

# ***Financial Report 2005 Year End***

*Presented by Finance  
Department*

*March 27, 2005*

# *Purpose*

- *Review the 2005 Year End Financial Position of the City*
- *Informational - No Action Required By Council*

# Presentation Outline

- *All Funds End of the Year Summary*
- *General Fund Overview*
- *Street Fund Overview*
- *Surface Water Management Operations Fund Overview*
- *Capital Funds Overview*
- *Summary*

# *All Funds Summary*

## Revenue All Funds

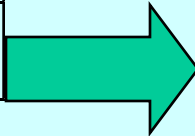
- General, Streets and Surface Water revenues exceeded projections
- Capital Funds collected less than projected
  - \*A matter of timing with project expenditures
  - \*Example: Grant revenue not recorded until project expenditures incurred

## Expenditures All Funds

- All Funds had expenditures less than or equal to budget
- Carry-over monies will be spent in 2006, but since originally part of 2005 they were included in the year-end actuals
- Expenditure projections are updated mid-year
  - General and Street fund expenditures less than projected
  - Surface Water right at projections
  - General Capital and Roads Capital expenditures more than projected
    - South woods and Soccer Fields A & B (General)
    - Aurora project (Roads)

# General Fund Overview

General Fund Summary			
	Budget	Projected	Actual
Beginning Fund Balance	\$0	\$11,345,253	\$11,345,253
Revenue	\$31,107,620	\$26,697,529	\$27,779,704
Expenditure	\$31,002,551	\$30,227,116	\$29,478,068
Ending Fund Balance	\$0	\$7,815,666	\$9,646,889
Carryover	\$0	\$0	\$146,948
Available Fund Balance	-	\$7,815,666	\$9,499,941



Ending 2005 Fund Balance Exceeds Projections by  
**\$1,684,275**

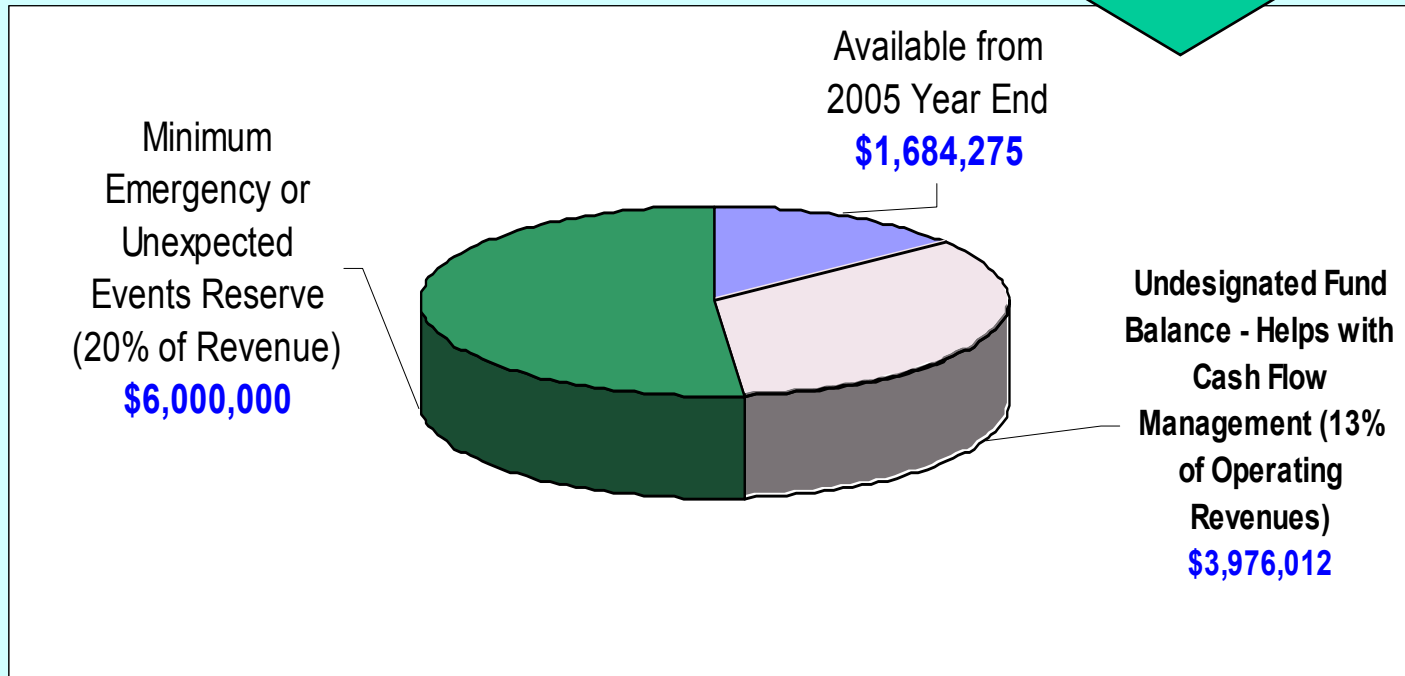
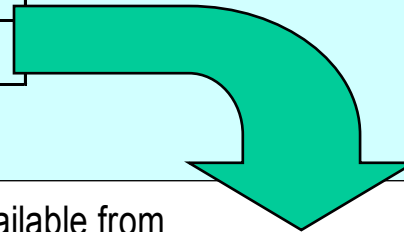
# Operating Fund Balance (Reserve) Policy

1. Emergency or Unexpected Events Fund Balance
  - > City's adopted financial policy is that General Fund balance be at least equal to 10% of operating revenues
  - > Guidance from bond rating agencies and financial advisors is no less than 20%
  - > A 20% emergency/unexpected reserve is approximately \$6 million
2. Need fund balance to manage cash flow
  - > Expenditures occur on regular monthly basis
  - > Revenues are more sporadic (property tax twice a year, gambling and utility taxes quarterly)

