

City of Kenmore, Washington

Executive Summary

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City of Kenmore, Washington
Personnel Summary 2013 -2018

<u>Cost Center</u>	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2018 Budget</u>
City Manager*	6.55	6.55	6.75	7.00	7.00	7.00
Finance and Administration **	4.00	4.00	4.00	4.00	4.00	4.00
Community Development***	3.50	3.50	2.90	3.50	4.50	4.50
Development Services	5.50	5.50	5.50	5.50	6.50	6.50
Public Works****	4.50	4.50	5.50	5.50	4.05	4.05
Parks and Facility Maintenance *****	1.00	1.00	2.40	2.40	3.20	3.20
Street Fund****	1.50	1.50	2.60	2.60	3.40	3.40
Surface Water Management Fund	2.00	2.00	2.00	2.00	2.15	2.15
Totals	28.55	28.55	31.65	32.50	34.80	34.80

* Positions were reclassified as follows:

Receptionist was transferred from Finance in 2013 and

.55 FTE Volunteer and Events Supervisor was increased to .75 FTE in 2015, increased to 1.0 FTE in 2016

** 1 Accounting Technician position was added in 2011, Receptionist was transferred to City Manager cost center in 2013, Administrative Assistant position was eliminated in 2013.

*** A temp full time Parks Project Manager was added in 2016, a regular Parks Project Manager FTE was added for 2017 funded by I

**** Sr Engineering Tech moved from Public Works to Street Fund, Admin Asst increased .1 FTE and reduced in Eng .1 FTE.

added one Traffic Engineer and one Capital Projects Engineer in 2015, transferred Traffic Engineer to Street Fund in 2017.

***** 2015 added 1FTE maintenance worker and one 4.FTE maintenance worker; in 2017 added 1.4 FTE Building Technician

City of Kenmore, Washington Historical Revenue Review

As a code city, the City of Kenmore has statutory authority to levy or assess all revenues generally available to all classes of cities and towns in Washington State. This section analyzes the major revenues utilized and available to the City.

A Word on Voter Initiatives

Voters have approved for the ballot and subsequently passed a series of initiatives aimed at reducing and limiting the future growth of governmental revenues (or taxes, depending on your perspective). Here are the recently approved initiatives:

- **Initiative 695** – November 1999
 - Reduced motor vehicle excise taxes to \$30
 - Required voter approval of future tax increases
 - Ruled unconstitutional by the Washington State Supreme Court
 - Motor vehicle excise tax subsequently reduced by State legislature
 - \$1,500,000 annual tax reduction in Kenmore
 - Kenmore increased the utility tax rate on gas, electric, telephone and cell phone revenues to 6.0% from 1.5% in December 1999 to offset the annual reduction by \$750,000
- **Initiative 722** – November 2000
 - Would have repealed any tax or fee increases in the last half of 1999
 - Limited property tax growth to 2% per year
 - Ruled unconstitutional by the Washington State Supreme Court
 - The initiative had no effect on these matters since the State Supreme Court overturned it.
- **Initiative 747** – November 2001
 - Establishes the new property tax “limit factors”
 - 1% or Implicit Price Deflator (IPD) increase, whichever is less, over the highest of the district’s three previous annual property tax levies
 - Taxing districts could levy higher than the limit factor with voter approval.
 - “Banked capacity” still available
- **Initiative 776** – November 2002
 - Limits total motor vehicle license fees to \$30
 - Reduces transportation funding (about \$172,000 annually in Kenmore)

These initiatives have dramatically altered the local government revenues available to fund community services and programs.

City of Kenmore, Washington
Major Operational Revenue Assumptions 2017-2018

GENERAL FUND

The City of Kenmore relies on property taxes to fund many of its General Fund operations (44% of revenue). The following assumptions were used to prepare the City's major revenue estimates for 2017 and 2018.

1. The 2016 population figure used in the 2017 Budget is 22,320 as determined by the Office of Financial Management for Washington State. This figure is important when determining distribution of State shared revenues on a per capita basis. This represents an increase of 820 (3.8%) from the City's 2013 population figure of 21,500.
2. The 2017 property tax levy is estimated to be \$4,668,509. This includes a 1% increase in the base levy (\$45,371) and \$86,000 added from new construction and state assessed properties. In 2018, the projected property tax levy is \$4,740,194 which also assumes a 1% increase in the base levy and \$25,000 added for new construction.
3. The City's property tax levy rate for 2017 is projected to be \$1.54 per \$1,000 assessed valuation which is an increase from the 2016 levy rate of \$1.26. The increase is due to the voter approved tax levy which accounts for \$.32 of the rate. The balance of \$1.22, which is a decrease in the regular levy rate, is based on an increase in assessed valuation across the City.
4. Sales tax receipts in 2017 are budgeted at 2% more than the estimated 2016 revenue, using the most recent 12 month receipts as a base, less \$115,000 for one time construction sales tax that occurred in 2016. A two percent (\$41,508) increase is forecast for 2018. One time new construction revenues are not expected to be as high this biennium.
5. Criminal justice sales taxes are difficult to predict, however based on the most recent 12 month activity, a 2% increase from 2016 estimated revenues is projected for 2017 and the same level for 2018.
6. Electric and gas utility taxes are projected to increase about 2% from 2016 estimates, and cell and telephone utility taxes are expected to as well.
7. Pull-tab gambling taxes are budgeted at 2% over the expected 2015-2016 level which is an increase of about \$22,463.
8. Liquor excise taxes and liquor profits have historically been distributed on a per capita based on estimates from the Municipal Research and Service Center (MRSC). Based on this source, the budget for 2017 and 2018 Liquor Board Profits is \$171,704 per year, a 7% decline from 2016. The budget for Liquor Excise Tax is \$206,507, a 30% increase over the prior biennium.
9. 2017 cable franchise fees are estimated to increase 2% over the 2016 revenue expectation and 2018 is projected to increase another 2%.
10. The 5% franchise fee on water and sewer is expected to generate \$500,000 annually based on prior years' experience. These revenues are completely transferred to the Street Fund.

City of Kenmore, Washington
Major Operational Revenue Assumptions 2017-2018

11. Development revenues are largely derived from building permit, plan review, inspections, and land use fees. The biennial development related revenues are projected to decrease about 25% (\$557,621) from 2015-2016. The local economy, development activity, and the housing industry have been strong since 2013 and the last biennium had several significant new construction projects. Ongoing development and opportunity for new construction is expected to decline in 2017-2018.
12. Investment interest is expected to yield .8% on average annual fund balances.

STREET FUND

13. A slight increase from 2016 is expected in fuel tax revenues in the Street Fund, and the budget is based on \$21.72 per capita (22,320) as predicted by Municipal Research Services Center for a 2017 budget of \$484,802 and a similar budget for 2018. The assumption is that gas consumption will stay close to current levels due to greater use of fuel efficient or alternate energy vehicles. Other major sources of revenue to the Street Fund include:
- ✓ \$220,000 in Right of Way permit fees,
 - ✓ \$1,000,000 in transfers from the General Fund for road maintenance from the water sewer franchise fees,
 - ✓ License tab fees from the Kenmore Transportation Benefit District Fund in the amount of \$669,000,
 - ✓ A new state distribution of Multi-modal gas tax revenue in the amount of \$46,200.

The table below illustrates the interfund transfers included in the 2017-2018 biennial budget.

From Fund	To Fund	2017-2018 Amount	Purpose
General	Street Fund	\$1,000,000	Pavement preservation, maintenance, operations
General	Kenmore Village Fund	328,228	Operational Support for Town Square and Hangar
Strategic Opportunity Fund	Park Capital Fund	85,000	Park Projects
Real Estate Excise Tax	Transportation Capital Fund	1,604,895	Transportation projects and overlay
Real Estate Excise Tax	Park Capital Fund	380,000	Park projects
Real Estate Excise Tax	Strategic Opportunity Fund	200,000	Repayment of cash advance
Park Impact Fee	Park Capital Fund	754,500	Park projects

City of Kenmore, Washington
Major Operational Revenue Assumptions 2017-2018

Transportation Benefit District	Street Fund	687,000	Pavement preservation, maintenance, operations
Transportation Impact Fee	Transportation Capital Fund	838,698	Transportation projects
Transportation Impact Fee	West Samm Bridge Fund	143,400	Bridge project costs (grant match)
Surface Water Management	Surface Water Capital Fund	1,448,085	Surface water projects
Walkways & Waterways	Transportation Capital	3,102,000	Bond funded transportation projects
Walkways & Waterways	Park Capital	2,225,000	Bond funded park projects
TOTAL		\$12,796,806	

City of Kenmore, Washington
Major Operational Expenditure Assumptions 2017-2018

GENERAL FUND

The City of Kenmore has developed a balanced budget for the 2017-2018 biennium in that operating expenditures in the General Fund are appropriated only to the extent there is projected operating revenue in 2017-2018. The unobligated cash carryover reserve was not used to balance the budget. Following is a list of expenditure assumptions and measures used to obtain a balanced biennium General Fund budget.

Salary budgets reflect a 4% increase for both 2017 and 2018. Medical insurance premiums were budgeted at actual premium rates for 2017, which was effectively a 4.5% increase, and a 6% increase for 2018.

A Parks Project Manager position was approved for regular status in the Community Development budget to manager the three park projects included in the Walkways & Waterways Proposition 1 bond measure. The current temporary position will complete parks projects already approved and currently in the pipeline.

Human Services Contracts were funded at \$168,070 per year, based on the agreement last biennium to fund at \$7.53 per capita and the 2016 population estimate of 22,320. This increase is \$12,540 from 2015-2016.

An annual contribution of \$30,000 to ARCH was continued in the 2017-2018 budget,

The Development Services personnel budget includes the continuation of a temporary full time building inspector/plans examiner as the peak workload for new construction continues.

The King County Sheriff contract for police services has been budgeted as proposed for 2017 by King County with 3% increase assumed for 2018.

The City Hall custodian position has been recommended for upgrade to a higher level facility technician in order to cover a wider range of facility maintenance duties with the addition of the Town Square and Hangar building. An additional .4 FTE was also added to provide weekend coverage for the new facility and assigned tasks for City Hall.

\$203,228 is budgeted to be transferred to the Kenmore Village Fund to support operations of the Town Square and Hangar building. \$125,000 is programmed for art at the Town Square.

\$1,000,000 from Water and Sewer franchise fees are programmed to be transferred to the Street Fund for street maintenance and operations.

STREET FUND

1. The Street Fund no longer includes costs associated with the annual road overlay which is now budgeted in the Transportation Capital Fund. However, the overlay program is managed by the Public Works Operations Manager whose position is budgeted in the Street Fund.

City of Kenmore, Washington
Major Operational Expenditure Assumptions 2017-2018

2. New for 2017-2018 is the Traffic Engineer position budget in this Fund to recognize the support for traffic related customer services issues and responsibility for neighborhood transportation plans. The Traffic Engineer had previously been budgeted in Public Works Engineering.



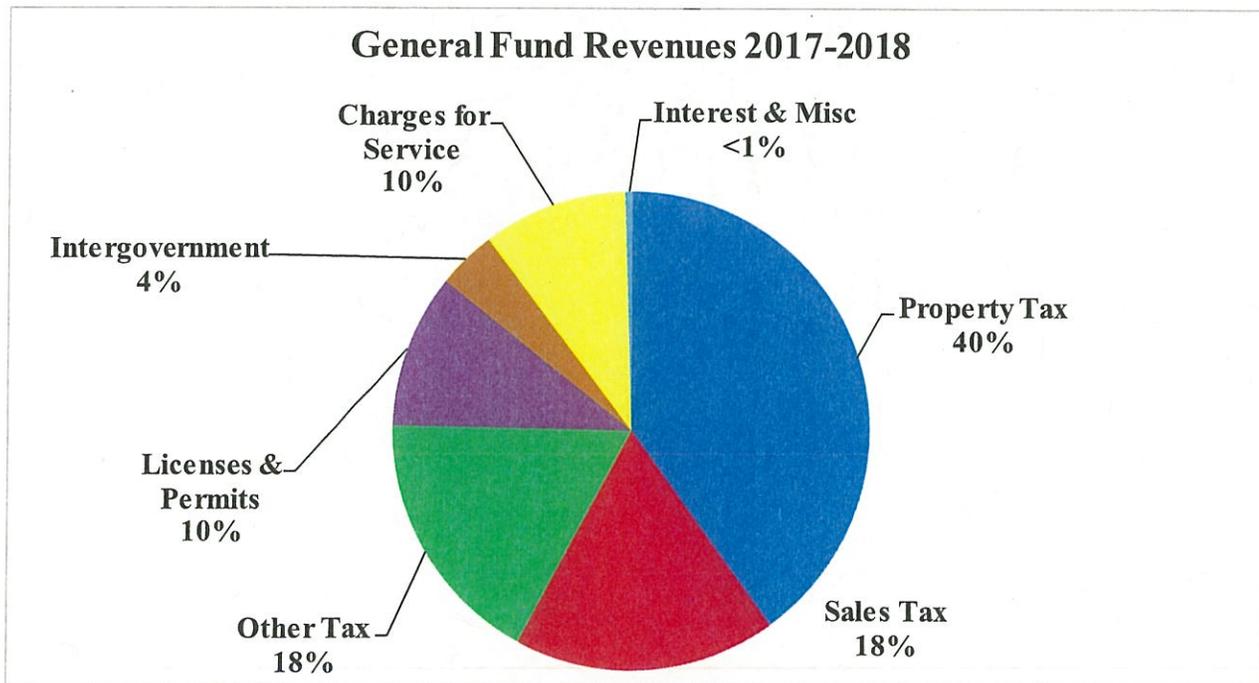
City of Kenmore, Washington All Funds Revenue Analysis

The General Fund provides general purpose governmental services to the citizens of Kenmore. This fund is used to account for all operating financial resources except those that must be accounted for in a special revenue or another fund.

