



**TOPPENISH CITY COUNCIL
STUDY SESSION AGENDA
OCTOBER 4, 2021 – 5:00 P.M.**

*Mask Guidelines

1. Call To Order/Roll Call
2. Receive Presentation by Administrative Services Director Debbie Zabell Regarding Preliminary 2022 Revenue Estimates
3. Adjournment

Next Regular Council Meeting will be on October 11, 2021



City of Toppenish
Administrative Services Department
MEMORANDUM

DATE: September 28, 2021
TO: Mayor and Councilmembers
CC: Lance Hoyt, City Manager
FROM: Debbie Zabell, Administrative Services Director 
RE: **Preliminary 2022 Revenue Estimates**

The information provided within, is part of the 2022 budget development process, and is to communicate to the City Council the estimates of revenues from all sources, including the estimate for consideration of setting property tax levy, that are being estimated for the 2022 Preliminary Budget.

Considering the impacts to City revenues from COVID-19, revenue estimates are simultaneously more important and more difficult to produce than in a typical year. Across all City funds, revenues are estimated to be collected moderately higher than the current budget, except for sales tax. In both 2020 and 2021, the city received higher than normal sales tax revenues, which can be attributed to COVID stimulus money, as well as housing and utility assistance.

The following Summary of Proposed 2022 Revenues by Source provides an overview of each revenue source and identifies the revenue as restricted or unrestricted in its use. The 2022 Proposed Revenues and Revenue Sources worksheet begins on page 17.

Summary of Proposed 2022 Revenues by Source

Municipal Revenues are categorized into nine categories, as such, the information is provided in the following order:

- 308 Fund Balance
- 310 Taxes
- 320 Licenses and Permits
- 330 Intergovernmental
- 340 Charges for Goods and Services
- 350 Fines and Penalties
- 360 Miscellaneous
- 380 non-Revenues
- 390 Other Financing

Some funds may be limited to one revenue stream, while others, such as the General Fund receive revenues from multiple categories. For further reading, the Municipal Research Center has numerous publications that provide in-depth information on revenues. www.mrsc.org.

308 BEGINNING CASH AND INVESTMENTS: The Beginning fund balance equals the previous year's ending fund balance, which is determined by the following formula:

$$\underline{\text{Beginning fund balance} + \text{Revenues} - \text{Expenditures} = \text{Ending Fund Balance}}$$

The fund balance (both beginning and end) consist of cash in the bank, investments in both the Local Government Investment Pool (LGIP), Bonds, and cash on hand (petty cash, etc.). Fund balances are classified as un-spendable, reserved, committed, assigned or unassigned. Reserved fund balance are those monies from an external party (funding or grant agency) or from internal commitments that have been imposed by the City Council through Ordinance.

The City Council adopted a Financial Policy that establishes the fund balance minimums. Fund Balance is considered a savings account, where the City can draw revenues from in times of need or if there is an unanticipated expense. The two volatile funds are the General Fund and the Street Fund. The minimum fund balance for these funds is 5% and 15%, respectively.

For clarification, when referring to the total revenue in this document, that amount does not include the beginning fund balance. (Please see the 2022 Proposed Revenues and Revenue Sources beginning on page 2, for the grand total of proposed 2022 revenues by category.)

The proposed 2022 Budget includes total fund balance of \$12,600,973.

Restricted fund balance are monies that are for a specific purpose and are limited to that use.

Unrestricted fund balance may be used for any lawful governmental purpose within the fund it resides.

REVENUES: The proposed 2022 Budget revenues are estimated at \$17,941,502, from the following sources: (Of note, \$1,629,598 of the estimate are transfers from one account to another.)

310 TAXES: The City receives taxes from multiple resources. The table below identifies the tax and the receiving fund. As noted in the following Summary of Tax Revenues, some taxes are restricted and limited to its use, and some are unrestricted and may be used for any lawful governmental purpose with the fund it resides.

The proposed 2022 Budget includes estimated tax revenues of \$5,503,465. This represents 30.67% of all revenues.

The below table displays the amounts of estimated tax revenue for 2022.

Fund	Property Tax	Sales Tax	Emergency Medical Services	Business & Occupation	Utility Tax	Lodging Tax
001	882,000	850,000	112,965	620,000	2,154,000	
030	140,000	255,000		215,000		
103		160,000				
106						9,000
301	35,500					
457				70,000		
Total 2022 Estimated Tax					\$5,503,465	

Summary of Tax Revenues:

Property Tax: Washington State limits the annual rate of property tax increase to 1% of its true and fair value. The allowable increase limits the amount of property tax that can be collected and used for general municipal services, that include city administration, essential services of police, fire, and permitting, as well as quality of life services such as parks and recreation.

Using the amount collected by the Yakima County Assessor in 2020 (\$867,839.79), a 1% increase to the property tax levy results in an increase of \$8,678.40.

The proposed 2022 Budget includes estimated regular property tax of \$882,000. This represents 16.03% of the total tax revenues.

The revenue is unrestricted and may be used for any lawful governmental purpose.

Emergency Medical Services Tax: By referendum, Yakima County residents authorized the Emergency Medical Service levy. It is a regular property tax in the amount of 0.25 cents per \$1,000 of assessed value. A portion of the tax goes to the Yakima County Department of Emergency Medical Services, with the remainder distributed to the cities and county fire departments for EMS. The funds are received in the General Fund and the expenditures are accounted for in the Fire Department - Fire and Rescue Budget.

The proposed 2022 Budget includes estimated EMS tax of \$112,965. This represents 2.05% of the total tax revenues.