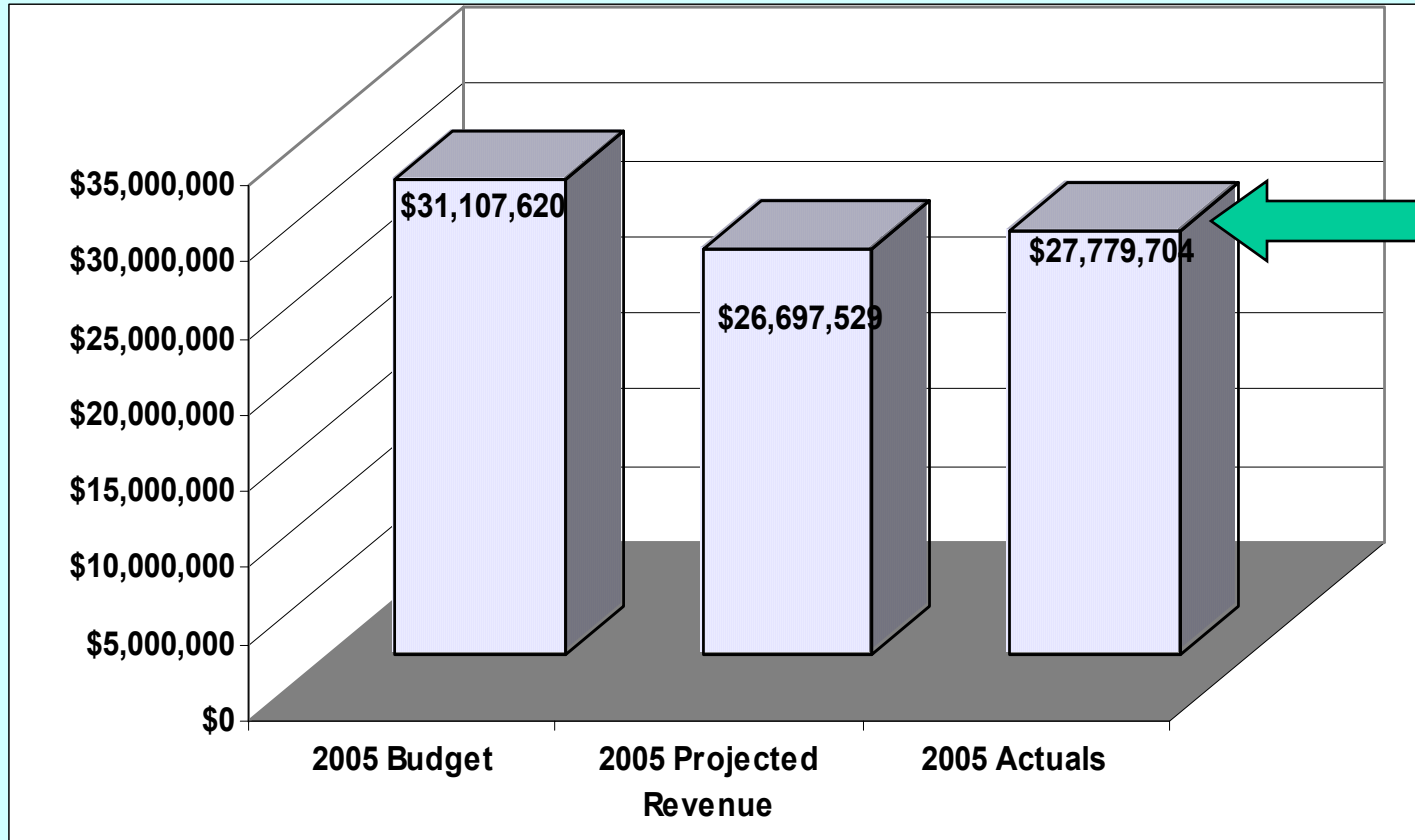


# General Fund and General Fund Reserve 2005 Ending Fund Balance

General Fund Balance	\$9,499,941
General Reserve Balance	\$2,160,346
<b>Total</b>	<b>\$11,660,287</b>



# General Fund Revenues

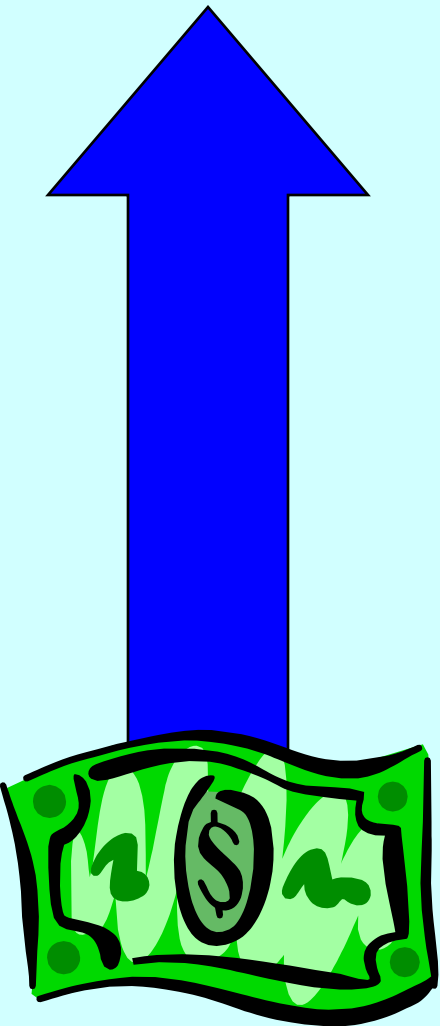


**2005 General Fund Revenue is 4.05% or \$1,082,176 above projections**

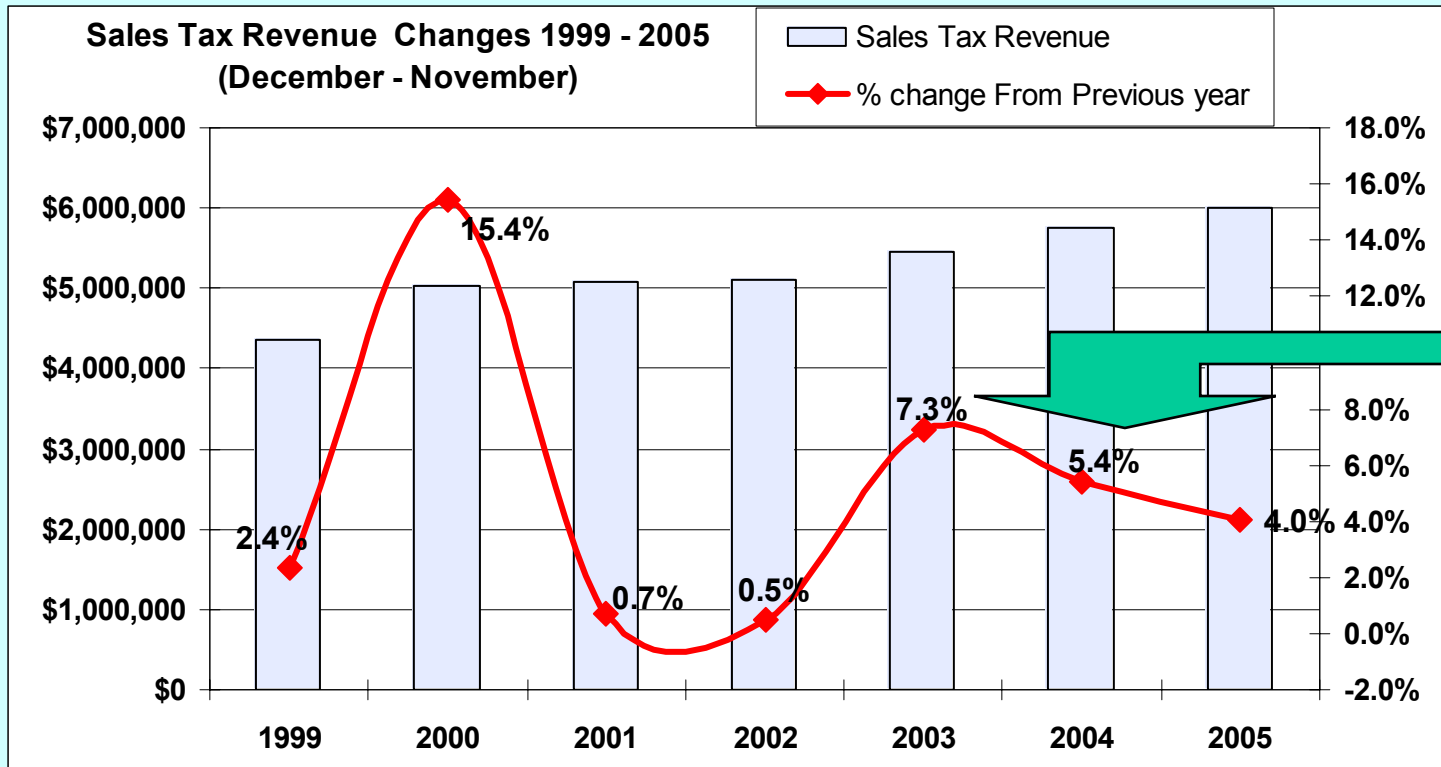


# Why General Fund Revenues Are Up:

- *Sales Tax \$296,455 or 5.2% above projections.*
- *Utility Tax and Franchise Fee Revenue \$449,181 or 10.40% above projections*
- *Electricity Contract Payment \$182,547 or 21.48% above projections*
- *Permit Revenue \$140,154 or 11.71% above projections*



# Sales Tax



Sales tax revenue continues to increase but the rate of increase has been declining over the past two years

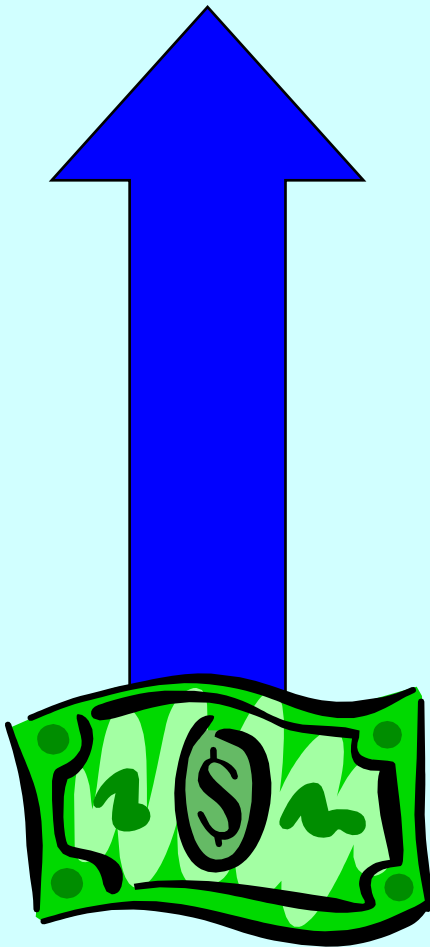
# Sales Tax (Continued)