The 2017-2018 biennial budget projects General Fund revenue to be \$23,533,174. Revenues projected for 2017 are \$11,803,470, a decrease of \$93,493 or less than one percent, from 2016 revenues. Revenues projected for 2018 are \$11,729,704, a decrease of \$73,766 from the 2017 budget projection; also less than 1%. This increase anticipates a conservative and stable estimate of revenues with less new construction impacting the property and sales taxes.

The General Fund receives a variety of revenues. The major categories are taxes, licenses and permits, intergovernmental revenues, charges for services, interest income, transfers from other funds and other miscellaneous revenues. The table and graph below illustrate General Fund revenues by these major categories for the period from 2013-2014 and for the 2015-2016 biennial budget period.

	2015	2016	2015-2016	2017	2018	2017-2018
	<u>Actual</u>	<u>Actual</u>	<u>Biennium</u>	<u>Budget</u>	<u>Budget</u>	<u>Biennium</u>
Property Tax	4,511,047	4,560,972	9,072,019	4,668,509	4,740,194	9,408,703
Sales Tax	2,045,788	2,340,024	4,385,812	2,075,374	2,116,882	4,192,256
Other Tax	1,789,151	1,899,178	3,688,329	2,040,653	2,079,281	4,119,934
Licenses & Permits	1,367,115	1,334,771	2,701,886	1,242,748	1,202,868	2,445,616
Intergovernment	385,962	451,320	837,282	483,294	462,821	946,115
Charges for Service	607,696	1,166,295	1,773,991	1,234,143	1,068,907	2,303,050
Interest & Misc	67,922	70,637	146,127	58,750	58,750	117,500
Total Revenues	10,774,681	11,823,197	22,605,446	11,803,471	11,729,703	23,533,174



City of Kenmore, Washington All Funds Revenue Analysis

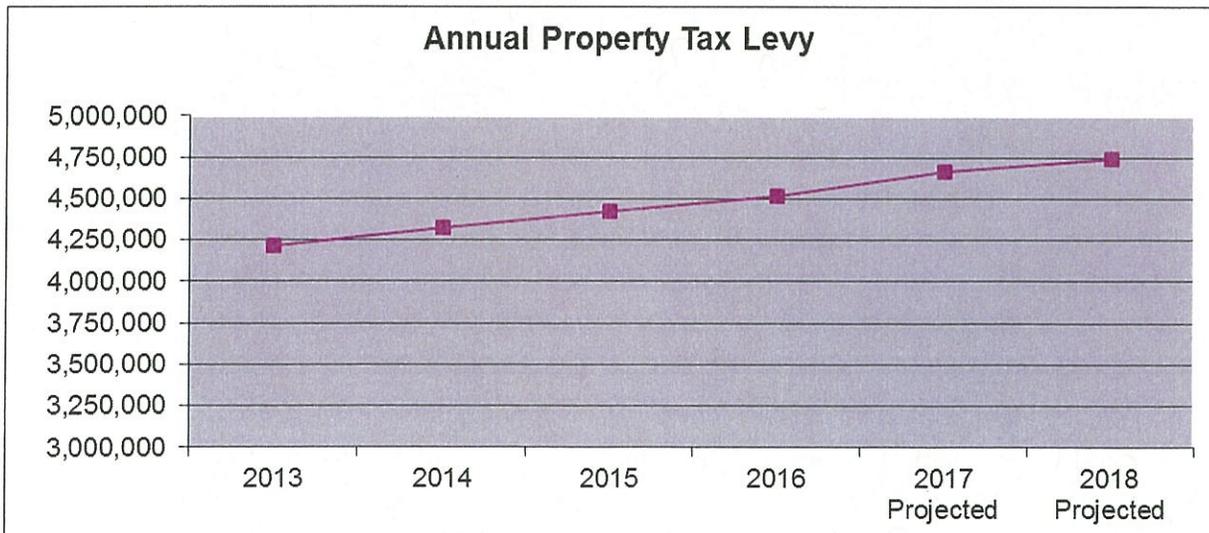
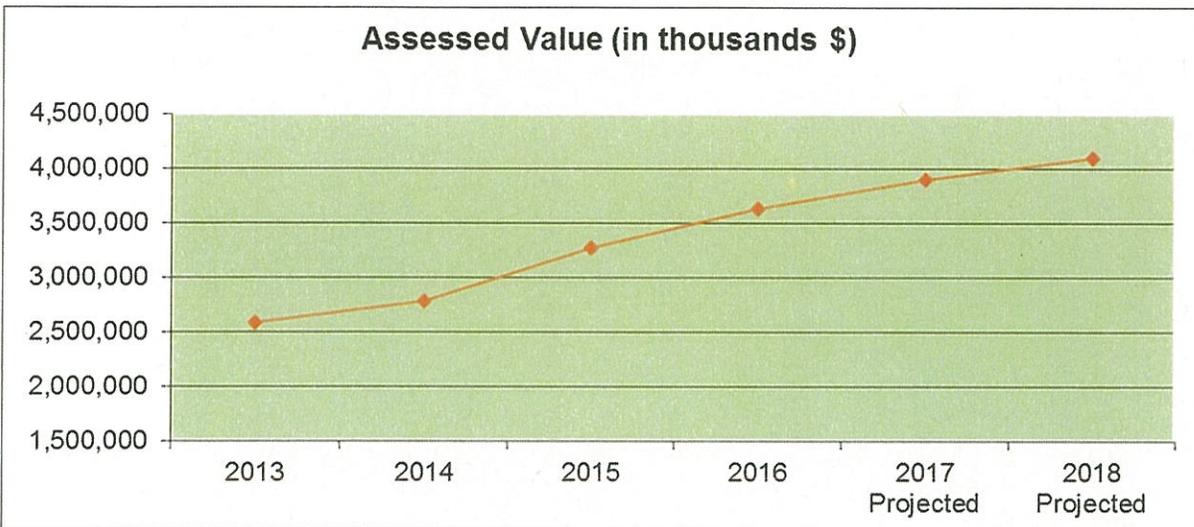
Three major revenue sources comprise approximately 75% of the resources that support the General Fund 2017-2018 biennial budget: property tax, sales tax, and utility tax. The following section will discuss the key factors affecting these and other revenue sources in 2017 and 2018.

TAX REVENUES

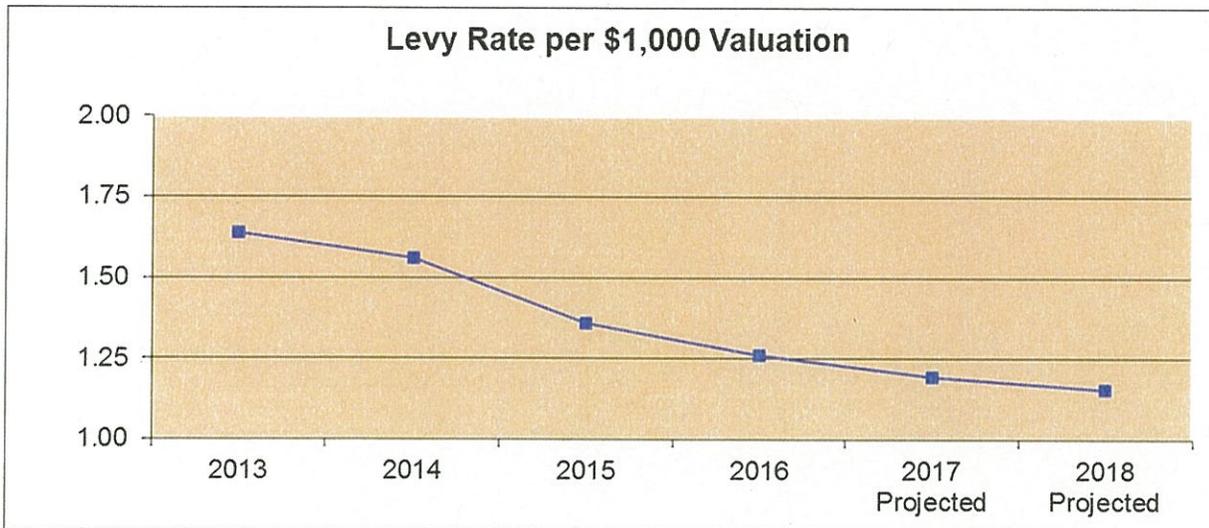
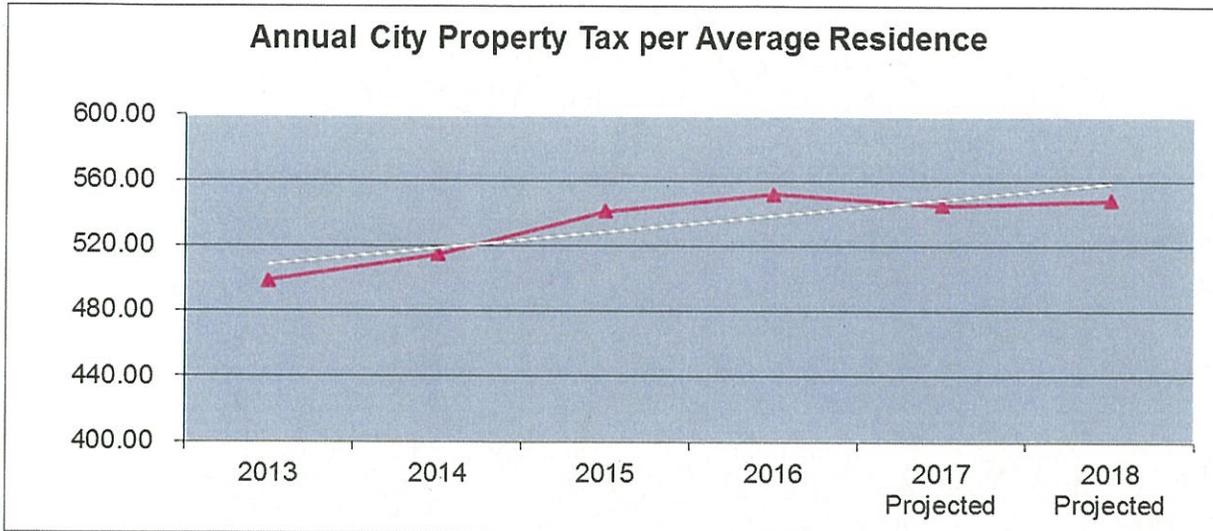
Property Tax

Property taxes play an essential role in financing the operation of the City of Kenmore, accounting for approximately 40% of the General Fund revenue estimate (in 2015-2016 the percentage was 40%), excluding beginning fund balance and interfund transfers. The City's property tax is levied based on 100% of the fair market value of property as determined by the King County Assessor's Office. All real and personal property is subject to property tax, except that which is specifically exempt, such as property owned by federal, state, and local government agencies.

For 2017, the property tax levy is expected to be \$4,668,509 which is a 1% increase over the 2016 levy of \$4,537,138 and adds \$86,000 for new construction.



