



2016 YEAR END BUDGET VS. ACTUAL

Introduction

The year-end Financial Report provides summary budget-vs-actual comparisons of revenues and expenditures for the General Fund and Utility Funds as of December 31, 2016. This financial report is a snapshot of fund activity prior to the generation of and formal audit of the financial statement.



**Robust General
Fund Reserves**

**Tax Revenues
Remain Strong**

**Moratorium
Affects
Development
Revenue**

**General Fund
Expenditures 8%
Below Budget**

**Utility Operating
Revenue is Strong**

CITY OF ISSAQUAH

Finance Department
130 E Sunset Way
Issaquah, WA 98027

425-837-3050

Issaquahwa.gov/Finance

General Fund

Revenue Highlights

Primary revenue sources for the General Fund are taxes and charges for goods and services. Together, these revenue sources comprise about 87% of the total General Fund revenue. General fund revenue detail is provided on page 3. As of December 31, total General Fund revenue received was \$42,752,831 or 97% of the 2016 budgeted amount of \$44,122,200. When including beginning fund balance, total general fund sources for 2016 is \$57,863,533 or 98% of the total general fund revenue budget of \$59,232,902.

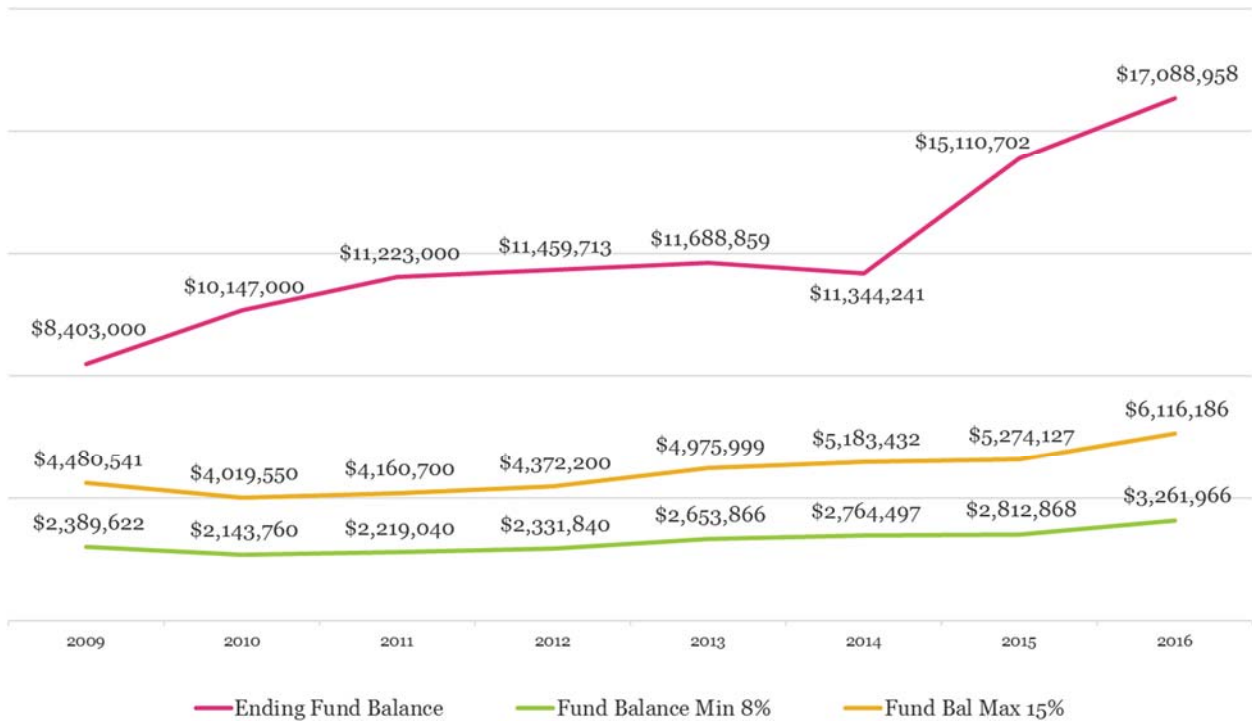
It is important to note that beginning fund balance during budget development cycles is a forecasted amount and is often a snapshot in time of the estimated source that changes when there is known and reconciled information. Only after a completed audit of the City's financial statement, is the final fund balance memorialized.

General Fund - Fund Balance

Fund balance is an approximate measure of liquidity. It is the intent of the City of Issaquah to provide a stable financial environment for which its citizens can depend on a consistent and quality level of service. Through financial policy, fund balance guidelines are established to provide this stable financial environment for the services the city provides and for planned future expenditures.

The general fund beginning fund balance, based on the actual ending 2015 balance is \$15,110,702. 2016 Revenues exceeded expenditures by a total of \$1,978,256 improving the 2016 forecasted ending fund balance to \$17,088,958 or 41.9% of 2016 expenditures. Based on City Council Financial Policy requiring a minimum fund balance of 8% this is a significant level of fund balance.

Change in Fund Balance



	Amended Budget **	Year-to-Date Actual	% of Budget Received	(Over)/Under Budget
Property Tax	\$ 8,450,000	\$ 8,282,554	98%	\$ 167,446
Sales Tax	11,255,000	10,813,958	96%	441,042
Business & Occupation Tax	4,400,000	4,928,804	112%	(528,804)
Utility Taxes	4,506,000	4,446,169	99%	59,831
Other Taxes	250,600	156,761	63%	93,839
Total Taxes	\$ 28,861,600	\$ 28,628,245	99%	\$ 233,355
Building Permits	\$ 2,175,000	\$ 2,112,809	97%	62,191
Business Licenses	295,000	278,458	94%	16,542
Other Licenses/Permits	90,800	30,428	34%	60,372
Total Licenses & Permits	\$ 2,560,800	\$ 2,421,696	95%	\$ 139,104
Federal Grants	\$ 200,000	\$ 190,651	95%	9,349
State & Local Grants	860,000	771,148	90%	88,852
Sales Tax Mitigation	9,300	9,180	99%	120
Criminal Justice (State)	211,800	223,234	105%	(11,434)
Liquor	447,000	478,745	107%	(31,745)
Total Intergovernmental/Shared	\$ 1,728,100	\$ 1,672,958	97%	\$ 55,142
Jail Services/Fees	\$ 1,607,100	\$ 1,456,903	91%	150,197
Other Public Safety Charges	173,900	153,753	88%	20,147
Municipal Court Fees	371,200	362,389	98%	8,811
Recreation/Pool Fees	2,270,000	2,365,358	104%	(95,358)
Engineering/Inspection Fees	1,250,800	1,151,459	92%	99,341
Plan Check Fees	900,000	762,142	85%	137,858
Dispatch Services	435,000	449,043	103%	(14,043)
Other Fees & Charges	828,500	901,318	109%	(72,818)
Total Charges for Services	\$ 7,836,500	\$ 7,602,365	97%	\$ 234,135
Total Fines & Forfeitures	\$ 833,200	\$ 992,161	119%	\$ (158,961)
Interest Income	\$ 27,700	\$ 28,251	102%	\$ (551)
Rents & Leases	906,500	1,026,227	113%	(119,727)
Other Miscellaneous Revenue	65,100	50,653	78%	14,447
Total Miscellaneous Revenue	\$ 999,300	\$ 1,105,131	111%	\$ (105,831)
Operating Transfers-In	\$ 302,700	\$ 302,700	100%	-
Misc. Other Sources	1,000,000	27,574	3%	972,426
Total from Other Sources	\$ 1,302,700	\$ 330,274	25%	\$ 972,426
Total General Fund Revenue	\$ 44,122,200	\$ 42,752,831	97%	\$ 1,369,369

