

March 2009



# Finance Department First Quarter Report

## Economic Summary



*Washington State Economic and Forecast Council (April 11, 2009) "There is room for cautious optimism about the national economy...The decline in consumer spending is showing signs of stabilization...Consumer confidence remains at record lows...but the key to the recovery will be a return to "normalcy" in credit markets. We expect that to happen late this year, as banks gradually return to health...The state economy is likely to recover at the same time as the national economy....Washington's unemployment rate was 8.4% in February (and 9.2% in March, higher than the national average)...Building permits fell to a 27-year low in February...new car and truck registrations are down nearly 50% from their peak in October 2007...Preliminary monthly estimates (for March) indicate retail sales tax collections are down 19.8% year-over-year..."*

*"Newly released final data on taxable activity in the fourth quarter of 2008 shows the worst year-over-year drop in taxable sales activity on record."*

All of these comments, some encouraging and others clearly not encouraging, are excerpts of economic predictions and reporting of actual figures. The news at the national, state, regional, and local level changes almost daily.

Our major sources of revenue are received on a two or three month delay, so that final comment made by the Forecast Council is very indicative of the activity of our first quarter, telling of a continuing decline in retail sales tax in all sectors, but particularly in auto sales, furnishings, and construction state-wide. This unprecedented economic stress has placed all local governments in mode of budget stabilization discussions and much has been seen and heard in the news of actions taken throughout the state.

A great deal of discussion has taken place in the past two months regarding the expectations for the remainder of this year and through 2010 for Tumwater, and this discussion will continue in late April when new projections, plans of action, and suggestions will be presented for discussion.

*Jim Hendrickson, Finance Director*



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# General Fund Status

The General Fund ended the first quarter with a cash & investment balance of \$1,378,196, which is \$242,624 less than the end of March of last year.

Receipts for General Fund through March total \$3,104,493 or \$225,604 more than in March 2008. A major reason for this increase is that the General Fund has received \$268,720 in additional utility tax this year based on a budget decision to retain an additional 2% of the 6% utility tax in the fund.

General Fund expenditures through March ended up at \$4,415,523 which is \$394,240 greater than the \$4,021,283 figure from 2008.



## GENERAL FUND DEPARTMENTS BUDGET UPDATE

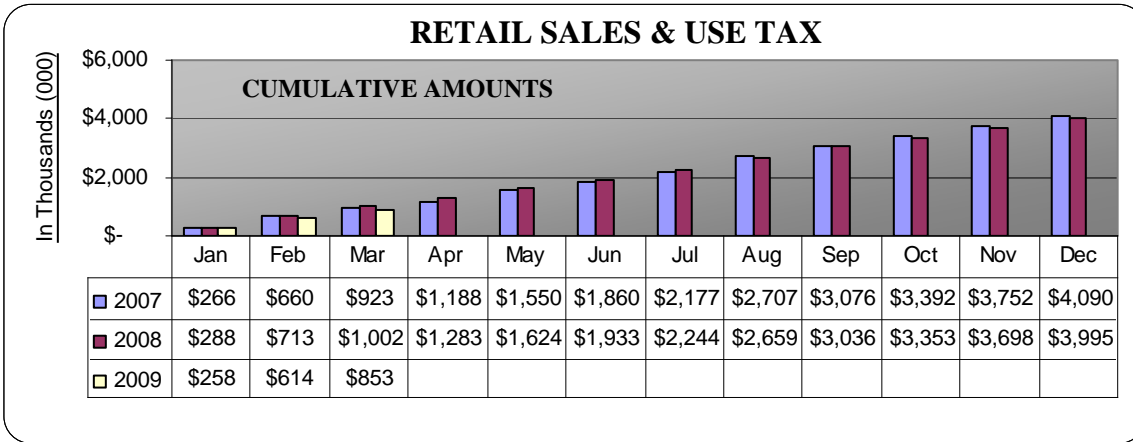
Department	YTD-2009	% of Budget	YTD-2008	% of Budget
Legislative	\$ 33,886	27.69	\$ 33,814	27.60
Administration	69,021	24.64	64,380	25.04
Finance	678,714	33.27	682,271	35.24
Human Resources	72,723	21.25	59,184	18.76
Legal	79,222	27.22	69,619	25.50
Parks & Recreation	253,092	21.31	251,013	22.87
Police	1,007,702	24.94	967,976	25.99
Fire	1,066,344	26.77	788,840	23.52
Engineering	35,883	19.56	46,290	25.61
Planning & Facilities	382,100	20.94	353,233	21.18
Development Services	377,131	21.46	391,542	23.53
Street	325,494	22.34	274,287	21.64
Transfers	34,211	24.97	38,832	21.08
<b>TOTAL</b>	<b>\$ 4,415,523</b>	<b>25.02%</b>	<b>\$ 4,021,283</b>	<b>25.11%</b>

