

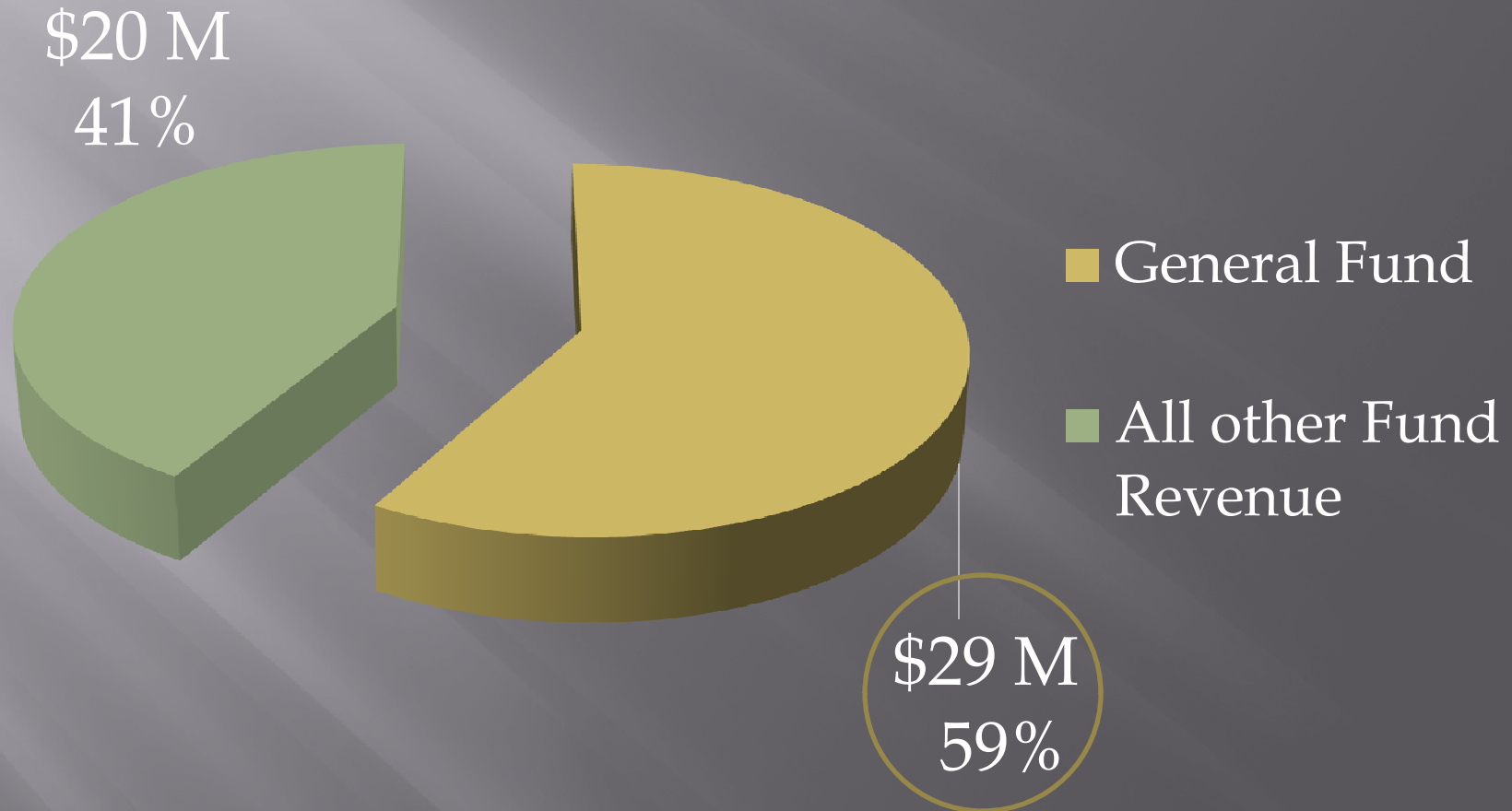
# FINANCIAL UPDATE

May 22<sup>nd</sup>, 2012

# What will be discussed

1. Overview of Year End 2011 Performance
  - 2011 Revenue Performance
  - 2011 Expenditures Performance
  - 2011 Net impact on Ending Balances
2. Review 2012 Budgeted Ending Fund Balances
3. 2011 to 2012 Budget Carry Forward Process
  - Review of RCW restrictions/limitations
  - Summary of Requests
4. 2012 Budget Monitoring Reports Creation
5. Proposed 2013 Budget Calendar