Business Sector	2005	2004	\$\$ Variance 2005 v. 2004	% Change
<b>Retail Trade</b>	<b>\$3,799,945</b>	<b>\$3,820,494</b>	<b>-\$20,550</b>	<b>-0.54%</b>
<b>Construction</b>	<b>\$806,626</b>	<b>\$623,466</b>	<b>\$183,160</b>	<b>29.38%</b>
Accommodation and Food Services	\$352,697	\$330,862	\$21,835	6.60%
Information/Telecommunications	\$225,436	\$206,930	\$18,505	8.94%
Repair/Maint & Laundry Services	\$178,104	\$160,429	\$17,674	11.02%
Real Estate, Rental, Leasing	\$132,925	\$111,764	\$21,160	18.93%
Wholesale Trade	\$121,031	\$108,308	\$12,723	11.75%
Arts, Entertain, Recreation	\$99,678	\$100,824	-\$1,146	-1.14%
Admin, Supp, Remed Svcs	\$94,186	\$83,297	\$10,889	13.07%
Prof, Sci, Technical Svcs	\$65,232	\$35,903	\$29,329	81.69%
Manufacturing	\$37,054	\$41,909	-\$4,854	-11.58%
Finance and Insurance	\$26,100	\$30,084	-\$3,984	-13.24%
Health Care Social Assistance	\$11,045	\$12,499	-\$1,454	-11.63%
Public Administration	\$8,419	\$9,688	-\$1,269	-13.10%
Educational Services	\$7,942	\$10,236	-\$2,294	-22.41%
Transportation and Warehousing	\$7,668	\$7,533	\$135	1.79%
Agriculture, Forestry, Fishing	\$1,344	\$1,617	-\$273	-16.86%
Utilities	\$879	\$1,151	-\$272	-23.64%
Mining	\$831	\$1,498	-\$667	-44.53%
Misc/Other	\$17,311	\$62,633	-\$45,322	-72.36%
	\$5,996,455	\$5,763,130	\$233,324	4.05%

Sales tax revenue increase from 2004 due in large part to the \$183,160 or 29.38% increase in construction related sales tax.



# Utility Tax and Franchise Fee.



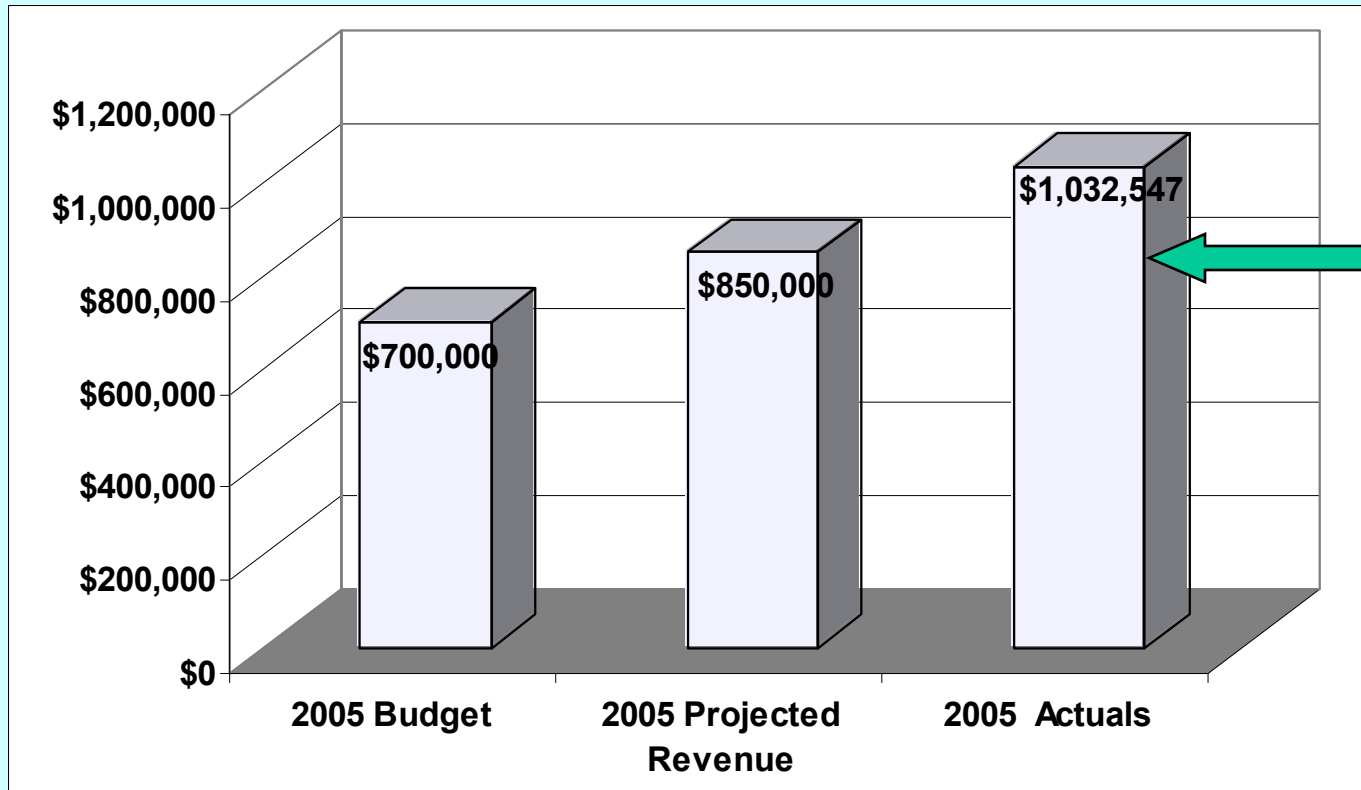
- **Cellular and Telephone Utility Tax Revenue up by \$249,406 or 17.81%**
- **TV Franchise fee revenue \$66,925 or 15.93%**
- **Natural Gas Utility Tax Revenue up by \$53,099 or 6.77%**

# *Update on the City's Utility Tax Exemption Program*

Program available for low-income and qualifying persons with disabilities for utility tax exemption on Sanitation and Natural Gas utilities

Over 800 notification letters were sent out to Shoreline residents advising of the City's utility tax exemption program and as of March 21<sup>st</sup> over 150 residents have been enrolled in the program.