**Amendments approved with Ordinance 2763 on May 2, 2016; Ordinance 2765 on May 16, 2016; and Ordinance 2789 on December 5, 2016.

Major Revenue Source: Taxes

Sales Tax

Sales Tax is the largest source of revenue for the General Fund at 26% of the total revenue budgeted. For 2016 \$10,813,958 was received in the general fund which is 96% of sales tax estimated receipts target. Retail Sales Tax provides revenue to the Street Operating Fund and various Capital Projects. The amount shown in the general fund does not include the distribution to other funds. In 2017, all sales tax revenues will be collected in the general fund and distributed to other funds per City Council direction during operating budget development and based on Financial Policy.

Most of Issaquah's retail sales tax or 67% comes from two categories: Retail Trade at 47% and Construction at 20%. 2016 residential construction continues to be a positive influence on construction-related sales tax; however, as predicted, with the decrease of development revenue in 2016, construction-related sales tax has begun to level off compared to earlier quarters in 2016 that benefited from the higher-than-budgeted development revenue in prior years.

Another category of sales tax, Accommodation and Food Services, has seen an increase of 9% in 2016 over the same period in 2015 with the opening of a new extended-stay hotel in July of 2015.

Property Tax

Property Tax represents the second largest source of revenue for the General Fund at \$8,282,554 and 98% of estimated tax collections provided by King County. Property taxes remain stable at the above collection rate and provide sources of funding to the Debt Service Funds for debt service obligations.

Utility Taxes

Utility taxes are the fourth largest source of General Fund revenue, comprising 10% of all General Fund revenue received for the year. Utility taxes are levied on the gross income derived from the sales of electricity, natural gas, water, solid waste collection, telephone (wireless and land line) and cable television services provided within City limits and are collected monthly. Utility taxes collected in 2016 were \$4,446,169 or 99% of the budget target. Because electricity is the highest category of utility tax revenue received, utility taxes are typically impacted by mild or cold winters in the Pacific Northwest

B & O Tax

Business and occupation (B&O) taxes are imposed on all business activity occurring within the Issaquah City limits. B&O taxes are collected quarterly from businesses with gross income of more than \$25,000 in a quarter. Businesses earning less than \$100,000 in a fiscal year do not owe B&O tax and may opt to file their returns annually. As of December 31, 2016, there are now 3,811 annual filers compared to 2,649 in 2015.

The year-end tax receipts of \$4,928,804 or 112% of the budget forecast and are reflective of a full year of tax receipts at the increased tax rates adopted April 1, 2015.

Other Major Revenue: Charges for Goods and Services

Development Fees

Development fees include building permit fees, engineering services, plan review and inspection services, as well as expedited review and inspection services. After development activities surged in 2015, the impact of slowing development in 2016 caused annual expected revenue to sink 7% or \$299,390 below the 2016 the budget target of \$4,325,800. Development activity is expected to decline in 2017.

Recreation Fees

Recreation fees include the fees paid to participate in Parks Department recreation and aquatics programs. 2016 year-to-date Recreation Fee revenue is 104% of the 2016 revenue target of \$2,270,000. 2016 revenue reflect a full year of operations at the Julius Boehm Pool after renovation completed in late summer 2015.

Public Safety Fees

Jail Services revenue did not meet the 2016 budget target by -9% with a total of \$1,456,903 received due to a decrease in the number of guaranteed beds being reserved by local jurisdictions.

Fines and Forfeiture revenue received for 2016 is \$992,161 or 119% of the revenue target primarily due to photo enforcement citations, however, for 2017, a new special revenue fund was created for the collection of photo enforcement and these revenues, along with matching expenditures, will be redirected to the new fund.

Expenditure Highlights

Expenditures in the General Fund are incurred in the provision of general government services such as police and fire protection; planning and community development; parks and recreation, and general government administrative and financial services. Fund appropriations are adopted and analyzed at the fund level.

As of December 31, 2016, total General Fund expenditures are \$40,774,575 or 92% of the overall general fund budget appropriation of \$44,359,610. A snapshot of 2016 expenditures by General Fund Departments and Divisions can be found below.

Department	Amended Budget **	Year-to-Date Actual	% of Budget Spent	(Over)/Under Budget
City Council	\$ 131,400	\$ 134,306	102%	\$ (2,906)
Executive	897,200	901,405	100%	(4,205)
Municipal Court	999,700	985,494	99%	14,206
City Clerk	335,900	334,596	100%	1,304
Financial Services	1,166,800	1,183,935	101%	(17,135)
Legal	585,000	612,693	105%	(27,693)
Support Services and Systems	457,300	440,520	96%	16,780
Communications	318,700	312,201	98%	6,499
Human Resources	572,300	533,349	93%	38,951
Information Technology	810,860	718,942	89%	91,918
Police	10,107,900	9,657,923	96%	449,977
Fire Control	6,160,500	6,043,363	98%	117,137
Development Services	6,474,100	6,016,362	93%	457,738
Economic Development	733,500	597,221	81%	136,279
Parks and Recreation	8,018,400	7,718,814	96%	299,586
Community Services	825,100	667,661	81%	157,439
Other General Government Services	5,764,950	3,915,790	68%	1,849,160
TOTAL GENERAL FUND USES	\$ 44,359,610	\$ 40,774,575	92%	\$ 3,585,035

Revenue and Expenditure Variance
(change in fund balance) \$ (237,410) \$ 1,978,256

Beginning Fund Balance \$ 15,110,702 \$ 15,110,702

Change in Fund Balance (237,410) 1,978,256

Ending Fund Balance \$ 14,873,292 \$ 17,088,958 115% \$ 2,215,666

As a % of Expenditures 33.5% 41.9%

General Fund Department Expenditures

Summary departmental budget-vs-actual are provided below. 2016 actual department expenditures that ended over the departmental budget allocation will be noted with the presentation of that department's 2016 performance. **However, it is important to note that the General Fund in its entirety did not exceed the overall fund authorization.**

Legislative Department

	Amended Budget **	Year-to-Date Actual	% of Budget Spent	(Over)/Under Budget
EXPENDITURE				
Salary and Benefits	\$ 122,000	\$ 120,337	99%	\$ 1,663
Supplies and Equipment	1,200	812	68%	388
Charges and Services	8,200	13,157	160%	(4,957)
TOTAL EXPENDITURE	\$ 131,400	\$ 134,306	102%	\$ (2,906)

Explanation of % Variance of Budget Expended:

Charges and Services overage is due to an increase in the WCIA insurance allocation.

