

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

**AGENDA TITLE:** 2001 Year-End Financial Report  
**DEPARTMENT:** Finance  
**PRESENTED BY:** Debbie Tarry, Finance Director

**PROBLEM/ISSUE STATEMENT:**

Attached is the 2001 year-end financial report. This report summarizes the 2001 financial results for all City funds. It is provided to keep the Council informed of the financial issues and the financial position of the City. The Executive Summary section of the report provides a high level overview of the 2001 results. More detailed information on specific revenue and expenditures is provided following the Executive Summary.

These numbers have not been audited and may vary slightly as final financial statements are developed for audit purposes.

**FINANCIAL IMPACT:**

The following table provides a summary of the financial results for all City funds for 2001.

Fund	Beginning Fund Balance	2001 Revenues			2001 Expenditures			Ending Fund Balance
		Budgeted	Projected	Actual	Budgeted	Projected	Actual	
General Fund	\$5,293,102	23,364,160	24,261,077	24,904,582	26,396,934	24,320,337	23,471,839	\$6,725,845
Streets	\$1,044,132	3,338,110	3,370,109	3,351,242	3,855,006	3,744,155	3,205,872	\$1,189,502
Arterial Streets	\$86,351	377,825	377,825	374,543	455,955	455,955	455,955	\$4,939
Surface Water Operations	\$2,720,300	2,314,793	2,244,013	2,144,338	3,244,759	2,969,702	2,618,022	\$2,246,616
General Reserve	\$1,205,088	216,677	216,677	139,091	0	0	0	\$1,344,179
Development Services	\$614,960	1,779,407	1,779,407	1,616,229	1,773,380	1,725,780	1,684,712	\$546,477
PD&S Abatement	\$98,632	104,000	104,000	36	100,000	100,000	13,638	\$85,030
Asset Seizure Fund	\$23,310	0	2,993	6,710	0	10,000	0	\$30,021
Gen. Capital Improvement	\$8,266,467	1,663,176	885,765	1,687,758	7,595,321	6,726,848	5,502,489	\$4,451,735
Roads Capital	\$11,389,557	14,786,365	4,642,663	5,324,339	17,782,642	3,826,549	2,558,124	\$14,155,772
Surface Water Capital	\$1,712,791	3,947,901	1,502,161	1,543,661	5,222,088	1,591,741	321,939	\$2,934,513
Vehicle Operations/Maint.	\$427,082	60,567	60,567	37,887	70,000	70,000	40,858	\$424,111
Equipment Replacement	\$676,346	117,064	117,064	208,698	275,000	275,000	172,936	\$712,108
Unemployment	\$59,826	30,753	30,753	30,000	8,259	8,259	8,421	\$81,406
<b>Total Memorandum Only</b>	<b>\$33,617,946</b>	<b>52,100,798</b>	<b>39,595,074</b>	<b>41,369,113</b>	<b>66,779,344</b>	<b>45,824,326</b>	<b>40,054,805</b>	<b>\$34,932,254</b>

**RECOMMENDATION**

No action is required by the Council. This item is provided for informational purposes.

Approved By: City Manager \_\_\_\_\_ City Attorney MLA

**ATTACHMENTS**

Attachment A – 2001 Fourth quarter Financial Report

Attachment A



# **2001 Fourth Quarter Financial Report**

Prepared by the Finance Department

*for the*

*Fiscal Year January 1, 2001 – December 31, 2001*

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## EXECUTIVE SUMMARY

### General Fund

Actual revenues for 2001 were \$24.9 million. This was \$643,505 or 2.7% above projections of \$24.3 million. With the exception of state shared revenues and park & recreation revenues, all major revenue categories exceeded projections. Utility tax and franchise fees exceeded projections by \$330,161, with telephone utility taxes and franchise fees from Seattle City Light accounting for most of the growth. Fines and forfeitures exceeded projections by \$142,757. Although sales tax and gambling revenues exceeded projections, these revenues reflected minimum or negative growth for 2001 compared to year 2000. Sales tax revenues grew by .8% compared to year 2000 collections and gambling taxes actually dropped by 9.6% compared to year 2000. It should be noted that there is an outstanding quarterly payment due from one of the major casinos. Based on projected gambling collections from this casino, we would expect that gambling revenues for 2001 would be \$2.6 million, approximately 3% below year 2000 collections. Comparing total general fund actual revenue collections to the 2001 budget, collections were 6.7% (\$1.5 million) greater than the adopted 2001 budget.

Expenditures of \$23.5 million were \$848,498 or 3.5% below projections of \$24.3 million. It is anticipated that approximately \$535,000 will be requested to be carried forward from the 2001 budget to 2002 in the form of a reappropriation ordinance. Reappropriations result when departments had budget authority to complete a project in one year, but the actual expenditures do not occur until the following year. Staff will be completing their review of reappropriation requests during the next few weeks and ***the Council will see the reappropriation requests on April 8, 2002.*** If the reappropriation requests had actually occurred in 2001, then actual expenditures would have totaled \$24 million or 1.3% below the projected \$24.3 million. Comparing actual expenditures to the 2001 budget, expenditures were 11.1% (\$2.9 million) less than budget. Nearly \$1 million of the budget savings is from budgeted contingencies that were not projected to be spent.

The 2001 ending fund balance is approximately \$6.7 million, \$1.4 million greater than projected. This is a result of revenues being greater than projected and expenditures being less than projected. Of the \$6.7 million, \$535,000 will be used to fund the reappropriation requests. This leaves a remaining fund balance of \$6.2 million. When combined with the General Reserve Fund balance of \$1.3 million, the total general reserves are 31% of budgeted general fund revenue, well within the 10% required by the adopted budget policies.

### Development Services Fund

The Development Services Fund revenues of \$1.6 million were \$163,178 or 9.1% below projected revenues of \$1.8 million. As was discussed in prior financial reports, there was some concern that actual development service fees would not meet projections. The primary reason for revenues to be less than

projected was that building permit revenues were approximately \$220,000 less than projected. Building permit revenues were 17% less in 2001 than in year 2000. Overall development services revenues were \$63,000 (3.8%) less in 2001 than in year 2000. Permit activity is down significantly across the country due to the current recession. This trend will need to be continually monitored, as economists are predicting that the current Puget Sound area recession will not show signs of recovery until 2004.

Expenditures of \$1.68 million are also below projections of \$1.72 by \$41,068 or 2.4%. The 2001 ending fund balance is \$546,480, approximately \$92,000 less than projected. This is primarily a result of revenues being significantly below projections. Although the ending fund balance is still well within the adopted reserve policy of 5% of budgeted revenues, this fund will need to be closely monitored over the next couple of years to determine any further impacts that the recession may have on development activity.

#### **Street Fund**

The Street Fund revenues of \$3.35 million were \$18,936 (0.6%) below projected revenues of \$3.37 million. Collections from gas tax are down as consumption has dropped.

