

2012 Year End Financial Review

These numbers are **unaudited** and may change

The City of Olympia spent \$103 million in 2012 and generated \$101 million in revenues. For the first time in 30 years all of the gross receipts revenues were under budget. The only major revenue to exceed budget were permitting revenues.

Revenues in the General Fund were 1.8% below budget (\$1.1 million) and expenditures were less than budget by almost 3% (\$1.8 million). As in 2011, at the end of December, the City permitted several multi-family buildings. Permit revenue was 16% above budget.

Sales and use tax revenue was 3.3% less than budget. Sales and use tax includes general sales tax, criminal justice sales tax as well as use tax on the brokered natural gas. This accounts for over a half of million dollar loss for the city. In general, retail sales and construction continue to be down in contrast to new car sales that have increased. Sales tax for 2012 was \$215,000 less than 2011 and 3.3% less than budget.

Property taxes were down by \$108,000, or 1.2%. This is becoming a trend that reflects the housing market, unemployment and the increase in foreclosures. In the past, we typically would collect 99 or 99.5% of the total.

Private Utility taxes were down approximately \$385,000, or 7%. The largest decrease was in power. Although we had a very cold winter, many homes and businesses were without power for almost a week. This was followed by a mild summer without the need for air conditioning. On the telephone side, we have seen a trend of more people purchasing smart phones and eliminating their phone land lines. This trend is continuing and telephone utility taxes continue declining.

In addition to the decline in utility taxes there was a decline in cable franchise fees. Corresponding with the elimination of telephone land lines, a growing number of people choose not to have cable TV. Through their computers they can video stream TV shows and sports events—eliminating the cost of cable TV.

Business and Occupation Taxes were \$118 thousand below budget. This again reflects the down economy. Also gambling taxes were down \$20 thousand compared to budget.

Court fines are revenue that we need to continue to monitor. 2012 was the 3rd consecutive year revenues were less than budget. However, expenses were also down compared to budget.

Development related activity is usually closely tied to impact fees. 2012 total impact fees decreased 24% (\$514,727) over 2011. Park impact fees account for the significant decrease (\$569,680). Although development fees were 16% above budget, they have

continued to decline since 2009 (Chart 8). The 2012 impact fee collection and usage report is shown on Chart 7. November 2012 marked the 20th year the City of Olympia has been collecting impact fees. And, as of November 2012, the City had collected \$25 million in total impact fees.

Major Categories of General Fund Revenue Activity

(Numbers are rounded)

Sales Tax – Regular and Criminal Justice	\$(525,000)
Property Taxes	(108,500)
Probation/Day Reporting	(72,870)
Court Fines	(171,300)
Admission Tax	(10,500)
Business & Occupation Tax	(118,500)
Parking Fines	(89,410)
Private Utility Tax	(386,000)
Cable Franchise Fee	(101,200)
Gambling Tax	(20,275)
Building Permits	440,440
Business License	38,710

Expenditures under budget in the general fund were able to offset the decline in revenues. Every department in the City had a significant surplus. Of the \$1.8 million under expenditure of budget, \$1.36 million or 73% came from salaries and benefits. As attrition occurred, departments held positions open or waited to fill positions (Chart 9).

Recommended Year-end Appropriations.

Prior to 2009, funds for technology improvements were included in the capital facilities plan. After much debate, money for major technology improvements became an operating budget expense to be funded from year end surplus.

Recommended Assignments

During the 2013 budget process, Council agreed to use any year end surplus to restore reserves to avoid deeper cuts to the operating budget. Other recommended assignments:

- \$23,000 for repairs to the jail
- \$10,000 for the Economic Development Council contract
- \$319,440 for Building Repair and Replacement fund

General Fund 2012 Year End Activity

\$(1,124,860)	Revenue under estimate
\$1,866,100	Expenditures under budget
\$741,240	2012 increase in resources

Policy allocations:

(\$14,340)	Required to maintain 10% reserve
(\$174,460)	Used in 2013 budget
\$ 552,440	Balance after policy reduction

Recommended assignments:

(\$200,000)	2013 budget allocation for Technology
(23,000)	Jail repairs
(10,000)	Economic Development Council Contract
(\$319,440)	Facilities major repair and maintenance fund
-0-	Resource Balance

Utility Budgets

In general, the utility funds followed the same pattern and trends as the General Fund – slight under-collection of revenues -- offset by under-spending on the expense side. In each of the utilities, when a surplus is generated, the excess remains in the utility. The excess funds must be appropriated by Council to be spent. The indicators below continue to reflect the economy. The number of past due notices and shuts offs for nonpayment are still substantially higher than pre-recession.