Executive Department

	Amended Budget **	Year-to-Date Actual	% of Budget Spent	(Over)/Under Budget
EXPENDITURE				
Salary and Benefits	\$ 811,600	\$ 784,840	97%	\$ 26,760
Supplies and Equipment	6,100	4,834	79%	1,266
Charges and Services	79,500	111,731	141%	(32,231)
TOTAL EXPENDITURE	\$ 897,200	\$ 901,405	100%	\$ (4,205)

Explanation of % Variance of Budget Expended:

Charges and Services overage is due to the proper expensing of the Management Fellow work where the budget allocated funds in Salary and Benefits; however, must be expensed from professional services.

Municipal Court

	2016 Revised Budget	2016 Year-End Estimate	% of Budget Spent	(Over)/Under Budget
EXPENDITURE				
Salary and Benefits	\$ 836,400	\$ 819,328	98%	\$ 17,072
Supplies and Equipment	20,400	10,942	54%	9,458
Charges and Services	142,900	155,224	109%	(12,324)
TOTAL EXPENDITURE	\$ 999,700	\$ 985,494	99%	\$ 14,206

Explanation of % Variance of Budget Expended:

Charges and Services overage is due to necessary purchase of laptops and furniture purchases.

City Clerk

	Amended Budget **	Year-to-Date Actual	% of Budget Spent	(Over)/Under Budget
EXPENDITURE				
Salary and Benefits	\$ 277,700	\$ 298,903	108%	\$ (21,203)
Supplies and Equipment	6,200	1,513	24%	4,687
Charges and Services	52,000	34,180	66%	17,820
TOTAL EXPENDITURE	\$ 335,900	\$ 334,596	100%	\$ 1,304

Explanation of % Variance of Budget Expended:

Salary and benefits overage due to employee reclassification, sick leave cash out, education merit pay and use of HRA rollover benefit.

Finance Department

	Amended Budget **	Year-to-Date Actual	% of Budget Spent	(Over)/Under Budget
EXPENDITURE				
Salary and Benefits	\$ 990,500	\$ 975,773	99%	\$ 14,727
Supplies and Equipment	17,300	14,380	83%	2,920
Charges and Services	159,000	193,783	122%	(34,783)
TOTAL EXPENDITURE	\$ 1,166,800	\$ 1,183,935	101%	\$ (17,135)

Explanation of % Variance of Budget Expended:

Charges and services overage due to increased professional service costs for the 2015 audit by the State.

Legal Services

	Amended Budget **	Year-to-Date Actual	% of Budget Spent	(Over)/Under Budget
EXPENDITURE				
General Legal	\$ 210,000	\$ 238,003	113%	\$ (28,003)
Special Projects	17,000	30,638	180%	(13,638)
Prosecution	158,000	168,550	107%	(10,550)
Public Defense	200,000	175,502	88%	24,498
TOTAL EXPENDITURE	\$ 585,000	\$ 612,693	105%	\$ (27,693)

Explanation of % Variance of Budget Expended:

Overall department overage was due to increased case load, contract review and claim management.

Support Systems & Services Department

	Amended Budget **	Year-to-Date Actual	% of Budget Spent	(Over)/Under Budget
EXPENDITURE				
Salary and Benefits	\$ 428,000	\$ 424,173	99%	\$ 3,827
Supplies and Equipment	7,500	5,873	78%	1,627
Charges and Services	21,800	10,475	48%	11,325
TOTAL EXPENDITURE	\$ 457,300	\$ 440,520	96%	\$ 16,780

Explanation of % Variance of Budget Expended:

n/a

Communications Department

	Amended Budget **	Year-to-Date Actual	% of Budget Spent	(Over)/Under Budget
EXPENDITURE				
Salary and Benefits	\$ 288,200	\$ 298,808	104%	\$ (10,608)
Supplies and Equipment	2,300	1,825	79%	475
Charges and Services	28,200	11,568	41%	16,632
TOTAL EXPENDITURE	\$ 318,700	\$ 312,201	98%	\$ 6,499

Explanation of % Variance of Budget Expended:

Salary and Benefits overage due to the hiring of the Neighborhood Engagement Coordinator in fall 2016. Charges and Services were underspent due to the delay of the website redesign project until 2017/2018.

Human Resources Department

	Amended Budget **	Year-to-Date Actual	% of Budget Spent	(Over)/Under Budget
EXPENDITURE				
Salary and Benefits	\$ 453,200	\$ 450,206	99%	\$ 2,994
Supplies and Equipment	19,500	14,670	75%	4,830
Charges and Services	99,600	68,473	69%	31,127
TOTAL EXPENDITURE	\$ 572,300	\$ 533,349	93%	\$ 38,951

Explanation of % Variance of Budget Expended:

Information Technology Department

	Amended Budget **	Year-to-Date Actual	% of Budget Spent	(Over)/Under Budget
EXPENDITURE				
Salary and Benefits	\$ 579,300	\$ 527,553	91%	\$ 51,747
Supplies and Equipment	64,960	100,365	155%	(35,405)
Charges and Services	166,600	91,024	55%	75,576
TOTAL EXPENDITURE	\$ 810,860	\$ 718,942	89%	\$ 91,918

Explanation of % Variance of Budget Expended:

Supplies and Equipment overage due to necessary hardware and software needed for all departments. 11% less than budget due to vacant, authorized staffing positions.