The revenue is restricted and may only be used for Emergency Medical Services, (Fire and Rescue)

Sales Tax: Sales tax rates vary from city to city depending on exactly which taxes have been imposed – and at what rates – by the city, county, and other taxing districts. Sales tax is accounted for in the General Fund. The sales tax for goods and services purchased in the City of Toppenish, is 8%. It is distributed as follows:

6.5%	State of Washington
.85%	City of Toppenish
.1%	Criminal Justice (1993) (see below)
.3%	Criminal Justice (2005) (see below)
.15%	Yakima County
<u>.1%</u>	Mental Health (effective 4/1/20)
8.0%	Total (sales tax for the cities of Yakima, Union Gap, and Selah are higher due to transit tax)

Over the past ten years, the city has experienced a decline in sales tax revenues. This has resulted in the city being financially dependent on the utility tax it receives from its own utilities. As with most cities, counties, and states throughout the Country, estimating sales tax for 2022 will be difficult.

The Federal Stimulus packages are attributed to increased spending in Toppenish. In 2020, the city realized over \$886,000 in sales tax, the highest ever. Staff is forecasting 2021 will be another prosperous year for sales tax, estimating sales tax to be \$955,000. Staff is projecting a 10% decrease to sales tax for 2022. The decrease is due to the elimination of the stimulus programs as well as the rent and utility moratoriums ending in 2021.

The proposed 2022 Budget includes estimated sales tax of \$850,000. This represents 15.44% of the total tax revenues.

The revenue is unrestricted revenue and may be used for any lawful governmental purpose.

Transportation Benefit District Sales Tax: In 2016, the State Legislature provided for cities to absorb Transportation Benefit Districts (TBD) and assume all its rights, powers, functions, and obligations with the result that the TBD would cease to exist as a separate entity. With the new legislation Toppenish absorbed the TBD, resulting in the vehicle license fees being directed to the city.

The proposed 2022 Budget includes estimated sales tax of \$160,000. This represents 2.91% of the total tax revenues.

The Vehicle License Fee is restricted revenue and may only be used for transportation improvements, maintenance, and operations.

Criminal Justice (Sales) Tax: The City receives taxes from two Criminal Justice resources, these include a .01% tax and a 0.3% tax that is distributed by the State to the county and cities in Yakima:

- A special 0.1% Criminal Justice Sales Tax was originally approved by the voters of Yakima County in the November 1992 General Election and became effective January 1, 1993. The State allocates this 0.1% criminal justice sales tax revenue between the city and the County. This revenue is restricted to providing criminal justice related services.
- 0.3% Criminal Justice Sales Tax - Another special sales tax of 0.3% dedicated to Criminal Justice expenditures was originally approved by the Yakima County voters in November 2004. The tax was renewed for another 6 years on the November 2015 election for 2017-2022.

The taxes are for sales inside Yakima County only and the proceeds are divided between the county and cities on a predefined formula under which the county receives 60% and all cities within the county share the remaining 40%. Also, of note, both taxes are impacted by the same economic factors as sales tax.

The proposed 2022 Budget includes estimated criminal justice tax of \$255,000. This represents 4.63% of the total tax revenue, as well as 36% of the revenues received in the Criminal Justice Fund (030).

The Criminal Justice sales tax is restricted to law enforcement purposes.

Business and Occupation Tax and Utility Tax: Business and Occupation (B&O) and Utility Tax differ in that B&O tax is a tax on public and private utilities that are doing business in the City and Utility Tax is an allowable tax that the city places on its own utilities for doing business in the city.

B&O Tax: The City Council has authorized the collection of B&O tax up to the State’s limit of 6%, which is authorized by RCW 35.21.706. The B&O tax is accounted for in three funds:

General Fund: City’s may impose a business and occupation tax (B&O) upon the income of public and private utilities providing services within the boundaries of the City. These include electricity, gas, and telephone. (Cable TV is also taxable however the city has a separate franchise agreement that is addressed below).

Criminal Justice Fund: As noted above, the State limit on B&O tax is 6%, unless approved by referendum. In 1995, the Toppenish voters approved a referendum to increase the B&O tax on public or private utilities (electricity, natural gas, and telephone) an additional 2 ½%, for the sole purpose of the funds being used for police purposes.

Mid Valley TV: Through a Franchise Agreement with Charter Cable, the city receives both a franchise fee and B&O tax, (franchise fee of 5% and B&O tax of 6% respectively). These revenues support the operations of Mid-Valley TV (a joint venture between the cities of Toppenish, Wapato, and Granger).

The proposed 2022 Budget includes estimated B&O tax of \$905,000. This represents 16.44% of the total tax revenues.

The \$620,000 B&O Tax received by the General Fund (001) is unrestricted revenue and may be used for any lawful governmental purpose.

The \$215,000 B&O Tax received by the Criminal Justice Fund (030) is restricted and may only be used for law enforcement purposes.

The \$70,000 B&O Tax received by the Mid-Valley TV Fund (457) is restricted and may only be used for the maintenance and operations of Mid-Valley Television.

Utility Tax: Cities are permitted to levy any amount of utility tax necessary, on its own utilities. The City's current utility tax is 31% of the utility's revenues. Based on the City's decreasing revenue streams from all other sources, the city is financially dependent on utility tax. The City accounts for Utility Tax in the General Fund, which provides 42.12% of all general fund revenue needed to provide essential and needed services.

The proposed 2022 Budget includes estimated Utility Tax of \$2,154,000. This represents 39.14% of the total tax revenues, as well as 41% of the General Fund revenue.