Street Fund expenditures were \$3.2 million, 14% or \$538,238 below projections of \$3.7 million

The 2001 ending fund balance totals \$1.19 million, nearly \$520,000 greater than projected. Of this amount approximately \$285,000 will be reappropriated to 2002. In addition \$300,000 is reserved for future payments to Seattle City Light for electricity costs related to street lights and traffic signals for 1996 through mid 2001. The total liability to Seattle City Light for these past expenditures is approximately \$420,000 and therefore an additional \$120,000 will need to be allocated in the 2003 budget for this purpose. Given the reappropriation needs and the future Seattle City Light commitments, the Street Fund has a non-designated ending fund balance of \$785,000 available for future expenditures.

#### **Surface Water Management Fund**

Revenues in this fund equaled \$2.1 million, which was \$99,675 below projected revenues of \$2.2 million. Funding from other local governments (King County) and agencies for special projects was not received in 2001.

Expenditures equaled \$2.62 million, 11.8% or \$351,680 under projected expenditures of \$2.97 million. The ending 2001 fund balance is \$2.2 million, \$245,542 greater than projected.

#### **Capital Improvement Funds**

The City's three capital improvement funds: General Capital, Roads Capital, and Surface Water Capital, had expenditures significantly below those projected. Actual expenditures totaled \$8.4 million compared to the projected \$12.2 million. A significant portion of the reappropriation ordinance that will be presented to the

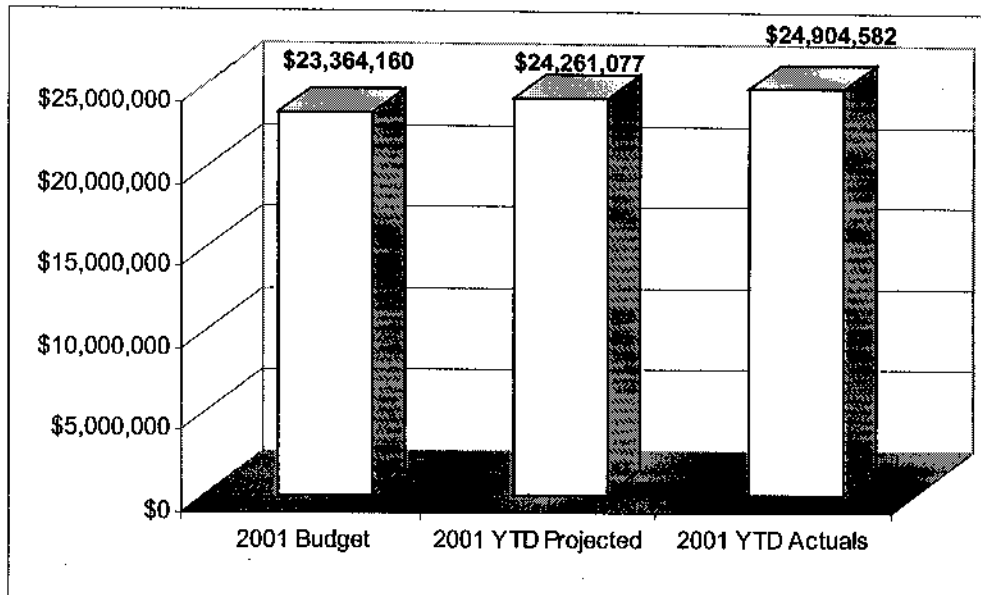
City Council on April 8, 2002, will be as a result of reviewing the capital projects and reevaluating the impacts to the 2002 budget and the 2002 –2007 Capital Improvement Program.

### **All Funds Summary**

The following table summarizes the 2001 financial results of each of the City funds. The fund balance columns represent actual totals.

Fund	Beginning Fund Balance	2001 Revenues			2001 Expenditures			Ending Fund Balance
		Budgeted	Projected	Actual	Budgeted	Projected	Actual	
General Fund	\$5,293,102	23,364,160	24,261,077	24,904,582	26,396,934	24,320,337	23,471,839	\$6,725,845
Streets	\$1,044,132	3,338,110	3,370,109	3,351,242	3,855,006	3,744,155	3,205,872	\$1,189,502
Arterial Streets	\$86,351	377,825	377,825	374,543	455,955	455,955	455,955	\$4,939
Surface Water Operations	\$2,720,300	2,314,793	2,244,013	2,144,338	3,244,759	2,969,702	2,618,022	\$2,246,616
General Reserve	\$1,205,088	216,677	216,677	139,091	0	0	0	\$1,344,179
Development Services	\$614,960	1,779,407	1,779,407	1,616,229	1,773,380	1,725,780	1,684,712	\$546,477
PD&S Abatement	\$98,632	104,000	104,000	36	100,000	100,000	13,638	\$85,030
Asset Seizure Fund	\$23,310	0	2,993	6,710	0	10,000	0	\$30,021
Gen. Capital Improvement	\$8,266,467	1,663,176	885,765	1,687,758	7,595,321	6,726,848	5,502,489	\$4,451,735
Roads Capital	\$11,389,557	14,786,365	4,642,663	5,324,339	17,782,642	3,826,549	2,558,124	\$14,155,772
Surface Water Capital	\$1,712,791	3,947,901	1,502,161	1,543,661	5,222,088	1,591,741	321,939	\$2,934,513
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Unemployment	\$59,826	30,753	30,753	30,000	8,259	8,259	8,421	\$81,406
<b>Total Memorandum Only</b>	<b>\$33,617,946</b>	<b>52,100,798</b>	<b>39,595,074</b>	<b>41,389,113</b>	<b>66,779,344</b>	<b>45,824,326</b>	<b>40,054,805</b>	<b>\$34,932,254</b>

## General Fund Revenue



Actual revenues for 2001 were \$24.9 million. This was \$643,505 or 2.7% above projections of \$24.3 million. Comparing actual revenue collections to the 2001 budget, collections were 6.7% (\$1.5 million) greater than budget.

Property Tax of \$6,340,066 exceeded projections of \$6,256,443 by \$83,623, or 1.3%.

Sales Tax collections of \$5,070,000 exceeded projections of \$5,001,005 by \$68,225 or 1.4%.

Criminal Justice Sales Tax revenue of \$1,078,492 was \$17,614 or 1.6% below projections of \$1,096,106. This category differs from sales tax because it results from a distribution of the County's 0.1% Criminal Justice sales tax on a per capita basis to King County cities.

Utility Tax and Franchise fee revenue of \$3,958,934 exceeded projections of \$3,628,773 by \$330,161 or 9.1%. Projected 2001 revenues for this category are \$1.3 million above the amount included in the adopted budget due to rate increases made by various utility providers and more accurate payments made by utility providers in 2001 than in year 2000.

Gambling taxes of \$2,418,418 exceeded projections of \$2,400,000 by \$18,418 or 0.8%. It should be noted that there is an outstanding quarterly payment due from one of the major casinos. We anticipate this payment to be approximately \$170,000.

State revenues of \$2,040,392 were slightly lower than projections of \$2,053,981 by only \$13,589. This is primarily a result of the Department of Community,



Trade, and Economic Development allocation of Criminal Justice funds being lower than their original estimates.

Parks and Recreation revenue received during 2001 equaled \$338,285, which was \$4,096 or 1.2% below projections of \$342,381.

Fines & Forfeitures of \$197,757 were significantly greater than projections of \$55,000.

