



2019 ADPOTED BUDGET

ONE COMMUNITY AROUND THE LAKE

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***CITY OF
LAKE STEVENS***

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CITY OF LAKE STEVENS

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November 14, 2018



Honorable City Council Members:

It is a pleasure to submit to you my proposed budget for 2019.

Coming off last year's significant growth in staffing; I am presenting to you, a base budget with few increases for 2019. However, even though it is a "flat budget", there are increases needed just to keep up with the cost of doing business and maintaining levels of service.

These base budget increases are described below; but first I would like to report on the significant accomplishments in 2018:

Police Department: First and foremost is the quality of our Police Department. Not only did we reach a point of being "fully staffed" but we also gained county-wide respect evidenced by our participation in regional organizations:

- Membership in Regional SWAT team
- Membership in Violent Offender Task force
- Membership in the Terrorism Task force
- Membership in Property crime task force
- Partner in Auto Theft Task Force
- Fully integrated partnership with the Lake Stevens School District
- Successful Wyatt Park partner
- Board membership on Snohomish 911 Board of Directors

It is important that we participate in these organizations to maintain a strong flow of information and intelligence for our officers to maintain a safe city and keep ahead of potential criminal activity. These organizations also provide excellent growth opportunities for our officers who participate, and they clearly keep us on the forefront of preparedness.

Perhaps more noteworthy and a true measure of our success is the very low level of crime we experience in Lake Stevens. We can say, proudly, Lake Stevens has the lowest crime rate among all similar size cities in Snohomish County. That does not happen without quality officers and a strategic approach to policing.

Public Works: Our Public Works Department has leaped ahead in 2018 with the accomplishment of significant work ranging from major storm water and flood control projects to development of new parks. Every day they manage what I call the basic "heats and lights" of the city by maintaining 82 miles of roadway, over 100 miles of storm water conveyance and 95 storm water facilities. Most recently they have created a sidewalk team with equipment and skill to build sidewalks throughout the city. The Public Works team has become a "well-oiled" machine that is keeping Lake Stevens a quality community. In addition to this "get it done" work attitude; the in-house team has kept up with development design reviews, managed consultants for 24th Street design, South Lake Stevens trail design, Callow Road design, Main Street design, Village Way design, and been the city's lead for WSDOT's highways 9 and 204 and Trestle projects. A list of their work accomplishments is below.

- Reviewed 600+ of private development proposals/plans for drainage and design standard compliance.
- Maintained compliance with the Western Washington Phase II Stormwater Permit, including:
 - Maintenance/inspection of the Stormwater Utility including 250 private facilities, 85 public facilities, and street sweeping,
 - cleaning of 500+ catch basins, and 4,000+ linear foot of ditches cleaned.
 - 35 Drainage Ponds and facilities cleaned and maintained.
 - Installed 1,500LF of new stormwater pipe & multiple drainage structures.
 - Maintained 50 acres of public parks
- Completed five large capital projects:
 - Lundeen Park – Redevelopment, including new great lawn, irrigation and playground
 - Callow Road – 2400’ of improved road including sidewalk
 - 91st Ave SE and 4th St. SE Improvement Project – 1000’ of 10-ft wide multi-use path
 - Pavement overlay of 2700’ of both travel lanes of 91st Ave SE
 - Eagle Ridge Parking Lot, Rain Garden and Exploration Area
 - Thermal plastic of 40 intersections around Lake Stevens, stop bars, x-walks, and turn arrows
 - Repaired six sections of guard rail that were damaged and in disrepair
- Projects in design or currently under construction:
 - South Lake Stevens Multi-Use Path
 - Main Street Redevelopment
 - North Cove Park Redevelopment
 - Police Station at Chapel Hill
 - Frontier Heights Park Redevelopment
 - Frontier Village Access Road
 - Cavalero Park – Partnership with Snohomish County
 - Public Works Shop Remodel
 - 20th Street SE Improvements
 - Harford Road Fish Passage Project – Partnership with Sound Salmon Solutions
 - 123rd Ave NE Sidewalk Improvement – Design by City Staff Engineer
 - 117th Ave NE Sidewalk Improvement – Design by City Staff Engineer
 - Callow Road Drainage Improvement Project
 - Transportation Improvement Board – 20th Ave SE Improvements
 - Community Development Block Grant – Frontier Heights Park

Planning and Economic Development: The Planning and Economic Development Department has continued to maintain a very high level of work from regular permit issuance to economic initiatives; particularly the Costco development proposal.