Fire & Emergency Medical Services

	Amended Budget **	Year-to-Date Actual	% of Budget Spent	(Over)/Under Budget
EXPENDITURE				
Intergovernmental	\$ 6,160,500	\$ 6,043,363	98%	\$ 117,137
TOTAL EXPENDITURE	\$ 6,160,500	\$ 6,043,363	98%	\$ 117,137

Police Department

	Amended Budget **	Year-to-Date Actual	% of Budget Spent	(Over)/Under Budget
EXPENDITURE				
<u>Police Administration Division</u>				
Salary and Benefits	\$ 989,600	\$ 821,765	83%	\$ 167,835
Supplies and Equipment	3,000	3,525	118%	(525)
Charges and Services	15,600	17,236	110%	(1,636)
Sub-Total Police	\$ 1,008,200	\$ 842,526	84%	\$ 165,674
<u>Patrol Operations & Investigations Division</u>				
Salary and Benefits	\$ 4,574,800	\$ 4,257,292	93%	\$ 317,508
Supplies and Equipment	118,300	122,882	104%	(4,582)
Charges and Services	410,500	404,948	99%	5,552
Intergovernmental	31,000	29,029	94%	1,971
Sub-Total Police	\$ 5,134,600	\$ 4,814,151	94%	\$ 320,449
<u>Police Detention/Corrections Division</u>				
Salary and Benefits	\$ 1,527,500	\$ 1,458,906	96%	\$ 68,594
Supplies and Equipment	219,300	261,985	119%	(42,685)
Charges and Services	280,100	309,241	110%	(29,141)
Intergovernmental	32,000	136,443	426%	(104,443)
Sub-Total Police	\$ 2,058,900	\$ 2,166,574	105%	\$ (107,674)
<u>Police Dispatch Services Division</u>				
Salary and Benefits	\$ 1,237,300	\$ 1,238,696	100%	\$ (1,396)
Charges and Services	76,000	70,689	93%	5,311
Capital Outlay	85,000	58,746	69%	26,254
Sub-Total Police	\$ 1,401,300	\$ 1,372,129	98%	\$ 29,171
<u>Police Records Division</u>				
Salary and Benefits	\$ 392,700	\$ 375,225	96%	\$ 17,475
Supplies and Equipment	10,000	9,309	93%	691
Charges and Services	102,200	78,009	76%	24,191
Sub-Total Police	\$ 504,900	\$ 462,543	92%	\$ 42,357
TOTAL EXPENDITURE	\$ 10,107,900	\$ 9,657,923	96%	\$ 449,977

Explanation of Significant % Variance of Budget Expended:

Police Administration under budget due to vacant, authorized staffing positions. Patrol Operations under budget due to vacant, authorized staffing positions. Corrections over budget due to an increase in supplies and food as well as medical services for inmates. The large increase in Intergovernmental cost is related to the

higher costs of housing for high medical and mental health inmates. Expenditures in Corrections are offset by revenues brought in through outside agency jail contracts. Dispatch Services under budget due to server replacement program accomplished at a lower cost. Records Division- Charges and Services under budget due to two projects were deferred until 2017.

Development Services Department

	Amended Budget **	Year-to-Date Actual	% of Budget Spent	(Over)/Under Budget
EXPENDITURE				
<u>Construction Division</u>				
Salary and Benefits	\$ 1,547,600	\$ 1,828,090	118%	\$ (280,490)
Supplies and Equipment	79,500	31,341	39%	48,159
Charges and Services	1,192,800	657,041	55%	535,759
Intergovernmental	59,000	28,175	48%	30,825
Capital Outlay	-	6,219	n/a	(6,219)
Sub-Total DSD	\$ 2,878,900	\$ 2,550,866	89%	\$ 328,034
<u>Long Range Planning Division</u>				
Salary and Benefits	\$ 877,900	\$ 749,970	85%	\$ 127,930
Supplies and Equipment	19,600	12,128	62%	7,472
Charges and Services	214,100	95,124	44%	118,976
Intergovernmental	56,600	42,269	75%	14,331
Sub-Total DSD	\$ 1,168,200	\$ 899,490	77%	\$ 268,710
<u>Land Development Division</u>				
Salary and Benefits	\$ 1,677,200	\$ 1,217,630	73%	\$ 459,570
Charges and Services	748,000	1,348,183	180%	(600,183)
Sub-Total DSD	\$ 2,427,000	\$ 2,566,006	106%	\$ (139,006)
TOTAL EXPENDITURE	\$ 6,474,100	\$ 6,016,362	93%	\$ 457,738

Explanation of Significant % Variance of Budget Expended:

Overall department under budget due to mid-year budget adjustment of \$750,000 for the Talus Slide; however, actual work performed later in the year and on-going into 2017.

Economic Development Department

	Amended Budget **	Year-to-Date Actual	% of Budget Spent	(Over)/Under Budget
EXPENDITURE				
Salary and Benefits	\$ 668,000	\$ 551,719	83%	\$ 116,281
Supplies and Equipment	14,800	2,249	15%	12,551
Charges and Services	50,700	43,253	85%	7,447
TOTAL EXPENDITURE	\$ 733,500	\$ 597,221	81%	\$ 136,279

Explanation of Significant % Variance of Budget Expended:

Department under budget due to two-thirds of director salary allocated to the development services division, operating supplies, misc. expenditures and training costs not spent during the year.

Parks & Recreation Department

	Amended Budget **	Year-to-Date Actual	% of Budget Spent	(Over)/Under Budget
EXPENDITURE				
<u>Park Planning & Administration Division</u>				
Salary and Benefits	\$ 564,300	\$ 552,887	98%	\$ 11,413
Supplies and Equipment	3,300	4,997	151%	(1,697)
Charges and Services	110,100	45,876	42%	64,224
Sub-Total Department	\$ 677,700	\$ 603,760	89%	\$ 73,940
<u>Recreation Division</u>				
Salary and Benefits	\$ 1,422,500	\$ 1,382,006	97%	\$ 40,494
Supplies and Equipment	123,200	127,755	104%	(4,555)
Charges and Services	458,500	424,366	93%	34,134
Intergovernmental	38,600	35,551	92%	3,049
Sub-Total Department	\$ 2,042,800	\$ 1,969,678	96%	\$ 73,122
<u>Aquatics Division</u>				
Salary and Benefits	\$ 803,400	\$ 665,975	83%	\$ 137,425
Supplies and Equipment	31,700	29,435	93%	2,265
Charges and Services	146,900	163,525	111%	(16,625)
Sub-Total Department	\$ 982,000	\$ 858,934	87%	\$ 123,066
<u>Facilities Rental Division</u>				
Salary and Benefits	\$ 342,700	\$ 302,210	88%	\$ 40,490
Supplies and Equipment	27,100	38,695	143%	(11,595)
Charges and Services	89,800	97,519	109%	(7,719)
Sub-total Department	\$ 459,600	\$ 438,425	95%	\$ 21,175
<u>City Facility Services Division</u>				
Salary and Benefits	\$ 1,118,900	\$ 1,187,317	106%	\$ (68,417)
Supplies and Equipment	106,800	86,275	81%	20,525
Charges and Services	502,200	500,799	100%	1,401
Sub-Total Department	\$ 1,727,900	\$ 1,774,391	103%	\$ (46,491)
<u>Park Facilities Division</u>				
Salary and Benefits	\$ 1,298,300	\$ 1,263,303	97%	\$ 34,997
Supplies and Equipment	141,400	122,857	87%	18,543
Charges and Services	658,700	662,567	101%	(3,867)
Sub-Total Department	\$ 2,098,400	\$ 2,048,726	98%	\$ 49,674
<u>Senior Center Division</u>				
Salary and Benefits	\$ -	\$ 7,739	n/a	\$ (7,739)
Supplies and Equipment	25,000	6,429	26%	18,571
Charges and Services	5,000	10,731	215%	(5,731)
Sub-Total Department	\$ 30,000	\$ 24,899	83%	\$ 5,101
TOTAL EXPENDITURE	\$ 8,018,400	\$ 7,718,814	96%	\$ 299,586

Explanation of Significant % Variance of Budget Expended (previous page):

Department under budget due to minor vacancies of authorized staffing positions and operating expenditures not spent during the year.