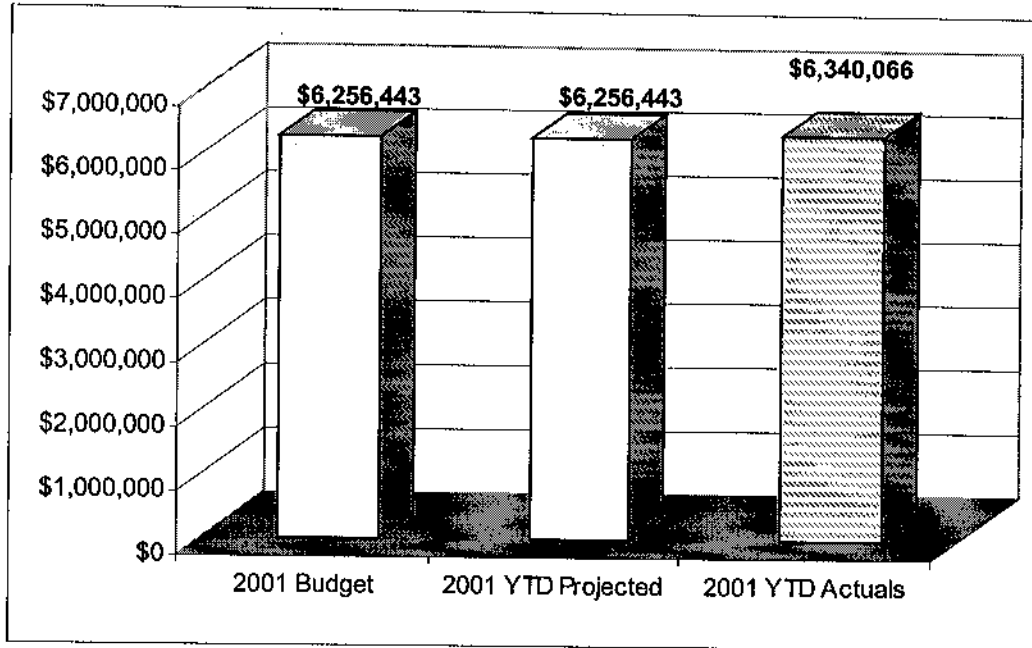
Revenue from Grants and Other Miscellaneous revenue equaled \$1,044,882, which was \$34,850 above projections of \$1,010,032.

The chart below details each revenue category for year 2001. The first column displays the 2001 Adopted Budget. The second column represents updated annual projections made in July 2001 as part of the 2002 budget preparation cycle. The third column displays the actual revenues collected for year 2001. The final column represents the variance between updated projections made in July of 2001 and actual collections.

## 2001 GENERAL FUND REVENUE

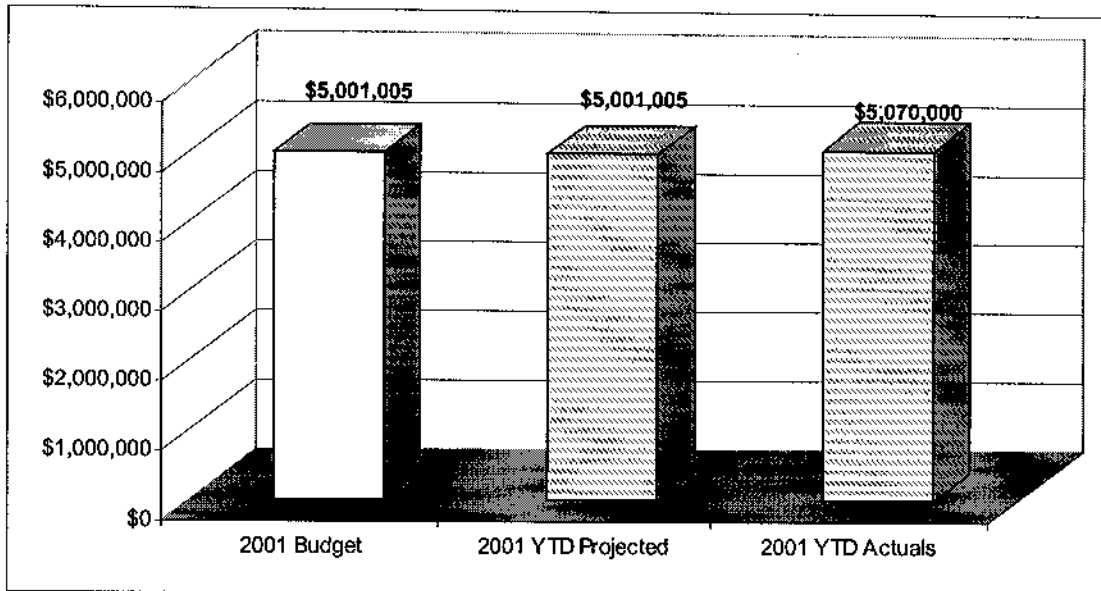
	2001 Budget	2001 YTD Projected	2001 YTD Actual	4th Qtr. Variance	% Variance
Property Tax	6,256,443	6,256,443	6,340,066	83,623	1.3%
Sales Tax	5,001,005	5,001,005	5,070,000	68,995	1.4%
Criminal Justice Sales Tax	1,096,106	1,096,106	1,078,492	(17,614)	-1.6%
<i>Utility Tax/Franchise Fee Category</i>					
Natural Gas Utility Tax	631,428	827,979	746,350	(81,629)	-9.9%
Sanitation Utility Tax	180,000	180,000	270,213	90,213	50.1%
Cable TV Utility Tax	56,525	57,646	66,585	8,939	15.5%
Telephone/Cell Utility Tax	595,000	1,000,000	1,196,327	196,327	19.6%
SCL Franchise Fee	500,000	680,735	842,682	161,947	23.8%
Water Franchise Fee	232,602	332,005	386,368	54,363	16.4%
Sewer Franchise Fee	200,440	200,440	164,445	(35,995)	-18.0%
Cable TV Franchise Fee	253,550	349,968	285,964	(64,004)	-18.3%
<i>Utility Tax/Franchise Fee Subtotal</i>	2,649,545	3,628,773	3,958,934	330,161	9.1%
Gambling Tax	2,400,000	2,400,000	2,418,418	18,418	0.8%
State Revenue	2,053,981	2,053,981	2,040,392	(13,589)	-0.7%
Parks & Recreation Revenue	450,491	342,381	338,285	(4,096)	-1.2%
Fines & Forfeitures	55,000	55,000	197,757	142,757	259.6%
Grants & Misc. Revenue	984,233	1,010,032	1,044,882	34,850	3.5%
Transfers-In	2,417,356	2,417,356	2,417,356	-	0.0%
<b>Total General Fund Revenue</b>	<b>23,364,160</b>	<b>24,261,077</b>	<b>24,904,582</b>	<b>643,505</b>	<b>2.7%</b>

## Property Tax Revenue



Property tax collections of \$6,340,066 exceeded projections of \$6,256,443 by \$83,623 or 1.3%. The excess collections are primarily a result of the collection of delinquent taxes from prior years. While property tax collections are received throughout the year, the bulk of the taxes are received in two installments during the 2<sup>nd</sup> and 4<sup>th</sup> quarters of the year. This category represents nearly 26% of the total 2001 General Fund revenues.