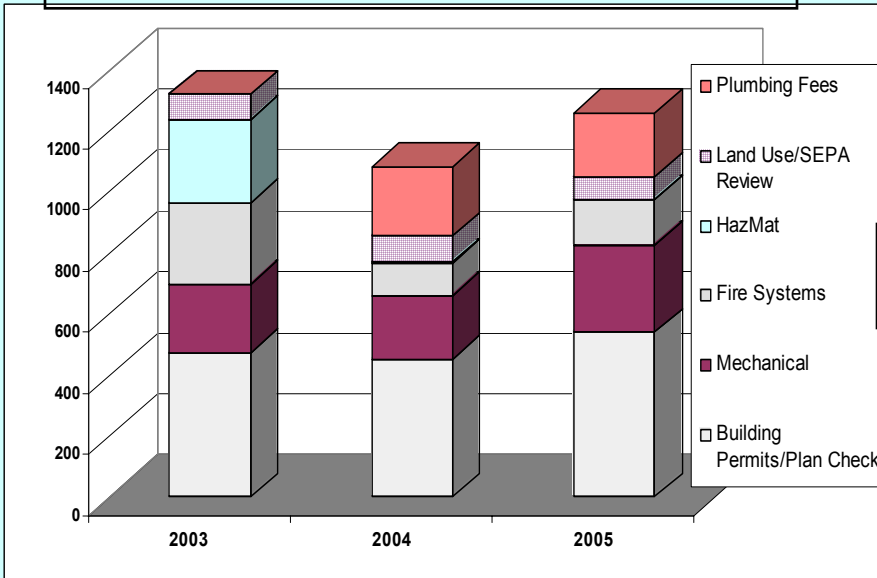
# Electricity Contract Payment



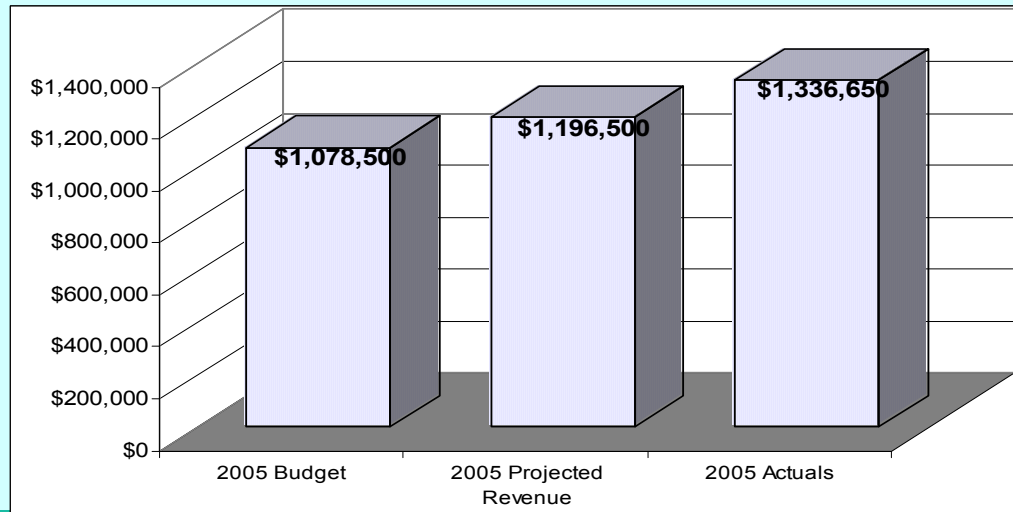
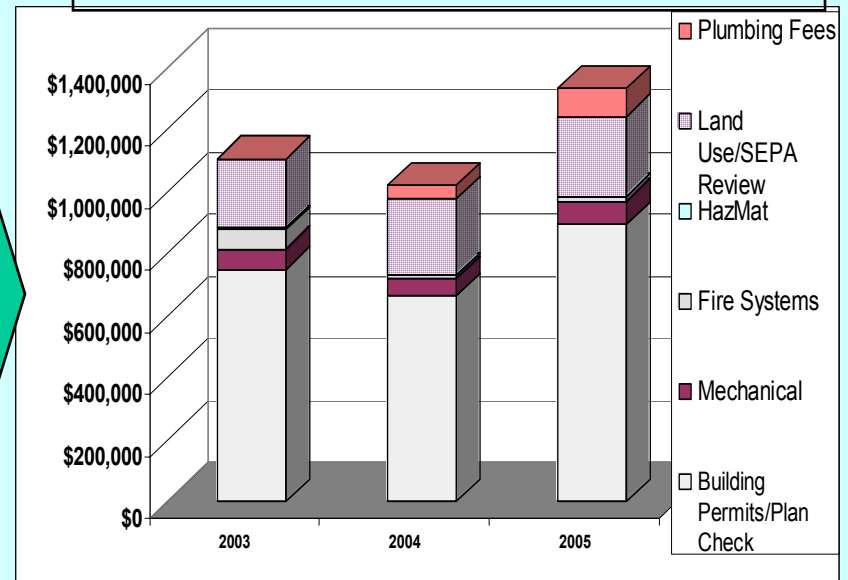
No rate changes were made in 2005 by Seattle City Light as originally expected

# Permit Revenue

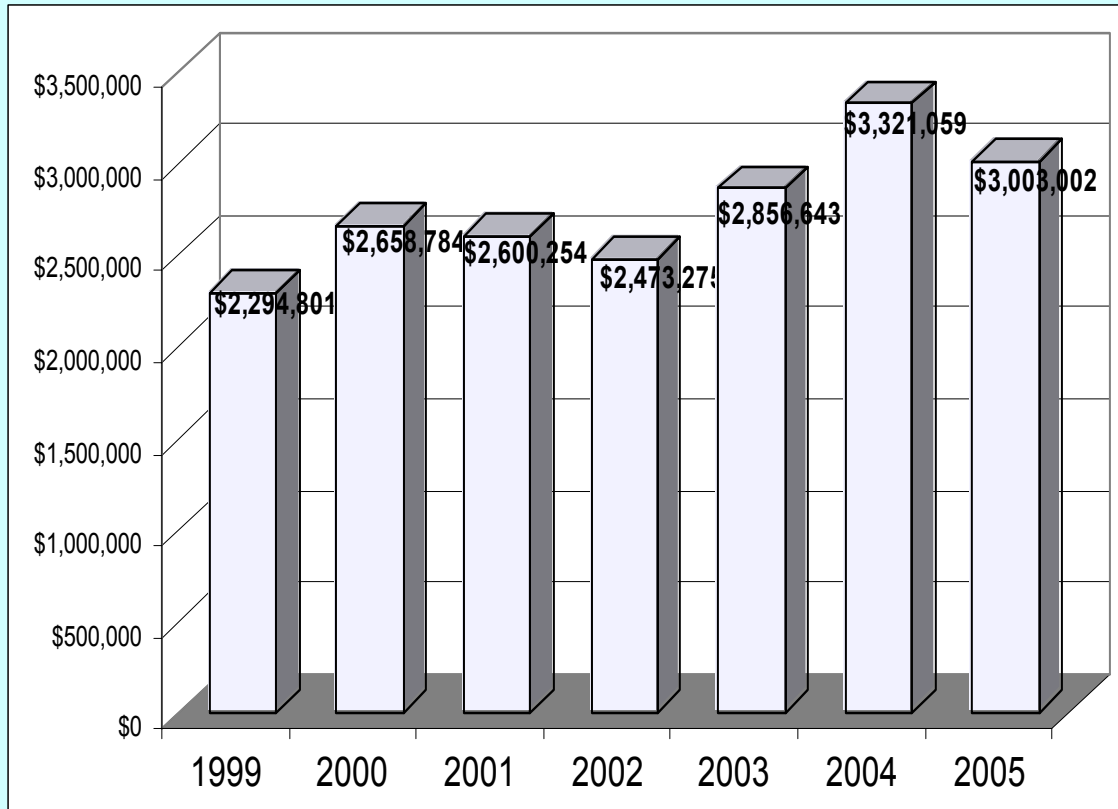
Number of Permits By Type 2003 – 2005



Revenue by Permit Type 2003 – 2005



# Gambling Tax Revenue

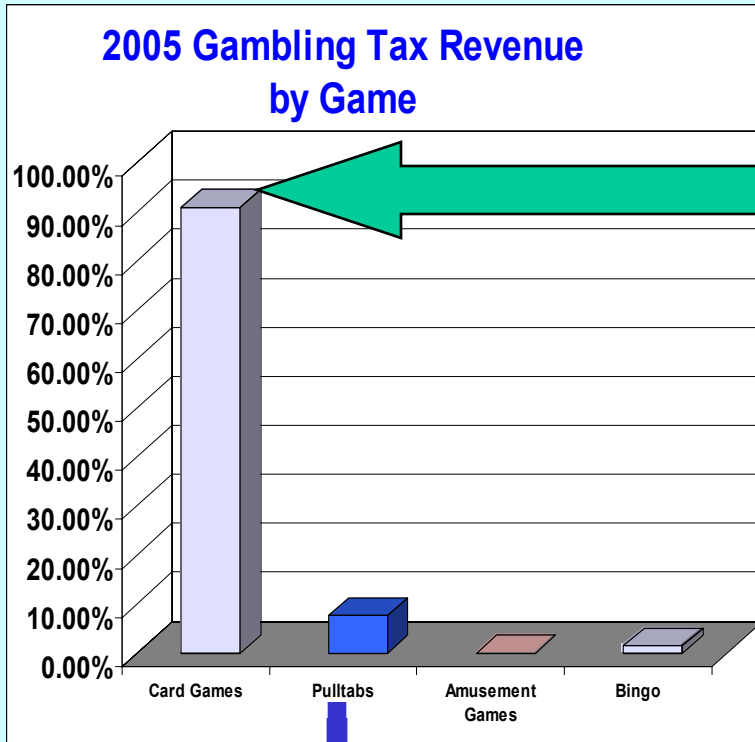


**Gambling tax revenue over 7-year period:**

- **2005 v. 2004 Gross Card Room Receipts Down by 3.57%**
- **Reduction in Card room tax rate = \$197,509 less revenue**