Chart 1

Utility Indicators

	Pre-Recession Average	2008	2009	2009	2011	2012
Title Company F/B Requests	1125	580	522	639	270	828
New Services Added	315	155	165	239	202	184
Past Due Notices	13,725	14,899	14,958	16,560	16,567	16,761
Final Delinquency Notices	4250	4,597	4,816	5,239	4,832	4,678
Shut Offs Performed	600	1,659	1,923	1,961	1,849	1,913
Returned Checks/Drafts	170	199	194	206	182	197
Total Utility Customers	18,500	18,884	18,996	19,218	19,274	19,471
Utility Revenues (In millions)		\$31.1	\$32.5	\$32.9	\$35.4	\$36.9

Fund Balance Analysis

	2008	2009	2010	2011	2012
Revenues		(\$1,746,560)	\$2,230,030	\$737,650	(\$1,124,860)
Expenditures		\$3,368,630	\$1,245,595	\$1,634,670	\$1,866,100
Totals	\$806,200	\$1,622,070	\$3,475,625	\$2,372,320	\$741,240
Uses	Left in fund balance for use in 2009 budget	\$200,000 for Technology \$229,000 for Building Repair The remainder went to pay down the loan for environmental cleanup on City Hall site	\$554,000 for 2011 budget \$1,720,000 to pay off remainder of City Hall loan \$138,000 for Justice Center renovations \$414,000 for Building Repair \$50,000 for LEOFF \$88,500 for fire equipment reserve	\$200,000 for technology \$1,632,282 for Building Repair \$50,000 for LEOFF \$168,000 for parking \$44,000 for Justice Center fencing, lighting \$36,000 for probation RMS \$80,000 for CRA	(\$14,340) Growth in 10% reserve (\$174,460) used in 2013 budget \$200,000 for Technology \$23,000 for Jail Remodel \$10,000 for EDC \$319,440 for Building Repair

Other Council Funds Available

\$100,000	included in 2013 budget (special accounts)
35,000	homeless sheltering (2012 goal funds carried over)
16,240	Olympia Visualization (2012 goal funds carried over)
80,000	CRA (2011 goal funds carried over)
<u>223,280</u>	2012 unassigned funds
\$ 454,520	