# 2011 Revenue Budget (\$49 Million)



# 2011 Revenue Performance

(rounded \$'s to Millions)

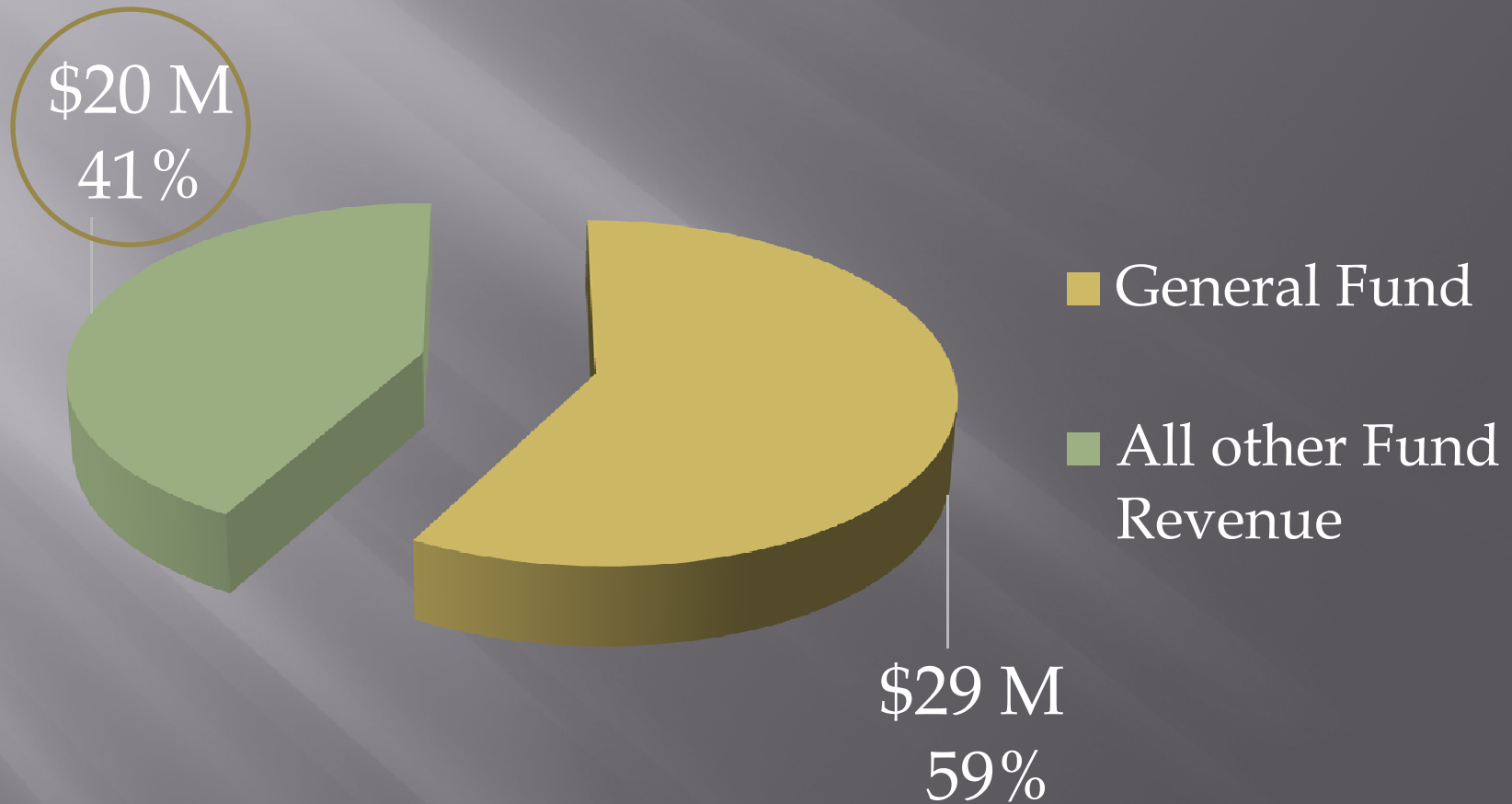
REVENUE	2011 Budget	2011 Actual	Variance	REFERENCE 2012 Budget
Non-General Fund	\$ 20	\$ 18	(2.0)	\$ 20
General Fund	<u>28.9</u>	<u>29.5</u>	<u>0.6</u>	<u>30</u>
<b>TOTAL REVENUES</b>	<b>\$ 48.9</b>	<b>\$ 47.5</b>	<b>(\$ 1.4)</b>	<b>\$ 50</b>