## Sales Tax Revenue

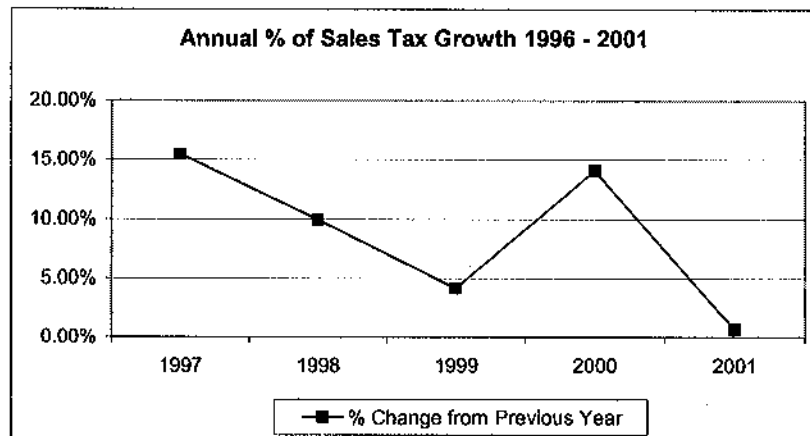


Sales tax collections of \$5,070,000 were received during 2001. This is \$68,995 or 1.4% greater than projected revenue of \$5,001,005. The 2001 sales tax collections represent a six-tenths of one percent (0.6%) growth compared to year 2000 collections. This is the slowest growth in sales tax since City incorporation, as can be seen from this graph.

Approximately 69% of the sales tax collected by the City is from retail sales and the remaining 31% is from services, construction,

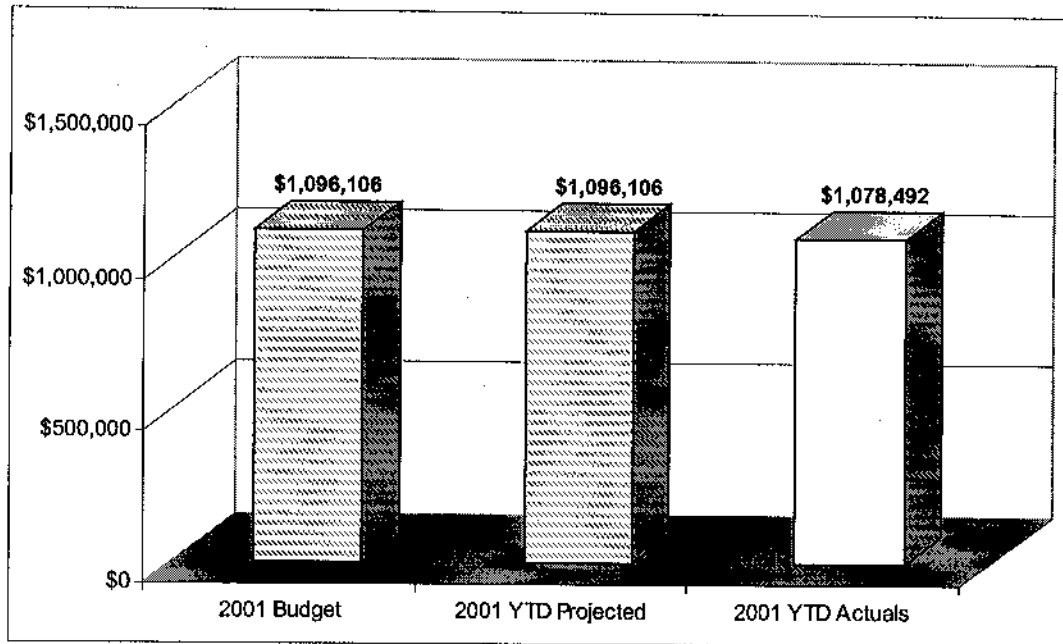
manufacturing, and wholesale activity. In 2001 retail sales tax was up by .66% compared to year 2000. This was in spite of a 22% drop in furniture related sales. Automotive sales grew at a modest .7%.

Non-retail sales tax collections dropped by .45% compared to year 2000. The major area of decrease in non-retail sales tax collections was in the wholesale sector. Moderate growth was seen in other non-retail sectors such as communications, amusement & recreation, and business services.



Sales Tax represents nearly 21% of the total 2001 General Fund revenue. This category represents collections of the 1.0% sales tax imposed by the City, of which 0.15% is directed to King County.

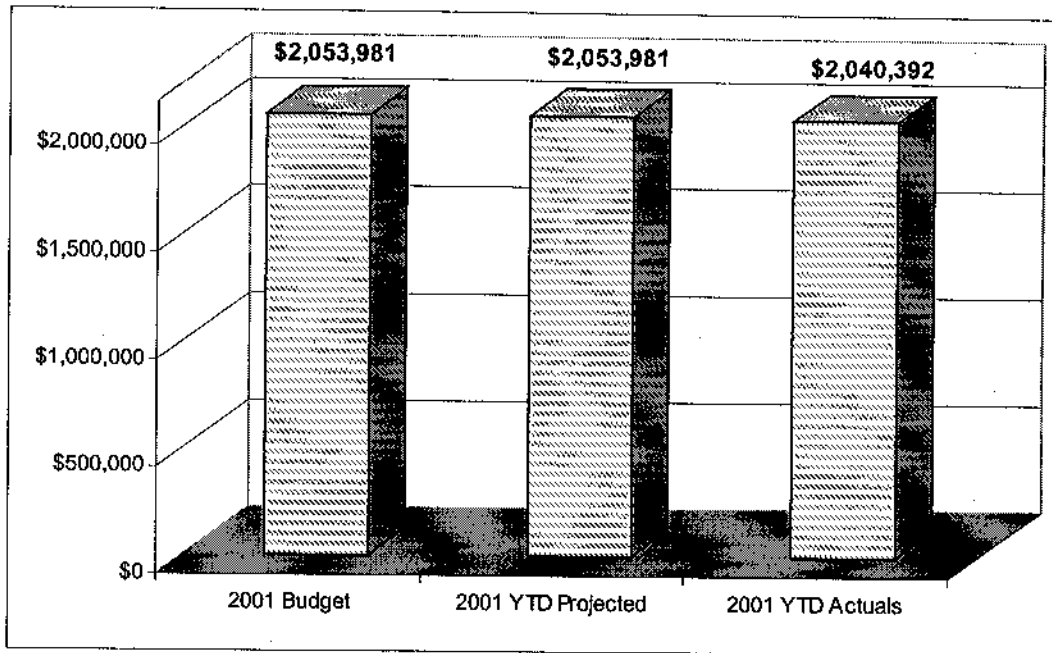
### Criminal Justice Sales Tax Revenue



Local Criminal Justice Sales Tax of \$1,078,492 was slightly below projections of \$1,096,106 by \$17,614 or 1.6%. Projections for this revenue had not been revised. Collections for the same period during 2000 equaled \$1,120,941.