City of Kenmore, Washington
All Funds Revenue Analysis



The 2017 Property Tax Calculation for budget purposes is as follows:

Total 2016 Property Tax Levy	\$4,537,138
1% Increase in Levy	45,371
Add: New Construction Estimate	<u>86,000</u>
Total Budgeted Property Tax Levy for 2017	<u>\$4,668,509</u>

Property Tax Distribution

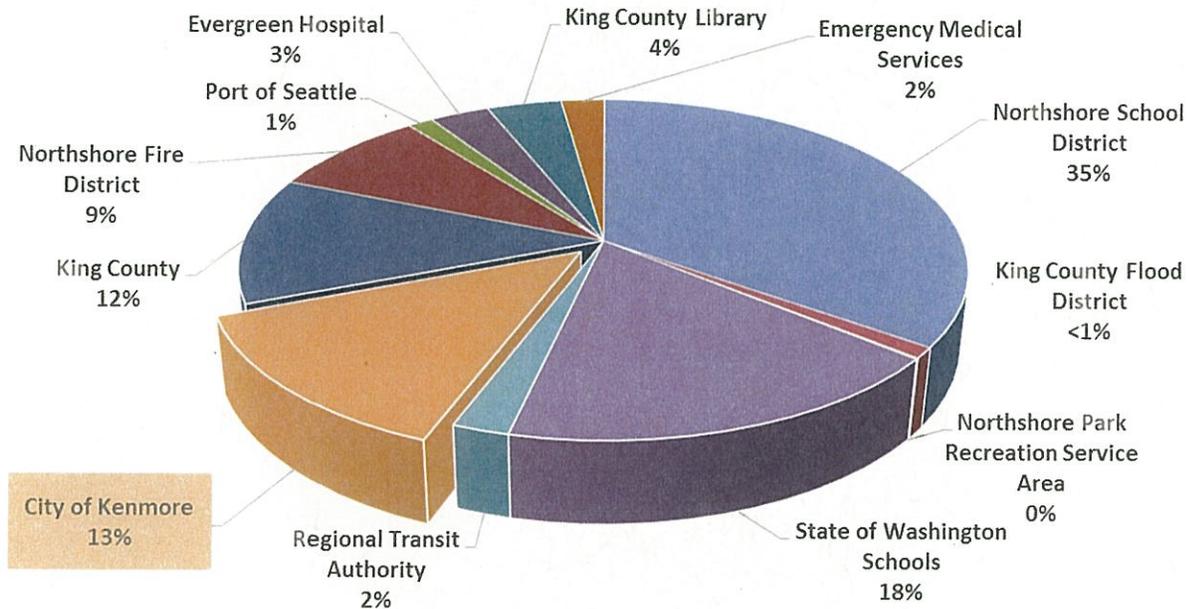
Only a portion of the tax bill paid by a City of Kenmore resident is actually returned to the City of Kenmore. The illustration below shows the allocations other jurisdictions levy on properties in the City. The King County Assessor sets the assessed value for each property. The City Council adopts the total tax levy for the

City of Kenmore, Washington All Funds Revenue Analysis

City. The tax rate is the result of the total tax levy divided by the total assessed value for the City times \$1,000. The rate is then applied to each individual property's assessed value.

The example below is based on a property with an assessed value of \$400,000. Each taxing jurisdiction's tax rate is shown along with the tax and is based on the assessor's published 2017 rates. (Source: Metro King County Department of Assessments Web Page).

2017 Property Tax Distribution for Kenmore, Washington Taxpayers



	Levy Rate / \$1,000 Assessed Valuation (AV)	Property Tax Share from \$400,000 AV	% of Total Tax Bill
Northshore School District	4.008	\$ 1,603.39	35%
King County Flood District	0.117	\$ 46.96	1%
Northshore Park Recreation Service Area	0.011	\$ 4.54	0%
State of Washington Schools	2.032	\$ 812.80	18%
Regional Transit Authority	0.250	\$ 100.00	2%
City of Kenmore	1.538	\$ 615.36	13%
King County	1.383	\$ 553.20	12%
Northshore Fire District	0.963	\$ 385.03	8%
Port of Seattle	0.153	\$ 61.34	1%
Evergreen Hospital	0.359	\$ 143.42	3%
King County Library	0.451	\$ 180.47	4%
Emergency Medical Services	0.263	\$ 105.22	2%
Total	11.529	\$ 4,611.73	100%

NOTE 1: In comparison to the City tax of \$1.538 the King County Road tax is \$2.24557 in 2017

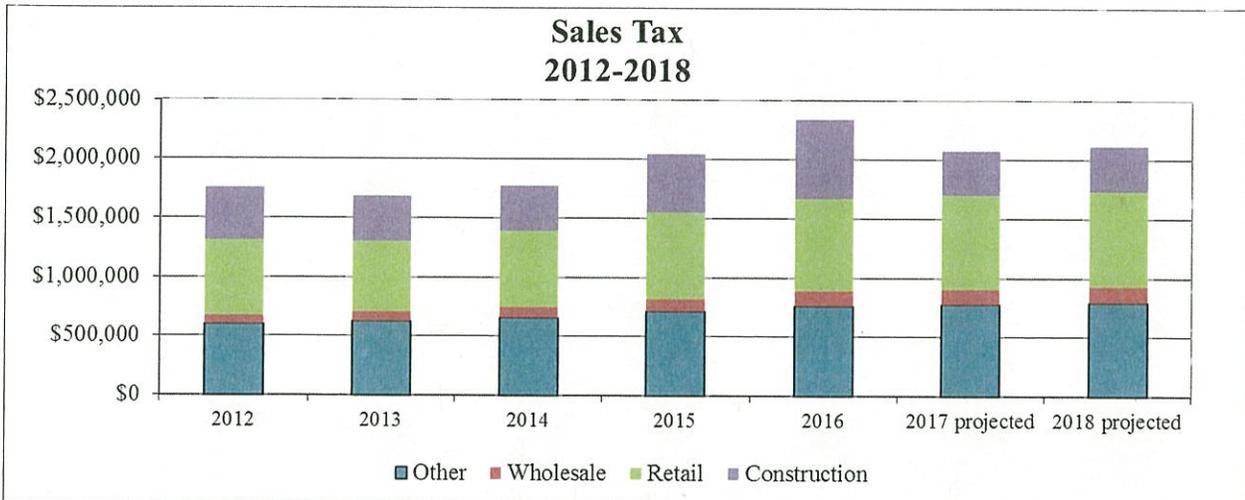
The City of Kenmore levy rate includes the regular levy rate of \$1.198 plus the GO Bond levy rate of \$0.340

City of Kenmore, Washington All Funds Revenue Analysis

Local Retail Sales and Use Tax

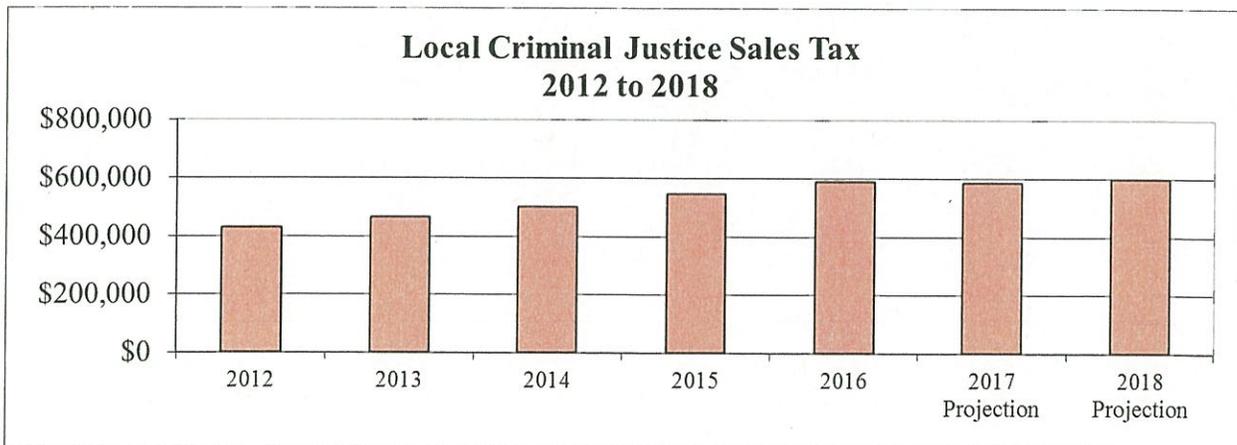
This is a major revenue source that accounts for 18% of the 2017-2018 General Fund revenues excluding fund balance. The local retail sales and use tax is comprised of two separate .5 % options with the County receiving 15% of each .5 %. After deducting .01% as a County administrative fee, the City's effective rate is .84%.

The 2017 projection (\$2,075,374) is approximately 11% below the 2016 revenue. All of the sales tax generating sectors are fairly stable; however, 2015 and 2016 had the benefit of realizing sales tax on new construction which isn't expected to occur in 2017 or 2018.



Local Criminal Justice Sales Tax

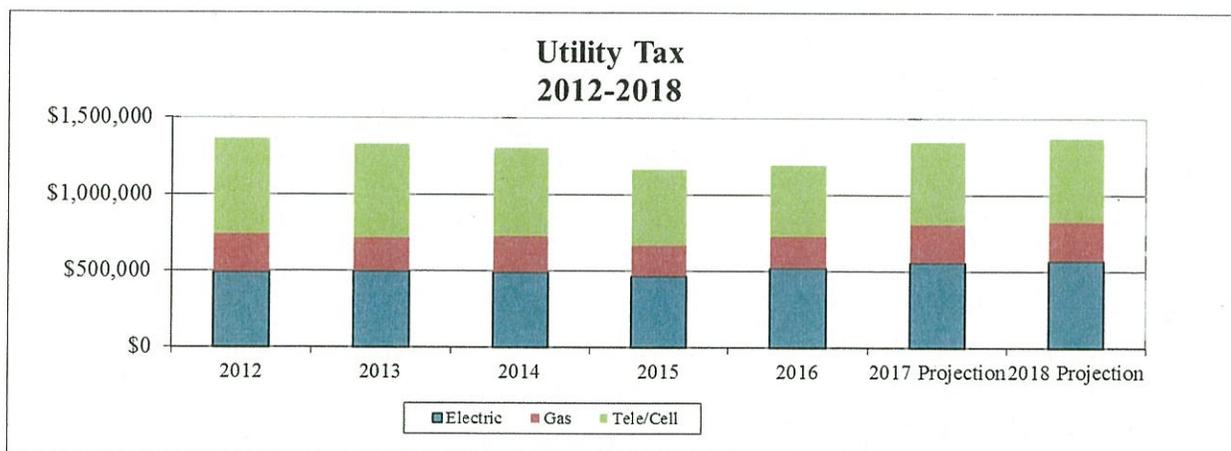
This revenue source comprises \$1,184,035 or five percent of General Fund revenues for the 2017-2018 biennium. Local Sales Tax for Criminal Justice funding is to be used solely for criminal justice purposes, such as the City's law enforcement contract. This tax is authorized at 1/10 of 1% of retail sales transacted in the County. Of the total amount collected, the State distributes 10% to the County, with the remainder being distributed by population to the cities and the unincorporated areas of the County. These collections tend to lag and be about 24% of retail sales tax receipts. A 4% increase from 2015-2016 is budgeted for the biennium.



City of Kenmore, Washington All Funds Revenue Analysis

Utility Tax

This major revenue category accounts for 12% of the 2017-2018 General Fund revenues. Initiative 695 (I-695) was approved in 1999 and was subsequently declared unconstitutional by the State court. However, State Legislature repealed the Motor Vehicle Excise Tax (MVET) in 2000. This removed \$1,500,000 of MVET receipts each year, beginning in 2000. In order to partially replace this void, the City Council increased the utility tax to six percent (6%) from one and one-half percent (1.5%) of the gross revenues of electricity, natural gas, telephone and cellular phones. Beginning in 2005, the City Council reduced the gas and electric utility tax rates to 4%. This resulted in lowering the annual utility tax revenues by \$230,000. Electric, gas and telephone/cell phone utility taxes are budgeted to increase overall by 15% from 2015-2016 due to population and rate increases. Current utility tax rates are as follows: telephone - six percent (6%), gas - four percent (4%), electric - four percent (4%).

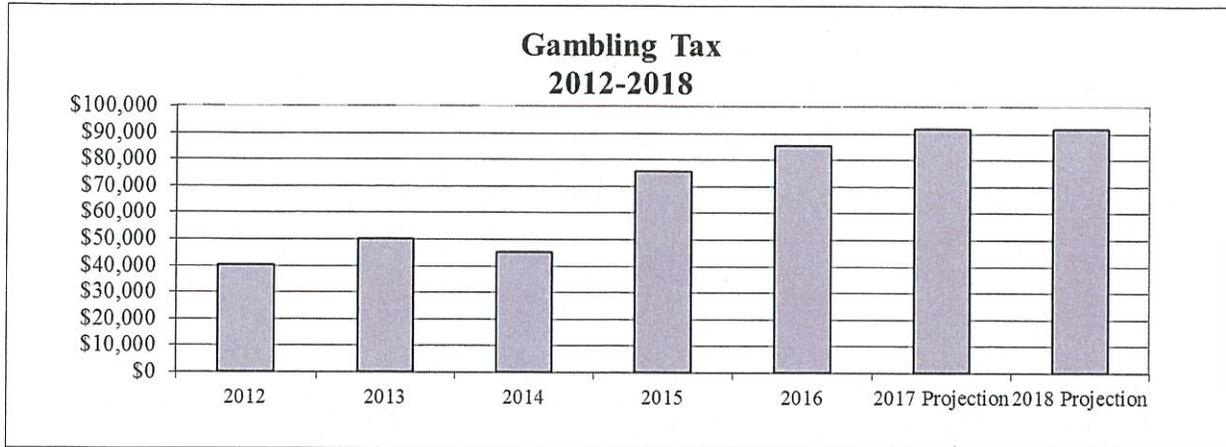


Gambling Tax Revenues

Gambling tax revenues are projected to be \$183,173 for the 2017-2018 biennium. This is a 13% increase over the 2015-2016 biennium and results from a growing popularity in pull tabs and amusement games. These revenues are required to be spent primarily on law enforcement activities pertaining to gambling. Funds remaining after necessary expenditures for such enforcement purposes may be used for any general government purpose.