# 2011 General Fund Performance

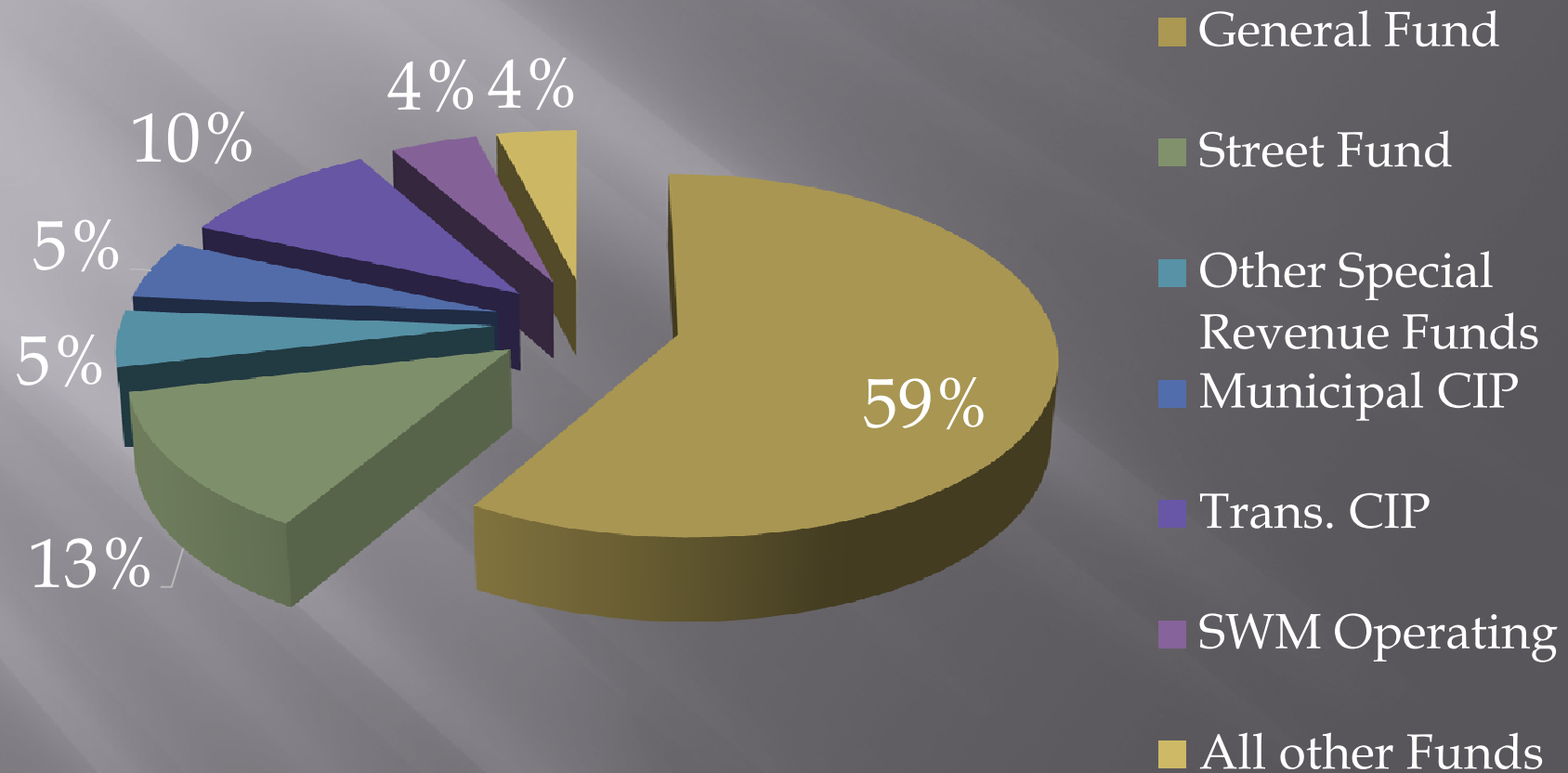
(\$'s in Millions)