The Utility Tax received by the General Fund (001) is unrestricted revenue and may be used for any lawful governmental purpose.

Lodging Tax: Cities have the authority to levy lodging taxes, also known as "hotel/motel taxes," on all charges for furnishing lodging at hotels, motels, and short-term rentals (STR), including such activities as Airbnb, bed, and breakfasts (B&Bs), RV parks, and other housing and lodging accommodations for periods of time less than 30 days.

The tax is collected as a sales tax and paid by the customer at the time of the transaction. The taxes were imposed by the City Council and did not require voter approval. Because the City is over 5,000 population it was required to establish a Lodging Tax Advisory Committee (LTAC), who reviews all funding applications and recommends awards to the City Council for consideration.

Like sales tax, lodging tax is directly impacted by the economy. Because of the downturn in lodging in early 2000, the City Council authorized 75% of Business License revenue to be accounted for in the Tourism Fund (106) to offset the declining Lodging tax received.

The proposed 2022 Budget includes estimated lodging tax of \$9,000. This represents .16% of the total tax revenues, and .28% of the Tourism Fund Revenues.

Lodging Tax Revenue is restricted and must generally be used for tourism activities or tourism-related facilities.

The Business License Revenue received in the Tourism fund is unrestricted and may be used for any lawful governmental purpose.

Real Estate Excise Tax: Any city or town may impose an excise tax of 0.25% – known as “REET 1” or the “first quarter percent” – upon all real estate sales (RCW 82.46.010(2)). REET 1 was imposed by the City Council and did not require voter approval. Almost all cities in the state have imposed REET 1, except for a few very small cities and towns.

Cities with a population of more than 5,000 that are fully planning under GMA jurisdiction must spend the REET 1 revenues on “capital projects” that are listed in the capital facilities plan (CFP) element of their comprehensive plan. When the City establishes and the Council adopts an annual Capital Improvement Plan, the funds from this revenue may be expended.

The proposed 2022 Budget includes estimated REET tax of \$35,500. This represents .65% of the total tax revenues, as well as 100% of the REET Capital Fund Revenue.

REET Tax Revenue is restricted and may only be spent on “capital projects” that are listed in the capital facilities plan (CFP) element of their comprehensive plan.

320 LICENSES AND PERMITS: The City issues numerous licenses and permits as directed by the Toppenish Municipal Code, as well as Washington State. These include:

Licenses: Business, Rental, Animal, Yard Sales, and Concealed Weapons Licenses (permits)
Permits: Building, Plumbing, Mechanical, Sign, Fire, and Street Permits.

Permitting is necessary for the life, and safety of all who work, live, and visit Toppenish. License and Permit revenues, in general, do not cover the costs of administering and inspecting. These revenues are accounted for in the General Fund, Street Fund, and Tourism Fund.

The proposed 2022 Budget includes estimated License and Permit revenues of \$132,500. This represents .74% of total revenues.

License and Permit Revenue are unrestricted and may be used for any lawful governmental purpose. Generally, these fees are used to offset the costs of licensing and permitting.

330 INTERGOVERNMENTAL REVENUES: Revenues contained in this category include state and federal grants, state shared revenues, and in lieu taxes.

The proposed 2022 Budget includes estimated intergovernmental revenues of \$1,815,745. This represents 10.12% of the total revenues. This revenue category includes \$1,233,208 in grants, and \$527,240 in State Shared Revenues.

Grants and Loans: The City contracts with HLA Engineering and Gray and Osborne for grant writing and engineering services. Both firms have been successful in writing and applying for grants on the City’s behalf. Their efforts have resulted in the city receiving millions of dollars for capital improvement projects. The majority of grants are secured for street, water, and sewer capital improvement projects. The Police and Fire Departments, as well as the Wellness Group have been successful in writing and receiving grant award.

The proposed 2022 Budget includes grant revenues of \$1,286,505. This represents 6.87% of Intergovernmental Revenues.

General Fund (Fire):	\$1,250.00	(State Grant for medical equipment and supplies)
General Fund (Police)	\$500.00	(Federal Grant for bullet proof vests)
General Fund (HR)	\$250.00	(AWC Wellness Grant, assist w/ maintaining 2% ins. discount)
Criminal Justice Fund:	\$500.00	(Federal Grant for bullet proof vests)
Welcome Center Fund:	\$53,296.69	(Grant for the electric vehicle charging station)
Capital Water Fund:	\$1,100,000.00	(COVID Grant for the replacement of the city's water meters)
Capital Sewer Fund:	\$130,708.00	(COVID Grant for the of the city-wide sewer project)

Grant revenues are restricted to the receiving fund and may only be used for the designated project or equipment.

State Shared Revenues: The State of Washington distributes several “state shared revenues” to cities, towns, and counties. Some of these revenues are distributed to all entities solely on a population (per capita) basis, while others are based on different factors and/or are only distributed to jurisdictions that meet certain criteria. The City’s population from the Office of Financial Management is 9,200.

For clarification, the state shared revenue received is recorded in four funds, (General, Criminal Justice, Street, & Pension). For ease of reading, the state shared revenue is being grouped together with the explanation of where each revenue is recorded and if the revenue is restricted or unrestricted.

Forecasting state shared revenues can be somewhat tricky. First, the state fiscal year begins July 1 and ends June 30, while all local governments in Washington use a calendar year budget (Jan 1 to Dec 31). As a result, legislation can and often does impact shared revenue distributions halfway through the local government budget year.