Gambling taxes are due to the City on a quarterly schedule: no later than the last day of January, April, July and October. The City imposes a tax on the following forms of gambling at the following rates: Bingo (5% gross, less prizes); Raffles (10% gross, less prizes); Amusement Games (2% gross, less prizes); Derbies (10% gross, less prizes); Punch Board (5% gross); and Pull Tabs (5% gross).

City of Kenmore, Washington
All Funds Revenue Analysis

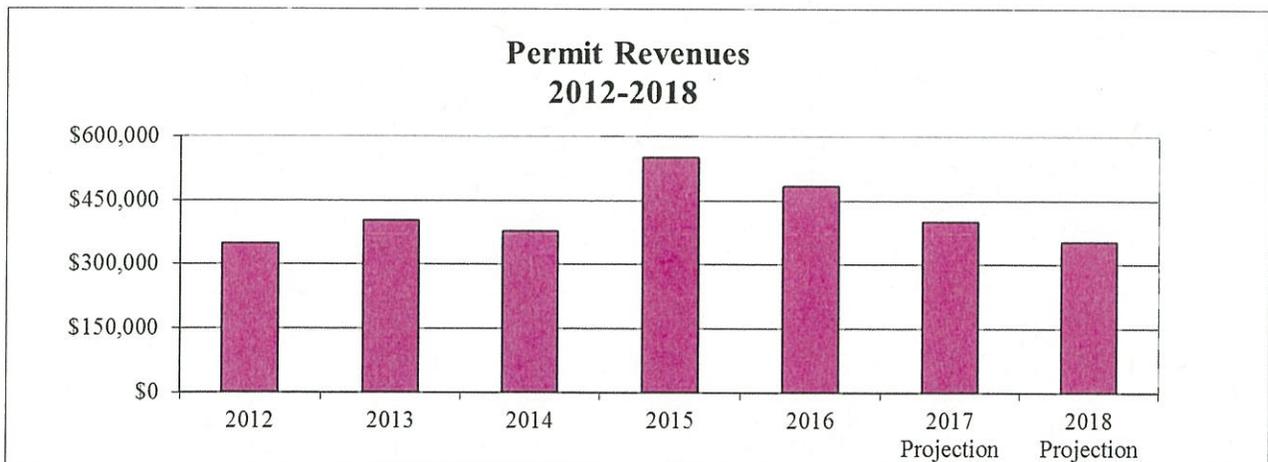


LICENSES AND PERMITS

License and permit revenues are user fees that are derived from various regulatory activities of the City and include building permit services and franchise fees.

Building Permits

Building and other permit revenue is dependent on construction activity and can be a fluctuating source of revenue. Construction activity since incorporation in 1998 has been at a significant level due to the strength of the economy and the housing market in the Pacific Northwest. The recent recession resulted in 2009 and 2010 development revenues at almost historical lows. The activity began to rebound after 2011 and has been strong ever since. 2015-2016 activity included major new construction projects. These level of new construction is not expected to continue into 2017-2018. The 2017-2018 biennial budget includes permit fee revenue of \$399,9890 in 2017 and \$353,491 in 2018.



Franchise Fees

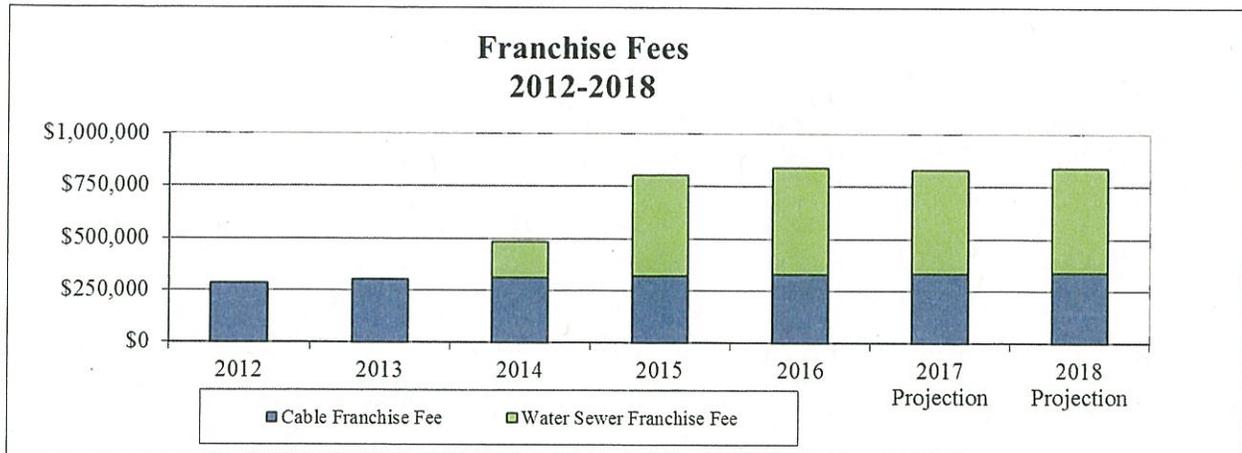
Franchise fees are levied on private utilities for the right to use the city right of ways and other public properties.

Cable: The City levies a franchise fee of 5% on the gross revenues of the two cable TV providers. This revenue is projected to be \$668,476 for the 2017-2018 biennium. Franchise fee revenues were estimated to remain stable into 2017 with a 2% increase estimated for 2018.

Water/Sewer: In 2014 the City negotiated a franchise agreement with the district that provides water and sewer. The franchise fee is 5% of gross revenues and is expected to generate \$500,000

City of Kenmore, Washington All Funds Revenue Analysis

annually. The adopted budget provides for transferring this revenue source to the Street Fund to be used for pavement preservation and maintenance.



INTERGOVERNMENTAL REVENUES

State-Shared Revenues

State-shared revenues are received for gasoline taxes and liquor related receipts. These taxes are collected by the State of Washington and shared with local governments based on population. State-shared revenues are distributed on either a monthly or quarterly basis. Gasoline taxes are receipted into the Street Fund and dedicated to street maintenance functions.

The 2016 population figure used in the development of the 2017-2018 biennial budget is 22,320 as determined by the Washington State Office of Financial Management. This figure is the basis for determining distribution of State shared revenues on a per capita basis. This represents an increase of 820 from the 2015 population figure of 21,500.

Liquor Board Profits and Liquor Excise Tax

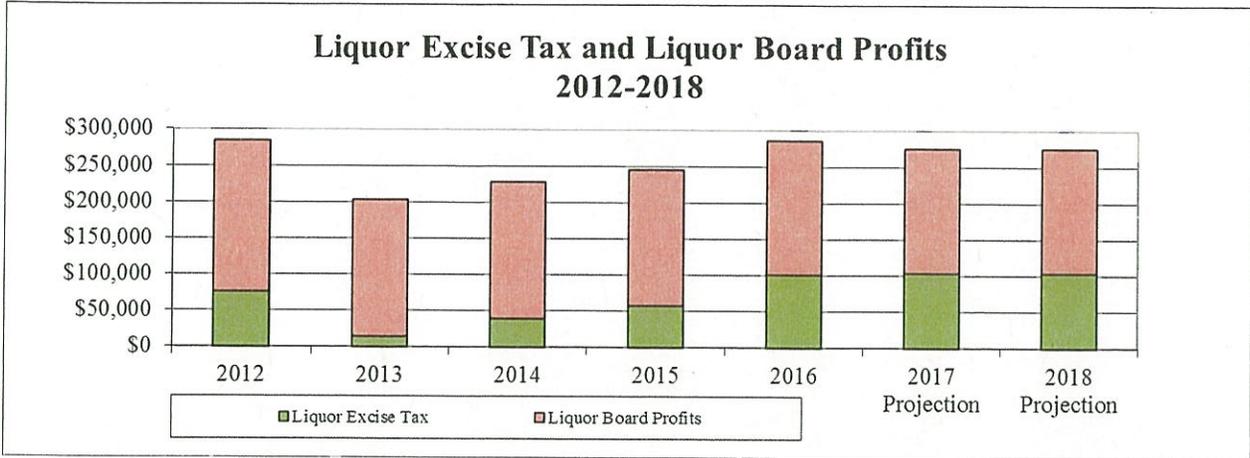
Cities receive a share of both liquor board profits and liquor excise tax receipts. The liquor board profits consist of revenue from state liquor stores and taxes on wine and beer.

This allocation is distributed quarterly (on the last day of January, April, July, and October) on a per capita basis as liquor excise tax. To be eligible to receive these revenues, a city must devote at least two percent of the distribution to support an approved alcoholism or drug addiction program. The City of Kenmore remits the two percent to King County for this purpose.

In 2012, budget challenges at the State level resulted in a change in distributions (reductions) to the cities. The liquor board profit distributions were subsequently capped at 2011 levels and liquor excise tax distributions were temporarily reduced for a twelve-month period. The restrictions have now been removed and projections of these revenues for the 2017-2018 biennium, based on State data, are as follows:

- Liquor Board Profits: \$171,704 (2017) and \$171,704 (2018).
- Liquor Excise Tax: \$102,740 (2017) and \$103,767 (2018).

City of Kenmore, Washington
All Funds Revenue Analysis



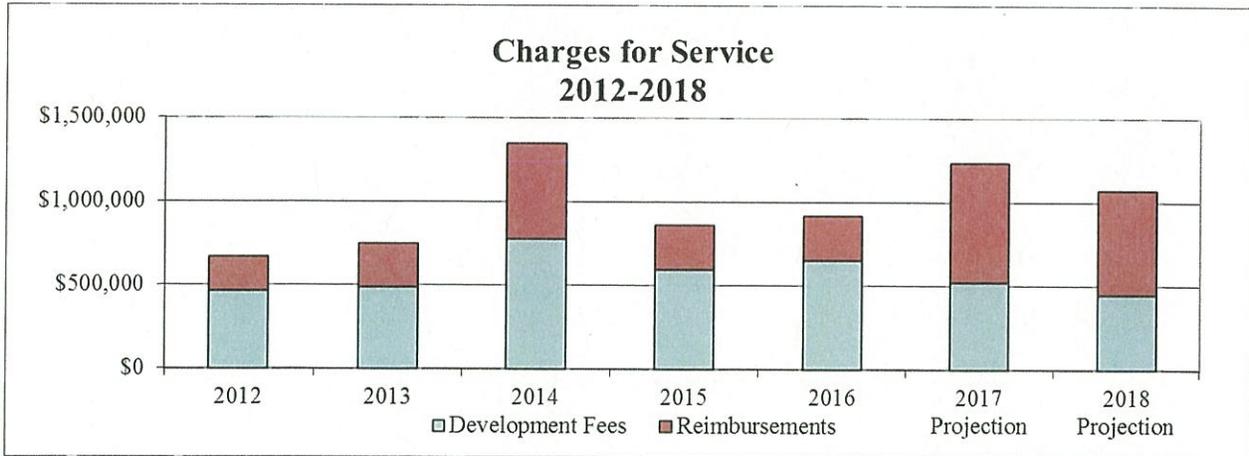
CHARGES FOR SERVICES

Reimbursement of Direct/Indirect Costs

Included for 2017-2018 are reimbursements from the Transportation Capital Fund, the Park Capital Fund, and the Surface Water Management Fund to cover their respective costs of the Engineering and Administration Department services.

Development Fees

This revenue category of land use fees, inspection fees and plan review fees accounts for \$964,538 or about four percent (4%), of the 2017-2018 biennial budget. The City collects these fees for single family, commercial and multi-family development to offset time spent on processing, reviewing, inspecting and administering development activities. In addition, Development Services and Engineering staff monitor compliance of development with conditions of approval.