Chart 3

Fund Balance Analysis

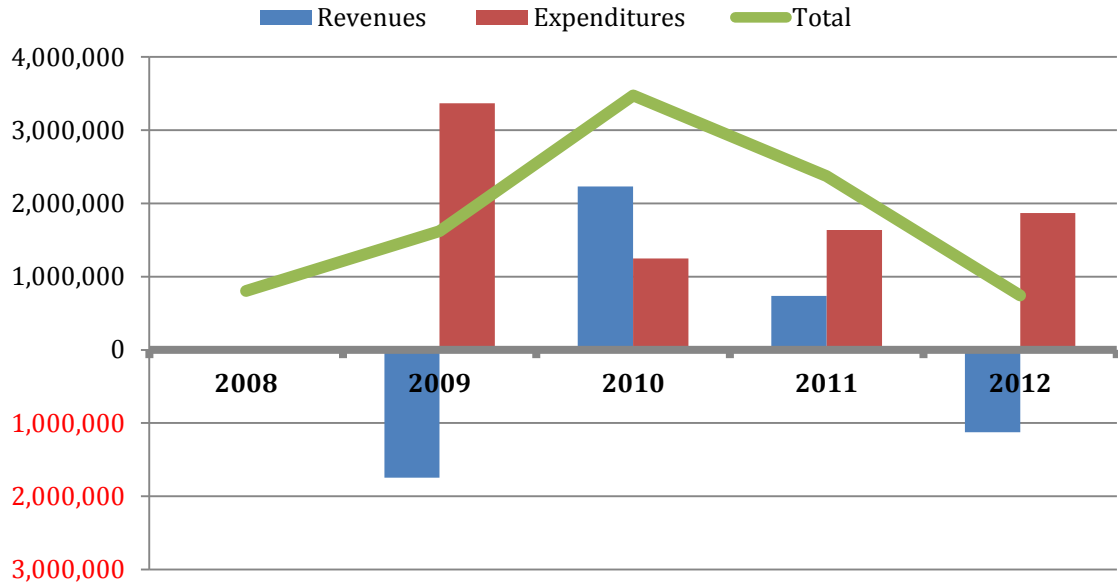


Chart 4

Sales Tax excludes criminal justice sales tax

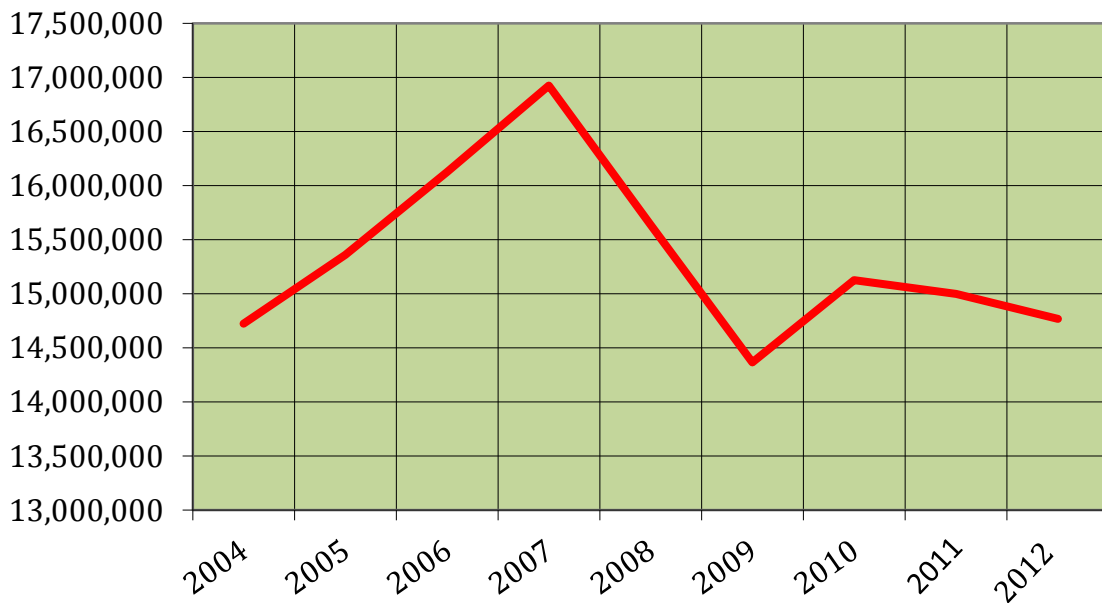


Chart 5

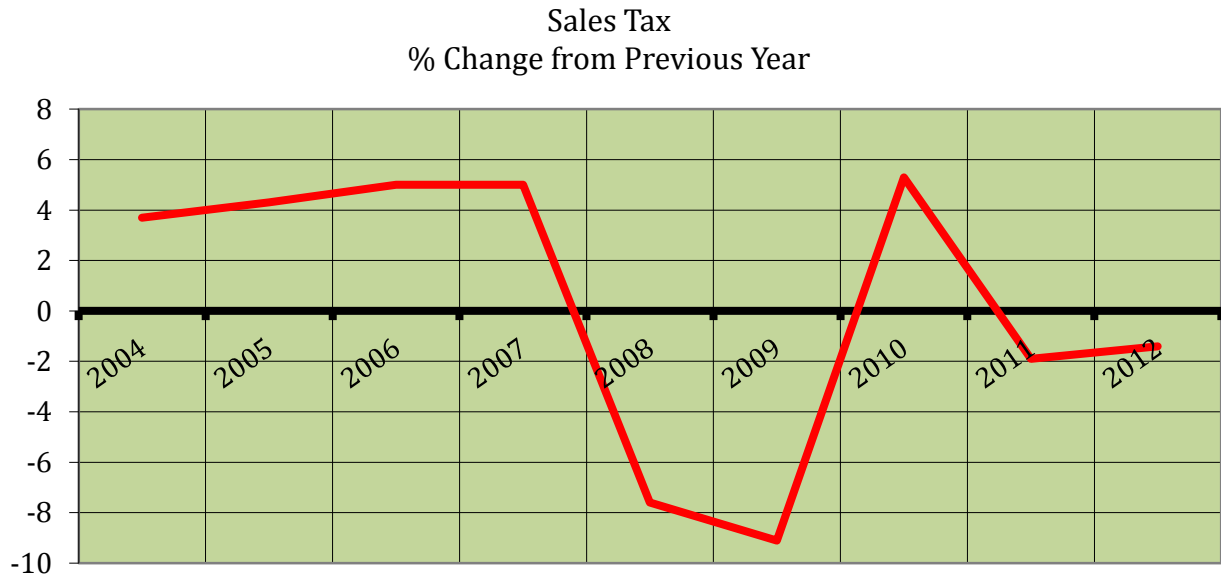


Chart 6



CITY OF OLYMPIA, WASHINGTON

IMPACT FEE COLLECTION AND USAGE (cash basis)

AMOUNT:	Fire	Transport.	PARKS							Total City
			Neigh.	Community	Open	Ball	Tennis	Urban Trails	Special Use & Unallocated	
1992 - 2003	1,310,137	5,313,680	381,579	257,771	1,954,152	675,991	64,673	241,801	0	10,199,785
2004	122,160	1,107,036	17,523		204,912	48,912	5,409	26,926	0	1,532,878
2005	215,847	1,270,881	28,694		335,742	80,707	8,873	44,315	0	1,985,058
2006	153,029	1,086,086	27,569		322,449	77,458	8,517	42,683	0	1,717,791
2007	83,416	470,653	16,474		191,883	45,862	5,001	25,886		839,175
2008	95,679	1,128,246	12,329	12,932	68,360	12,155	1,329	6,811	14,151	1,351,992
2009	53,060	2,212,795	61,427	103,981	140,091	299	33	163	114,925	2,686,775
2010	640	821,417	106,335	176,897	196,271	0	0	0	184,936	1,486,495
2011	0	1,124,036	158,551	270,122	324,904	0	0	0	289,306	2,166,919
2012	<u>0</u>	<u>1,065,528</u>	<u>92,875</u>	<u>156,379</u>	<u>173,983</u>	<u>0</u>	<u>(34)</u>	<u>0</u>	<u>163,461</u>	<u>1,652,192</u>
Total Since Nov. 1992	2,033,967	15,600,358	903,356	978,082	3,912,747	941,385	93,802	388,585	766,779	25,619,060
Court Ordered Refunds	0	(278,075)	(62,571)	0	(174,169)	(84,087)	(7,857)	(25,707)	0	(632,466)
Use of Impact Fees:										
1993- 2002	(720,162)	(4,904,472)	(342,539)	(263,276)	(1,331,301)	(459,015)	(47,376)	(104,840)	0	(8,172,979)