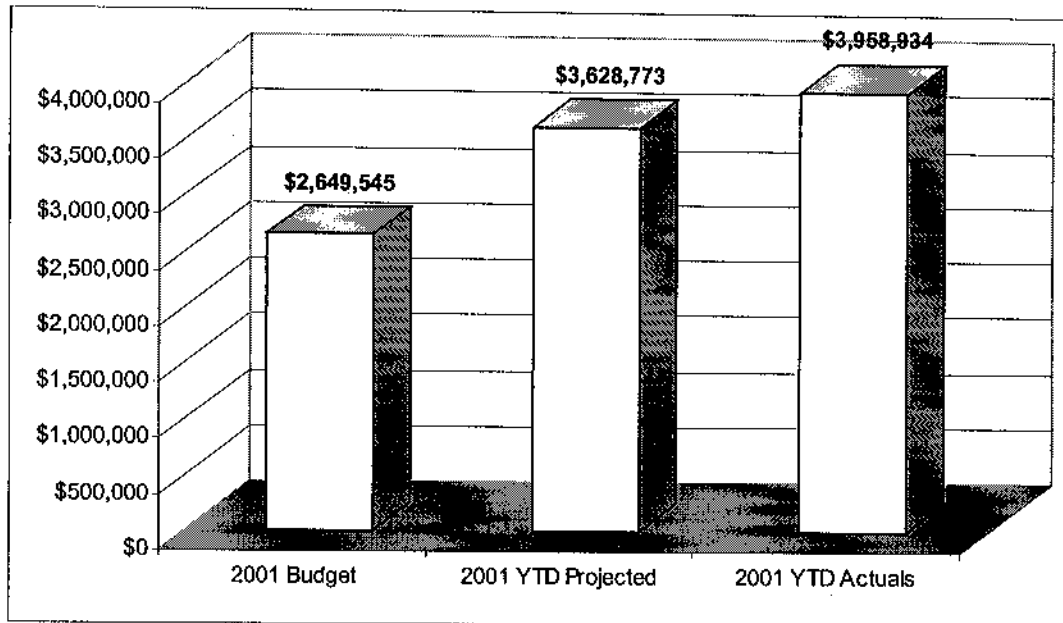
This category differs from sales tax because it results from a distribution of the County's 0.1% Criminal Justice sales tax. The City received an amount from the County based upon Shoreline's percentage of the total County population. This category is directly impacted by the recession more so than sales tax, since it is based upon sales tax collections throughout King County. Other areas of the County have experienced drops in retail sales, while sales in Shoreline have remained somewhat level. Criminal Justice Sales Tax equaled 4.3% of the total 2001 General Fund revenue.

## State Revenue



State Revenue of \$2,040,392 was slightly lower than projections of \$2,053,981 by \$13,589 or 0.7%. This is primarily a result of the Department of Community, Trade, and Economic Development allocation of Criminal Justice funds being lower than their original estimates. Revenue received during the same period in 2000 equaled \$1.9 million. The largest portion of this category comes from the Motor Vehicle Excise Tax (MVET) backfill funding. In 2001 this amount was \$1,444,827. Although the State Legislature had indicated that this revenue source would be on-going, it now appears that the State will discontinue providing this backfill in 2003. The City has relied on approximately \$477,000 annually of this revenue to support on-going operations. This category is represented 8.2% of the total 2001 General Fund revenues.

## Utility Tax and Franchise Fee Revenue - All Categories



Utility Tax and Franchise fee revenue of \$3,958,934 exceeded projections of \$3,628,773 by \$330,161 or 9.1%. Collections during the same period of 2000 equaled only \$2,997,037. This category includes taxes or franchise fees for natural gas, sanitation services, cable television, telephone and cellular services, electricity, water and sewer. Many of these utilities have imposed rate increases or surcharges on their customers since the adoption of the 2001 budget. Projected 2001 revenues of \$3,628,773 for this category are \$979,228 above \$2,649,545, the amount included in the adopted 2001 budget. Some of this additional revenue is from surcharges imposed by Seattle City Light. The surcharges are expected to last for another year or two until debt incurred by the utility to pay for power during last winter is paid off. Therefore these additional projected revenues for 2001 of nearly \$100,000 should be used for one-time only expenditures. In addition, many of the utility providers did not correctly remit the utility tax during year 2000 and therefore collections are more accurately reflected in 2001. This category equaled nearly 16% of the total General Fund revenue for 2001.

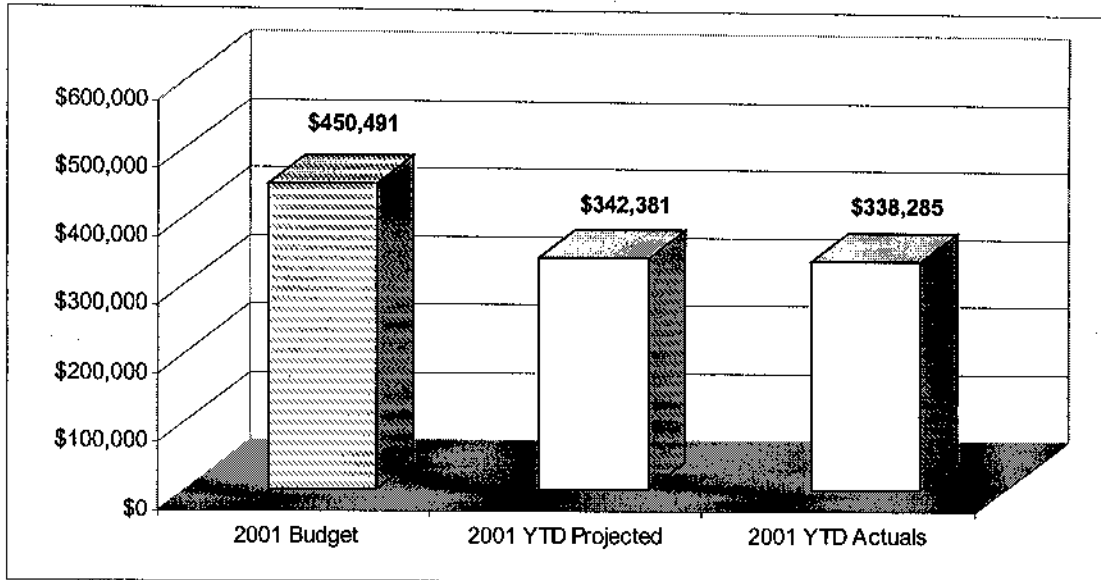
The following table provides a comparison of the various utilities and the collections for 2001 and year 2000.

