



General Fund Status

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The General Fund's cash balance at the end of this quarter is: \$2,319,909 whereas last year at this time the cash balance was: \$2,137,439. Total revenue collections this year at the end of June are: \$8,579,455; and last year at the same point in the year was:

\$8,077,467. The revenue collections increased overall by 6.2%, or \$501,988 whereas our expenses went from \$5,940,027 in 2004 to \$6,259,546 in 2005. Which is a 5.4% increase or \$319,519.

This report will later highlight where the ups and downs of revenues and expenses individually add up to the overall effect as we have just acknowledged.

On the budget side; the budgeted revenue is 59.7% collected and the costs are 53.3% expended.

General Fund Departments Budget Update

DEPARTMENT	BUDGET 2004	BUDGET 2005	2004 Y-T-D	2005 Y-T-D	2004 % USED	2005 % USED
Legislative	\$117,493.	\$118,662.	\$64,430	\$66,104.	54.8	55.7
Executive	206,851.	206,761.	101,350.	105,087.	49.0	48.5
Finance	1,462,536.	1,535,273.	807,358.	881,381.	55.2	57.4
General Services	249,424.	265,414.	124,425.	125,534.	48.3	47.3
Legal	208,341.	218,471.	100,120.	110,279.	48.1	50.5
Police	3,126,129.	3,214,915.	1,576,255.	1,567,242.	50.4	48.8
Fire	2,463,078.	2,507,482.	1,148,456.	1,226,656.	46.6	48.9
Parks & Recreation	781,304.	861,644.	342,751.	371,494.	43.9	43.1
Planning & Facilities	1,286,959.	1,450,728.	674,554.	688,607.	52.4	47.5
Development Services	973,380.	1,115,497.	464,631.	500,828.	47.7	44.9
Public Works:						
- Engineering	178,044.	169,467.	83,695.	66,302.	47.0	39.1
- Street	962,533.	1,017,960.	444,002.	457,772.	46.1	45.0
TOTAL	\$12,016,072	12,682,274	\$5,932,027	6,167,286	49.2	51.4

Special Point of Interest:

- From the U.S. Bureau of Labor, the Pacific Cities CPI for May 2005 is 3.6.

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

Property Tax Collections

Property tax collections are slightly behind last year at this time. We were curious as to why now with the reporting of the bottling company not paying their taxes we are certain that is a component.



The budget is showing overall collections just slightly ahead of the expected 50% collected at 52.3.

2004	2005
\$1,635,767	\$1,629,418

Retail Sales & Use Tax

The city's portion of the Sales & Use Tax collections are up from last year at \$1,923,687 for the first half of 2005 vs. \$1,583,280, for the first six months in 2004.

As we look more closely at the numbers, the sales tax base is stable the increases are due to a "one-time" revenue from the construction industry. This stream is not sustainable because all that is being constructed does not have a sales tax stream once completed.

Month	2005	2004
Jan	302,177	244,898
Feb	376,883	298,420
Mar	296,010	240,270
April	292,347	223,095
May	367,917	311,980
June	288,353	264,617
Total	\$1,923,687	\$1,583,280

Local Business & Occupation Tax

The city's Business & Occupation tax is charged to all businesses that do business within the city, whether or not the business is actually located within the city.

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%.

The good news is that our collections are 9.5% more than they were

2005	2004
\$740,090	\$676,057

a year ago at this point of the year.

We anticipated the heightened activity in the construction category, so even though the amount is higher our budget is slightly behind the projection at 48% collected. We should at least have 50% at this point in the year. We will have to watch this as we progress in the year.

On the horizon is the preparedness of the apportionment bill the State Legislature passed last year, that is to take affect in 2008. The Finance Director has been participating in the

study on the impacts that were required by the Legislature. Department of Revenue is in charge of the study. Our businesses have been surveyed and we are reviewing the results now. As soon as we are able to glean from that the impact to the revenue stream we will advise you.

Hopefully, if it is the impact that we have assumed the Legislature will reconsider the apportionment bill.

Development Fees

Development Fees are collected at the time of development of any parcel of land within the city.

This includes a building permit, plan checking fees, all land use issues such as short-plats, sub-divisions, rezones, conditional-use permits, and the like. Also, plan check fees for utility plans and modifications to accommodate development .

This fee category does not include other development fees such as impact and SEPA mitigation fees.



At mid-point of the year we have collected \$84,497 less than last year at this time.

TYPE	2005	2004
Building Permits	\$234,076	\$319,786
Plan-Checks	151,347	200,705
Utility Plan Fees	71,300	83,739
Platting & Zoning	103,333	40,323
Total	\$560,056	\$644,553

Utility Taxes

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

Council's policy direction is that one-half (1/2) or three (3%) percent is to be for the support of the general fund and the other half is for the capital improvement fund. This reporting is for the entire amount collected.

Because of the growth in the City we projected this revenue at a 4.84% increase from last year's collections. So even though our collections are ahead of last year's at this time by \$86,524 our budget is

Type	2005	2004
Electrical	478,398	452,948
Natural Gas	215,530	172,649
Telephone	233,466	233,117
Solid Waste	62,319	52,397
Water	57,028	58,932
Sewer	98,168	90,029
Storm	23,155	21,468
Total	\$1,168,064	\$1,081,540

only 48.1% collected. We will have to keep track of this revenue stream to watch it through the year on how we are doing in relationship to our projections.