2004	(332)	(200,306)	(17,589)	0	(11,402)	0	0	(31,831)	0	(261,459)
2005	(48,374)	(179,571)	(27,471)	0	(37,929)	(2,852)	0	(14,037)	0	(310,234)
2006	(4,300)	(321,895)	(422)	0	(263,541)	(212)	0	(18,337)	0	(608,708)
2007	(46,048)	(73,826)	74	0	(873,336)	(136)	0	(34,497)	0	(1,027,769)
2008	(646,837)	(69,821)	0	0	(119,644)	(1,548)	(238)	(100,930)	0	(939,017)
2009	(675,430)	(1,063,672)	(8,228)	0	0	0	0	(32,723)	0	(1,780,052)
2010	(225,582)	(3,726,910)	(84,348)	0	(253,192)	(76,215)	0	(21,201)	(119,200)	(4,506,648)
2011	0	(2,221,697)	(27,781)	(95,000)	(515,494)	(357,550)	(58,132)	0	(91,011)	(3,366,665)
2012	<u>0</u>	<u>(1,204,603)</u>	<u>(15,279)</u>	<u>0</u>	<u>(80,042)</u>	<u>(1,139)</u>	<u>0</u>	<u>(9,320)</u>	<u>(166)</u>	<u>(1,310,548)</u>
Total Usage	(2,367,064)	(13,966,772)	(523,582)	(358,276)	(3,485,881)	(898,668)	(105,745)	(367,715)	(210,377)	(22,284,079)
Balance	(333,097)	1,355,511	317,203	619,806	252,698	(41,370)	(19,801)	(4,838)	556,403	2,702,515
Interest to (net of refunded interest)										
DEC	<u>333,097</u>	<u>973,865</u>	<u>30,416</u>	<u>8,176</u>	<u>452,957</u>	<u>198,162</u>	<u>19,801</u>	<u>46,967</u>	<u>2,438</u>	<u>2,065,879</u>
Bal. w/Interest	0	2,329,376	347,619	627,983	705,655	156,791	0	42,129	558,841	4,768,394
Budget Balance	<u>0</u>	<u>743,740</u>	<u>142,649</u>	<u>287,166</u>	<u>213,758</u>	<u>146,554</u>	<u>0</u>	<u>30,576</u>	<u>193,347</u>	<u>1,757,790</u>
Balance Available for Appropriations	0	1,585,635	204,971	340,817	491,897	10,237	0	11,553	365,493	3,010,603