GENERAL FUND (001)	2011 Budget	2011 Actual	Variance	REFERENCE 2012 Budget
Property Tax	\$ 11.8	\$ 11.6	(\$ 0.2)	\$ 11.8
Sales Tax	8.2	9.0	0.8	9.2
Leasehold Excise	1.6	2.0	0.4	1.8
Gambling Tax	0.6	0.7	0.1	0.6
Licenses/Permits	1.0	0.9	(0.1)	1.2
Charges for Svcs.	1.2	0.8	(0.4)	1.1
Other GF Revenues	2.3	2.3	--	2.0
Transfers into the GF	<u>2.2</u>	<u>2.2</u>	--	<u>2.1</u>
<b>GF REVENUE (58% of total)</b>	<b>\$ 28.9</b>	<b>\$ 29.5</b>	<b>\$ 0.6</b>	<b>\$ 29.8</b>

# 2011 Revenue Budget (\$49 Million)



# 2011 Revenue Budget (\$49 Million)



# 2011 NON-GF Performance

(rounded \$'s to Millions)

REVENUE BY FUND with Variance > \$15k	2011 Budget	2011 Actual	Variance	REFERENCE 2012 Budget
Street Fund (102)	\$ 6.3	\$ 6.8	\$ 0.5	\$ 6.8
Hotel/Motel Fund (107)	0.7	0.9	0.2	0.7
Building Mgt Fund(108)	1.4	1.1	(0.3)	1.4
Municipal CIP (301)	2.6	1.7	(0.9)	2.1
Trans. CIP (307)	5.0	3.6	(1.4)	4.1
Light Rail CIP (308)	0.2	0.0	(0.2)	--
Stormwater Mgt Opr.(408)	2.1	2.1	--	1.9
Other 11 Fund Revenues	2.2	2.3	0.1	2.7
<b>TOTAL NON-GF REVENUES</b>	<b>\$ 20.5</b>	<b>\$ 18.5</b>	<b>(\$ 2.0)</b>	<b>\$ 19.7</b>



# 2011 Revenue Performance

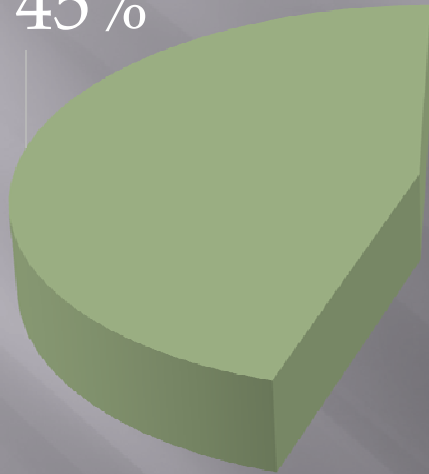
(rounded \$'s to Millions)

REVENUE	2011 Budget	2011 Actual	Variance	REFERENCE 2012 Budget
Non-General Fund	20	18	(2.0)	\$ 20
General Fund	<u>28.9</u>	<u>29.5</u>	<u>0.6</u>	<u>30</u>
<b>TOTAL REVENUES</b>	<b>\$ 48.9</b>	<b>\$ 47.5</b>	<b>(\$ 1.4)</b>	<b>\$ 50</b>

# 2011 Expenditure Budget (\$53 Million)

\$24 M

45%

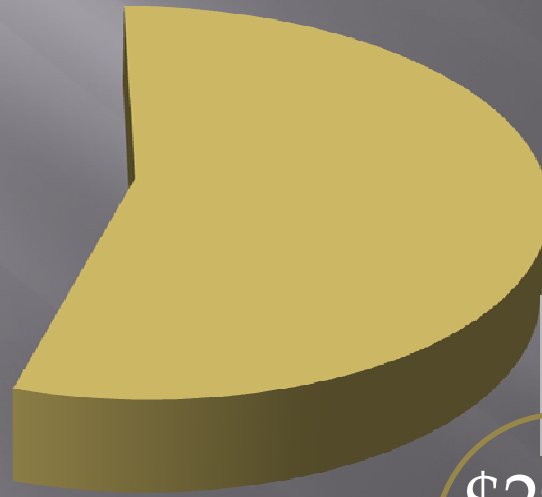


■ General Fund

■ All other Fund Expenses

\$29 M

55%



# 2011 Expenditure Performance

(rounded \$'s to Millions)