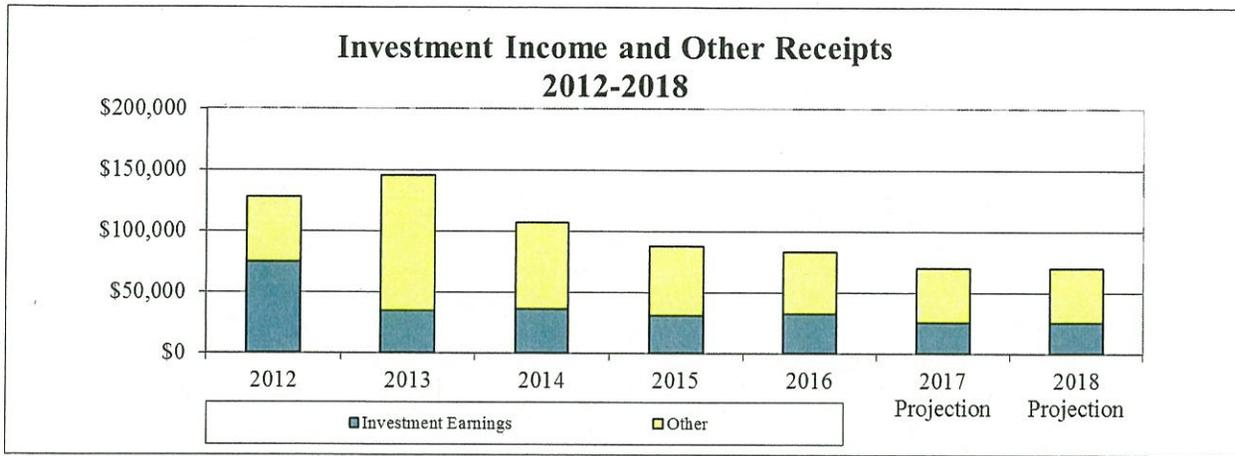
INVESTMENT INTEREST

The projected interest income for the 2017-2018 budget period is \$52,000. This amount is slightly reduced from the prior biennium budget. Returns on investments have not changed significantly and the income is roughly based on a 1.5% return, from various investments, on an available General Fund cash balance of \$2.5 million.

City of Kenmore, Washington All Funds Revenue Analysis

MISCELLANEOUS REVENUES

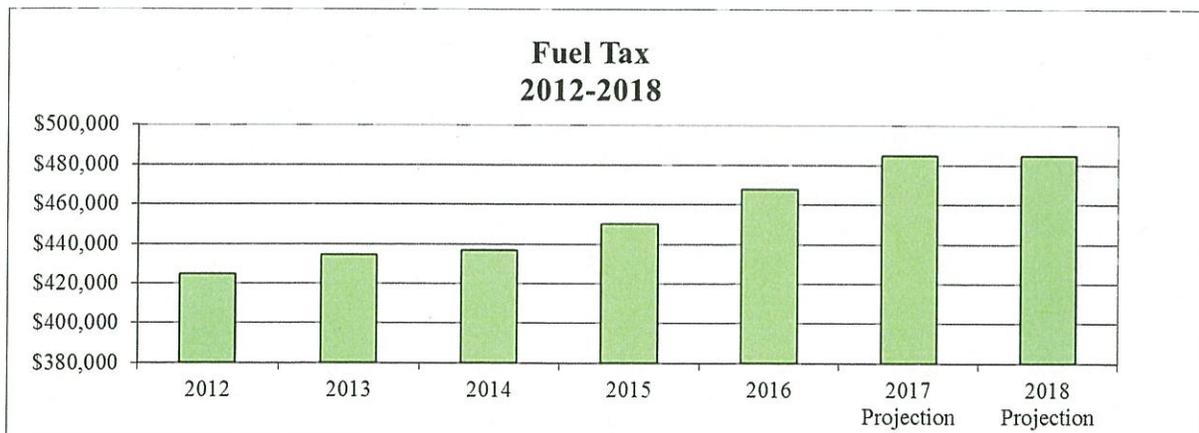
This revenue source of \$65,500 for the 2017-2018 biennium includes sales tax interest (from sales tax receipts remitted from the State), and donations and sponsorships. Donations and sponsorships are budgeted at \$26,250 annually and are due to efforts to increase community sponsorships of city events and summer concerts.



STREET FUND

Motor Vehicle Fuel Tax

The Street Fund receives motor vehicle fuel tax (gasoline tax) which is collected and distributed by the State of Washington to cities based on population. The 2017-2018 biennial budget includes \$969,604 which is \$51,508 more than what was actually received in 2015-2016. The projection for the upcoming period is based on a published per capita distribution of \$21.74 which is an increase from prior years due to passage of additional fuel tax (\$.90 per capita) associated with a statewide transportation package. Otherwise it is expected that consumption and revenue will not increase and more fuel-efficient vehicles will cause consumption to decline.



Multi-modal Distribution

This is a new direct distribution to cities from the State's collection of fuel taxes; a result of the new State Transportation tax bill. It is expected to be \$1.05 per capita in 2017.

City of Kenmore, Washington All Funds Revenue Analysis

Revenues from the Transportation Benefit District

On November 20, 2012, the newly created Transportation Benefit District (TBD) approved a \$20 fee for vehicles licensed in the City of Kenmore. Collection of the fee began June 1, 2013. Based on the expected number of licensed vehicles, the revenue for the 2017-2018 budget period is expected to be \$680,000 of which \$669,000 will be paid to the Street Fund for street maintenance. Effective December 7, 2017 the City assumed the TBD and it no longer exists as a separate District. The TBD is now a Special Revenue Fund.

Right of Way Permit Fees

For 2017-2018 these fees are expected to decrease due to anticipated decline in construction and development activities.

Transfers

The operating transfers into the Street Fund from the General Fund are the Water and Sewer Franchise Fees that were implemented in the prior biennium. They are expected to be \$1,000,000 over the biennium.

PUBLIC ART FUND

Transfers

The 2017-2018 biennial budget does not include any transfers from other Funds toward the 1% for Art program however several completed projects will be assessed the 1% during this biennial period.

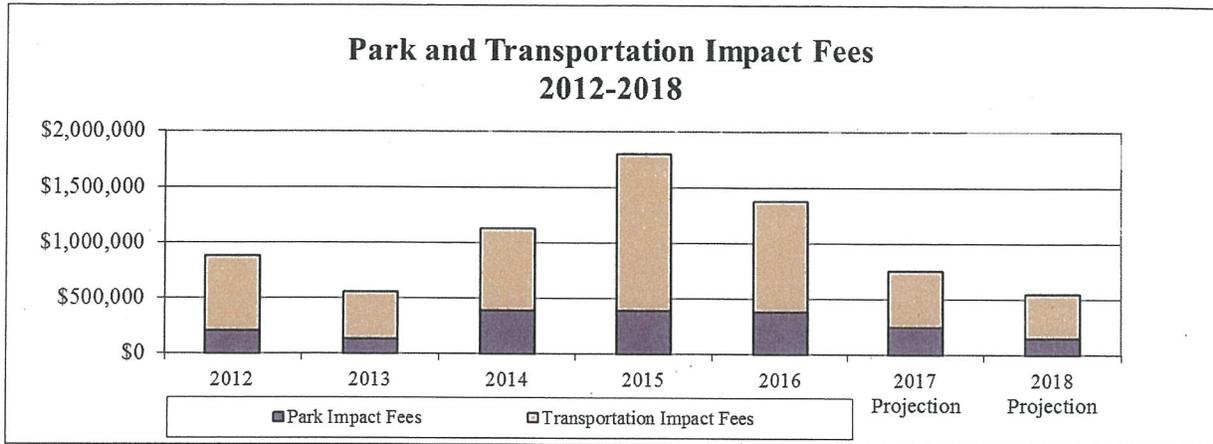
PARK IMPACT FEE FUND

In 2001, the City Council adopted Parks Impact Fees. Impact fees are charges paid by new development to reimburse the City for capital costs of public facilities that are needed to serve new development. The public facilities that can be funded for by impact fees are system improvements to service areas within the community at large. The park impact fee for a single-family residence as of January 1, 2017, is \$2,565. The projection for the 2017-2018 biennial budget is \$400,000 which is substantially less than the \$775,247 received in 2015-2016 due to several large one-time development projects.

TRANSPORTATION IMPACT FEE FUND

In 2001, the City Council adopted Transportation Impact Fees. Impact fees are charges paid by new development to reimburse the City for capital costs of public facilities that are needed to serve new development. The public facilities that can be funded with impact fees are system improvements to service areas within the community at large. Based on a transportation study completed in 2016, the impact fee for a single-family residence, effective January 1, 2017, is \$9,320.43. The revenue projection for the 2017-2018 biennial budget is \$900,000. This is a decrease of \$1,503,200 from the prior biennium due to the expected decline in new construction activity.

City of Kenmore, Washington
All Funds Revenue Analysis



STRATEGIC RESERVE FUND

Transfers

Historically, the City has transferred General Fund monies into the Strategic Reserve Fund to provide the City with a funding reserve in the event of a catastrophe. Per state regulations, (RCW 35.34.250), this fund cannot exceed \$.375 per \$1,000 of assessed valuation (AV). The funding limit was reached in 2009 when the City reached its highest assessed value of \$3,346,634,810 before economic conditions caused values to decline. The assessed value (\$3,927M) has recovered and exceeded the previous high value of 2009; however, the budget does not include any transfers from the General Fund at this time.

STRATEGIC OPPORTUNITIES FUND

Transfers

This newly established fund was created in 2013 with a transfer of \$2,500,000 from the General Fund reserves with the purpose of having resources available for the City to make key investments or take advantage of strategic opportunities. During the 2015-2016 biennium, the City was able to transfer another \$1.1M of excess reserves to this fund. One of the uses of these funds during the past biennium was to advance resources for several sidewalk capital projects with an expectation of repayment from Real Estate Excise Tax of \$200,000 during the 2017-2018 biennium. Other than investment earnings, \$60,000 is expected from leases at the Kenmore Business Incubator.

TRANSPORTATION BENEFIT DISTRICT FUND

Vehicle Fees

On November 20, 2012, the newly created Transportation Benefit District approved a \$20 fee for vehicles licensed in the City of Kenmore. Collection of the fee began June 1, 2013. Based on the expected number of licensed vehicles, the revenue for the 2017-2018 budget period is expected to be \$680,000.

UTGO 2016 BOND FUND

This fund was established to account for 2017 and 2018 property tax excess levy receipts assessed for the Proposition 1, Walkways & Waterways measure that was approved by the voters in 2016. The receipts are maintained in this fund and used to pay the semi-annual debt service on the \$9,220,000 outstanding 20

City of Kenmore, Washington All Funds Revenue Analysis

year bonds. The 2017 levy rate was \$0.34 per \$1,000 of assessed value and the levy amount is expected to be \$1,320,000.

WALKWAYS & WATERWAYS BOND FUND

This new fund accounts for the proceeds of the UTGO 2016 bonds issued in December 2016 after Proposition 1, the Walkways & Waterways bond measure, was approved by the voters. The measure authorized the City to issue up to \$19,750,000 of unlimited tax general obligation bonds for the purpose of financing the construction of new sidewalks and pedestrian and bicycle safety improvements along Juanita Drive and 68th Avenue, and the construction of and improvements to waterfront access, viewpoints, walkways, facilities, open spaces, and natural habitats at City parks, including Log Boom Park, Rhododendron Park, and Squire's Landing Park. The first series of 20 year bonds, in the amount of \$9,220,000, were sold in December 2016; proceeds including the premium totaled \$9,859,407.

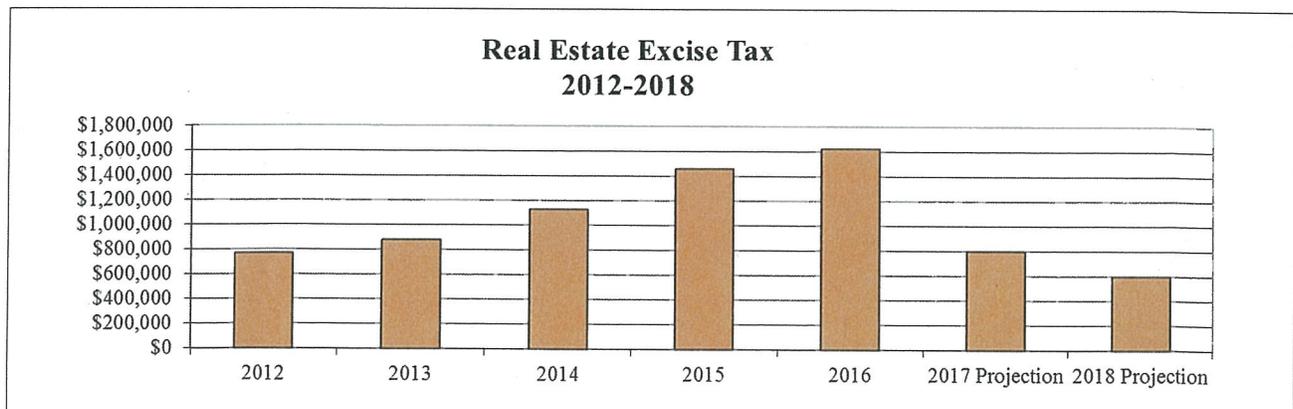
SAMMAMISH RIVER BRIDGE FUND

Intergovernmental and Transfers

This fund was established in 2013 to accumulate resources toward future replacement of the Sammamish River Bridge with an initial transfer from the General Fund of \$80,000. Those funds were expended in 2013-2014 for professional services related to the bridge repair and replacement and no revenue from additional transfers has been budgeted in 2015-2016. The replacement of the bridge accelerated and this became an active project in the prior biennium. The fund will be re-activated to account for the resources and expenditures of that project. \$2,866,561 is expected to be received in 2017-2018 as grants from Federal and State agencies. The City will contribute \$143,400 in impact fees.