Secondly, it is impossible to predict what the legislature will do – in recent years, it has added new distributions (increased gas taxes, multimodal transportation, and marijuana excise taxes), reduced distributions (marijuana excise taxes, which were later restored), and attempted to eliminate distributions (the fire insurance premium tax, which was preserved by the governor’s veto).

We need to remember that these resources are vulnerable during each legislative session, especially with significant decreases to state revenues such as the COVID-19 pandemic. It is important for the City Council and Administration to monitor legislative sessions to help stay abreast of changes to these revenue sources. Any shortfalls to these important revenues will have a direct impact on the City’s budget and ability to provide necessary services.

The proposed 2022 Budget includes State Shared revenues of \$529,240. This represents 29.15% of Intergovernmental Revenues.

City-County Assistance Distributions: RCW 82.45.060 imposes a real estate excise tax (REET) on each sale of real property within Washington State. A portion of the state REET is deposited into the city-county assistance account to provide revenue assistance to certain cities and counties that meet the statutory qualifications. Effective January 1, 2020, ESSB 5998 reduced this portion from 1.6% to 1.4%.

These funds were originally intended to mitigate the loss of the motor vehicle excise tax (MVET) that was distributed to local governments as a means of equalization of sales tax. The formula used to allocate city funding is based on a sales and property tax equalization formula and the 2005 MVET backfill levels. The maximum distribution for any eligible city was originally capped at \$100,000, to be increased each year by the July implicit price deflator (IPD) for personal consumption expenditures. The 2020 cap is \$128,726.

The Department of Revenue (DOR) must certify the amounts to be distributed each year by October 1, with preliminary estimates available by September 1. Funds are required to be distributed quarterly on January 1, April 1, July 1, and October 1. For these distribution dates to be met, the transfers are made on the last day of the previous month in conjunction with the regular remittance of revenues from the State Treasurer’s Office (OST) to local governments. As a result, the January 1 remittance is received on December 31, which is part of the current budget cycle for cities, towns, and counties instead of being received in the next budget period. This means that, for budgeting purposes, cities and counties are dealing with two different certification years.

From the Department of Revenue: “Here’s how it works, when the Council passes the 2022 Budget later this year, we (DOR) will know the amount for which you are certified for 2022, but keep in mind that the first payment from that certification will arrive in December and will become part of the current year’s revenues. The amount you forecast for 2022 will depend on the October 1, 2020 certification, less the January distribution (received December 31), plus our best “guesstimate” of your January 2022 distribution, which is certified October 1, 2022, and received December 31, 2022.”

The 2022 proposed Budget includes estimated City Assistance revenue of \$110,000. This represents 20.78% of State Shared revenues.

The revenue is unrestricted revenue and may be used for any lawful governmental purpose.

Criminal Justice Revenues: There are two separate criminal justice distributions for cities, created by RCW 82.14.320 and 82.14.330. Each program originally (in state fiscal year 2000) appropriated a total of \$4.6 million, to be increased each July by the “fiscal growth factor” set forth in RCW 43.135.025. The fiscal growth factor is the average annual growth in state personal income for the prior ten fiscal years.

The distributions have now grown to total \$10,225,292 (as of 2020) for each of these two separate criminal justice resources. The amount to be distributed for 2022 will be \$10,829,607 for each program. Criminal justice revenues created by RCW 82.14.320 are for cities with high crime rates. Since these funds are based on a high crime rate formula, estimating these revenues are difficult.

Criminal Justice Revenues must be used for Criminal justice purposes; they may not replace or supplant existing criminal justice funding. Criminal justice funds created by RCW 82.14.330 have four different components for distribution. The City receives funds for High Crime, Population, and Special Programs.

- High Crime Distributions: These funds are distributed partially based on crime rates which are difficult to forecast. The distribution of this revenue is based on the city's crime rate being over 125% of the annual statewide average.
- Population: 16%, or \$1,732,737, is distributed to all cities and towns on a per capita basis, with each city receiving a minimum of \$1,000 no matter how small its population. For 2022 the estimated 2022 distribution is \$0.35 per capita.
- Special Programs: 54%, or \$5,847,988, is distributed to all cities and towns on a strictly per capita basis to be used for innovative law enforcement strategies, programs to help at-risk children or child abuse victims, and programs to reduce the level of domestic violence or to provide counseling for domestic violence victims. While these funds must be spent in these specific areas, there is no requirement for how much must be spent in each area. The city's entire distribution could be spent in only one of these areas if the city wishes. For 2022 the estimated 2022 distribution is \$1.24 per capita.
- Violent Crime: 20%, or \$2,165,921, goes to cities with a three-year average violent crime rate (per 1,000 population) above 150% of the three-year statewide average. No city may receive more than \$1.00 per capita. The 2022 estimates have not been provided.

The 2022 proposed Budget includes estimated Criminal Justice revenue of \$81,628. This represents 15.42% of State Shared revenues, as well as 11.53% of the Criminal Justice Fund.

The revenue is restricted and may only be used for law enforcement purposes.

Fire Insurance Premium Tax: RCW 41.16.050 requires each municipality having a regularly organized full-time fire department with paid firefighters to establish a firefighters' pension fund. The state collects a 2% tax on the premiums of all insurance policies written. Of the tax collected on fire policies and the fire component of homeowner's and commercial multi-peril policies, 25% is distributed to cities and fire districts that have firefighters' pension funds.

The moneys received from the tax on fire insurance premiums under RCW 41.16.050 are distributed to those cities and fire districts with a pre-LEOFF firefighters' pension fund based on their proportionate number of paid firefighters, (a calculation known as the "ratio value"). Each year, on or before January 15, cities and fire districts must certify to the State Treasurer their number of paid firefighters. For 2022 the estimated ratio value is \$1,185.20 per paid firefighter.