A significant accomplishment in 2018 was the adoption of the Downtown Plan and North Cove Park Plan. Other significant actions include:

- Adoption and implementation of various components of the Beautification Plan, including the soft shade structures at North Cove Park. Wayfinding and street signage will be acquired by the end of the year.

- Planning and development of Lundeen Park, Eagle Ridge Park, 20th Street Ballfields and Frontier Heights Park.
- Selection of a firm for the Police Station design.
- Processing large volumes of permits and requests
 - 723 building permits to date
 - 185 land use applications to date
 - 132 business licenses to date
 - 148 code enforcement complaints
- Code amendments to Downtown Regulations, Accessory Dwelling Units, Stormwater, Land Disturbance, Temporary Encampments and Injection Sites, Critical Areas Amendments, Wireless Communications, Road Standards & Lake Rules.
- Completion of the first annexation since 2009 with five more underway.

Human Resources: The Human Resources Department has been very active with:

- Implementation of new on-line recruiting platform (NeoGov)
- Recruitments: 12; Applications Received: 428
- Changes to employee life insurance (city paid) – provided significant increase to the benefit as well as saved almost \$34,000/yr. (approx. 85% decrease over previous provider)
- New medical plan options – High Deductible Health Plan – providing more choices for employees at no cost to the city
- Creation of a new collective bargaining unit and reached agreement for Non-Commissioned employees represented by the Police Guild (previously these employees were in the same agreement with the commissioned police officers, a violation of WAC 391-35-310)
- Formation of a healthcare committee of employees to review market analysis of other providers of healthcare insurance – we’ve been with AWC for medical/dental/vision for over 10 years, and it is time for us determine if we still have the best coverage/rates or need to make a change
- Overseeing the selection of an electronic time reporting provider

Finance: In addition to the base responsibilities the Finance Department has:

- Reorganized the department with the creation of the new Deputy Clerk/ Accounts Payable Specialist position, and splitting the payroll and purchasing functions, creating balanced workloads
- Developed new citywide Procurement Policy utilizing City Council direction and goals
- Selected an electronic time reporting system.
- Updated payroll procedures by creating new pay cycles and designing new employee time sheets for ease of use and more timely payment of extra time

Information Technology: The IT Department continues to maintain and improve the current infrastructure through:

- Fiber network deployment to City Shop and City Hall to increase network performance and resiliency.
- Moved Telecommunications/Internet Services to the County Datacenter for network resiliency.
- Upgraded City’s Telephone System
- Implementation of enterprise content management solution Laserfiche

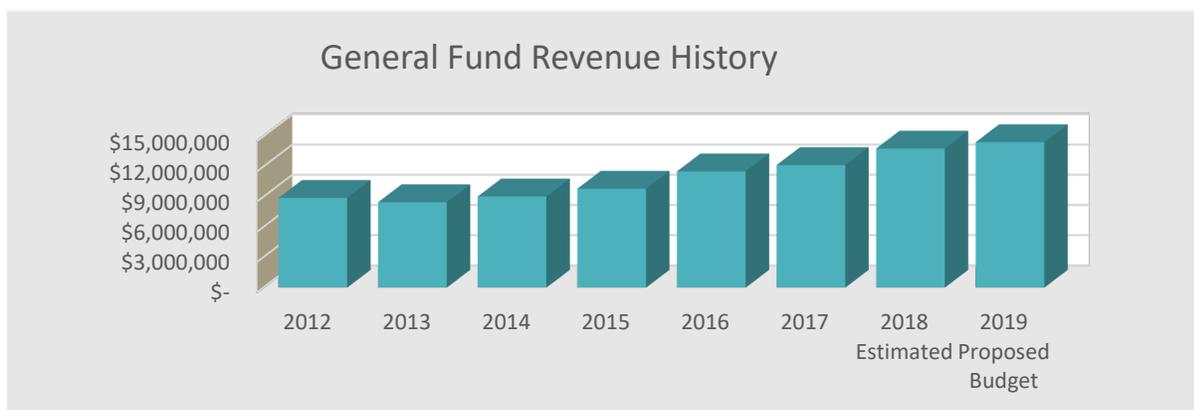
Once again; our success is how our citizens and customers feel about the City. I hope you receive the same positive feedback that I do on everything we are doing to make this a great place to live.

Your support for the work our city staff performs has continued unabated through 2018, a wonderful tribute to your commitment to make Lake Stevens a great place for families to live. Your support is fantastic. Without it, we would not be in the place we are today.