REAL ESTATE EXCISE TAX FUND

The real estate excise tax is revenue that must be used for financing capital projects. Prior to incorporation, King County imposed two, one-quarter of one percent (.5%) of the selling price of real property. Following incorporation, the City Council maintained the same rate for the City of Kenmore. King County collects the tax and deducts one-percent (1%) before remitting to the City. The projection for the 2017-2018 biennial budget is \$1,400,000 which is \$1.6M less than what was received in 2015-2016 due to an unexpected high volume of real estate transactions in 2015 and 2016.



City of Kenmore, Washington

All Funds Revenue Analysis

KENMORE VILLAGE FUND

Lease Income

In 2003, the City purchased the Kenmore Village property, a 4.2-acre commercial site located in the middle of the designated downtown. The purchase was made to direct future redevelopment of this shopping center in order that the community's vision of the Downtown Master Plan could be achieved over time. The short-term objective was to lease out the vacant space for cash flow purposes, with the long-term goal being the redevelopment of the site into a mixed-use project with retail, commercial and multi-family elements. In 2007 the City entered into an agreement to sell the property with an anticipated closing date of December, 2009. Due to the economic downturn, the closing of the agreement was amended and extended to 2014 and a ground lease was established for management of the property and the tenants. In addition to the properties managed through the ground lease, the United State Postal Service (USPS) entered into a lease with the City for occupancy of the old City Hall building. In 2012 the ground lease was terminated and the City took over management of the property for a short time until a new property management firm could be retained.

As parcels within Kenmore Village have been sold, lease revenue as declined. In 2017-2018 only the USPS remains as a tenant. The 2017-2018 biennial budget projects \$89,000 of lease revenue.

Sale of Property

In 2007, the City entered into a Disposition Development Agreement (DDA) which provided for the sale of Kenmore Village to Kenmore Partners, LLC (the developer) with an anticipated closing date of December, 2009. Due to the economic downturn, the closing of the agreement was amended and extended to 2014 with an annual escrow payment due from the developer in the amount of \$50,000. The DDA was dissolved in 2012. In 2013 the City sold one parcel for \$1.2M, the park and ride portion was sold in 2014 for \$3.2M and the remaining property was sold in 2015 for \$900K. The City retained the USPS property and an additional parcel for development of a town square which began in 2016.

Transfers

Transfers from the General Fund in the amount of \$328,228 are to subsidize the initial operations of the town square and Hangar building as well as provide resources for public art in the square.

PARK CAPITAL FUND

Intergovernmental

This fund accounts for Park Levy Proceeds from the King County Open Space and Trails Levy which expired in 2013 and the King County Parks Trails and Open Space Levy which provides funds over the period 2014-2019.

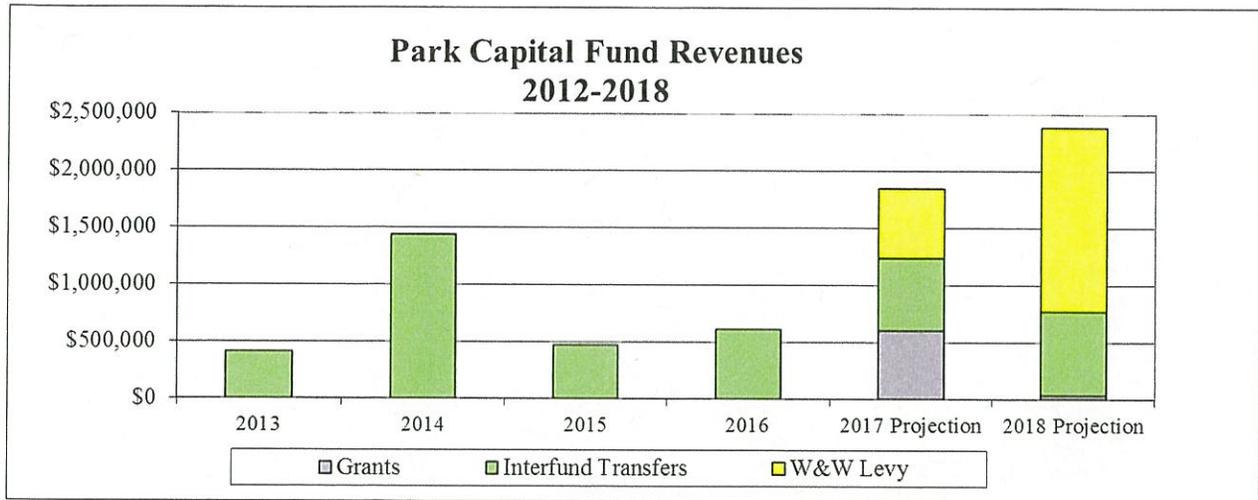
\$2,225,000 of levy proceeds from Proposition 1, Walkways & Waterways, are budgeted to be applied to the three park projects funded by the Proposition (Rhododendron Park, Log Boom Park and Squires Landing).

Recreation and Conservation Office (RCO) grants in the amount of \$637,520 are expected to support improvements to Moorlands Park.

Transfers

Transfers from real estate excise tax, park impact fees, and other City revenue sources provide funding for park capital projects.

City of Kenmore, Washington
All Funds Revenue Analysis



TRANSPORTATION CAPITAL FUND

Intergovernmental Grants

The City has been awarded a number of grants from various Federal and State agencies for pavement overlay and several sidewalks programmed for 2017-2018. The most significant awards are from the Federal Highway Administration and the Washington State Transportation Improvement Board.

Levy proceeds from Proposition 1, Walkways & Waterways, are programmed for pedestrian and bicycle safety improvements on the major north south arterials through the City, in the amount of \$3,102,000.

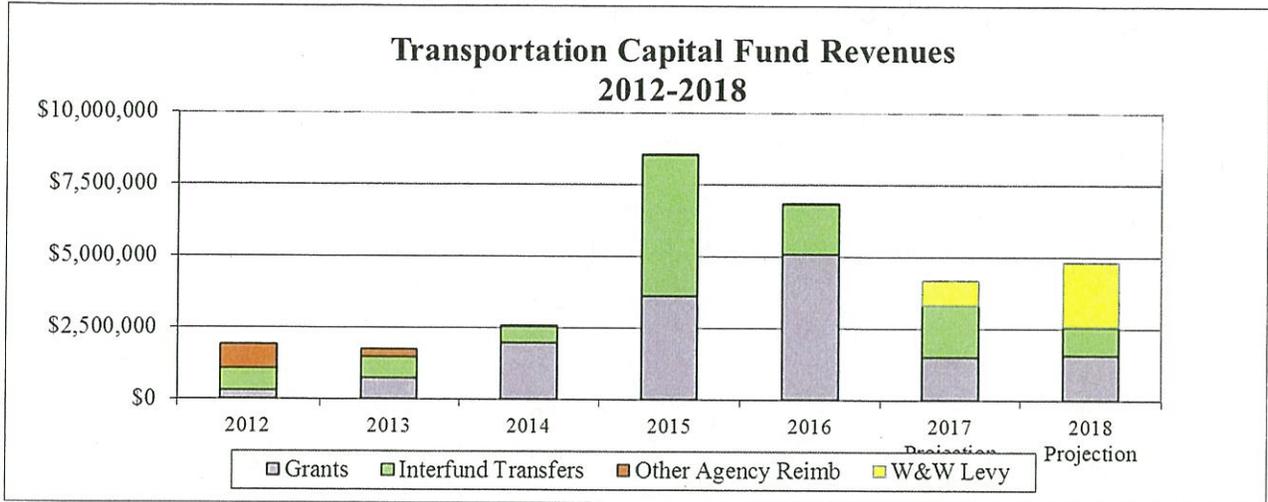
Other Contributions

Included in this category is \$37,000 from Bastyr University toward construction of a traffic signal pursuant to an agreement between Bastyr and the City which provided for a payment of \$141,000 and ten annual contributions of \$18,500 beginning in 2010.

Transfers In

Various City funds have been programmed as additional resources to the various pavement and sidewalk projects as Federal and State grants generally require a City match. These funds are transferred in to the Transportation Capital Fund as needed. Over the 2017-2018 biennium, these transfers are budgeted to include \$838,698 from the Traffic Impact Fee Fund, \$1,604,891 from the Real Estate Excise Tax Fund and \$327,800 from the General Fund.

City of Kenmore, Washington
All Funds Revenue Analysis



SURFACE WATER MANAGEMENT FUND

Surface Water Charges

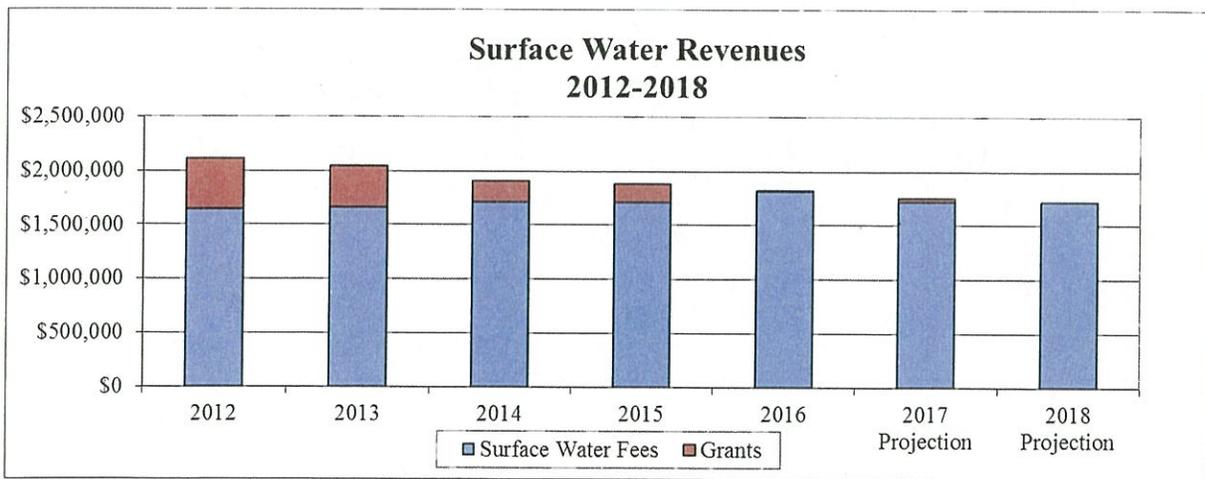
Surface water assessments (charges for service) are received from property owners in the City of Kenmore. Effective January 1, 2015 the typical charge for a single-family residence is \$167.40 per year, collected by King County along with property taxes. The charge for multi-family, commercial and industrial properties varies based upon the size of the parcel and the area of impervious surface. The 2017-2018 biennial budget includes revenue of \$3,450,000.

Sweeper Rental Services

The City of Kenmore owns a street sweeper which is used for surface water maintenance. The sweeper is available to jurisdictions on an hourly rental basis. In 2006, the City entered into a rental agreement with a neighboring city, Lake Forest Park. Revenues from this agreement are projected to be \$44,000 for the 2017-2018 biennium.

Intergovernmental

The 2017-2018 budget includes a grant to eradicate aquatic weeds in the amount of \$29,400.



City of Kenmore, Washington
All Funds Revenue Analysis

SURFACE WATER CAPITAL FUND

Intergovernmental

Grants and funding from other agencies contribute to the cost of certain capital projects. \$497,000 is anticipated from the King County Flood Control District for project SW 19 NE 192nd Street Culvert Replacement. Application has been made for a Public Works Trust Fund loan for Project SW-8, the 61st Ave Embankment Repair. Due to cutbacks in State funding, this loan made not be available.

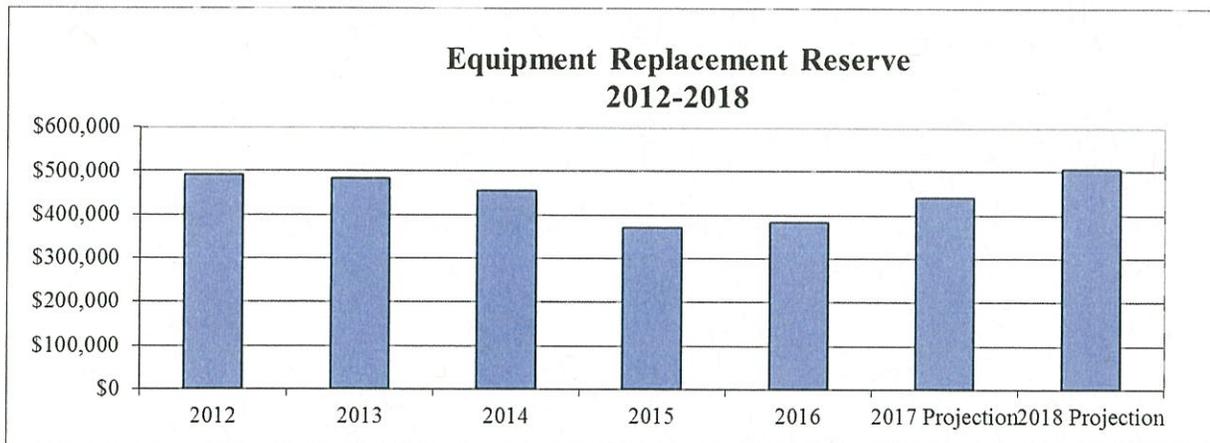
Transfers

Transfers from the Surface Water Management Fund provide resources for this fund which accounts for capital improvements to the surface water system. \$1,448,085 is budgeted as a transfer in the 2017-2018 biennium.