Community Services Department

	Amended Budget **	Year-to-Date Actual	% of Budget Spent	(Over)/Under Budget
EXPENDITURE				
<i>General Social Services</i>				
Salary and Benefits	\$ 98,600	\$ 99,959	101%	\$ (1,359)
Supplies and Equipment	1,000	416	42%	584
Charges and Services	88,800	4,644	5%	84,156
Sub-Total Department	\$ 188,400	\$ 105,019	56%	\$ 83,381
<i>Public Housing</i>				
Charges and Services	\$ 41,500	\$ 20,883	50%	\$ 20,617
Sub-Total Department	\$ 41,500	\$ 20,883	50%	\$ 20,617
<i>Children's Services</i>				
Supplies and Equipment	\$ -	\$ 5,119	n/a	\$ (5,119)
Charges and Services	128,800	133,691	104%	(4,891)
Intergovernmental - Grants	79,100	92,292	117%	(13,192)
Sub-Total Department	\$ 207,900	\$ 231,102	111%	\$ (23,202)
<i>Aging & Disability Services</i>				
Salary and Benefits	\$ 43,900	\$ 5,930	14%	\$ 37,970
Supplies and Equipment	-	749	n/a	(749)
Charges and Services	22,500	49,421	220%	(26,921)
Intergovernmental - Grants	92,200	44,388	48%	47,813
Sub-Total Department	\$ 158,600	\$ 100,488	63%	\$ 58,112
<i>Intergovernmental - Other Grants</i>				
Welfare	\$ 52,000	\$ 47,000	90%	\$ 5,000
Disable	32,600	14,500	44%	18,100
Homeless	72,200	97,200	135%	(25,000)
Domestic Violence	58,900	36,400	62%	22,500
Alcoholism	9,000	11,069	123%	(2,069)
Mental Health	4,000	4,000	100%	-
Intergovernmental - Grants	\$ 228,700	\$ 210,169	92%	\$ 18,531
TOTAL EXPENDITURE	\$ 825,100	\$ 667,661	81%	\$ 157,439

Explanation of Significant % Variance of Budget Expended:

Departmental budget under due to vacant, authorized staffing positions, senior services operating expenditures and other miscellaneous costs not spent during the year.

Other General Governmental Services Department

	Amended Budget **	Year-to-Date Actual	% of Budget Spent	(Over)/Under Budget
EXPENDITURE				
Supplies and Equipment	\$ 49,000	\$ 3,962	8%	\$ 45,038
Charges and Services	1,136,600	537,661	47%	598,939
Intergovernmental	480,700	385,683	80%	95,017
Capital Outlay	1,000,000	3,483	0%	996,517
Interfund Transfers-Out	3,098,650	2,985,000	96%	113,650
TOTAL EXPENDITURE	\$ 5,764,950	\$ 3,915,790	68%	\$ 1,849,160

Explanation of Significant % Variance of Budget Expended:

Departmental under budget due to delay in the purchase of property for various ROW acquisitions and professional services not utilized during the year.

Utility Enterprise Funds

The City operates three municipal utilities: Water, Sewer and Storm Water. The utility enterprise funds are proprietary in nature and therefore include all utility business activities for operating revenues and expenses, debt service, capital outlay and transfers.

The schedule below is a combined summary of all utility enterprise fund revenue and expenses combined.

	Water Funds		Sewer Funds		Storm Water Funds	
	Budget	Year-to-Date	Budget	Year-to-Date	Budget	Year-to-Date
Beginning Fund Balance	\$ 8,267,780	\$ 8,267,780	\$ 7,576,537	\$ 7,668,534	\$ 3,835,867	\$ 3,835,867
Operating Revenues						
Charges for Service	\$ 7,238,200	\$ 7,850,759	\$ 7,730,300	\$ 7,979,749	\$ 4,676,800	\$ 4,651,855
Intergovernmental	-	-	-	-	-	91,538
Other Revenue	1,200	1,150	-	-	-	800
Total Operating Revenues	\$ 7,239,400	\$ 7,851,909	\$ 7,730,300	\$ 7,979,749	\$ 4,676,800	\$ 4,744,192
Operating Expenses						
Maintenance & Operations	\$ 5,969,200	\$ 5,344,006	\$ 7,457,900	\$ 7,374,822	\$ 3,424,900	\$ 2,877,694
Total Operating Expenses	5,969,200	5,344,006	7,457,900	7,374,822	3,424,900	2,877,694
Operating Income (Loss)	\$ 1,270,200	\$ 2,507,903	\$ 272,400	\$ 604,927	\$ 1,251,900	\$ 1,866,498
Non-Operating Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 771,100	\$ 717,404
Capital Contributions	3,050,000	1,369,623	300,000	117,396	200,000	389,237
Rents & Leases	524,000	575,348	-	-	-	-
Other Revenue	80,000	65,341	10,000	100,227	198,100	9,285
Total Non-Operating Revenues	\$ 3,654,000	\$ 2,010,311	\$ 310,000	\$ 217,622	\$ 1,169,200	\$ 1,115,926
Non-Operating Expenses						
Capital Outlay	\$ 6,750,200	\$ 3,270,600	\$ 673,000	\$ 211,125	\$ 2,504,400	\$ 1,861,495
Debt Service						
Principal	510,000	510,000	-	-	361,300	61,291
Interest	130,100	129,400	-	-	18,600	1,839
Transfers-Out	106,300	106,300	47,900	47,900	147,100	102,100
Total Non-Operating Expenses	\$ 7,496,600	\$ 4,016,300	\$ 720,900	\$ 259,025	\$ 3,031,400	\$ 2,026,725
Ending Fund Balance	\$ 5,695,380	\$ 8,769,694	\$ 7,438,037	\$ 8,232,058	\$ 3,225,567	\$ 4,791,566