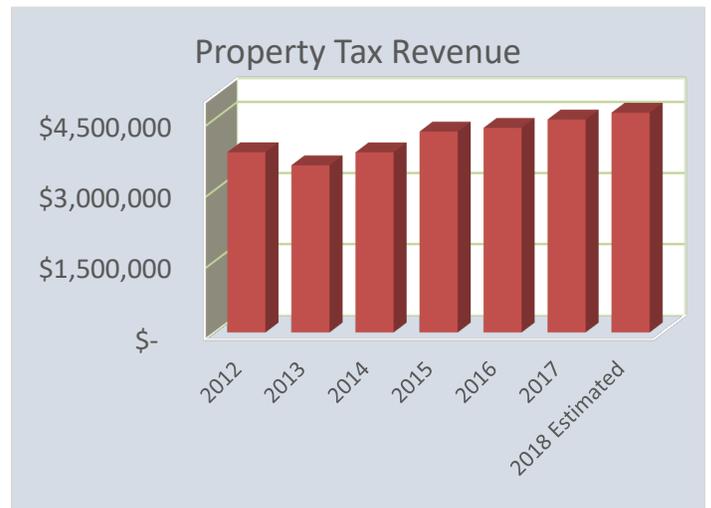
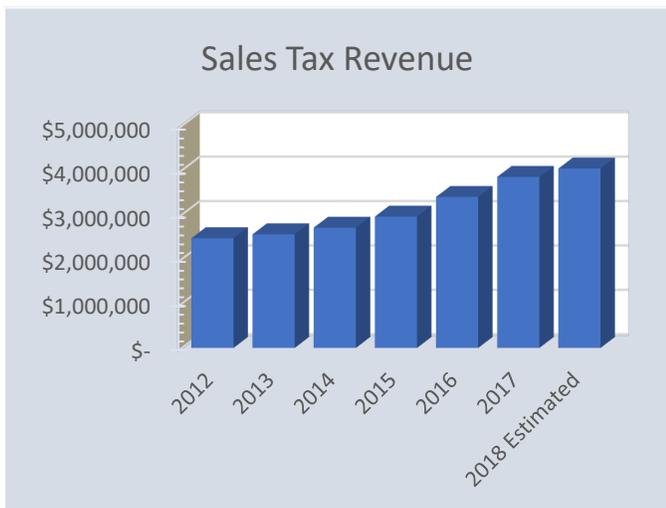
Now for budget:

Revenue

Lake Stevens' General Fund revenue, which includes permit related revenues, has grown slowly over the last 8 years as shown in the graph below:



Our projection for 2019 and out to 2024 forecasts continued slow growth assuming no new retailers apart from two that have applied for building permits; Michaels and T.J.Maxx. We have included low estimates for their potential contribution in 2019 with modest growth through 2024.





Below are the assumptions we have used for 2019 out to 2024:

- 1.) Property tax increase of 1% year over year.
- 2.) Sales tax increase by 5% through 2024
- 3.) Other revenues increasing at a steady rate of 1% to 2% each year.
- 4.) A decrease in building permits.
- 5.) Two new retail establishments
- 6.) Only one-year revenue from internet sales tax.
- 7.) Increased utility taxes on Electric and Gas by 1%
- 8.) Created new utility tax on water and garbage, each at 6%.

PROPOSED BUDGET

Our 2019 budget continues priorities established by Council in 2017 and confirmed again in 2018: (1) sustain high level of public safety, (2) invest in infrastructure to encourage economic development, (3) improve parks and build Cavalero Skateboard Park, (4) revitalize downtown with upgrade of North Cove Park and Main Street improvements, and (5) continue to invest in new and upgraded sidewalks and bikeways.

The Base Operating Budget

While there are limited new expenditure requests for the next year, maintaining the current levels of service in 2019 has significant cost to the base budget. The underlying cost of doing business is driven by:

- 1.) 3.0% cola for non-represented employees (90% of CPI-W).
- 2.) 2% for Teamsters (per contract agreement).
- 3.) 3.0% for Police Guild (90% of CPI-W).
- 4.) Health and other Benefits increase of 4.3%.