The proposed 2022 Budget includes estimated Fire Insurance Premium Tax of \$6,000. This represents 1.13% of State Shared revenues.

The revenue is restricted and may only be used for pre-LEOFF Fire Pension payments to retirees or their widows.

Liquor Revenues: Liquor revenues have two separate distributions. There is a state shared distribution from the liquor revolving account for licensing fees (liquor profits), and a distribution from the liquor excise tax that represents a portion of the excise tax collected on liquor sales. The total distribution from liquor profits is the same each year, while the total distribution for liquor excise taxes varies depending on liquor sales. One of the requirements for receiving liquor revenues is that the city must devote at least 2% of the liquor profits and liquor excise tax distributions to a licensed or certified alcohol or drug addiction program under RCW 71.24.555. (The city remits this 2% to Yakima County.)

Liquor revenue distributions have seen a lot of changes over the past several years, including:

- Initiative 1183, passed in November 2011, that privatized the distribution and retail sale of liquor beginning June 1, 2012. The result of this initiative for local governments was that instead of a calculation based on the profits generated from state-run liquor sales, the revenue distribution for liquor profits is now based on the collection of license fees paid by retailers and distributors.
- State legislation in 2012 created a permanent diversion of \$10 million per year (\$2.5 million per quarter) of city and county money from the liquor excise tax fund to the state general fund. The permanent deduction in liquor excise tax distributions resulted in an annual loss of \$8 million to cities and towns and \$2 million to counties.
- The legislature changed the share of liquor excise taxes remitted to cities and counties from 35% in the 2013-2015 state budget to 22.5% in 2015-2017 and back again to 35% in the 2017-2019 and 2019-2022 biennial budgets.

Liquor Excise Taxes: The distribution formula is as follows:

1. 35% of liquor excise tax collected is deposited in the liquor excise tax fund for distribution to cities, towns, and counties.
2. \$2.5 million each quarter (\$10 million a year) is deducted from the liquor excise tax fund and remitted to the state general fund.
3. Of the remaining amount, 80% is distributed to cities (based on population) and 20% is distributed to counties (based on unincorporated population).

The State has projected a 5.8% decrease to liquor excise tax revenues that are to be deposited into the liquor excise tax fund. After deductions, the total local government distributions are estimated to be \$32,645,124 for cities and \$7,513,766 for counties. For 2022, the estimated distribution is \$6.45 per capita.

The 2022 proposed Budget includes estimated liquor excise tax revenue of \$65,000. This represents 12.28% of State Shared revenues.

At least 2% is restricted for alcohol or drug addiction. The remaining 98% is unrestricted and may be used for any lawful governmental purpose.

Liquor Board Profits: Not only did Initiative 1183 privatize liquor sales in Washington, but it also changed the types of liquor revenues collected by the state. The State is now collecting revenue in the form of license fees from distributors and retailers, rather than profits from the state-run liquor stores.

An additional distribution of \$10 million per year from the spirits license fees must be provided through the liquor revolving fund for the purpose of enhancing public safety programs. Cities receive 80% annually, distributed proportionately by population, and Counties receive 20% annually, distributed proportionately by unincorporated population. All cities, towns, and counties that do not prohibit the sale of liquor receive liquor profits. The estimated 2022 distribution is \$7.79 per capita.

The proposed 2022 Budget includes estimated liquor profits tax revenue of \$71,668. This represents 13.54% of State Shared revenues.

At least 20.23% is restricted to public safety programs. The remaining 77.77% is unrestricted and may be used for any lawful governmental purpose.

Transportation Distributions: All cities, towns, and counties receive three different transportation distributions. The first, motor vehicle fuel tax (MVFT), which is distributed as a percentage of the fuel taxes collected statewide. The other two, “increased motor vehicle fuel tax” and “multi-modal” distributions, were created in 2015 by 2ESSB 5987 and consist of direct transfers from the state transportation fund, so the allocations are not impacted by actual fuel tax collections.

Motor Vehicle Fuel Tax (MVFT): Motor Vehicle Fuel Tax is received through State distributions of fuel tax on a per capita basis. The distribution formula includes annual road costs and need in addition to population. RCW 47.30.050 requires that at least 0.42% of MVFT funds pedestrian, equestrian, or bicycle trails annually. Cities also have the option to place these dedicated funds in a capital reserve or special revenue fund to accumulate the resources, so long as the funds are used for paths or trails within a 10-year time frame.

According to the Municipal Research Center, transportation revenues for the current biennium (2019-21) are down by 7.7%. This is primarily due to the reduced transportation demand resulting from COVID-19. The reduction is having a significant impact on revenue streams.

The transportation projections anticipate the resumption of normal activity in the spring of 2022. The estimated 2022 distribution is \$18.15 per capita. (Down \$1.89 per capita from 2021, or \$17,388)

The proposed 2022 Budget includes estimated MVFT revenue of \$169,980. This represents 32.12% of State Share revenue, as well as 44% of the Street Fund revenues.

The revenue is restricted to highway purposes, with at least .42% being restricted to pedestrian, equestrian, or bicycle trails.

Increased Motor Vehicle Fuel Tax and Multi-Modal Funds: Counties, cities, and towns receive a share of the multi-modal funds and the increase in fuel tax because of 2ESSB 5987. The legislation, adopted in 2015, provides for direct distributions of the additional funds. These revenues are split equally between cities and counties and are not impacted by actual fuel sales. The distribution formula includes annual road costs and need in addition to population. The estimated 2022 distribution are as follows: Increased Motor Vehicle Fuel Tax \$1.16 per capita; Multi-Modal Funds \$1.32 per capita.