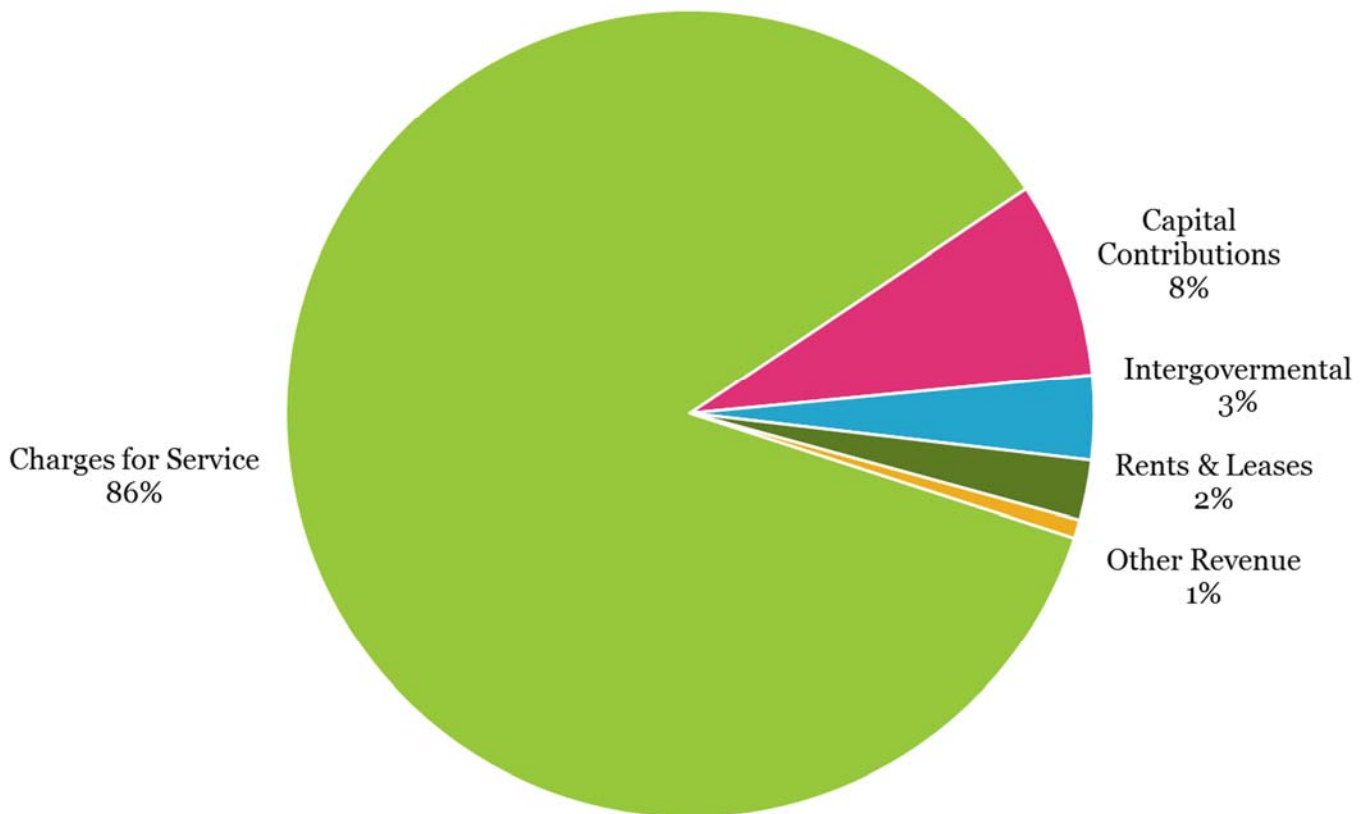
Revenue

Most utility fund revenue, 86%, is earned through charges for services or otherwise known as utility rates, which are the charges utility customers pay for their consumption or use of water, storm water removal and sewage treatment. The other 14% of total revenue is comprised primarily of fees paid to the City by developers for capital connection and construction to mitigate increased demand on the capital infrastructure; funds from other agencies; rental of utility-owned property; and other sources such as transfers-in from other funds.

Due to the strong performance of the Water and Sewer Utilities' charges for services revenue, 2016 Utility revenues reached 97% of the overall revenue budget targets. This is despite the impact of slowing development on capital contributions and connection charges, which fell significantly below budget at 53% of budget.

Sewer utility revenues finished at 102% of the annual target due to the new residential growth in the Highlands area now coming on line and paying utility rates.

Utility Funds - Year to Date Revenue by Source



Expenses

Expenses in the utility funds are segregated into four functional categories: Maintenance & Operations Costs, Capital Outlay, Debt Service and Transfers to other non-utility funds. The distribution of these expense categories over the three utilities is provided at right.

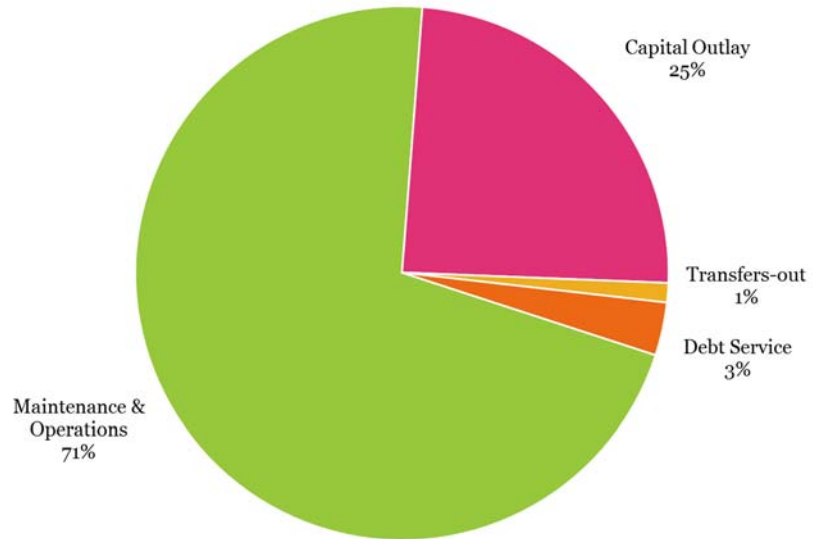
Operating expenses include: Personnel, Supplies & Equipment, Charges and Services, and Intergovernmental Charges. These detailed expenditure components are at right.

As of December 2016, expenses for the three utilities combined ended at 78% of the overall utility expenditure budgets. This is due primarily to a reduction in capital improvement spending.