# Retail Sales & Use Tax

Sales tax revenue has been a victim of the reduction in economic activity from the fourth quarter of 2008 and continuing in early 2009. Sales tax is received on a two-month delay from the time the sales occur. The first quarter revenue

represents November 2008 through January 2009 sales. Compared to last year, the receipts are lower by \$148,567 and \$132,057 below the budget target for this time. Overall, we are 14.83% lower that last year's cumulative to-

tal. This trend of lower revenue is expected to continue at least through the third quarter of the year, when some economic studies indicate a slow recovery may begin.

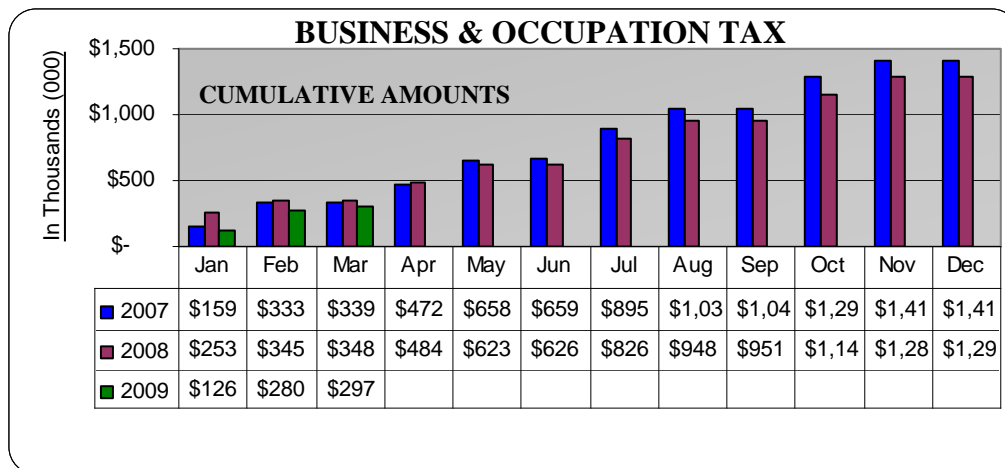


# Local Business & Occupation Tax

Business & Occupation tax is following closely the trend of sales tax. The receipts in the first quarter of 2009 represent sales activity September through December of 2008.

Compared to last year, receipts for the quarter are down by \$50,861, down 14.63%. Our budget for 2009 was set lower than last year's final actual total, so the gap between current receipts and budget is \$18,897 or 1.5% below budget.

Again, the trend for lower revenue is expected to continue well in to 2009 and based on seasonal fluctuations, the gap of 1.5% could grow beyond a 12.0% budget deficit.



# Property Tax



YTD - 2007	YTD - 2008	YTD - 2009
\$71,393	\$71,234	\$69,726



The first half of the year's property taxes are not due until April 30th and received by the city on June 10th, so the figure so far is expected to be low. It is typically from sales activity of properties where the taxes are settled at closing of the sale. This year's slightly lower revenue may be attributed to fewer sales of property and at lower prices caused by the current housing market. There currently is no indication how delinquencies on property tax collection may affect the city's cash flow, but it is certainly a situation to be monitored when June and July receipts arrive.