Hotel-Lodging Tax Status

This revenue is derived from the tax of renting a room in a hotel-motel within the city limits of Tumwater. A sales tax is charged, and out of the 6.5% State portion, 2% is rebated back to the city to be expended on the promotion of tourism. In 1998 authorization was made to add another 2% to the tax, on renting a room, and that portion is also to be expended in the promotion of tourism.

The revenues are ahead from last year at this time, at over 15%, this is very good news, and hopefully will continue. But they are still not able to sustain the Council's policy direction, which is that

Type	2005	2004
Original	\$43,490	\$38,179
Additional	43,449	37,095
Interest	1,927	1,379
Sale of merchandise	687	106
Contributions/Donations	964	260
Total	\$90,517	\$77,019

the Historical Commission Staff, and City Administration continue to monitor the program and are consistently trying to do what they can to have a sustainable program.

Type	2005	2004
Historical	54,080	\$51,595
Tourism	27,076	42,686
Total Expended	81,156	94,281
Fund Balance	\$155,992	\$144,819

As you can see the total of the original tax revenue plus the interest income and including the program donations to date is only: \$46,381 and the expenses are: \$54,080. That is still a 16.6% shortfall.



General Fund Contingency Reserve Status

This year the Council contingency reserve started way below the Council's policy of \$100,000, at \$50,675. Because of funding issues at budget for several years we have not been able to fulfill the Council's policy direction.

This past quarter Council approved a \$15,000 draw for Town Center gateway in April; then in May Administration approved \$4,500 for Town Center street design; and in June Administration approved \$4,335 for the Harvest Festival, leaving \$26,840.

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 the all sales of real estate at the rate one-half percent.

We have collected \$496,533 for the year versus \$375,727 for the same time last year.

This means property is continuing to changing hands at a higher than average rate. In addition, the value of the average sales has increased by over 28%.



Tumwater Valley Golf Course

We are happy to report that our revenues are consistent and with just a slight increase over this time last year.

Another good report is that our operations and maintenance costs are less than this same time last year. Last year's costs were \$503,873 and this year's costs are: \$443,751, that is over a 11% decrease. One of

Type	2005	2004
Green Fees	\$267,127	\$255,005
Pro Shop	85,913	82,524
Cart Rental	56,137	59,954
Driving Range	39,403	39,231
Restaurant Lease	20,087	23,757
Golf Lessons	7,504	11,651
Total Revenues	\$476,171	\$472,122
Operations	280,888	277,660
Maintenance	162,863	226,213
Debt	368,952	256,414
Total Expenses	\$812,703	\$760,287

the basic concerns has been the operations expenses being covered by the course's revenues. We are achieving that.

Additional good news is on the line-of-credit, last year at this time the amount outstanding was \$804,760, whereas this year that amount is \$562,282. A \$242,478 decrease.



Cultural & Recreational Fees

The last few years the City has focused its goals on programs for the youth. In addition, the Department provides a wide array of activities, classes, trips, tours, and special events that are enriching and affordable for all our citizens.

Contributions are significantly up from last year at this time, these monies are



from users and community groups in support of our Recreation programs. Most of the money is tied to the "teen" programs, that continue to be a very successful program provision of the Department.

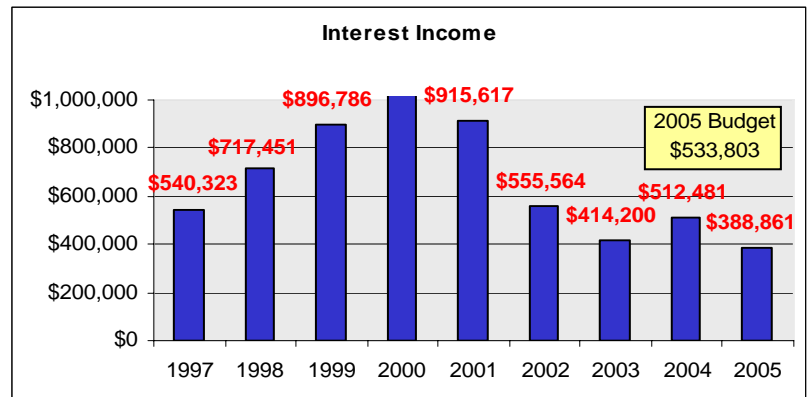
Revenues	2004	2005	% of Budget
Recreation Fees	47,221	50,261	49.3
Rentals	22,000	28,020	45.0
Total	\$69,221	\$78,281	47.2



Contributions	
2004 YTD	\$11,762
2005 YTD	\$22,311

City-Wide Interest Income

Last year, the FED began to raise rates, and it is expected to continue the rise throughout the rest of this year. During this phase of the market cycle, the short duration of the Local Government Investment Pool (LGIP) will allow us to keep pace with increasing rates. Interest revenue through the second quarter of 2005 is 72.8% of the budgeted amount. We have no reason to believe will not achieve our projection.