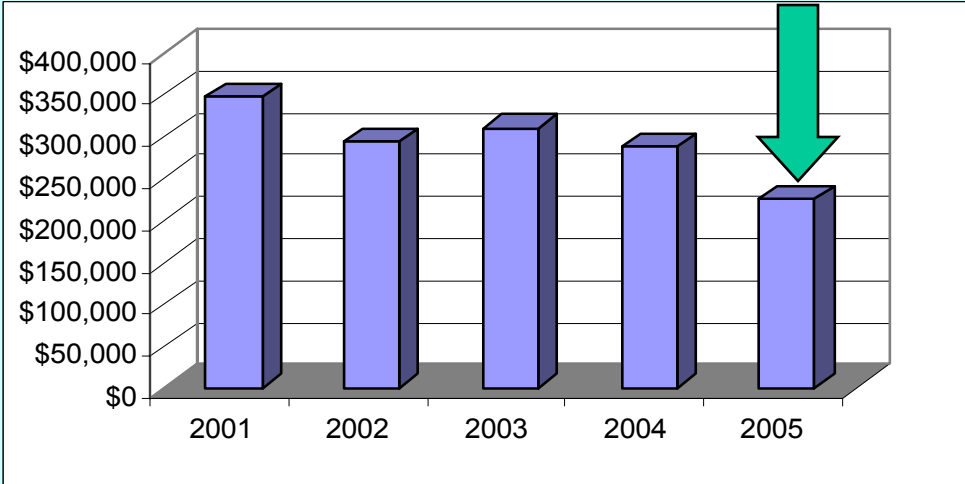


# Gambling Tax Revenue

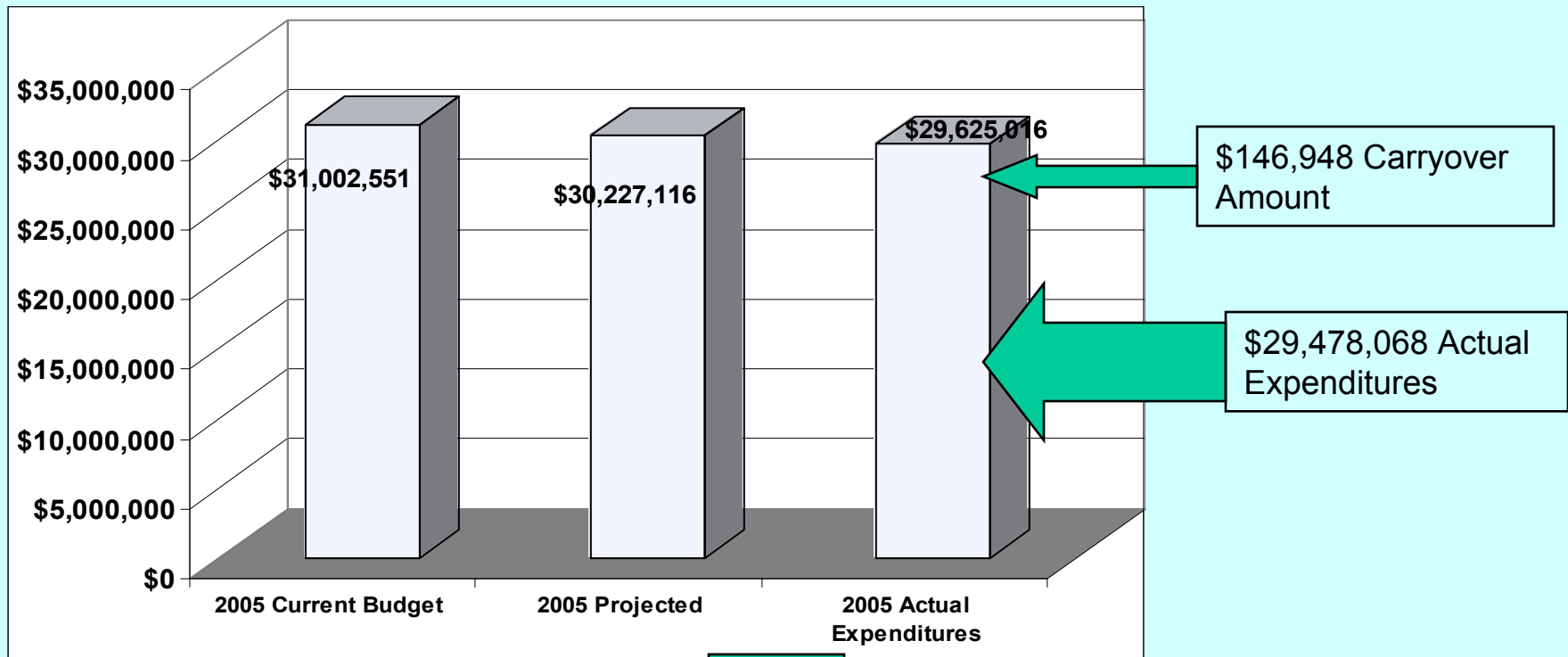


**Card Games Make Up 90% of all Gambling Tax Revenue**

**Pull-tab revenue has decreased by 35% since 2001**



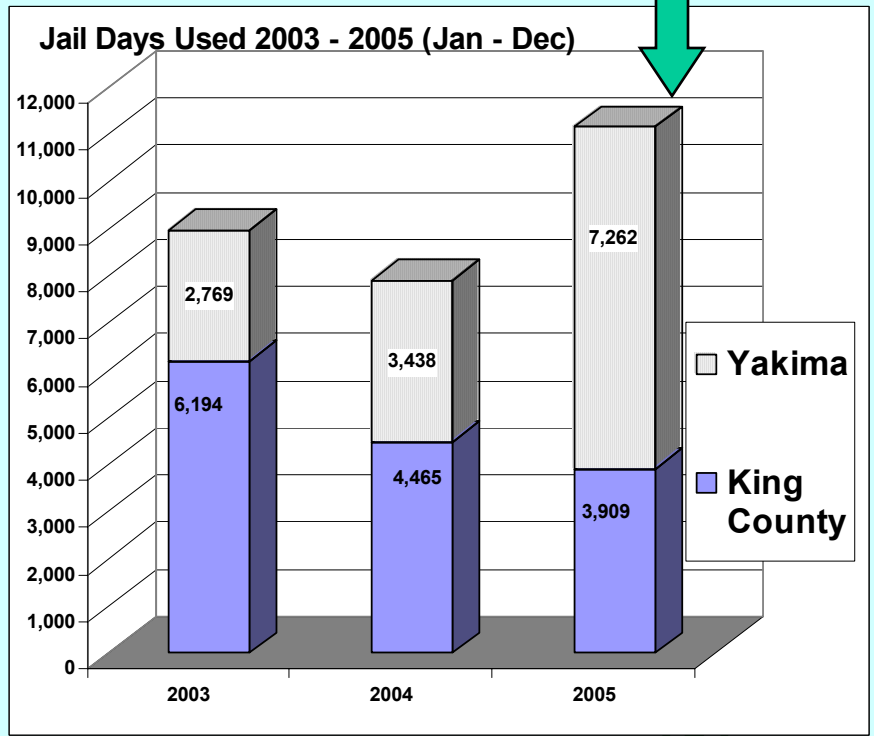
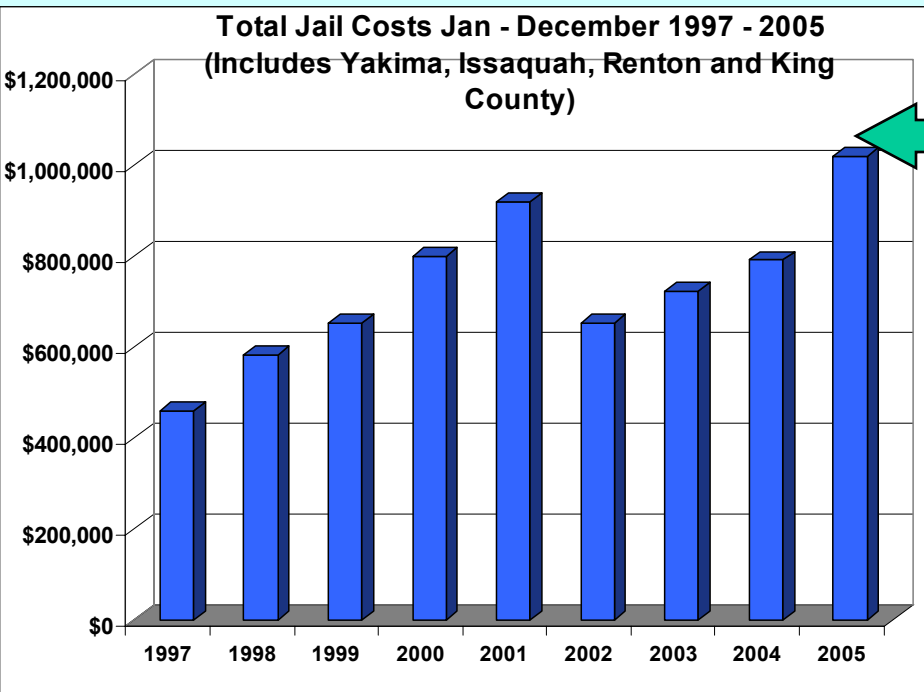
# General Fund Expenditures