The proposed 2022 Budget includes estimated Increased MVFT and Multi-Modal revenue of \$22,816. This represents 4.31% of State Shared revenue, as well as 6.05% of the Street Fund revenues.

The revenues are restricted to any transportation purpose.

The below illustrates the amounts of state shared revenues that the city is estimated to receive in 2022, compared to the revenues received in 2021. Of note, is the fluctuation of revenues between years.

2022 State Shared Revenue Estimator	
Select Jurisdiction	2022 Per Capita Estimates for Cities
Toppenish	Liquor Profits \$7.79
	Liquor Tax \$6.45
	Criminal Justice - Population Based \$0.35
	Criminal Justice - Special Programs \$1.24
2021 Population: 9,200	Gas Tax \$18.15
	Increased Gas Tax \$1.16
	Multi-Modal Distribution \$1.32
	Total \$36.46
Estimated Distributions (per capita revenues only)	
Liquor Profits	\$71,668
Liquor Excise	\$59,340
Criminal Justice - Population	\$3,220
Criminal Justice - Special Programs	\$11,408
Gas Tax (MVFT)	\$166,980
Increased MVFT	\$10,672
Multi-Modal Distribution	\$12,144
Total	\$335,432

Toppenish	
Fiscal Year 2021 -- Data Through December 31, 2020	
<i>Note: Distributions shaded in Blue are distributed to the county for distribution to other taxing districts within the county. The county retains only a portion of this amount.</i>	
Total	275,534
City Criminal Justice Assistance - High Crime	39,511
City Criminal Justice Assistance - Innovative Programs	5,254
City Criminal Justice Assistance - Population	1,472
City DUI Enforcement Assistance	726
Distressed City Assistance	63,613
Liquor Excise Tax Sharing	31,270
Liquor Profits Sharing	36,542
Motor Vehicle Fuel Tax Additional Sharing - City	5,430
Motor Vehicle Fuel Tax Sharing - City	82,657
Multimodal Transportation Account Sharing - City	6,206
State Lodging Tax Sharing	2,853

340 CHARGES FOR GOODS AND SERVICES: Charges for goods and services encompasses a variety of activities that the city provides. The following list notes the specific goods or service provided and the estimated revenue for the service:

Service	Fund	Revenue	Service	Fund	Revenue
Bldg. & Fire Plan Review	001	\$45,185	Cemetery Services	108	\$84,000
Court Services	001	\$14,700	Water Distribution	401	\$2,460,420
First Aid Training	001	\$1,000	Sewer Collection	403	\$3,201,161
Park Use	001	\$1,490	Sewer Treatment		
Swimming Pool/Concession	001	\$77,505	Solid Waste Collection	405	\$1,197,508
Utility Late Fees & NSF	001	\$41,225	Water System Connection	410	\$6,000
Public Records Requests	001	\$3,310	Sewer System Connection	413	\$6,000
Recreation Programs	070	\$32,400	Public Access TV Service	457	\$54,400
Storm Water Collection	101	\$2,000	Total Goods & Services		\$7,228,304

The proposed 2022 Budget includes \$7,228,304 of revenues from Goods and Services. This represents 40.29% of all revenues.

The revenue received for Goods and Services in the General, Street, and Cemetery Funds are unrestricted revenue and may be used for any lawful governmental purpose. These revenues are generally used to offset the costs of the good or service provided by the city.

The revenue received for Goods and Services in the water, sewer, solid waste, and MVTV are restricted, and may only be used for the specific good or services provided by that fund.

350 FINES AND FORFEITURES: Fines and forfeitures include several categories that include civil and criminal fines, as well as court reimbursements. Although the City contracts with the City of Sunnyside's Municipal Court for Court Services, Toppenish continues to receive all fines and forfeitures owed to the City.

The proposed 2022 Budget includes \$85,215 of revenues from Fines and Forfeitures. This represents .47% of total revenues.

The revenue received for Fines and Forfeitures is unrestricted revenue and may be used for any lawful governmental purpose. These revenues are generally used to offset the costs of municipal court services.

360 MISCELLANEOUS REVENUES: Miscellaneous revenues is a category of revenues prescribed by the State Auditor's office, that includes interest, rent and lease, contributions or donations from non-governmental agencies, sale of surplus, as well as unclaimed or forfeited money.

Another revenue that is included in the revenue source, is the Legend's 2% award. As required in the Gaming Compact between the Yakama Nation and the State of Washington, the Nation established a fund consisting of 2% of the net win from gaming activities. The fund, known as the Community Contribution Fund, is used to provide monetary assistance to law enforcement, emergency services, and other service providers/agencies which have been impacted by the Yakama Nation's gaming facility located on the Yakama Reservation.

The city applies annually for funds to purchase police vehicles. The city does not budget for awards, until received. Awards are included in each year's respective budget amendment.

The Yakama Nation needs an aerial truck to access the upper hotel rooms at Legend's Casino during an emergency. In 2018, the Nation sought the City's aid, by committing an annual award of \$225,000.00 (2018-2021 totaling \$900,000) for the purchase of an aerial truck. The city received 50% of 2020 award, and 33% of 2021 award. Total received to date: \$635,889. When the city receives the final award, it will be included in that year's budget amendment. In addition, an Agreement between the City and the Nation for services will need to be formalized, as well as consideration to where the apparatus will be housed.