	Inflows		Outflows		Year-to-date Fund Balance
	2005	2004	2005	2004	
WATER	\$1,753,871	\$1,680,929	\$1,285,506	\$1,209,520	\$6,208,707
SEWER	2,674,766	2,948,378	2,239,690	2,495,170	5,973,572
STORM	441,810	413,141	329,253	403,637	2,028,329
TOTAL	\$4,870,447	\$5,042,448	\$3,854,449	\$4,108,327	\$14,210,608

Utility Funds

WATER

The Water Fund, has connection fees to date collected of \$580,688, whereas last year at this time that amount was \$537,804. We estimated the budget to have \$789,757 in this category, therefore we have collected 73% of our projected budget.

The water sales are slightly below our historical trend at \$933,569 or just 40% of the budget projection. What shows up here is the fact that we had more rain this Spring and early summer than we have had in the recent past.

On the expenditure side we are within budget (45%) at \$847,782 this covers the administration and the operations and maintenance of the company.

The capital portion of the budget had \$1,305,000 in a variety of projects. We have expended \$56,916 primarily on telemetry, Boston bridge, Tumwater Blvd, and water

rights acquisition.

SEWER

The city’s portion of the sewer service collections for this fund are within an expected range at \$526,339 whereas, last year’s collections were \$466,536. That is 54% of the budget.

The connection fees this year though are at \$286,214, which is just over 54% of the budget, and significantly less than the \$425,748 this time last year. On the expenditure side we are within budget at 54% spent or \$2,068,063 this covers the administration and operations and maintenance of the company.

In the capital portion of the budget \$2,910,000 was allocated, so far this year we have spent only \$61,388 of that and it is primarily on staff time for pre-planning and pre-engineering of the annual system rehabilitation and southern connection projects.

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: \$376,741 whereas last year’s to date number was \$359,502.

There are no connection fees in this utility unless a project is within the Tumwater North Hill drainage basin and we have had connections in that area bringing \$13,766 in fees to the fund.

On the expense side for the operation and maintenance of the fund, which includes the administration, \$278,415 has been spent, which is only 42% of the budget.

The capital program for this fund is budgeted at \$401,375 of which very little expenditures to date are accounted for, less than \$14,000 and primarily for the Linwood facility

Departmental Issues

The **Financial Services** division of the Finance Department is looking to the next major project of the conversion of our financial packet that includes our revenue and expense reporting; accounts payable; payroll; cash receipting; financial GASB reporting model; fix assets; job costing; utility billing; and budget modules from the old version that is pre "DOS" to a window's based version. This is a huge undertaking and we are in the pre-planning phase now. We will be doubling our workload through the rest of this year and pos-

sibly through most of 2006. As each module is converted we have to perform the original process and then complete the process all over again in the new module to make certain there are no mistakes. That will have to be done twice for each module. We have put this off as long as we can. We are relying heavily on our vendor to guide us through as they have been through it several times. The important component is the staff's ability to weather the stress and the heightened work load. I have a lot of faith in them.

The **Municipal Court**, function of the Department continues to spark lots of activity. Several staff have a variety of duties to cover this function. We have budgeted \$200,500 in fines and only collected \$85,088, which is just over 42%. Our activity includes this quarter 641 infractions; 29 driving under the influence; and 217 criminal (traffic and non-traffic) cases filed with the court. We held 471 hearings; 205 arraignments and 581 pre-trials before the Court. In addition, the court found 325 cases to be guilty and dismissed 496 cases.

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. One of the issues that has become a nightmare to keep up with is the new "spam" maintenance. We have placed in the system some new software, but the challenges continue and it is very time consuming to stay on top of. We realize how much of a iterant , and loss of efficiency for the users it is so we keep trying to stay with it. Through successful grant efforts relating to the Federal Terrorism program, on the part of the Fire Department we were able to successfully add 7 laptops that will be utilized in various Fire Department apparatus. This certainly does add to the total pieces of equipment we will be maintaining, but it assures coverage for the department in the time of essential need.

The **Risk Management** portion of the Department has had the average amount of activity this past quarter. The City is a member of the Washington Cities Insurance Authority (WCIA) and the Finance Director serves as the City Risk Manager, and President of the Executive Committee that oversees the activities of WCIA. The Compact provisions have requirements for a variety of issues including minimum risk management training, claims and incident reporting and procedures for assignment of defense counsel. The City has continued to meet those requirements and therefore, has never had any sanctions.

Type	2004	2005
Incidents	28	33
Claims Filed	8	6
Lawsuits	0	1
Total Paid	\$4,921	\$15,000

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.

The **2006 Budget** session is off and running. Traditionally, the summer is a busy time to get all the numbers together and present the Mayor with a preliminary budget from which he works to get all the mission, objectives, and goals of the Council prioritized. This year we are working on additional projects to get a survey and survey results out to everyone. This will hopefully, give the Administration a road map to assist in budget direction. The numbers are not clear as yet, but we are facing program cuts or program eliminations. The calendar indicates we will have the Mayor's preliminary budget to the Council in October.