	\$7,200	\$0	\$0	\$5,114
Drug Monies	\$4,855	\$849	\$2,042	\$0	\$2,042	\$4,855	\$0	\$0	\$2,042
K-9 Fund	\$6,100	\$8,382	\$8,440	\$16	\$8,456	\$6,100	\$35	\$0	\$35
Lodging Tax	\$386,200	\$184,307	\$226,483	\$22,251	\$248,734	\$386,200	\$185,161	(\$131,073)	\$54,088
Recreation Youth Programs	\$82,272	\$52,911	\$58,943	\$3,973	\$62,915	\$82,272	\$2,059	\$743	\$2,802
Park Board	\$26,750	\$10,853	\$35,853	\$0	\$35,853	\$26,750	\$10,348	\$0	\$10,348
Historical Commission	\$25,000	\$33,751	\$43,751	\$0	\$43,751	\$25,000	\$0	\$0	\$43,751
Development & Special Fees	\$7,700,000	\$7,026,825	\$7,375,189	\$70,778	\$7,445,967	\$7,700,000	\$6,079	\$85,116	\$91,195
<b>SPECIAL REVENUE FUNDS</b>	<b>\$8,273,070</b>	<b>\$7,341,391</b>	<b>\$7,813,946</b>	<b>\$97,197</b>	<b>\$7,911,143</b>	<b>\$8,273,070</b>	<b>\$203,682</b>	<b>(\$46,215)</b>	<b>\$168,467</b>
Capital Improvement-General Govt.	\$3,308,302	\$1,560,522	\$1,782,829	\$106,578	\$1,889,408	\$3,308,302	\$280,696	\$165,315	\$446,010
Capital Improvement-Street Const.	\$9,054,424	\$2,162,701	\$2,403,160	\$93,140	\$2,496,299	\$9,054,424	\$155,215	(\$600,415)	(\$445,200)
<b>CONSTRUCTION FUNDS</b>	<b>\$12,362,726</b>	<b>\$3,723,223</b>	<b>\$4,185,989</b>	<b>\$199,718</b>	<b>\$4,385,707</b>	<b>\$12,362,726</b>	<b>\$436,911</b>	<b>(\$436,101)</b>	<b>\$810</b>
Utility Bond Debt Service	\$475,260	\$0	\$0	\$0	\$0	\$475,260	\$0	\$0	\$0
Utility Bond Debt Reserve	\$478,006	\$478,006	\$478,006	\$0	\$478,006	\$478,006	\$0	\$0	\$478,006
G.O. Debt Service	\$678,493	\$220,344	\$248,565	\$14,147	\$262,712	\$678,493	\$18,548	\$8,284	\$26,832
<b>DEBT SERVICE FUNDS</b>	<b>\$1,631,759</b>	<b>\$698,350</b>	<b>\$726,571</b>	<b>\$14,147</b>	<b>\$740,718</b>	<b>\$1,631,759</b>	<b>\$18,548</b>	<b>\$8,284</b>	<b>\$26,832</b>
Water Fund	\$11,800,010	\$8,859,562	\$9,364,547	\$281,088	\$9,645,545	\$11,800,010	\$394,943	\$177,284	\$572,227
Sewer Fund	\$11,099,284	\$5,294,818	\$6,210,870	\$426,517	\$6,637,386	\$11,099,284	\$783,070	\$346,439	\$1,129,509
Storm Drain Fund	\$3,250,440	\$2,174,339	\$2,359,876	\$93,593	\$2,453,469	\$3,250,440	\$174,012	\$65,844	\$239,856
Barnes Lake Management District	\$33,500	\$22,702	\$41,230	\$0	\$41,230	\$33,500	\$0	\$203	\$203
Golf Course Operations	\$2,005,394	\$1,000	\$312,732	\$87,757	\$400,490	\$2,005,394	\$310,732	\$88,757	\$399,490
<b>ENTERPRISE FUNDS</b>	<b>\$28,188,628</b>	<b>\$16,552,421</b>	<b>\$18,289,164</b>	<b>\$888,956</b>	<b>\$19,178,120</b>	<b>\$28,188,628</b>	<b>\$1,662,757</b>	<b>\$678,528</b>	<b>\$2,341,285</b>
Fleet & Equipment	\$3,988,327	\$1,861,564	\$2,142,519	\$131,134	\$2,273,653	\$3,988,327	\$338,818	\$190,178	\$528,996
<b>INTERNAL SERVICE FUNDS</b>	<b>\$3,988,327</b>	<b>\$1,861,564</b>	<b>\$2,142,519</b>	<b>\$131,134</b>	<b>\$2,273,653</b>	<b>\$3,988,327</b>	<b>\$338,818</b>	<b>\$190,178</b>	<b>\$528,996</b>
Intergovernmental Deposits	\$0	\$444,759	\$578,471	\$91,918	\$670,390	\$0	\$148,158	\$53,246	\$201,403
Police Reserves	\$4,350	\$2,120	\$2,137	\$4	\$2,141	\$4,350	\$0	\$0	\$2,141
Christmas Program	\$21,624	\$16,592	\$16,884	\$2	\$16,886	\$21,624	\$35	\$0	\$35
Employee Flexible Benefits	\$50,000	\$14,270	\$20,537	\$3,134	\$23,671	\$50,000	\$5,970	\$3,262	\$9,232
<b>TRUST &amp; AGENCY FUNDS</b>	<b>\$75,974</b>	<b>\$477,741</b>	<b>\$618,030</b>	<b>\$95,088</b>	<b>\$713,117</b>	<b>\$75,974</b>	<b>\$154,163</b>	<b>\$66,508</b>	<b>\$210,671</b>
<b>GRAND TOTAL</b>	<b>\$72,314,021</b>	<b>\$33,643,240</b>	<b>\$39,074,609</b>	<b>\$2,211,606</b>	<b>\$41,286,215</b>	<b>\$72,314,021</b>	<b>\$5,654,628</b>	<b>\$1,634,261</b>	<b>\$7,288,889</b>