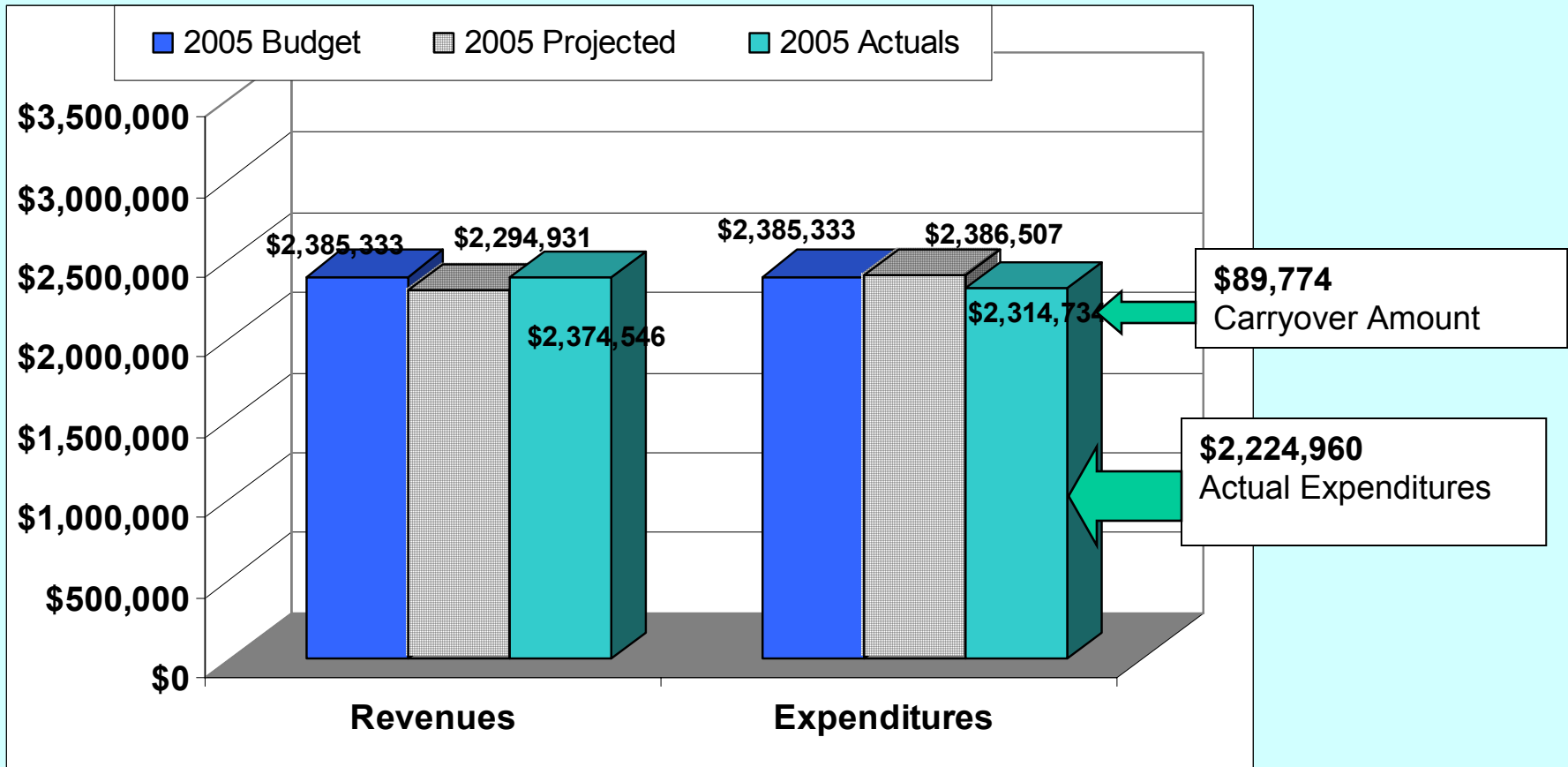
Expenditure Savings Areas include Employee Retirement System contributions (PERS), service contracts (example - Park's Maintenance)

# General Fund Expenditures: Jail Costs

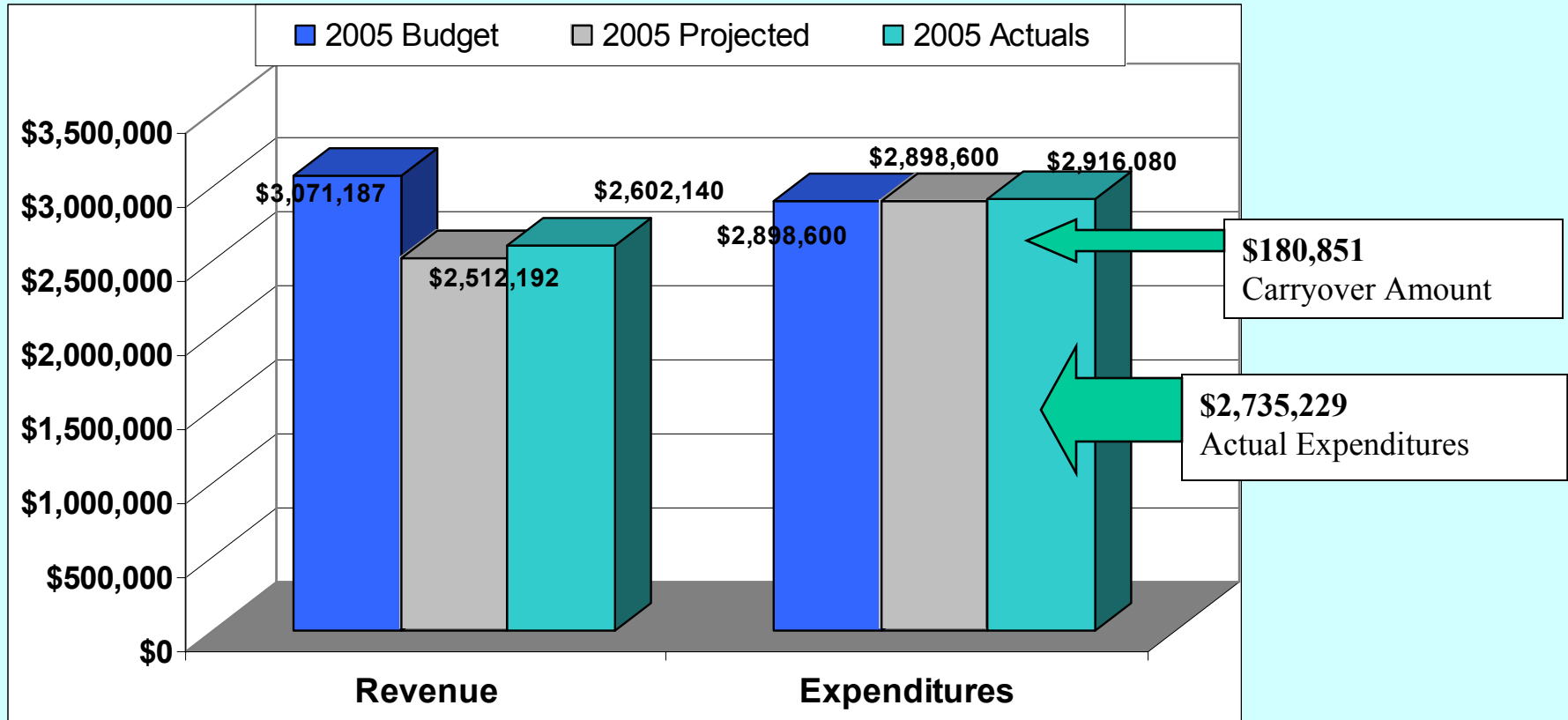
Jail costs increased by 28.8% from 2004. Due to a 41% increase in jail bed days used