The proposed 2022 Budget includes \$147,655 of revenues from Miscellaneous Revenues. This represents .82% of all revenues.

The revenues are unrestricted and may be used for any lawful governmental purpose. However, contributions towards specific projects or programs should be utilized for the specific purpose.

380 NON-REVENUES: Non revenues are those revenues that have borrowed from another fund, known as an interfund loan, or monies that are being held on behalf of another agency or person. These include retainage being held on capital construction projects, some of the court revenues the city receives, must be passed on to the State.

In addition to funds being held in trust, two specific revenues the City receives are also classified as non-revenues. These include:

- Perpetual Care Revenues received at the time a cemetery lot is purchased. These funds retained in the City’s Cemetery Perpetual Care Fund (701). These funds are being held in trust for care and maintenance of the Elmwood when the cemetery is built out and no longer receiving operating revenues from burials. Estimated non-revenues for the Perpetual Care Fund are \$16,500.00
- Housing loan payments received from borrowers of the City’s former Community Development Block Grant Housing Loan program. The City retains these loan payments in two funds.

Older program loan payments are accounted for Special Project Fund (050), and the newer program loan payments are accounted for in the Housing Loan Fund (170). Both funds can be utilized for expenditures that benefit the community. Typically, the City receives approval from the State Department of Commerce for larger expenditures. Estimated non-revenues for the Special Revenue and Housing Loan Funds are \$16,000.00 and \$110,400.00 respectively.

The proposed 2022 Budget includes \$126,400 of revenues from non-Revenues. This represents .70% of all revenues.

The revenues being held in trust for a person or agency is restricted.

The revenues being held in trust for the future care of the Elmwood Cemetery have been committed by the City Council to the Elmwood Cemetery.

The revenues received from housing loan payments, may be used for governmental purchases that benefit the community.

390 OTHER FINANCING: Other Financing includes governmental loans received by the City, as well as (subsidy) transfers from one city fund to another fund. Budgeted funds receiving loans and subsidies include the following:

Receiving Fund	Subsidy Fund	Subsidy Amount
002-Capital Reserve Fund	Transfer-In from 001 General Fund	\$200,000.00
004-Railroad Depot Fund	Transfer-In from 001 General Fund	\$4,500.00
007-Library Fund	Transfer-in from General Fund	\$57,220.00
071- Recreation Fund	Transfer-In from 001 General Fund	\$100,000.00
101-Street Fund	Transfer-In from General Fund	\$100,000.00
101-Street Fund	Transfer-In from License Tab Tax	\$80,000.00
108-Cemetery Fund	Transfer in from General Fund	\$97,278.00
410-Water Capital Fund	Transfer-In from 401 Water	\$80,000.00
410-Water Capital Fund	Transfer-In 1% from 401 Water	\$24,605.00
413-Sewer Capital Fund	Transfer-In from 403 Sewer	\$0.00
413-Sewer Capital Fund	Transfer-In 1% from 403 Sewer	\$32,000.00
421-PW Trust Fund Loan Fund	Transfer-In DWSRF/PWTF - Water	\$509,495.00
458-MVTV Capital Fund	Transfer-In from 457 Cable TV	\$2,500.00
510-Equipment Replacement Fund	Transfer-In Server Replacement	\$5,000.00
510-Equipment Replacement Fund	Transfer-In Patrol Vehicle	\$45,000.00
510-Equipment Replacement Fund	Transfer-In Fire Engine	\$100,000.00
510-Equipment Replacement Fund	Transfer-In from Water Fund	\$40,000.00
510-Equipment Replacement Fund	Transfer-In from Sewer Fund	\$50,000.00
510-Equipment Replacement Fund	Transfer-In from Solid Waste Fund	\$80,000.00
510-Equipment Replacement Fund	Transfer-In Park Equipment	\$8,000.00
510-Equipment Replacement Fund	Transfer-In Cemetery Equipment	\$4,000.00
510-Equipment Replacement Fund	Transfer-In from Street Fund	\$10,000.00
611-Firemen's Pension Fund	Transfer-In from 001 General Fund	\$0.00
	Total Interfund Transfer	\$1,629,598.00
Receiving Fund	Lending Agency	Loan Amount
413-Sewer Capital Fund	Sewer System Interim Financing	\$1,254,000.00
	Total Loan (Debt)	\$1,254,000.00

The proposed 2022 Budget includes \$2,883,598 of revenues from Other Financing. This represents 16.07% of all revenues.

The revenues from loans are restricted to the specific project for which the loan was secured.
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2022 Proposed Revenues and Revenue Sources

Fund Name	General	Capital Reserve	Welcome Center	Railroad Facility	PW Bldg
Fund #	001	002	003	004	006
REVENUES:					
308 - Beginning Fund Balance	3,013,905	768,695	4,895		-
310 - Taxes	4,618,965	-	-	-	
320 - Licenses & Permits	97,300	-	-	-	
330 - Intergovernmental	233,984	-	-	53,297	
340 - Charges for Services	184,415	-	-	-	
350 - Fines & Forfeitures	85,215	-	-	-	
360 - Miscellaneous Revenues	10,700	-	58,780	8,000	
380 - Non Revenues	-	-	-	-	
390 - Other Financing	-	200,000	-	4,500	-
Total Revenues:	5,230,579	200,000	58,780	65,797	-
Total All Revenues:	8,244,484	968,695	63,675	65,797	-