Utility	2000 Actual	2001 Budget	2001 YTD Projected	2001 YTD Actual	4th Qtr. Variance	% Variance
Natural Gas Utility Tax	544,026	631,428	827,979	746,350	-81,629	-9.9%
Sanitation Utility Tax	205,535	180,000	180,000	270,213	90,213	50.1%
Cable TV Utility Tax	57,650	56,525	57,646	66,585	8,939	15.5%
Telephone/Cell Utility Tax	923,501	595,000	1,000,000	1,196,327	196,327	19.6%
SCL Franchise Fee	577,618	500,000	680,735	842,682	161,947	23.8%
Water Franchise Fee	183,692	232,602	332,005	386,368	54,363	16.4%
Sewer Franchise Fee	155,045	200,440	200,440	164,445	-35,995	-18.0%
Cable TV Franchise Fee	349,970	253,550	349,968	285,964	-64,004	-18.3%
<b>TOTAL</b>	<b>2,997,037</b>	<b>2,649,545</b>	<b>3,628,773</b>	<b>3,958,934</b>	<b>330,161</b>	<b>9.1%</b>

Water and sewer franchise fees are collected from Seattle Public Utilities (SPU), Shoreline Water District, and the Ronald Wastewater District. In 2000, SPU did not make a fourth quarter payment to the City until after the year 2000 financial records had been closed. Therefore, in 2001, the City will record five quarters of revenue. In 2001 the City of Shoreline reached agreement with the Shoreline Water District and the Ronald Wastewater District to initiate a franchise agreement. Collection of franchise fees with the Shoreline Water District (water franchise fees) began in July of 2001 and collections from the Ronald Wastewater District (sewer franchise fees) began in October 2001. The first payment from Ronald Wastewater District will be recorded in 2002.

The Cable TV Franchise fees appear to be significantly below projections. This is because \$103,353 of 4<sup>th</sup> quarter payments were not received until after the 2001 books had been closed. If this payment had been included in the 2001 revenues cable franchise fees would have exceeded projections by nearly \$40,000.

## Parks and Recreation Fee Revenue

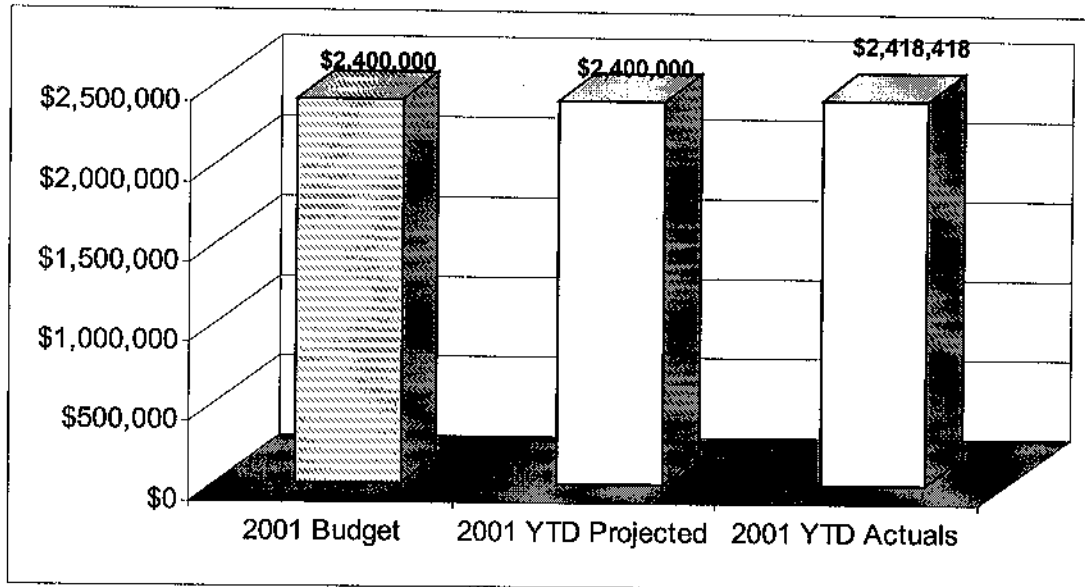


Parks and Recreation revenue received during 2001 totaled \$338,285, which was \$4,096 lower than revised projections of \$342,381. Projected revenue for 2001 was lowered by \$108,641 from the adopted revenue of \$450,491 to the revised projection of \$342,381. The most significant drop comes in revenue generated by the Aquatics program. These revenues were decreased by \$39,644 as they were significantly impacted by the Capital Improvement project at the Shoreline Pool. When the 2001 budget was adopted, it was anticipated that the pool would be reopening in mid-July. The pool did not reopen until early December. A significant portion of the pool's annual revenue is usually earned during the busy summer season.

Projected revenues from recreation activities and park facility rentals were also decreased by \$68,997. While the number of programs that are being offered has not decreased, the level of participation is below that which was expected when the budget was adopted. While Parks revenue have been lowered, Parks projected expenditures for the year have also been lowered by \$131,700. This category equaled 1.4% of the total 2001 General Fund revenues.

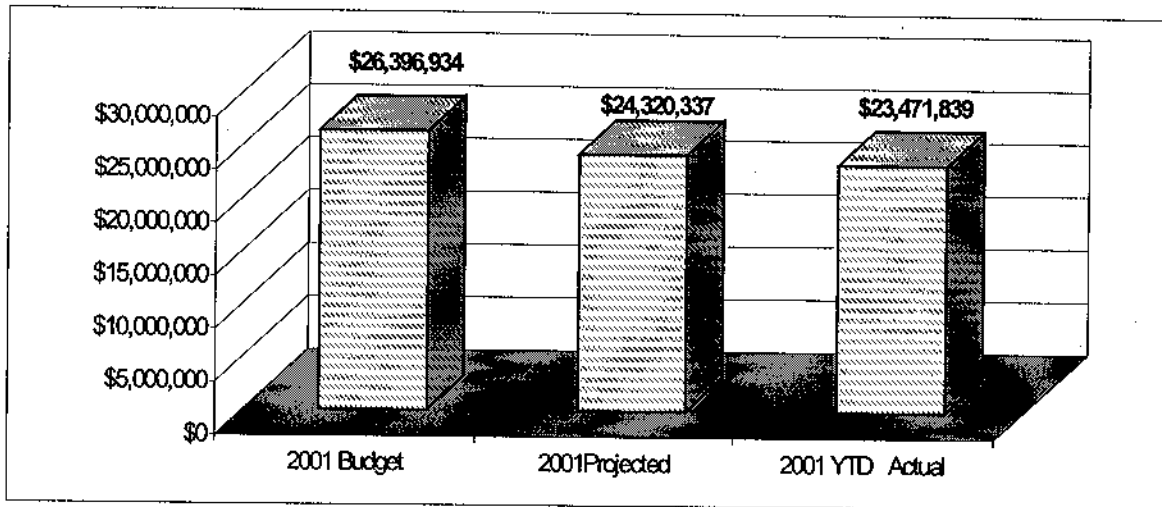


## Gambling Revenue



Total gambling tax collections for 2001 of \$2,418,418 exceeded projections of \$2,400,000 by \$18,418 or 0.8%. It should be noted that there is an outstanding quarterly payment due from one of the major casinos. Based on projected gambling collections from this casino, we would expect that gambling revenues for 2001 would be \$2.6 million, approximately 8% greater than projections. Although the 2001 collections were greater than projected, the 2001 collections are 3% below year 2000 collections. We will continue to monitor this revenue source and the economic impacts that may affect the amount of revenue generated from gambling activity. Gambling taxes generated nearly 10% of the total 2001 General Fund revenues.