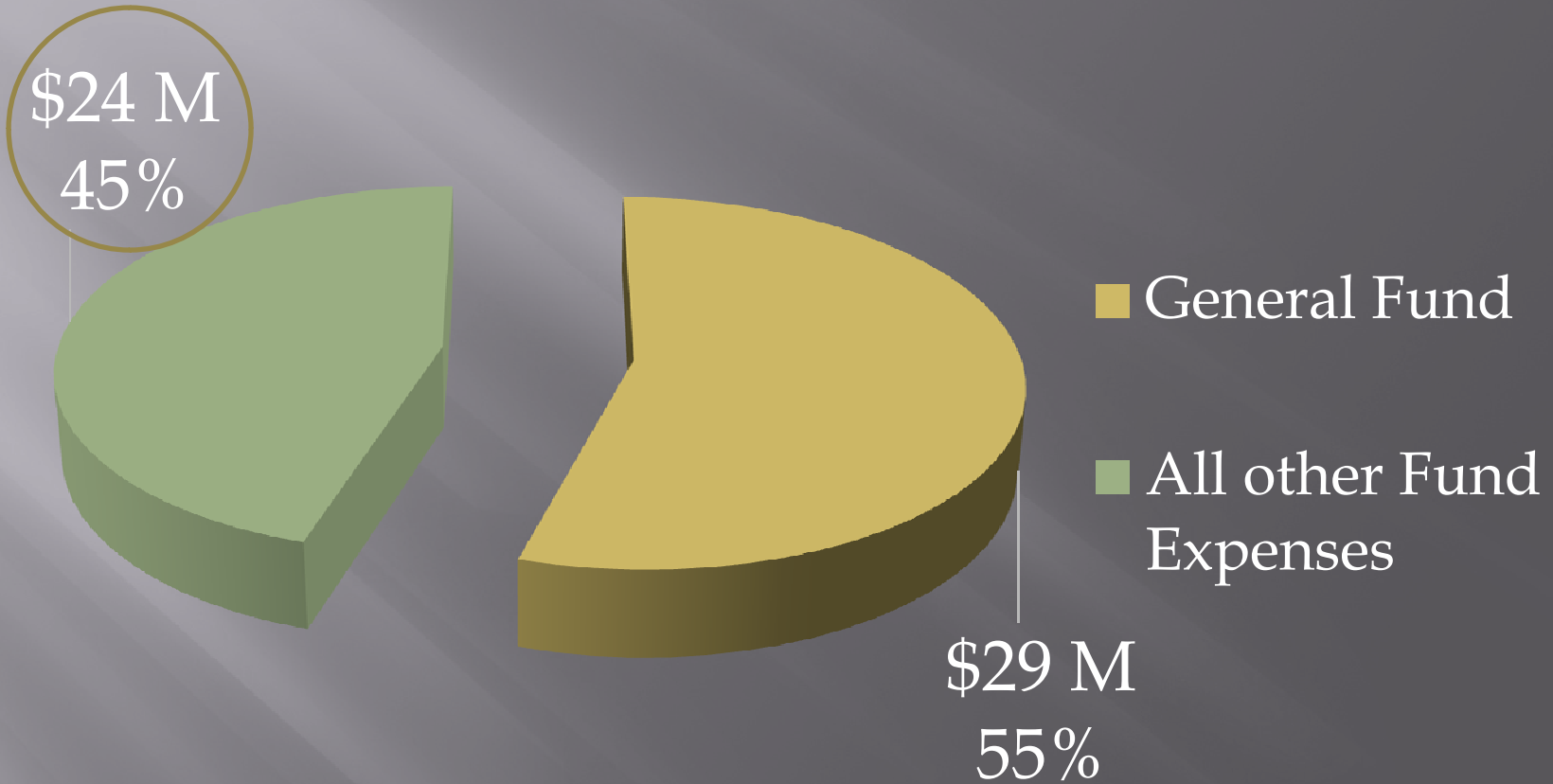
EXPENSE	2011 Budget	2011 Actual	Variance	REFERENCE 2012 Budget
Non-General Fund	\$ 24	\$ 16.1	(\$ 7.9)	\$ 25
General Fund	<u>28.9</u>	<u>28.3</u>	<u>(0.6)</u>	<u>30</u>
<b>TOTAL EXPENSES</b>	<b>\$ 52.9</b>	<b>\$ 44.4</b>	<b>(\$ 8.5)</b>	<b>\$ 55</b>

# 2011 General Fund Performance

(\$'s rounded to millions)