# Real Estate Excise Tax



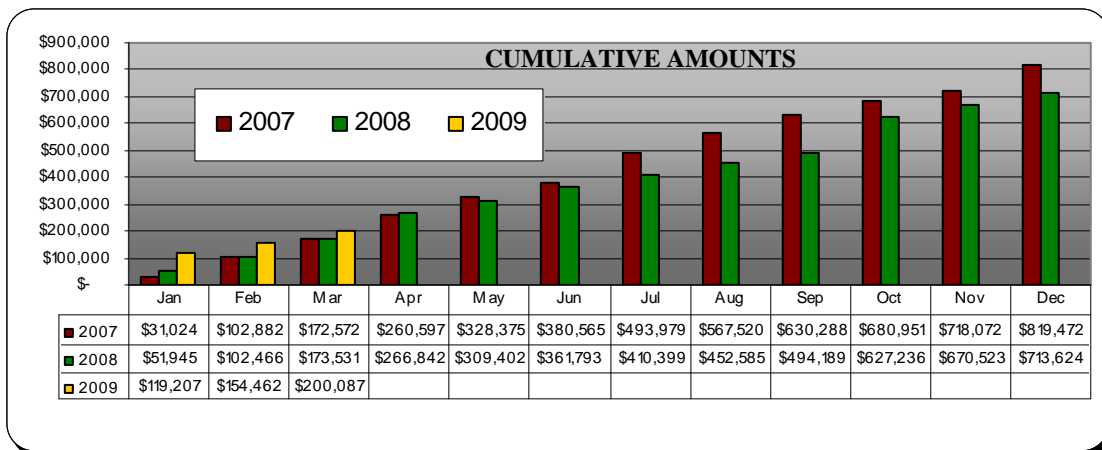
Unusually high sales activity in December (received in January) has kept the cumulative total through the end of the quarter above the budget target by 8.35%, with a total received of \$200,087. REET revenue is a component of the Capital Improvement-Transportation Fund. This tax is levied on the all sales of real estate at the rate of one-

half percent.

Although we are above budget at this time, it's important to note that we have reduced the budget from \$750,000 in 2008 to \$600,000 in 2009.

*(April 10th update: April revenue has been received, showing a significant drop from prior months. Because of the stellar*

*month in January, even with the disappointing amount received in April we are still above budget by 4.19%, but if April's revenue suggests a new trend, we will not meet the \$600,000 budget. However this is a very unpredictable income stream since one large commercial sale can turn the tide as quickly as a couple slow residential-sales months.)*



# 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%.

In total, for all utility tax imposed on services, we are at 25.34% of our budget at the end of the quarter, or \$10,908 ahead.



In prior years, half of the revenue received supported the General Fund, and the other half the Capital Facilities Plan. However, in a effort to sustain programs in a difficult year, in 2009 the General Fund receives 5% of the tax and the Transportation Capital Facilities Plan receives the other 1%.

Utility	2007	2008	2009
Electricity	\$ 288,145	\$ 300,059	\$ 349,040
Natural Gas	126,026	110,981	153,173
Solid Waste	27,620	27,479	31,963
Telephone	136,193	153,034	163,978
Water	30,387	30,061	29,526
Sewer	51,612	55,432	62,058
Storm	13,481	15,511	16,837
<b>TOTAL</b>	<b>\$ 670,927</b>	<b>\$ 692,557</b>	<b>\$ 806,575</b>

# Lodging Tax



The city receives a 4% tax on the cost of renting rooms in hotels and motels within the city. Half of this revenue funds the general operations of the city's historical activities, including the Henderson House Museum, and the other half funds tourism promotion by the city and other organizations during the course of the year.

Our budget was set at \$210,000 for the year, the same as 2008. We exceeded our budget in 2008 by a considerable amount so it seemed prudent to maintain the same budget level considering an expected reduction in revenue due to the economy. However, the decline as been much higher than expected and we are currently

below our budget target by \$9,587. Seemingly a small number, but if the trend continues into the peak travel season we may experience a drop in actual revenue from year-to-year of as much as \$80,000.