EQUIPMENT REPLACEMENT FUND

Interfund Contributions

The revenue in this fund provides a reserve for the future replacement of city wide assets and consists of payments from various departments and funds that benefit from or use the assets. Replacement of the assets can then be made on a routine and timely basis with replacement reserves. The assets included in this replacement fund are vehicles, computers, telephones, the recording system, furniture, and police equipment. The payments to this fund are determined using the cost of the equipment, the useful life of the asset, and the number of employees in the various cost centers that use each asset. The replacement schedule is updated annually to adjust for new equipment purchases, changes in useful life and inflation rates. The 2017-2018 budget includes \$210,986 of contributions from other departments and funds.



City of Kenmore, Washington
 Summary of All Revenues and Expenditures By Fund
 2015/2016 to 2017/2018

<u>Revenues by Fund:</u>	2015-2016	2015-2016	2015	2016	2015-2016	2017	2018	2017-2018
	Adopted	Amended			Biennium			Total Adopted
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>	<u>Total</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
General Fund	\$ 20,553,270	\$ 22,025,271	\$10,774,681	\$11,823,197	\$22,597,878	\$ 11,803,470	\$ 11,729,704	\$ 23,533,174
Street Fund	2,359,531	2,559,531	1,315,650	1,383,293	2,698,943	1,466,652	1,445,652	2,912,304
Public Art Fund	200	200	351	501	852	150	0	150
Park Impact Fee Fund	234,063	234,063	396,247	392,543	788,790	257,000	155,000	412,000
Transportation Impact Fee Fund	1,397,257	1,397,257	1,413,467	998,365	2,411,832	503,500	402,000	905,500
Transportation Benefit District	630,200	630,200	334,634	349,024	683,658	340,400	340,400	680,800
Strategic Reserve Fund	0	0	0	9,384	9,384	0	0	0
Strategic Opportunities Fund	37,161	1,217,946	1,211,827	49,767	1,261,594	140,000	140,000	280,000
Sammamish River Bridge Fund	0	0	0	0	0	2,098,962	910,999	3,009,961
Real Estate Excise Tax Fund	1,827,000	1,827,000	1,464,657	1,623,239	3,087,896	802,000	601,000	1,403,000
Kenmore Village Fund	1,326,900	2,426,900	939,763	1,500,430	2,440,193	273,351	151,277	424,628
UTGO 2016 Bonds	0	0	0	0	0	1,250,000	1,311,550	2,561,550
Walkways & Waterways Bonds	0	0	0	9,861,280	9,861,280	0	0	0
Park Capital Fund	1,240,400	1,757,174	521,437	669,630	1,191,067	1,900,095	2,431,925	4,332,020
Transportation Capital Fund	17,208,172	21,850,956	8,672,150	7,789,639	16,461,789	4,256,360	4,852,851	9,109,211
Surface Water Management Fund	3,540,000	3,540,000	1,915,280	1,858,299	3,773,579	1,786,400	1,757,000	3,543,400
Surface Water Capital Fund	2,139,500	2,139,500	204,826	603,500	808,326	1,562,634	2,063,000	3,625,634
Swamp Creek Basin Fund	20,000	20,000	7,271	10,427	17,698	7,000	7,000	14,000
Equipment Replacement Fund	206,000	206,000	89,227	89,086	178,313	105,493	105,493	210,986
Total Revenues	\$52,719,654	\$61,831,998	\$29,261,468	\$39,011,604	\$68,273,072	\$28,553,467	\$28,404,851	\$56,958,318
Less Interfund Transactions	(10,972,104)	(14,927,320)	(7,323,427)	(4,985,649)	(12,309,076)	(5,832,497)	(6,964,309)	(12,796,806)
Net Revenues	\$ 41,747,550	\$ 46,904,678	\$ 21,938,041	\$ 34,025,955	\$ 55,963,996	\$ 22,720,970	\$ 21,440,542	\$ 44,161,512

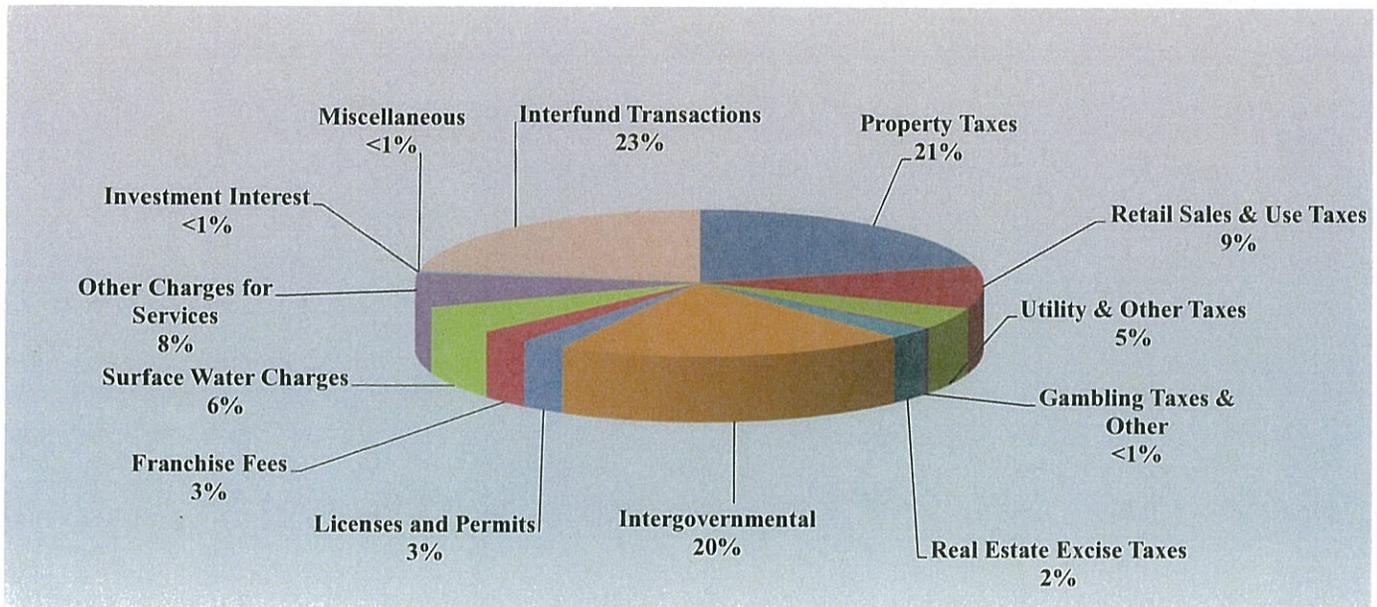
<u>Expenditures by Fund:</u>	2015-2016	2015-2016	2015	2016	2015-2016	2017	2018	2017-2018
	Adopted	Amended			Biennium			Total Adopted
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>	<u>Total</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
General Fund	\$ 20,538,937	\$ 24,100,720	\$ 11,553,825	\$ 12,152,948	\$ 23,706,773	\$ 11,612,596	\$ 11,754,025	\$ 23,366,621
Street Fund	2,371,277	2,866,277	1,389,911	1,417,640	2,807,551	1,465,836	1,443,173	2,909,009
Public Art Fund	1,000	1,100	548	544	1,092	10,500	500	11,000
Park Impact Fee Fund	490,000	855,416	0	362,029	362,029	639,500	115,000	754,500
Transportation Impact Fee Fund	2,760,000	2,760,000	2,360,000	66,419	2,426,419	694,605	287,493	982,098
Transportation Benefit District	630,000	630,000	309,500	320,500	630,000	345,000	324,000	669,000
Strategic Reserve Fund	0	0	0	0	0	0	0	0
Strategic Opportunities Fund	911,200	1,571,200	247,741	988,058	1,235,799	110,000	195,000	305,000
Sammamish River Bridge Fund	0	0	0	0	0	2,098,962	910,999	3,009,961
Real Estate Excise Tax Fund	3,528,719	3,987,306	2,484,359	530,065	3,014,424	1,075,156	1,109,739	2,184,895
Kenmore Village Fund	3,517,240	4,661,169	1,003,897	3,349,808	4,353,705	145,151	147,077	292,228
UTGO 2016 Bonds	0	0	0	0	0	1,136,503	1,221,750	2,358,253
Walkways & Waterways Bonds	0	0	0	0	0	1,460,000	3,867,000	5,327,000
Park Capital Fund	1,238,000	1,680,233	437,372	494,689	932,061	2,112,031	2,381,925	4,493,956
Transportation Capital Fund	17,308,172	21,842,377	8,637,373	7,757,085	16,394,458	4,714,560	4,712,000	9,426,560
Surface Water Management Fund	4,652,276	3,965,776	1,115,683	2,221,061	3,336,744	2,519,456	2,210,031	4,729,487
Surface Water Capital Fund	2,209,500	2,209,500	176,312	651,041	827,353	1,395,634	2,063,000	3,458,634
Swamp Creek Basin Fund	0	0	0	0	0	0	0	0
Equipment Replacement Fund	224,000	358,375	173,486	74,942	248,428	78,500	40,500	119,000
Total Expenditures	\$60,380,321	\$71,489,449	\$29,890,007	\$30,386,829	\$60,276,836	\$31,613,990	\$32,783,212	\$64,397,202
Less Interfund Transactions	(10,972,104)	(14,927,320)	(7,323,427)	(4,985,649)	(12,309,076)	(5,832,497)	(6,964,309)	(12,796,806)
Net Expenditures	\$ 49,408,217	\$ 56,562,129	\$ 22,566,580	\$ 25,401,180	\$ 47,967,760	\$ 25,781,493	\$ 25,818,903	\$ 51,600,396

City of Kenmore, Washington
 All Funds: Revenue By Source and Expenditures by Service Area
 2015/2016 to 2017/2018

	2015-2016			2015-2016			2017-2018
	Adopted	2015	2016	Biennium	2017	2018	Adopted
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>	<u>Total</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
<u>Revenue By Source:</u>							
Property Taxes	\$8,948,766	\$4,511,047	\$4,560,972	\$9,072,019	\$5,918,509	\$6,051,744	\$11,970,253
Retail Sales & Use Taxes	4,400,532	2,592,075	2,929,934	5,522,009	2,661,530	2,714,761	\$5,376,291
Utility Taxes	2,763,390	1,167,028	1,194,210	2,361,238	1,345,290	1,372,196	\$2,717,486
Gambling Taxes & Other	112,720	75,836	115,058	190,894	109,206	109,206	\$218,412
Real Estate Excise Taxes	1,809,000	1,454,776	1,619,239	3,074,015	800,000	600,000	\$1,400,000
Intergovernmental	13,861,460	4,814,943	6,378,847	11,193,790	6,086,001	5,230,967	\$11,316,968
Licenses & Permits	689,470	898,758	844,437	1,743,195	751,819	705,321	\$1,457,140
Franchise Fees	1,422,160	802,880	839,012	1,641,892	830,929	837,547	\$1,668,476
Bond Proceeds	0	0	9,859,407	9,859,407	0	0	\$0
Surface Water Charges	3,200,000	1,712,630	1,811,396	3,524,026	1,725,000	1,725,000	\$3,450,000
Other Charges for Services	3,571,719	2,877,330	3,900,686	6,778,016	2,365,886	1,958,650	\$4,324,536
Investment Interest	162,531	94,668	120,226	214,894	94,050	102,400	\$196,450
Sale of Property	903,000	901,302	0	901,302	0	0	\$0
Miscellaneous	52,802	37,269	48,114	85,383	32,750	32,750	\$65,500
Interfund Transactions	10,822,104	7,320,926	4,789,930	12,110,856	5,832,497	6,964,309	\$12,796,806
Total Revenues	52,719,654	29,261,468	39,011,468	68,272,936	28,553,467	28,404,851	56,958,318
Less: Interfund Transactions	(10,972,104)	(7,323,427)	(4,985,649)	(12,309,076)	(5,832,497)	(6,964,309)	(\$12,796,806)
Net Revenues	\$41,747,551	\$21,938,042	\$34,025,820	\$55,963,861	\$22,720,971	\$21,440,543	\$44,161,513