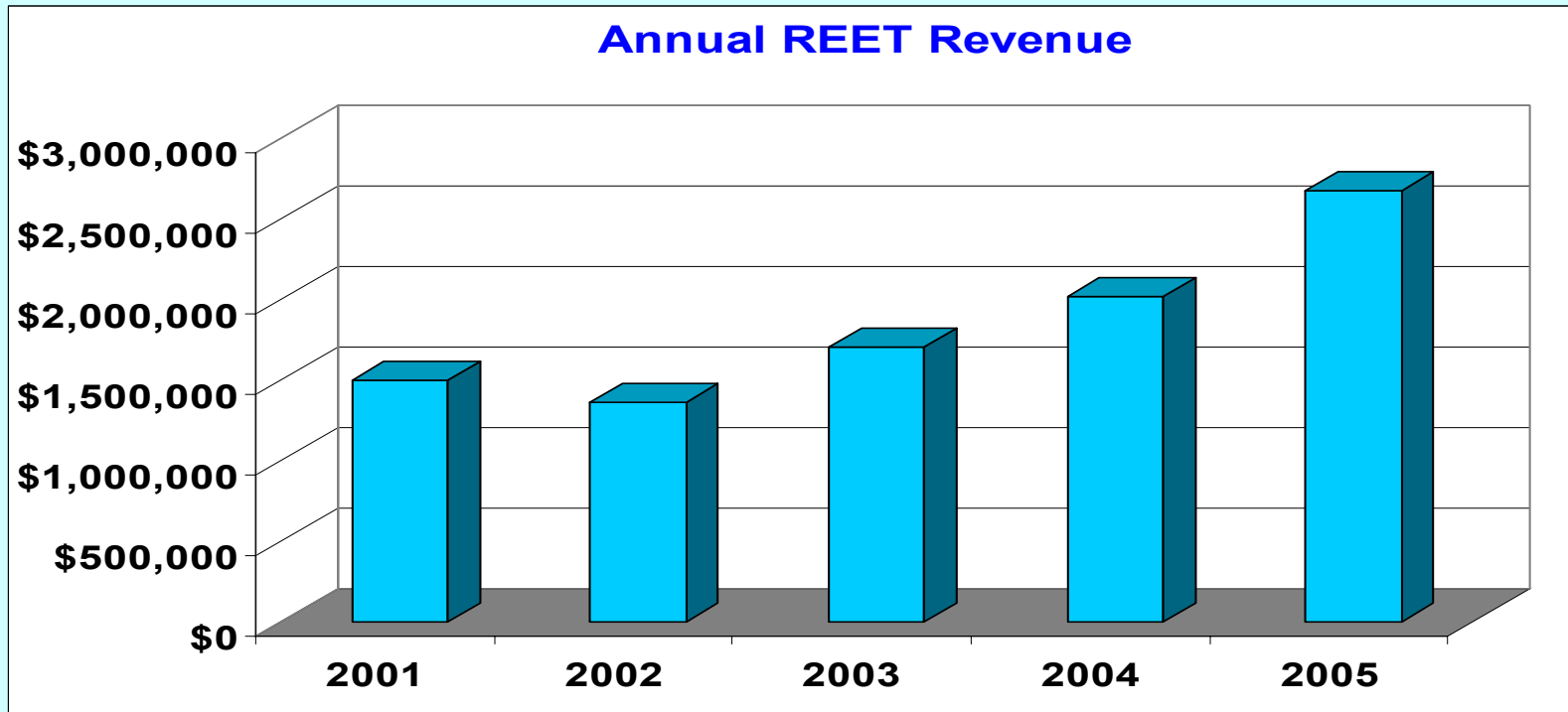
# Street Fund



# Surface Water Management Fund



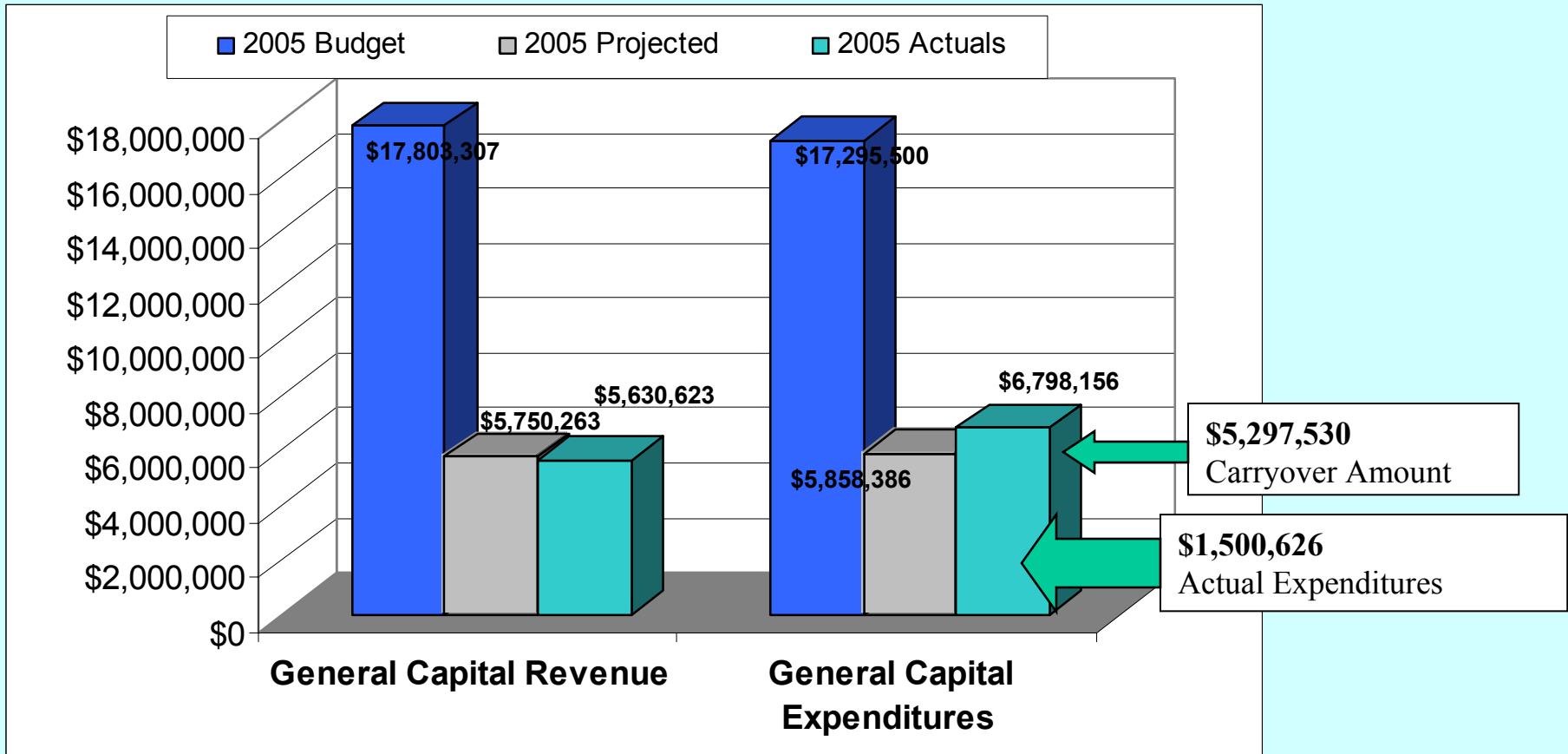
# Real Estate Excise Tax (REET)



