Olympia

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REPORT FOR FISCAL YEAR 2017

City's compliance with funding levels set forth in the Interlocal Agreement between the OMPD Board and Olympia City Council

May 2, 2018

Olympia City Council
Olympia Metropolitan Park District (OMPD) Board
PO Box 1967
Olympia, WA 98507

Dear Mayor Selby and City Councilmembers and OMPD Board Members:

At our May 2, 2018 meeting, the OMPD Advisory Committee received a report titled "City of Olympia Report to the Olympia Metropolitan Park District Advisory Committee Regarding Section 4.1.1, (i) and (iv) for Fiscal Year 2017" (attached). The report was prepared and presented by Dean Walz, Fiscal Services Director for the City and Debbie Sullivan, Administrative Services Director.

Based on the report and follow-up questions with Mr. Walz, the City was compliant with sections 4.1.1 (ii.), 4.1.1. (iii.) and 4.1.1. (iv.). The City was not, however, compliant with section 4.1.1. (i.), which requires the City to allocate 11% of certain General Fund Revenues to support the Olympia Parks, Arts and Recreation Department (OPARD). The City inadvertently excluded Admission Tax in the category of Business and Occupation tax during the budget calculations, which led to OPARD receiving $24,200 less than it should have.

To remedy this oversight, the City will be appropriating $24,200 in reserve funds to OPARD in the second quarter budget adjustment by the end of June of this year. The City did include the Admission Tax in the 2018 Budget and will include this tax in future budgets.

The statements made in this report are based on the information received at our May 2nd meeting. The Chair and/or Vice Chair of our Committee will be meeting with the City's Fiscal Services Division in the coming weeks to verify the information we received. Additionally, at the conclusion of the City's 2017 Audit conducted by the Washington State Auditor's Office, the City will report any changes to the Advisory Committee. The City expects this audit to be complete by the end of August. The Committee reserves the right to amend this report as necessary should additional information become available.

MAYOR: CHERYL SELBY **MAYOR PRO TEM:** NATHANIEL JONES **CITY MANAGER:** STEVEN R. HALL
COUNCILMEMBERS: JESSICA BATEMAN, JIM COOPER, CLARK GILMAN, LISA PARSHLEY, RENATA ROLLINS

Based on information provided orally during the May 2nd presentation by Mr. Walz, the Committee believes that the 2018 budget is also on track to be in compliance with the Interlocal Agreement. We will report on this compliance in next year's annual report.

Thank you for taking the time to consider our report. Please feel free to contact me at rhorn@ci.olympia.wa.us if you have questions or comments.

Sincerely,

Roger Horn

Roger Horn, Chair
OMPD Advisory Committee

Attachment:
City of Olympia Fiscal Year 2017 Compliance Findings Report

City of Olympia Report to the Olympia Metropolitan Park District Advisory Committee Regarding Section 4.1.1, (i) and (iv) For Fiscal Year 2017 Presented May 2, 2018

Section 4.1.3 of the Interlocal Agreement between the City of Olympia and the Olympia Metropolitan Parks District (OMPD) requires the OMPD Advisory Committee (Committee) to report to the City Council (Olympia) and the OMPD Board regarding the City's compliance with the funding levels in (i) and (iv) of Section 4.1.1 of the Interlocal Agreement.

This report is a reporting to the OMPD Advisory Committee by the City of Olympia regarding Section 4.1.1, (i) and (iv) of the Interlocal Agreement. These items are included under COMPLIANCE FINDINGS section of this report.

The OMPD Board has requested that the Committee also report on Section 4.1.1, (ii) and (iii) of the agreement. These items are included under ADDITIONAL REPORTING section of this report.

COMPLIANCE FINDINGS

SECTION 4.1.1 (i) compliance:

Section 4.1.1 (i) requires the City of Olympia to allocate 11% of certain budgeted General Fund tax revenues to support the Olympia Parks, Arts and Recreation Department (OPARD). These revenues are the general use portion of: Sales Tax, B&O Tax, Property Tax, Private Utility Tax, and Public Utility Tax.

For 2017 budget the City of Olympia allocated $4,947,275. The amount the City of Olympia should have budgeted was $4,971,475, which is $24,200 more than what was budgeted (see attachment 1). The under allocation of tax revenue to OPARD was due to Admission Tax not being included in the category of B&O Tax.

For 2017, the City was not in compliance with this section.

The 2018 budget included Admission Tax in the allocation of taxes to support OPARD.

SECTION 4.1.1 (iv) compliance:

The City imposes a non-voted utility tax of 6%. 1/6th of that tax, referred to in the Interlocal Agreement as the 1% Non-Voted Utility Tax (NVUT). Section, 4.1.1, sub-section (iii), requires the City to commit one-half of the 1% NVUT to acquire new park land and to maintain and develop those acquired park properties and Section 4.1.1 (iv) states that the City intends to allocate the remaining one-half of the NVUT for the same purposes as in sub-section (iii). If the City does not allocate this one-half of the

NVUT to acquire new park land and to maintain and develop those acquired park properties, then the City would allocate up to $500,000 of year end fund balance, to the extent it exists for such purposes.

The 2017 City Budget did not allocate the remaining one-half of the NVUT as for the purposes described above. However, on March 27, 2018 the City Council allocated $500,000 of the General Fund, fund balance as required by section 4.1.1 (iv) of the Interlocal Agreement.

For 2017, the City was in compliance for this section.

ADDITIONAL REPORTING

SECTION 4.1.1 (ii)

The City imposes voted approved utility tax (VUT) of 2% for park purposes. 4.1.1, sub-section (ii), requires the City to commit to use the 2% VUT to acquire new park land and to maintain and develop those acquired park properties.

The City's 2017 capital budget allocated the 2% utility tax ($2,000,000) for park land acquisition. The budget included $1,930,000 for new acquisition and $70,000 for debt service of the 2016 park bond anticipation note (BAN). The note was issued for acquiring park land.

The City was in compliance, with this section.

SECTION 4.1.1 (iii)

The City imposes a non-voted utility tax of 6%. Section, 4.1.1 (iii), requires the City to commit one-half of the 1% NVUT to acquire new park land and to maintain and develop those acquired park properties.

The City's 2017 capital budget allocated one-half of the 1% NVUT ($500,000) to park land acquisition.

The City was in compliance, with this section.

ATTACHMENT 1

support OPARD programs & services	Actual Budget	Originally Calculation	Variance
Property Tax	10,823,869	10,823,869	-
Regular (1%) Sales Tax	18,481,280	18,481,280	-
B&O Tax	6,192,000	5,972,000	220,000
Utility Tax - Private	4,962,390	4,962,390	-
Utility Tax - Public	4,735,690	4,735,690	-
	45,195,229	44,975,229	
11% dedicated to PARD	4,971,475	4,947,275	24,200

Analysis of Variance:

Addendum 1 of the interlocal agreement which details the taxes to be included in the 11% calculation is B&O Tax. The amount in the addendum shown as B&O tax included Admissioı Tax. Admission Tax is not accounted by the City in the B&O tax revenue account.
The City of Olympia did not include Admission Tax in B&O Tax amount used for the 2017 calculation of the 11% of taxes to be allocated to OMPARD budget.

Note: The 2018 calculation inlcudes Admission Tax.