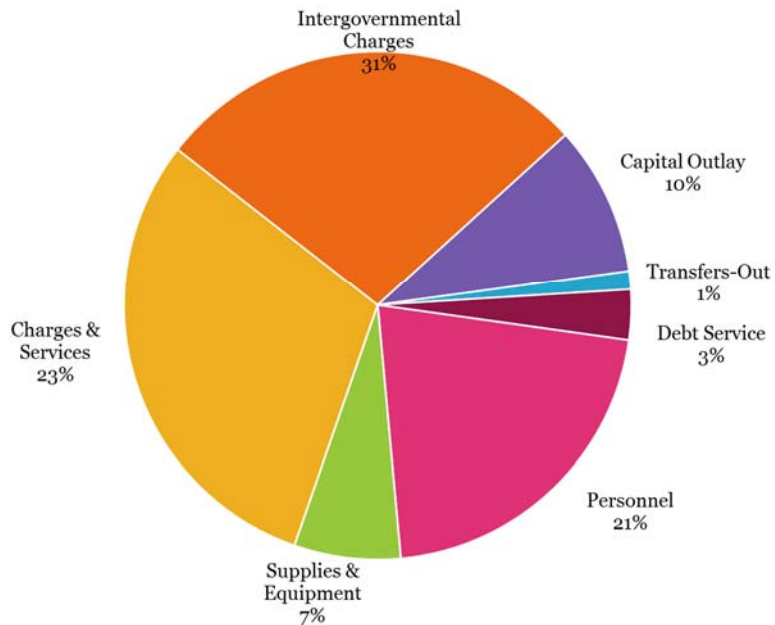
King County Metro Sewer Charges

Most Sewer Fund revenue and expenses are directly related to King County METRO Sewer pass-through charges. King County METRO provides sewer treatment services to the City's Sewer Utility customers. Actual revenue and expenses directly related to KC Metro are shown below.

Utility Funds - Year to Date Expenses by Category



Utility Funds: Year-to-Date Expenses by Type



KC METRO Sewer Year-End	Revised Budget	Year-to-Date Actual	% of Budget Used	(Over)/Under Budget
Operating Expenses	\$ 5,698,100	\$ 5,865,411	103%	\$ (167,311)
% of All Sewer Operating Expenses				
Operating Revenue	\$ 5,520,000	\$ 5,871,024	106%	\$ (351,024)
% of All Sewer Operating Revenue				

Water Fund

	Revised Budget	Year-to-Date Actual	% of Budget Used	(Over)/Under Budget
REVENUE				
Licenses & Permits	\$ 1,200	\$ 1,150	96%	\$ 50
Charges for Services	7,238,200	7,850,759	108%	(612,559)
Miscellaneous	564,000	598,652	106%	(34,652)
Other Non-Revenue Sources	-	176	n/a	(176)
Interfund Transfers-In	600,000	-	0%	600,000
TOTAL REVENUE	\$ 8,403,400	\$ 8,450,736	101%	\$ (47,336)
EXPENDITURE				
<i>Water Fund/Non-Departmental</i>				
Capital Outlay	\$ 150,000	\$ 150,000	100%	\$ -
Debt Service	640,100	639,400	100%	700
Sub-Total Non-Departmental	790,100	789,400	100%	700
<i>Water Fund/Finance</i>				
Salary and Benefits	\$ 175,400	\$ 185,180	106%	\$ (9,780)
Supplies and Equipment	3,800	7,793	205%	(3,993)
Charges and Services	642,700	366,067	57%	276,633
Sub-Total Finance	821,900	559,040	68%	262,860
<i>Water Fund/Public Works Operations</i>				
Salary and Benefits	\$ 1,747,000	\$ 1,491,843	85%	\$ 255,157
Supplies and Equipment	1,498,900	1,361,377	91%	137,523
Charges and Services	1,211,600	1,327,867	110%	(116,267)
Intergovernmental	137,400	180,749	132%	(43,349)
Interfund Transfers-Out	1,706,300	1,706,300	100%	-
Sub-Total Public Works Operations	6,301,200	6,068,136	96%	233,064
<i>Water Fund/Public Works Engineering</i>				
Salary and Benefits	\$ 277,200	\$ 241,705	87%	\$ 35,495
Supplies and Equipment	4,200	1,626	39%	2,574
Charges and Services	121,000	29,799	25%	91,201
Sub-Total Public Works Engineering	402,400	273,130	68%	129,270
TOTAL EXPENDITURE	\$ 8,315,600	\$ 7,689,706	92%	\$ 625,894
Revenue Over (Under) Expenditures	\$ 87,800	\$ 761,030		
Beginning Fund Balance	\$ 5,091,083	\$ 5,091,083		
Change in Fund Balance	87,800	761,030		
Ending Fund Balance	\$ 5,178,883	\$ 5,852,113	113%	\$ (673,230)

Water Construction Fund

	Revised Budget	Year-to-Date Actual	% of Budget Used	(Over)/Under Budget
REVENUE				
Miscellaneous	\$ 40,000	\$ 41,861	105%	\$ (1,861)
Contributions	3,050,000	1,369,623	45%	1,680,377
Interfund Transfers-In	1,600,000	1,600,000	100%	-
TOTAL REVENUE	\$ 4,690,000	\$ 3,011,484	64%	\$ 1,678,516

EXPENDITURE				
<i>Water Construction Fund/Public Works Operations</i>				
Repairs and Maintenance	\$ 658,000	\$ -	0%	\$ 658,000
Sub-Total Public Works Operations	\$ 658,000	\$ -	0%	\$ 658,000
<i>Water Construction Fund/Public Works Engineering</i>				
Salary and Benefits	\$ 200,700	\$ 182,962	91%	\$ 17,738
Charges and Services	3,190,500	1,173,438	37%	2,017,062
Capital Outlay	2,701,000	1,914,200	71%	786,800
Sub-Total Public Works Engineering	\$ 6,092,200	\$ 3,270,600	54%	\$ 2,821,600
TOTAL EXPENDITURE	\$ 6,750,200	\$ 3,270,600	48%	\$ 3,479,600

Revenue Over (Under) Expenditures \$ (2,060,200) \$ (259,116)

Beginning Fund Balance	\$ 3,176,697	\$ 3,176,697		
Change in Fund Balance	(2,060,200)	(259,116)		
Ending Fund Balance	\$ 1,116,497	\$ 2,917,581	261%	\$ (1,801,084)