GENERAL FUND DEPTS	2011 Budget	2011 Actual	Variance
City Council	\$ 0.2	\$ 0.2	--
Court, City Mgr, Finance/IS	3.4	3.2	(0.2)
City Clerk, Legal, HR	1.9	1.7	(0.2)
Police	8.9	8.7	(0.2)
Fire	7.3	7.2	(0.1)
Parks & Recreation	3.7	3.8	0.1
Public Works, Econ. Dev.	2.3	2.2	(0.1)
Non-Departmental	1.2	1.3	0.1
<b>GF EXPENSE(55% of total)</b>	<b>\$ 28.9</b>	<b>\$ 28.3</b>	<b>\$ (0.6)</b>

# 2011 Expenditure Budget (\$53 Million)



# 2011 NON-GF Performance

(\$'s shown have been rounded)

- ▣ \$7.9 M Variance to Budget in Non-GF Expenses
  - Derived mainly from capital related project (and/or grant funding) delays; \$5.8M in Capital as follows:
    - ▣ \$3.8 million in Transportation Capital (#307)
    - ▣ \$1 million in Municipal Capital Fund (#301)
    - ▣ \$0.5 million each in the Light Rail Station Areas CIP (#308) and the Fire equipment reserve fund (#303)
  - \$0.9 million in Building Management Fund (#108)
  - \$1.2 million net savings in the other 6 special revenue funds (#102, 105, 106, 107, 110, and 111)

# 2011 Expenditure Performance

(rounded \$'s to Millions)

EXPENSE	2011 Budget	2011 Actual	Variance	REFERENCE 2012 Budget
Non-General Fund	\$ 24	\$ 16.1	(\$ 7.9)	\$ 25
General Fund	<u>28.9</u>	<u>28.3</u>	<u>(0.6)</u>	<u>30</u>
<b>TOTAL EXPENSES</b>	<b>\$ 52.9</b>	<b>\$ 44.4</b>	<b>(\$ 8.5)</b>	<b>\$ 55</b>

# 2011 Ending Fund Bal. Impact (rounded \$'s to Millions)

	2011 Budget	2011 Actual	Variance	REFERENCE 2012 Budget
REVENUE: Non-GF	\$ 20	\$ 18	(\$ 2.0)	\$ 20
General Fund	<u>29</u>	<u>29.5</u>	<u>0.6</u>	<u>30</u>
<b>TOTAL REVENUES</b>	<b>\$ 49</b>	<b>\$ 47.9</b>	<b>(\$ 1.4)</b>	<b>\$ 50</b>

EXPENSE: Non-GF	\$ 24	\$ 16.1	(\$ 7.9)	\$ 25
General Fund	<u>29</u>	<u>28.3</u>	<u>(0.6)</u>	<u>30</u>
<b>TOTAL EXPENSES</b>	<b>\$ 53</b>	<b>\$ 44.4</b>	<b>(\$ 8.5)</b>	<b>\$ 55</b>

END BAL. ADJ: Non-GF			\$ 5.9	
General Fund			<u>1.2</u>	
<b>TOTAL ENDING BALANCE</b>			<b>\$ 7.1</b>	



# Projected 2012 Ending Balances (\$'s Rounded to Millions)

FUND	2012 BUDGET	2011 Adjustment	2012 Adj. Projection
001 General	\$7.6	\$1.2	\$8.8
102 Street	10.6	0.8	11.4
103 Contingency Reserve	0.8	0.0	0.8
105 Port ILA	2.8	0.3	3.1
106 Transit Planning	0.2	0.1	0.3
107 Hotel/Motel	7.1	0.4	7.5
108 Building Management	1.3	0.6	1.9
111 Des Moines Creek ILA	1.4	0.3	1.7
301 Capital Improvements	3.1	0.1	3.2
303 Fire Equip. Reserve	1.0	0.4	1.4
306 Municipal Facilities CIP	2.1	0.0	2.1
307 Transportation CIP	2.0	2.4	4.4
308 Light Rail Stn Areas CIP	0.2	0.3	0.5
403 SWM Utility	2.1	0.0	2.1
406 SWM Construction	1.4	0.0	1.4
501 Equipment Rental	1.6	0.1	1.7
<b>TOTAL</b>	<b>\$45.3</b>	<b>\$7.1</b>	<b>\$52.4</b>