Fund Name	Library	Urban Develop Grant	Criminal Justice	Special Projects	Recreation
Fund #	007	021	030	050	071
REVENUES:					
308 - Beginning Fund Balance		31,925	670,350	397,402	-
310 - Taxes	-	-	610,000	-	-
320 - Licenses & Permits	-	-	-	-	-
330 - Intergovernmental	-	-	98,112	1,500	-
340 - Charges for Services	-	-	-	-	32,400
350 - Fines & Forfeitures	-	-	-	-	-
360 - Miscellaneous Revenues	-	-	50	2,600	-
380 - Non Revenues	-	-	-	16,000	-
390 - Other Financing	57,220	-	-	-	100,000
Total Revenues:	57,220	-	708,162	20,100	132,400
Total All Revenues:	57,220	31,925	1,378,512	417,502	132,400

2022 Proposed Revenues and Revenue Sources

Fund Name	Street	Vehicle License Fee	Tourism	Cemetery	Public Safety Grants
Fund #	101	103	106	108	119
REVENUES:					
308 - Beginning Fund Balance	31,474	247,234	86,500	257	635,889
310 - Taxes	-	160,000	9,000	-	-
320 - Licenses & Permits	3,200	-	32,000	-	-
330 - Intergovernmental	192,145	-	-	-	-
340 - Charges for Services	2,000	-	-	84,000	-
350 - Fines & Forfeitures	-	-	-	-	-
360 - Miscellaneous Revenues	-	-	-	5,500	-
380 - Non Revenues	-	-	-	-	-
390 - Other Financing	180,000	-	-	97,278	-
Total Revenues:	377,345	160,000	41,000	186,778	-
Total All Revenues:	408,819	407,234	127,500	187,035	635,889

Fund Name	Invest Drug Account	Housing Rehab	Com Economic Develop	REET	Street Capital
Fund #	129	170	225	301	302
REVENUES:					
308 - Beginning Fund Balance	31,230	190,251	5,537	805,004	-
310 - Taxes	-	-	-	35,500	-
320 - Licenses & Permits	-	-	-	-	-
330 - Intergovernmental	-	-	-	-	-
340 - Charges for Services	-	-	-	-	-
350 - Fines & Forfeitures	2,120	-	-	-	-
360 - Miscellaneous Revenues	-	1,800	-	5,500	-
380 - Non Revenues	-	110,400	-	-	-
390 - Other Financing	-	-	-	-	-
Total Revenues:	2,120	112,200	-	41,000	-
Total All Revenues:	33,350	302,451	5,537	846,004	-

2022 Proposed Revenues and Revenue Sources

Fund Name	Water	Sewer	Solid Waste	Water Capital	Sewer Capital
Fund #	401	403	405	410	413
REVENUES:					
308 - Beginning Fund Balance	1,373,591	767,044	162,417	303,802	325,112
310 - Taxes	-	-	-	-	-
320 - Licenses & Permits	-	-	-	-	-
330 - Intergovernmental	-	-	-	1,100,000	130,708
340 - Charges for Services	2,460,420	3,201,161	1,197,508	6,000	6,000
350 - Fines & Forfeitures	-	-	-	-	-
360 - Miscellaneous Revenues	50,500	800	2,500	-	-
380 - Non Revenues	-	-	-	-	-
390 - Other Financing	-	-	-	104,605	1,286,000
Total Revenues:	2,510,920	3,201,961	1,200,008	1,210,605	1,422,708
Total All Revenues:	<u>3,884,511</u>	<u>3,969,005</u>	<u>1,362,425</u>	<u>1,514,407</u>	<u>1,747,820</u>

Fund Name	PW Loan Reserve	DOE Loan Reserve	Cable TV	Capital Cable TV	Vehicle Replace
Fund #	421	427	457 (157)	458 (158)	510
REVENUES:					
308 - Beginning Fund Balance		192,483	254,113	71,402	1,887,345
310 - Taxes	-	-	70,000	-	-
320 - Licenses & Permits	-	-	-	-	-
330 - Intergovernmental	-	-	-	-	-
340 - Charges for Services	-	-	54,400	-	-
350 - Fines & Forfeitures	-	-	-	-	-
360 - Miscellaneous Revenues	-	-	300	125	-
380 - Non Revenues	-	-	-	-	-
390 - Other Financing	509,495	-	-	2,500	342,000
Total Revenues:	509,495	-	124,700	2,625	342,000
Total All Revenues:	<u>509,495</u>	<u>192,483</u>	<u>378,813</u>	<u>74,027</u>	<u>2,229,345</u>

2022 Proposed Revenues and Revenue Sources

Fund Name	Firefighter Pension	Perpet Care	Total 2022 Proposed Revenues	% of Revenue w/o fund balance	% of Revenue with fund balance
Fund #	611	701			
REVENUES:					
308 - Beginning Fund Balance	5,731	337,385	12,600,973		41.26%
310 - Taxes	-	-	5,503,465	30.67%	18.02%
320 - Licenses & Permits	-	-	132,500	0.74%	0.43%
330 - Intergovernmental	6,000	-	1,815,745	10.12%	5.94%
340 - Charges for Services	-	-	7,228,304	40.29%	23.67%
350 - Fines & Forfeitures	-	-	87,335	0.49%	0.29%
360 - Miscellaneous Revenues	-	500	147,655	0.82%	0.48%
380 - Non Revenues	-	16,500	142,900	0.80%	0.47%
390 - Other Financing	-	-	<u>2,883,598</u>	<u>16.07%</u>	<u>9.44%</u>
Total Revenues:	6,000	17,000	17,941,502	100.00%	58.74%
Total All Revenues:	<u>11,731</u>	<u>354,385</u>	<u>30,542,475</u>	<u>100.00%</u>	<u>100.00%</u>