Year	Budget	Year-to-Date	% of Budget
2007	\$199,000	\$55,828	28.0%
2008	\$210,000	\$62,411	29.7%
2009	\$210,000	\$42,913	20.4%



**CITY OF TUMWATER**  
**MONTHLY FINANCIAL SUMMARY**  
**REPORT FOR THE MONTH OF**

MARCH 2009

Fund	Revenue			Expenditures			Month-End Fund Cash Balance		
	2009 Budget	2008 Carryover	Previous Balance	Current Month Revenue	Total Revenue	2008 Budget		Previously Expended	This Period
Legislative	\$122,365			\$800,118	\$5,793,719	\$122,365	\$28,407	\$5,479	\$33,886
Administration	\$280,113			\$494	\$388,888	\$280,113	\$46,070	\$22,951	\$69,021
Finance	\$2,040,050					\$2,040,050	\$553,553	\$125,161	\$678,714
General Services	\$342,264					\$342,264	\$40,458	\$32,762	\$72,723
Legal	\$291,094					\$291,094	\$46,460	\$79,222	\$125,712
Parks & Recreation	\$1,187,667					\$1,187,667	\$170,330	\$82,762	\$253,092
Police	\$4,039,893					\$4,039,893	\$728,897	\$278,805	\$1,007,702
Fire	\$3,983,802					\$3,983,802	\$740,448	\$325,896	\$1,066,344
Engineering	\$183,452					\$183,452	\$28,013	\$9,870	\$35,883
Planning & Facilities	\$1,824,830					\$1,824,830	\$231,674	\$150,426	\$382,100
Development Services	\$1,757,020					\$1,757,020	\$255,736	\$121,395	\$377,131
Street	\$1,456,789					\$1,456,789	\$199,162	\$126,332	\$325,494
Fund Equity	\$1,622,120					\$1,622,120	\$28,555	\$5,656	\$34,211
<b>GENERAL FUND</b>	<b>\$19,131,459</b>	<b>\$2,689,265</b>	<b>\$4,993,600</b>	<b>\$800,118</b>	<b>\$5,793,719</b>	<b>\$19,131,459</b>	<b>\$3,095,764</b>	<b>\$1,319,759</b>	<b>\$4,415,523</b>
Cumulative Reserve Fund	\$478,000	\$375,025	\$888,394	\$494	\$388,888	\$478,000	\$0	\$0	\$0
<b>TOTAL GENERAL FUND</b>	<b>\$19,609,459</b>	<b>\$3,064,290</b>	<b>\$5,381,995</b>	<b>\$800,612</b>	<b>\$6,182,606</b>	<b>\$19,609,459</b>	<b>\$3,095,764</b>	<b>\$1,319,759</b>	<b>\$4,415,523</b>
E-Link & Fiber	\$101,500	\$61,033	\$61,228	\$53,368	\$114,596	\$101,500	\$5,204	\$0	\$5,204
Domestic Violence Advocacy/Prevention	\$6,400	\$5,431	\$5,488	\$0	\$5,488	\$6,400	\$0	\$0	\$0
Drug Monies	\$10,600	\$5,852	\$7,284	\$198	\$7,482	\$10,600	\$0	\$0	\$0
K-9 Fund	\$6,200	\$6,906	\$6,936	\$9	\$6,936	\$6,200	\$64	\$197	\$261
Logging Tax	\$329,817	\$131,353	\$158,926	\$17,714	\$176,640	\$329,817	\$34,725	\$23,974	\$58,699
Recreation Youth Programs	\$75,000	\$52,465	\$58,197	\$2,241	\$60,438	\$75,000	\$3,072	\$232	\$3,304
Park Board	\$35,000	\$5,824	\$30,824	\$0	\$30,824	\$35,000	\$0	\$0	\$0
Historical Commission	\$50,000	\$39,021	\$49,021	\$0	\$49,021	\$50,000	\$0	\$0	\$0
Development & Special Fees	\$7,840,000	\$6,712,305	\$6,940,398	\$31,437	\$6,871,835	\$7,840,000	\$852	\$1,479	\$2,331
<b>SPECIAL REVENUE FUNDS</b>	<b>\$8,454,517</b>	<b>\$7,020,189</b>	<b>\$7,218,295</b>	<b>\$104,967</b>	<b>\$7,323,263</b>	<b>\$8,454,517</b>	<b>\$43,917</b>	<b>\$25,882</b>	<b>\$69,799</b>