Sewer Fund

	Revised Budget	Year-to-Date Actual	% of Budget Used	(Over)/Under Budget
REVENUE				
Charges for Services	\$ 7,730,300	\$ 7,979,749	103%	\$ (249,449)
Miscellaneous	10,000	9,473	95%	527
TOTAL REVENUE	\$ 7,740,300	\$ 7,989,222	103%	\$ (248,922)
EXPENDITURE				
<i>Sewer Fund/Non-Departmental</i>				
Capital Outlay	\$ 99,000	\$ 99,000	100%	\$ -
Interfund Transfers-Out	147,900	147,900	100%	-
Sub-Total Non-Departmental	\$ 246,900	\$ 246,900	100%	\$ -
<i>Sewer Fund/Finance</i>				
Salary and Benefits	\$ 122,000	\$ 106,227	87%	\$ 15,773
Supplies and Equipment	3,900	7,790	200%	(3,890)
Charges and Services	355,300	302,680	85%	52,620
Sub-Total Finance	\$ 481,200	\$ 416,696	87%	\$ 64,504
<i>Sewer Fund/Public Works Operations</i>				
Salary and Benefits	\$ 454,500	\$ 362,394	80%	\$ 92,106
Supplies and Equipment	31,200	20,379	65%	10,821
Charges and Services	416,200	409,862	98%	6,338
Intergovernmental	5,698,100	5,865,411	103%	(167,311)
Sub-Total Public Works Operations	\$ 6,600,000	\$ 6,658,046	101%	\$ (58,046)
<i>Sewer Fund/Public Works Engineering</i>				
Salary and Benefits	\$ 143,400	\$ 129,760	90%	\$ 13,640
Supplies and Equipment	2,100	537	26%	1,563
Charges and Services	132,200	70,782	54%	61,418
Sub-Total Public Works Engineering	\$ 277,700	\$ 201,079	72%	\$ 76,621
TOTAL EXPENDITURE	\$ 7,605,800	\$ 7,522,722	99%	\$ 83,078
Revenue Over (Under) Expenditures	\$ 134,500	\$ 466,500		
Beginning Fund Balance	\$ 4,183,970	\$ 4,183,970		
Change in Fund Balance	134,500	466,500		
Ending Fund Balance	\$ 4,318,470	\$ 4,650,470	108%	\$ (332,000)

Sewer Construction Fund

	Revised Budget	Year-to-Date Actual	% of Budget Used	(Over)/Under Budget
REVENUE				
Miscellaneous Revenue	\$ -	\$ 90,754	n/a	\$ (90,754)
Contributions	300,000	\$ 117,396	39%	\$ 182,604
Interfund Transfers-In	100,000	100,000	100%	-
TOTAL REVENUE	\$ 400,000	\$ 308,149	77%	\$ 91,851

EXPENDITURE				
Salary and Benefits	\$ 47,100	\$ 30,973	66%	\$ 16,127
Charges and Services	40,900	1,830	4%	39,070
Capital Outlay	585,000	178,323	30%	406,677
TOTAL EXPENDITURE	\$ 673,000	\$ 211,125	31%	\$ 461,875

Revenue Over (Under) Expenditures \$ (273,000) \$ 97,024

Beginning Fund Balance	\$ 3,484,564	\$ 3,484,564		
Change in Fund Balance	(273,000)	97,024		
Ending Fund Balance	\$ 3,211,564	\$ 3,581,588	112%	\$ (370,024)

Stormwater Fund

	Revised Budget	Year-to-Date Actual	% of Budget Used	(Over)/Under Budget
REVENUE				
Licenses & Permits	\$ -	\$ 800	n/a	\$ (800)
Intergovernmental/Grants	-	91,538	n/a	(91,538)
Charges for Service	4,676,800	4,651,855	99%	24,945
Miscellaneous	15,000	9,285	62%	5,715
TOTAL REVENUE	\$ 4,691,800	\$ 4,753,478	101%	\$ (61,678)

EXPENDITURE				
<i>Stormwater Fund/Non-Departmental</i>				
Capital Outlay	\$ 140,000	\$ 140,000	100%	\$ -
Debt Service	315,000	-	0%	315,000
Interfund Transfers-Out	647,100	602,100	93%	45,000
Sub-Total Non-Departmental	\$ 1,102,100	\$ 742,100	67%	\$ 360,000
<i>Stormwater Fund/Finance</i>				
Salary and Benefits	\$ 150,800	\$ 143,855	95%	\$ 6,945
Supplies and Equipment	23,900	7,790	33%	16,110
Charges and Services	271,100	249,584	92%	21,516
Sub-Total Finance	\$ 445,800	\$ 401,229	90%	\$ 44,571
<i>Stormwater Fund/Public Works Operations</i>				
Salary and Benefits	\$ 1,402,900	\$ 1,173,454	84%	\$ 229,446
Supplies and Equipment	85,500	76,685	90%	8,815
Charges and Services	445,500	408,873	92%	36,627
Sub-Total Public Works Operations	\$ 1,933,900	\$ 1,659,012	86%	\$ 274,888
<i>Stormwater Fund/Public Works Engineering</i>				
Salary and Benefits	\$ 557,000	\$ 460,599	83%	\$ 96,401
Supplies and Equipment	5,100	2,185	43%	2,915
Charges and Services	325,100	186,701	57%	138,399
Intergovernmental	18,000	27,968	155%	(9,968)
Sub-Total Public Works Engineering	\$ 905,200	\$ 677,453	75%	\$ 227,747
TOTAL EXPENDITURE	\$ 4,387,000	\$ 3,479,794	79%	\$ 907,206

Revenue Over (Under) Expenditures \$ 304,800 \$ 1,273,684

Beginning Fund Balance \$ 2,704,644 \$ 2,704,644

Change in Fund Balance 304,800 1,273,684

Ending Fund Balance \$ 3,009,444 \$ 3,978,328 132% \$ (968,884)

Stormwater Construction Fund

	Revised Budget	Year-to-Date Actual	% of Budget Used	(Over)/Under Budget
REVENUE				
Intergovernmental/Grants	\$ 771,100	\$ 717,404	93%	\$ 53,696
Miscellaneous	183,100	-	0%	183,100
Contributions	200,000	389,237	195%	(189,237)
Interfund Transfers-In	500,000	500,000	100%	-
TOTAL REVENUE	\$ 1,654,200	\$ 1,606,641	97%	\$ 47,559

EXPENDITURE				
<i>Stormwater Construction/Non-Departmental</i>				
Debt Service	\$ 64,900	\$ 63,130	97%	\$ 1,770
Sub-Total Non-Departmental	\$ 64,900	\$ 63,130	97%	\$ 1,770
<i>Stormwater Construction/Public Works Operations</i>				
Charges and Services	\$ 160,000	\$ 10,471	7%	\$ 149,529
Sub-Total Public Works Operations	\$ 160,000	\$ 10,471	7%	\$ 149,529
<i>Stormwater Construction/Public Works Engineering</i>				
Salary and Benefits	\$ 100,000	\$ 159,979	160%	\$ (59,979)
Supplies and Equipment	4,100	-	0%	4,100
Charges and Services	80,800	108,459	134%	(27,659)
Capital Outlay	2,159,500	1,582,585	73%	576,915
Sub-Total Public Works Engineering	\$ 2,344,400	\$ 1,851,023	79%	\$ 493,377
TOTAL EXPENDITURE	\$ 2,569,300	\$ 1,924,625	75%	\$ 644,675

Revenue Over (Under) Expenditures \$ (915,100) \$ (317,984)

Beginning Fund Balance	\$ 1,131,223	\$ 1,131,223		
Change in Fund Balance	(915,100)	(317,984)		
Ending Fund Balance	\$ 216,123	\$ 813,239	376%	\$ (597,116)