## General Fund Expenditures



Expenditures for 2001 totaled \$23.5 million, under projected expenditures of \$24.3 million by \$848,498 or 3.5%. Of this amount \$18 million represented department expenditures and \$5.5 million represented operating transfers to other City funds. Departmental expenditure projections of \$18.7 million were significantly lower than the adopted departmental expenditures of \$20.8 million by \$2.1 million. This revision is reflected in the revised 2001 total projected General Fund expenditure amount of \$24,320,337, which is \$2,076,597 less than the 2001 Amended Budget of \$26,396,934.

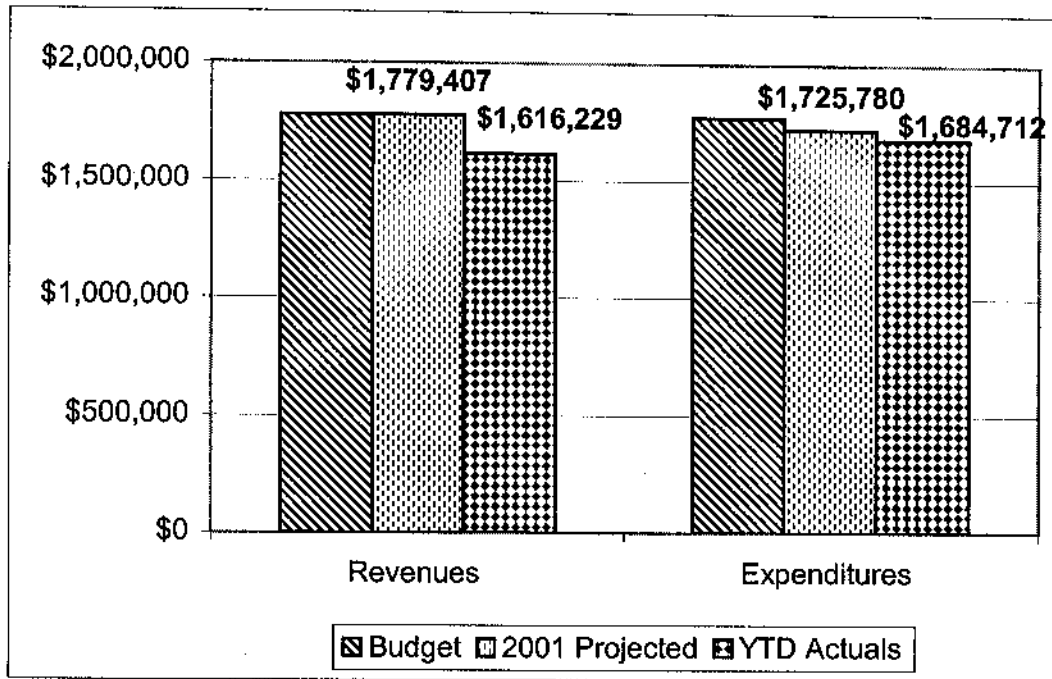
It is anticipated that \$535,000 will be requested to be carried forward from the 2001 budget to 2002 in the form of a reappropriation ordinance. Reappropriations result when departments have budget authority to complete a project in one year, but the actual expenditures are not occurring until the following year. The Council will review the reappropriation requests at the April 8, 2002, Council Meeting. If the expenditures represented by the reappropriation requests had actually occurred in 2001, then actual expenditures would have totaled \$24 million or 1.3% below the projected \$24.3 million. Comparing General Fund actual expenditures to the 2001 adopted budget, expenditures were 11.1% (\$2.9 million) less than budget. Nearly \$1 million of the budget savings is from budgeted contingencies that were not projected to be spent.

The following table displays the 2001 expenditure results of each department within the General Fund.

Department	2001 Budget	2001 Projected	2001 YTD Actual	Variance of Actual Compared to Projected	% Variance
City Council	118,403	118,403	104,158	(14,245)	-12.0%
City Manager	685,259	635,261	571,359	(63,902)	-10.1%
City Clerk	321,692	308,642	275,055	(33,587)	-10.9%
Community & Government Relations	496,755	478,520	429,745	(48,775)	-10.2%
Health & Human Services	456,179	448,058	448,623	565	0.1%
City Attorney	251,029	254,679	278,410	23,731	9.3%
Finance	3,201,448	2,579,515	2,257,846	(321,669)	-12.5%
Citywide	1,447,016	503,374	563,715	60,341	12.0%
Human Resources	332,310	316,098	306,694	(9,404)	-3.0%
Jail Contract	947,202	947,202	917,337	(29,865)	-3.2%
District Court	5,000	2,500	740	(1,760)	-70.4%
Prosecuting Attorney	120,000	120,000	104,992	(15,008)	-12.5%
Public Defense	170,770	170,770	153,229	(17,541)	-10.3%
Police	6,426,090	6,352,044	6,332,950	(19,094)	-0.3%
Parks, Recreation and Cultural Services	2,548,958	2,417,258	2,360,545	(56,713)	-2.3%
Planning & Development Services	1,401,262	1,210,863	1,171,810	(39,053)	-3.2%
Customer Response Team	365,081	364,067	362,036	(2,031)	-0.6%
Public Works	1,450,357	1,440,960	1,381,342	(59,618)	-4.1%
<b>Department Totals</b>	<b>20,744,811</b>	<b>18,668,214</b>	<b>18,020,586</b>	<b>(647,628)</b>	<b>-3.5%</b>
General Transfers Out	5,652,122	5,652,122	5,451,252	(200,870)	-3.6%
<b>Total General Fund</b>	<b>26,396,933</b>	<b>24,320,336</b>	<b>23,471,838</b>	<b>(848,498)</b>	<b>-3.5%</b>

All departments, except Citywide, City Attorney and Human Services, spent below projected levels. The largest under expenditures occurred in the Finance Department as a result of some of the technology project contracts (i.e., payroll and human resources software, recreation software) not being executed until early 2002. These types of expenditures will be reflected in the carry forward requests as part of the reappropriation ordinance.