Operating Reserve Restriction\*

Dedicated and/or Restricted Funding

\*Currently 3 months' opr. Expenses = \$7.6 M = 25% of General Fund Expenses

# General Fund-2012 Activity

- ▣ \$1.2 million total Ending Balance increase anticipated;
- ▣ \$1.0 million (approx.) related to State utility Re-valuation/re-assessment – part of tax levy in 2012\*
- ▣ Other indentified funding items thru May, 2012:
  - (\$150,000) Process Improvement Program
  - (\$25,200) ILA with Tukwila to increase level of service provided in probation services: budget amendment per AB#3402 - passed 3/27/12
  - (Unknown) Personnel/other related expenses for represented and non-represented personnel will need to be adjusted following future agreement/actions.

\*This action occurred AFTER adoption of the 2012 Budget

# Other Funds – 2012 Activity

- ▣ \$5.9 million total Ending Fund Balance increase:  
Council approvals thru April, 2012:
  - \$16,500 Budget amendment for tenant improvements related to SASH lease, AB#3417 (#108 Fund Adj.)
  - \$93,613 Angle Lake Phase II budget amendment AB#3407 (#301 Fund Adj.)
  - \$1,600,600 New item: 2011 to 2012 Budget Carry Forward Requests - AB/Draft Ord. at 6/12 CSS and requested action at 6/26 RCM?

# 2011 to 2012 Budget Carryforwards

- ▣ Allowable Budgeting process per RCW 35.33.121(2) and RCW 35.33.151
- ▣ Restricted to unexpended 2011 budget
- ▣ Further restricted to projects that have been budgeted and contracted for prior to the close of the fiscal year and will be completed/furnished in due course thereafter
  - EX: A construction project began but did not complete by end of 2011. The uncompleted work would need to be paid in the period it was completed (2012); so the budget associated with that piece of uncompleted work could be carried forward.
- ▣ 2011 Expenditure savings in NON-General Fund of \$7.9 million. If current Carry forward amount of \$1.6M is approved, net expense savings in Non-Gen. Fund = \$6.3M

# 2011 to 2012 Budget Carryforwards

- ▣ Contractual obligations continuing into 2012:
  1. (\$30,000) Hotel/Motel Fund#107: Sports Complex
  2. (\$10,800) Parks Capital Fund #301: RC Track
  3. (\$1.503M) Transportation Capital #307: Three capital construction projects continuing into 2012
  4. (\$12,700) SWM Fund #403: Cityworks project continuing into 2012
  5. (\$44,100) Equipmt Rental Fund #501: Vehicle purchase delayed until 2012, bids not complete by YE 2011

Total Carry Forward amount = \$1,600,600

NOTE: NO General Fund Budget \$'s are included in total

- Agenda Bill/Draft Ordinance June 12<sup>th</sup>/26<sup>th</sup> to be planned

# 2012 Budget Monitoring

- ▣ REVENUE TIMING NOTES:
  - 60 Day delay in receipting of Sales Taxes from the State
  - 1<sup>st</sup> of 2 Property Tax Payments is due April 30<sup>th</sup>
- ▣ EXPENSE TIMING NOTES:
  - Police Contract Billing reconciliation with King County is done in May
  - Capital project payments will vary, not 1/12<sup>th</sup>

Creation of regular Budget Monitoring Reports are in-work. Need visibility on variances to 2012 revenue and expense budgets.

# 2013 Budget Calendar

- ✓ May: City Council Visioning and Goal setting
- June: Complete 2011 to 2012 carry forward action
- June: Macro Budget Workshop
- June 30: Biennial Budget Filing Date – if elected
- July-Aug: Staff budget preparation
- Sept: Filing of Preliminary Budget by City Mgr.
- Oct/Nov: City Council budget workshops providing further direction on preliminary budget proposal.
- Nov: Property Tax public hearing and 2013 levy rate determination to be made by City Council
- Dec: Final adoption of 2013 Budget.

# Highlight Summary

- ▣ Positive General Fund Performance
  - Expenditures under ran 2%, tight performance to plan
  - Revenues exceeded budget - boosted by Sales Tax
- ▣ Positive Overall Performance
  - Significant Increase in Ending Fund Balances due to 2011 performance
- ▣ Important to Monitor 2012 performance to budget
  - 2012 Budget was set higher than the 2011 actual performance
- ▣ Carry forward and Biennial Budget decisions are planned to come forward to City Council in June.