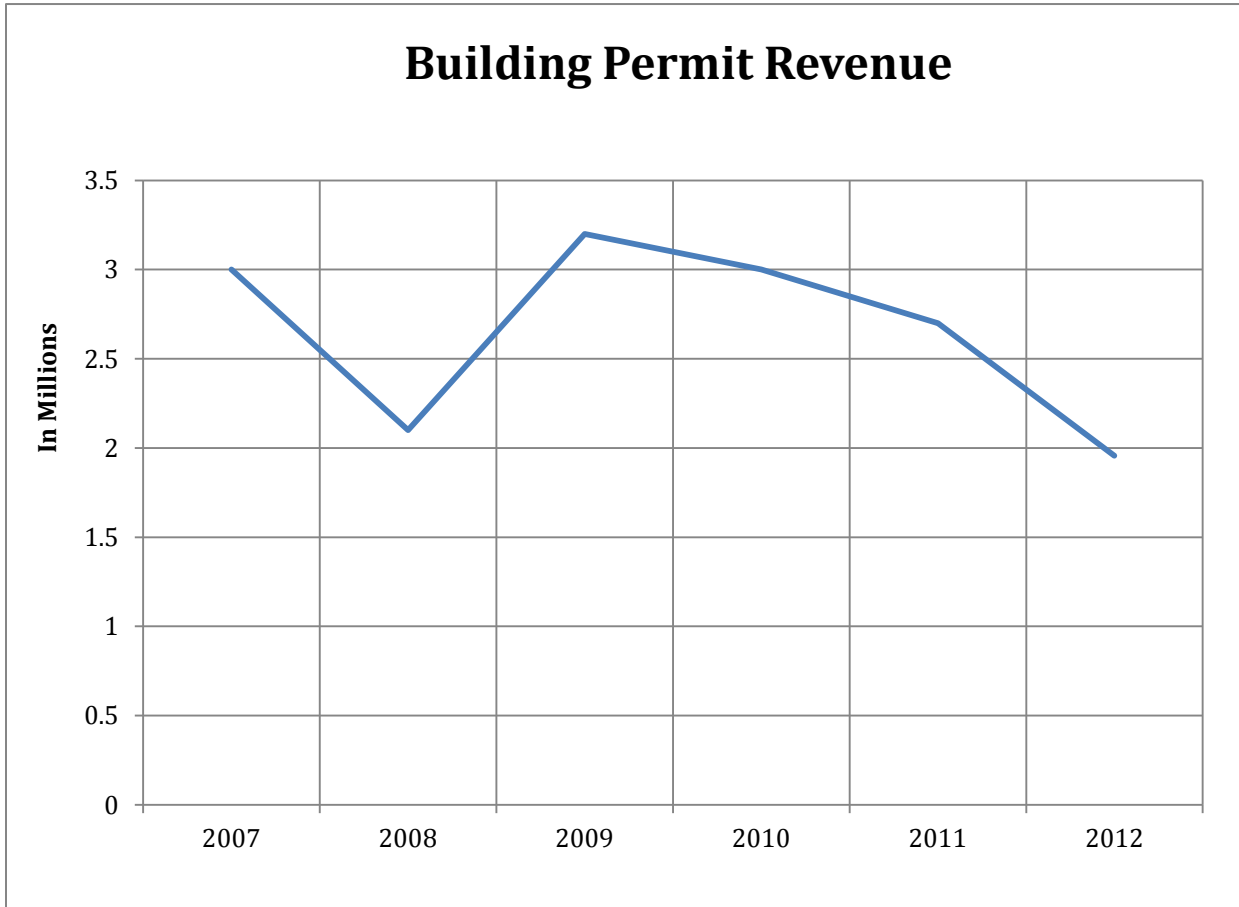


Chart 9

PRELIMINARY YEAR END ANALYSIS
CITY OF OLYMPIA EXPENSE & REVENUE SUMMARY
OPERATING FUNDS - EXCLUDING DEBT SERVICE FUNDS
AS OF DECEMBER 31, 2012

	----- EXPENDITURES -----				----- REVENUES -----				
	EXPENDED/		BUDGET	%	YEAR		BUDGET	%	
	BUDGET	COMMITTED	BALANCE	EXPENDED	BUDGET	TO DATE	BALANCE	RECEIVED	
GENERAL FUND:					GENERAL FUND:				
LEGISLATIVE	185,693	204,997	(19,304)	110.4%	PROPERTY TAX	9,353,954	9,245,524	108,430	98.8%
EXECUTIVE	1,382,734	1,276,479	106,255	92.3%	SALES TAX	15,988,550	15,462,364	526,186	96.7%
SPECIAL ACCOUNTS	4,577,152	4,383,018	194,134	95.8%	PRIVATE UTILITY TAX	5,517,780	5,132,420	385,360	93.0%
LEGAL	1,082,777	1,033,431	49,346	95.4%	CITY UTILITY TAX	3,831,040	3,817,279	13,761	99.6%
					OTHER TAXES	4,962,400	4,781,095	181,305	96.3%
TOTAL GENERAL GOVT.	7,228,356	6,897,925	330,431	95.4%	BUILDING PERMITS	1,684,600	1,956,557	(271,957)	116.1%
					ST. SHARED & ENTITL.	1,597,800	1,718,823	(121,023)	107.6%
ADMIN SERVICES	6,576,765	6,333,494	243,271	96.3%	OTHER INTERGOV REV.	2,690,250	2,777,481	(87,231)	103.2%
COURT	1,698,050	1,562,132	135,918	92.0%	INTERFUND CHARGES/TRSF	8,232,524	8,132,957	99,567	98.8%
PLANNING	5,220,583	4,947,902	272,681	94.8%	PARKS & REC. REV	867,677	836,698	30,979	96.4%