## Development Services Fund

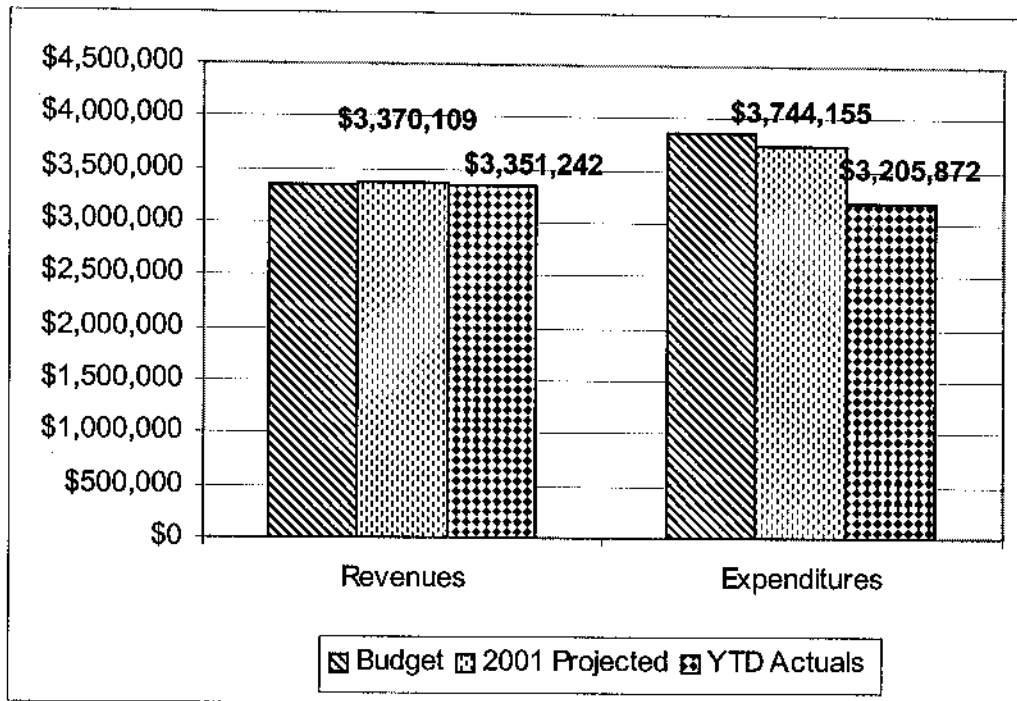


The Development Services Fund revenues of \$1,616,229 were \$163,178 or 9.1% below projected revenues of \$1,779,407. As was discussed in prior financial reports, there was some concern that actual development service fees would not meet projections. The primary reason that revenues are less than projected is that building permit revenues were approximately \$220,000 less than projected. Building permit revenues were 17% less in 2001 than in year 2000. Overall development services revenues were \$63,000 (3.8%) less in 2001 than in year 2000. Permit activity is down significantly across the country due to the current recession. This trend will need to be continually monitored, as economists are predicting that the current Puget Sound area recession may not show signs of recovery until early 2004.

Expenditures of \$1,684,172 are also below projections of \$1,725,780 by \$41,068 or 2.4%.

The 2001 ending fund balance is \$546,480, approximately \$92,000 less than projected. This is primarily a result of revenues being significantly below projections. Although the ending fund balance is still well within the adopted reserve policy of 5% of budgeted revenues, this fund will need to be closely monitored over the next couple of years to determine any further impacts that the recession may have on development activity.

## City Street Fund



The Street Fund revenues of \$3,351,242 were \$18,936 (0.6%) below projected revenues of \$3,370,109. Revenues from Motor Vehicle Fuel Tax were below projections by \$21,510 and investment interest was under projections by \$15,265. A loss in fuel tax revenue is being felt statewide as gasoline consumption has dropped off. The tax is a fixed amount per gallon, therefore as consumption drops; the amount of tax collected is reduced regardless of the price per gallon. Collections from the Local Vehicle License Fee were \$3,340 below projections. Revenues collected during the same period of 2000 were \$3,103,697.

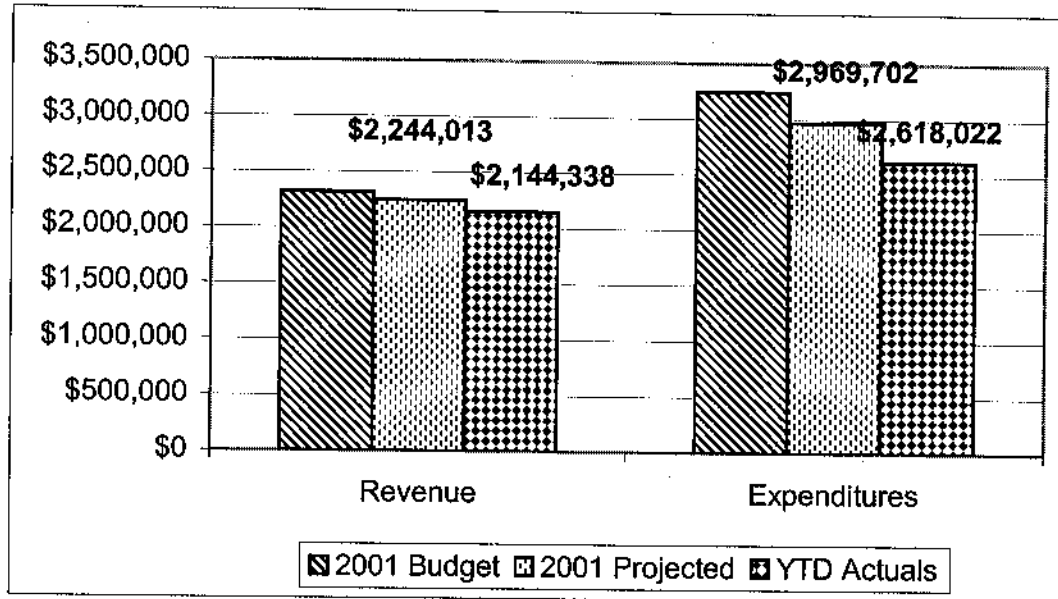
Street Fund expenditures were \$3,205,872, 14% or \$538,283 below projections of \$3,744,155. There were three primary reasons why expenditures were significantly below projections:

1. The sidewalk repair program contract was delayed as a result of weather conditions and therefore the work planned for 2001 was delayed until 2002. The remaining monies from 2001 will be reappropriated for 2002 (approx. \$166,000).
2. Monies budgeted for payment of street lights and traffic signals to Seattle City Light were not spent as an agreement for the responsibility of these lights and signals was not finalized prior to year end (\$75,000).
3. The tree trimming bid came in at 60% of the estimate which resulted in approximately \$70,000 in savings. The traffic signal inventory was not

completed in 2001, but a request to carry forward the monies from 2001 to 2002 has been made (\$120,000).

The 2001 ending fund balance totals \$1.19 million, nearly \$520,000 greater than projected. Of this amount approximately \$285,000 will be reappropriated to 2002. In addition \$300,000 is reserved for future payments to Seattle City Light for electricity costs related to street lights and traffic signals for 1996 through mid 2001. The total liability to Seattle City Light for these past expenditures is approximately \$420,000 and therefore an additional \$120,000 will need to be allocated in the 2003 budget for this purpose. Given the reappropriation needs and the future Seattle City Light commitments, the Street Fund has a non-designated ending fund balance of \$784,502 available for future expenditures.

## Surface Water Management Fund



Revenues in this fund totaled \$2,144,338 for 2001, which was \$99,675 below projected revenues of \$2,244,013. The largest revenue source in this fund is surface water fees paid by property owners. Collections of these fees were greater than projected by \$6,288. Funding from other local government agencies to support the Stream Assessment and Inventory project were not received in 2001, and therefore a variance of \$96,600 exists from these revenue sources.

Expenditures totaled \$2,618,022, 11.8% or \$351,680 below projected expenditures of \$2,969,702. The 2001 budget for this fund included funding for new positions. It took most of the first quarter to recruit and fill these new positions, therefore, under-expenditure has occurred in the salary and benefit accounts. The 2001 budget also included additional funding for professional services to complete an infrastructure assessment and complete some work associated with the implementation of the Endangered Species Act. These projects were not fully completed in 2001 and therefore created budget savings in 2001.

The ending 2001 fund balance is \$2.2 million, \$245,542 greater than projected.