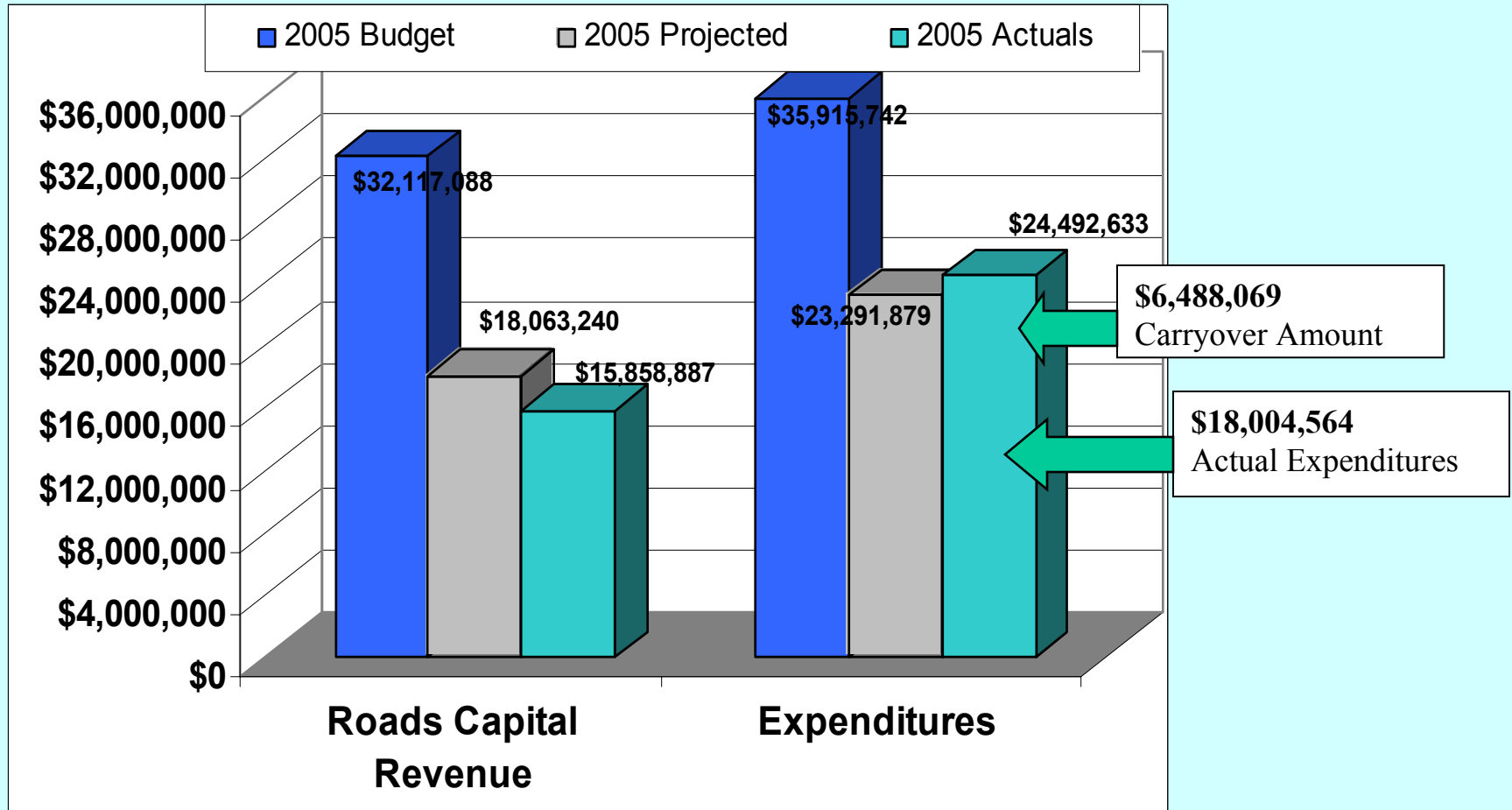
## Revenue increase due to the following:

- Total # of transactions increased by 11% with 2,164 in 2005 compared to 1,949 in 2004.
- Total value of transactions increased by 31% from \$416 million in 2004 to \$545 million in 2005.
- 13 residential properties were sold where value > \$1 million. Total value nearly \$28 million.
- 19 commercial properties or businesses were sold where value > \$1 million. Total value over \$89 million.

# General Capital Fund

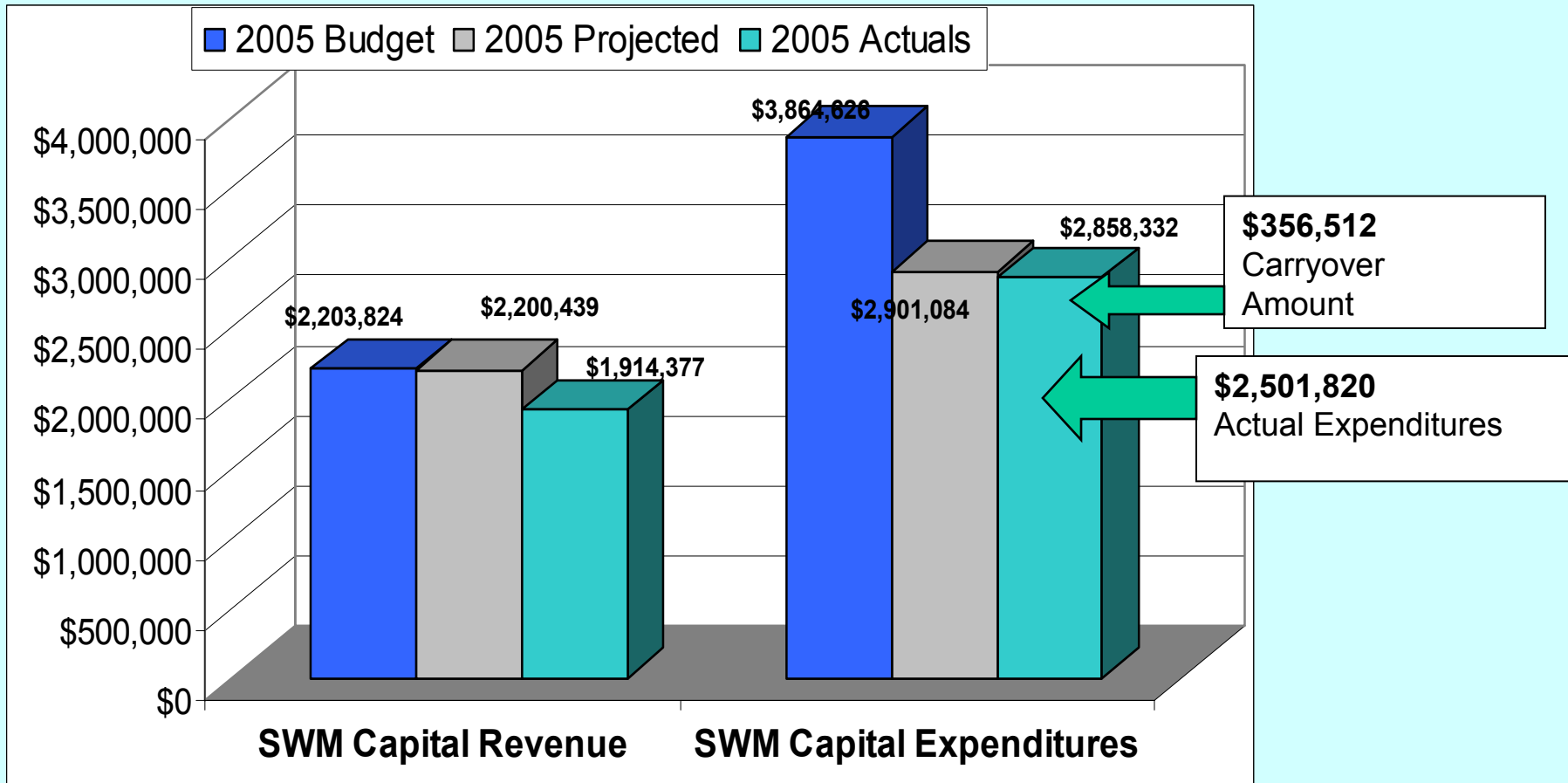


# Roads Capital Fund





# Surface Water Capital Fund



# Summary

2005 financial results continue to be positive

- General Fund
  - > Revenue trends still positive
    - Growth slowing
    - Watch in 2006: Gambling and Sales Tax
  - > Expenditure
    - Departments managing within Budget
    - Watch in 2006: Jail and Retirement
- Other Operating Funds – Street/SWM
  - > On target
- Next Steps
  - > Update Long-term financial model and Capital Improvement Program