Capital Improvement-General Gov't.	\$2,119,586	\$1,455,348	\$1,484,502	(\$22,641)	\$1,461,861	\$2,119,586	\$263,186	\$14,066	\$277,252
Capital Improvement-Street Const.	\$9,077,893	\$1,594,027	\$2,471,902	\$727,882	\$3,199,784	\$9,077,893	\$1,099,786	\$112,154	\$1,211,920
<b>CONSTRUCTION FUNDS</b>	<b>\$11,197,479</b>	<b>\$3,049,375</b>	<b>\$3,956,404</b>	<b>\$705,241</b>	<b>\$4,661,645</b>	<b>\$11,197,479</b>	<b>\$1,362,952</b>	<b>\$126,220</b>	<b>\$1,489,172</b>
Utility Bond Debt Service	\$475,508	\$0	\$0	\$0	\$0	\$475,508	\$0	\$0	\$0
Utility Bond Debt Reserve	\$478,006	\$478,006	\$478,006	\$0	\$478,006	\$478,006	\$0	\$0	\$0
G.O. Debt Service	\$686,873	\$179,688	\$199,489	\$11,668	\$211,157	\$686,873	\$16,555	\$5,656	\$22,211
<b>DEBT SERVICE FUNDS</b>	<b>\$1,640,387</b>	<b>\$657,694</b>	<b>\$677,495</b>	<b>\$11,668</b>	<b>\$689,163</b>	<b>\$1,640,387</b>	<b>\$16,555</b>	<b>\$5,656</b>	<b>\$22,211</b>
Water Fund	\$10,677,689	\$7,019,084	\$7,440,003	\$262,049	\$7,702,052	\$10,677,689	\$496,191	\$241,095	\$737,286
Sewer Fund	\$8,178,241	\$4,765,172	\$5,543,752	\$412,218	\$5,955,970	\$8,178,241	\$699,445	\$371,351	\$1,070,796
Storm Drain Fund	\$3,539,915	\$2,332,271	\$2,540,494	\$108,104	\$2,648,598	\$3,539,915	\$198,433	\$74,121	\$272,553
Barnes Lake Management District	\$58,000	\$30,160	\$46,361	\$1,104	\$47,465	\$58,000	\$0	\$56	\$56
Golf Course Operations	\$1,974,020	\$1,000	\$527,046	\$242,353	\$769,398	\$1,974,020	\$525,046	\$242,353	\$767,398
<b>ENTERPRISE FUNDS</b>	<b>\$24,427,865</b>	<b>\$14,147,687</b>	<b>\$16,097,656</b>	<b>\$1,025,827</b>	<b>\$17,123,484</b>	<b>\$24,427,865</b>	<b>\$1,919,114</b>	<b>\$928,976</b>	<b>\$2,848,090</b>
Fleet & Equipment	\$4,115,688	\$2,215,008	\$2,529,944	\$149,580	\$2,679,524	\$4,115,688	\$354,870	\$116,475	\$471,346
<b>INTERNAL SERVICE FUNDS</b>	<b>\$4,115,688</b>	<b>\$2,215,008</b>	<b>\$2,529,944</b>	<b>\$149,580</b>	<b>\$2,679,524</b>	<b>\$4,115,688</b>	<b>\$354,870</b>	<b>\$116,475</b>	<b>\$471,346</b>
Intergovernmental Deposits	\$0	\$477,838	\$621,596	\$104,803	\$726,398	\$0	\$125,838	\$87,360	\$213,199
Police Reserves	\$2,050	\$2,198	\$2,205	\$3	\$2,207	\$2,050	\$0	\$0	\$0
Christmas Program	\$17,600	\$15,044	\$15,768	\$45	\$15,813	\$17,600	\$0	\$0	\$0
Employee Flexible Benefits	\$54,000	\$15,458	\$23,399	\$3,971	\$27,370	\$54,000	\$4,890	\$5,649	\$10,539
<b>TRUST &amp; AGENCY FUNDS</b>	<b>\$73,650</b>	<b>\$510,537</b>	<b>\$662,967</b>	<b>\$108,821</b>	<b>\$771,788</b>	<b>\$73,650</b>	<b>\$130,728</b>	<b>\$93,009</b>	<b>\$223,737</b>
<b>GRAND TOTAL</b>	<b>\$69,519,045</b>	<b>\$30,664,781</b>	<b>\$36,524,757</b>	<b>\$2,906,716</b>	<b>\$39,431,473</b>	<b>\$69,519,045</b>	<b>\$6,923,900</b>	<b>\$2,615,978</b>	<b>\$9,539,878</b>