FIRE	12,790,454	12,568,904	221,550	98.3%	INTEREST EARNINGS **	209,450	211,370	(1,920)	100.9%
POLICE	13,332,667	13,124,026	208,641	98.4%	OTHER REVENUE	5,179,699	4,918,215	261,484	95.0%
PARKS	5,312,993	5,107,278	205,715	96.1%					
PUBLIC WORKS	10,582,108	10,334,242	247,866	97.7%	TOTAL GENERAL FUND	60,115,724	58,990,783	1,124,941	98.1%
TOTAL GENERAL FUND	62,741,976	60,875,903	1,866,073	97.0%					
					WASH. CENTER O & M	466,370	466,447	(77)	100.0%
WASHINGTON CENTER	471,370	453,668	17,702	96.2%	WATER UTILITY O & M	9,917,680	9,849,119	68,561	99.3%
WATER UTILITY O & M	9,951,694	9,429,236	522,458	94.8%	SEWER UTILITY O & M	15,522,980	15,506,531	16,449	99.9%
SEWER UTILITY O & M	15,810,111	15,521,372	288,739	98.2%	STORMWATER UTILITY	5,192,073	4,654,827	537,246	89.7%
STORMWATER UTILITY	5,885,493	5,209,186	676,307	88.5%	SOLID WASTE	9,434,034	8,801,486	632,548	93.3%
SOLID WASTE	9,578,794	9,235,814	342,980	96.4%	EQUIPMENT RENTAL(S01/S02)	2,886,424	2,911,997	(25,573)	100.9%
EQUIPMENT RENTAL(S01/S02)	3,781,210	2,762,893	1,018,317	73.1%	TOTAL	103,535,285	101,181,190	2,354,095	97.7%
TOTAL	108,220,648	103,488,072	4,732,576	95.6%					

** interest earnings include utilities and parking delinquent accounts plus interest on investments