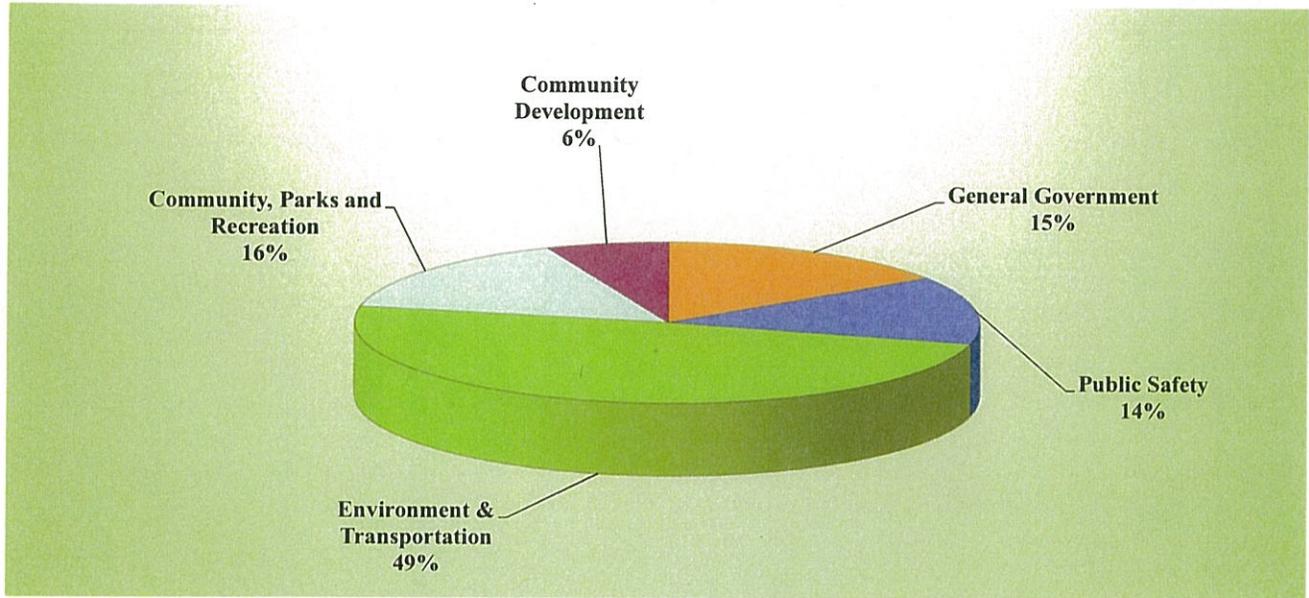
	2015-2016			2015-2016			2017-2018
	Adopted	2015	2016	Biennium	2017	2018	Adopted
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>	<u>Total</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
<u>Expenditures by Service Area:</u>							
General Government	\$6,730,967	\$4,577,518	\$4,810,211	\$9,387,729	\$5,046,116	\$4,921,306	\$9,967,422
Public Safety	8,076,115	4,152,023	4,058,662	\$8,210,685	4,378,152	4,378,152	\$8,756,304
Environment & Transportation	34,987,893	17,139,189	14,106,643	\$31,245,832	15,853,219	15,653,436	\$31,506,655
Community, Parks, and Recreation	7,550,649	2,581,316	5,334,871	\$7,916,187	4,470,888	5,604,135	\$10,075,023
Community Development	3,034,697	1,439,961	2,076,442	\$3,516,403	1,865,615	2,226,183	\$4,091,798
Total Expenditures	60,380,321	29,890,007	30,386,829	60,276,836	31,613,990	32,783,212	64,397,202
Less Interfund Transactions	(10,972,104)	(7,323,427)	(4,985,649)	(12,309,076)	(5,832,497)	(6,964,309)	(12,796,806)
Net Expenditures	\$49,408,217	\$22,566,580	\$25,401,180	\$47,967,760	\$25,781,493	\$25,818,903	\$51,600,396

City of Kenmore, Washington
 All Funds: Revenue by Source Chart
 2017-2018 Biennium Budget



<u>Revenue By Source:</u>	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>% Change 2016-2017</u>	<u>2018 Budget</u>	<u>% Change 2017-2018</u>
Property Taxes	\$4,511,047	\$4,560,972	5,918,509	29.8%	6,051,744	2.3%
Retail Sales & Use Taxes	2,592,075	\$2,929,934	2,661,530	-9.2%	2,714,761	2.0%
Utility & Other Taxes	1,167,028	\$1,194,210	1,345,290	12.7%	1,372,196	2.0%
Gambling Taxes & Other	75,836	\$115,058	109,206	-5.1%	109,206	0.0%
Real Estate Excise Taxes	1,454,776	\$1,619,239	800,000	-50.6%	600,000	-25.0%
Intergovernmental	4,814,943	\$6,378,847	6,086,001	-4.6%	5,230,967	-14.0%
Licenses and Permits	898,758	\$844,437	751,819	-11.0%	705,321	-6.2%
Franchise Fees	802,880	\$839,012	830,929	-1.0%	837,547	0.8%
Bond Proceeds	0	\$9,859,407	0	0.0%	0	0.0%
Surface Water Charges	1,712,630	\$1,811,396	1,725,000	-4.8%	1,725,000	0.0%
Other Charges for Services	2,877,330	\$3,900,686	2,365,886	-39.3%	1,958,650	-17.2%
Investment Interest	94,668	\$120,226	94,050	-21.8%	102,400	8.9%
Sale of Property	901,302	\$0	0	0.0%	0	0.0%
Miscellaneous	37,269	\$48,114	32,750	-31.9%	32,750	0.0%
Interfund Transactions	7,320,926	\$4,789,930	5,832,497	21.8%	6,964,309	19.4%
Total Revenues	29,261,468	39,011,468	28,553,467	-26.8%	28,404,851	-0.5%
Less: Interfund Transactions	(7,323,427)	(4,985,649)	(5,832,497)	17.0%	(6,964,309)	19.4%
Net Revenues	\$21,938,041	\$34,025,819	\$22,720,970	-33.2%	\$21,440,542	-5.6%

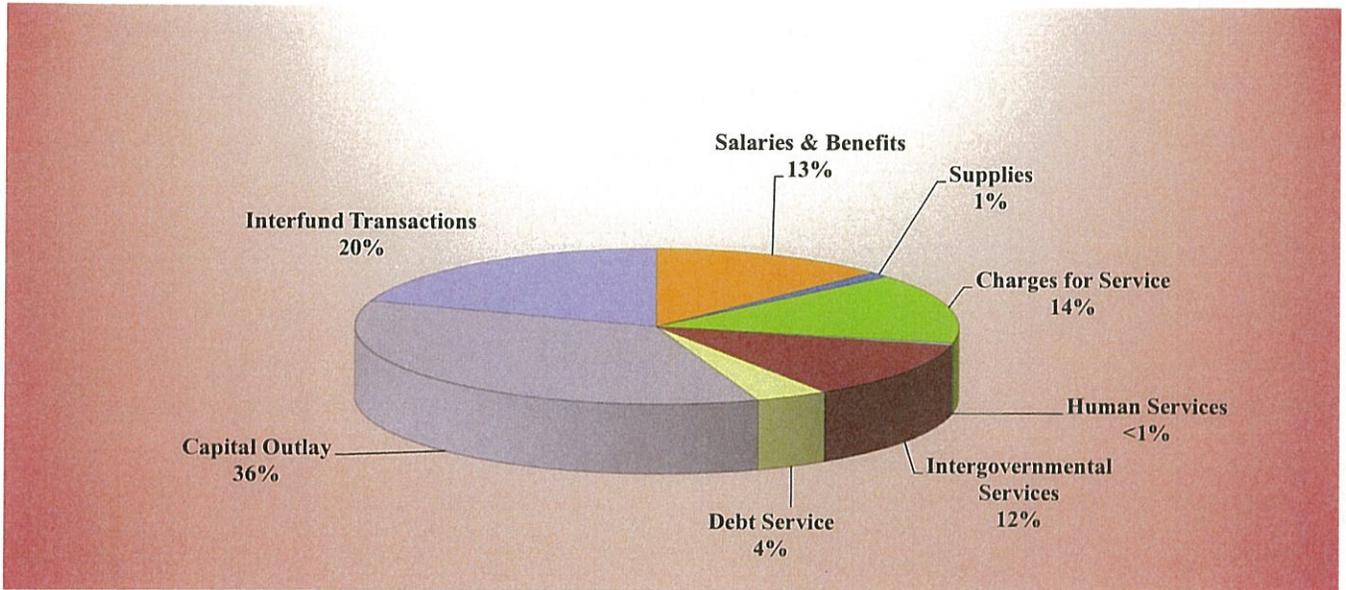
City of Kenmore, Washington
 All Funds: Expenditures by Service Area Chart
 2017-2018 Biennium Budget



<u>Expenditure By Service Area:</u>	<u>2015</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>	<u>2017</u> <u>Budget</u>	<u>% Change</u> <u>2016-2017</u>	<u>2018</u> <u>Budget</u>	<u>% Change</u> <u>2017-2018</u>
General Government	\$4,577,518	4,810,211	5,046,116	4.9%	4,921,306	-2.5%
Public Safety	\$4,152,023	4,058,662	4,378,152	7.9%	4,378,152	0.0%
Environment & Transportation	\$17,139,189	14,106,643	15,853,219	12.4%	15,653,436	-1.3%
Community, Parks and Recreation	\$2,581,316	5,334,871	4,470,888	-16.2%	5,604,135	25.3%
Community Development	\$1,439,961	2,076,442	1,865,615	-10.2%	2,226,183	19.3%
Total Expenditures	29,890,007	30,386,829	31,613,990	4.0%	32,783,212	3.7%
Less Interfund Transactions	(7,323,427)	(4,985,649)	(5,832,497)	17.0%	(6,964,309)	19.4%
Net Expenditures	\$22,566,580	\$25,401,180	25,781,493	1.5%	25,818,903	0.1%

This classification of expenditures is according to the purposes to be accomplished by the expenditures.

City of Kenmore, Washington
 All Funds: Expenditures by Object Category Chart
 2017-2018 Biennium Budget



<u>Expenditure by Object Category:</u>	<u>2015</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>	<u>2017</u> <u>Budget</u>	<u>% Change</u> <u>2016-2017</u>	<u>2018</u> <u>Budget</u>	<u>% Change</u> <u>2017-2018</u>
Salaries & Benefits	3,810,782	3,905,846	4,033,355	3.3%	4,067,852	0.9%
Supplies	355,784	360,491	372,863	3.4%	372,863	0.0%
Charges for Service	4,085,951	5,250,878	4,617,455	-12.1%	4,659,881	0.9%
Human Services	160,788	160,788	160,788	0.0%	160,788	0.0%
Intergovernmental Services	3,863,700	3,863,700	3,863,700	0.0%	3,863,700	0.0%
Debt Service	45,473	45,473	1,136,503	2399.3%	1,374,750	21.0%
Capital Outlay	10,244,102	11,814,004	11,596,739	-1.8%	11,319,069	-2.4%
Interfund Transactions	7,323,427	4,985,649	5,832,497	17.0%	6,964,309	19.4%
Total Expenditures	29,890,007	30,386,829	31,613,900	4.0%	32,783,212	3.7%
Less Interfund Transactions	(7,323,427)	(4,985,649)	(5,832,497)	17.0%	(6,964,309)	19.4%
Net Expenditures	22,566,580	25,401,180	25,781,403	1.5%	25,818,903	0.1%

This classification of expenditures is according to the character and object which designates the nature of expenditures.

City of Kenmore, Washington

All Funds Consolidated Budget Net of Interfund Transactions

2015-2018

	<u>2015</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>	<u>2017</u> <u>Budget</u>	<u>2018</u> <u>Budget</u>
Total Sources of Funds Net of Interfund Transactions	\$21,938,041	\$34,025,955	\$22,720,970	\$21,440,542
Total Uses of Funds Net of Interfund Transactions	22,566,580	25,401,180	25,781,493	25,818,903
Excess / (Deficiency) of Sources over Uses of Funds	<u>(\$628,539)</u>	<u>\$8,624,775</u>	<u>(\$3,060,523)</u>	<u>(\$4,378,361)</u>
Fund Balance:				
Beginning	\$20,395,728	\$19,767,189	\$28,391,964	\$25,331,441
Ending	\$19,767,189	\$28,391,964	\$25,331,441	\$20,953,080

Notes

Interfund Transactions - The consolidated schedule eliminates double accounting of these transactions by excluding them as sources and uses of funds.

Excess / (Deficiency) - The line "Excess/(Deficiency) of Sources over Uses of Funds" represents fund sources that are higher or lower than fund uses for a given year. Most deficiencies can be attributed to using fund balances carried over from a prior year, especially for capital projects.

Beginning Fund Balance + Revenues = Expenditures + Ending fund balance.

The schedule does not include transactions of the Trust and Agency Fund which is a non budgeted fund as it is only used for suspense, clearing, or custodial purposes.