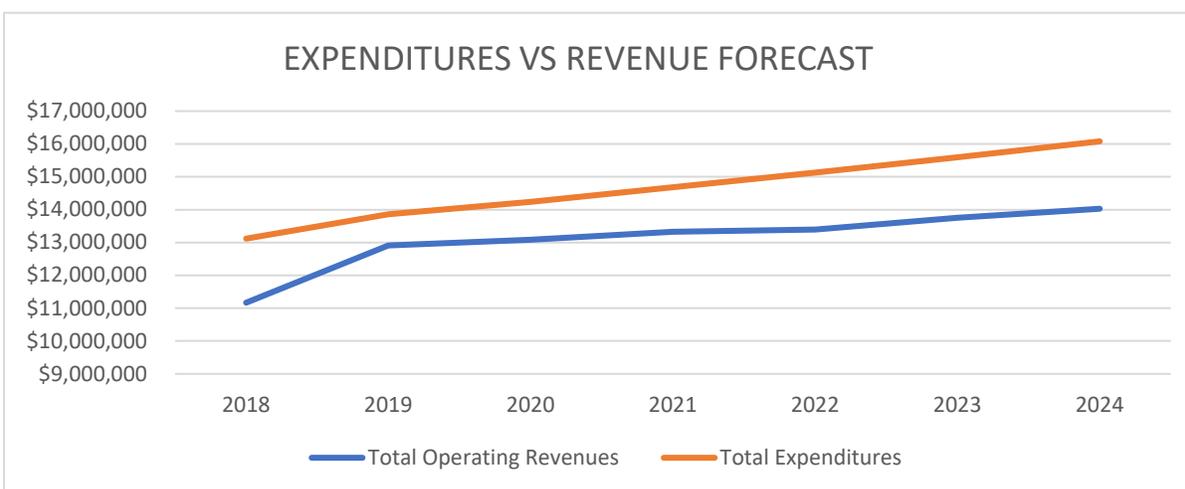
Base Budget and Revenue Forecast

Over the last two years we have used our substantial reserves, combined with state grants to fully staff and invest in infrastructure in response to growth, and more importantly, to recover from years of under investment. I have used 2023 and 2024 as the focal years to end the use of reserves and achieve a balance between income and expenditures without dropping below the 10% reserve policy. This year’s budget falls short by one year, hitting the 10% reserve line at the end of 2022. I am confident however, that by restraining the number of staff positions at today’s level and prioritizing our capital investments, we can manage expenses to not drop below the base line of 10% reserve.

To manage the risk inherent in these forecasts, we will track and report on 5 key indicators to control budget and get to our goal of 10% reserve in 2023/2024. These indicators are:

1. Quarterly Sales Tax Revenue Growth
2. Real Estate Excise Tax Revenue Changes
3. Changes in Assessed Property Value
4. Changes in Building Permit Activity
5. Puget Sound Economic Growth Indicators

The graphic below shows base budget expenditures v. revenue forecast to 2024 based on assumptions noted above:



Budget Request by Department

Police Department: The 2018 budget allowed the PD to achieve a fully staffed level of officers. In 2019 we have one “shared” staff request and various hardware, supplies, and software requests. To partially offset these requests, we are taking a 5% reduction in annual automobile and marine equipment replacement contribution of \$12,000.

1. Police Department will share the cost of an IT specialist to support the increase work load in managing our IT Infrastructure. In particular; this request will allow the PD Commander to step

away from having to handle IT management/administration and focus on his important police management responsibilities.

2. Miscellaneous support material and software; i.e.; computer hardware, advance scheduling software, investigation and forensic equipment at approximately \$39,000.
3. Annual automobile and marine equipment replacement contribution: \$218,000.

Public Works Department: This budget includes significant improvements to our Surface Water Management division based on new funding. Our budget requests include:

1. An upgrade in position level and salary for the Surface Water Management Coordinator to accurately reflect the level of responsibility assigned to that position.
2. Five (5) additional staffing position in this division:
 - a. Three (3) Crew Maintenance Workers
 - b. One (1) Public Works Inspector
 - c. One (1) GIS Analyst
3. Capital Equipment purchases:
 - a. Vactor Truck used to maintain SWM catch basins: \$100,000
 - b. 10 Yard Dump Truck for hauling waste dirt: \$100,000
 - c. Utility Boat to assist with Lake Maintenance \$25,000
 - d. Field Maintenance Crew Truck: \$50,000

Additional Public Works budget requests include:

1. Funding for additional cost of water for irrigation of Lundeen Park and new Soccer fields.
2. Purchase of one new vehicle for Public Works Field Manager and a trailer to haul the Department backhoe to and from construction sites. This purchase will be offset by avoiding trailer rental fees.
3. Purchase minor equipment for crews
4. Purchase two new mowers to maintain Lundeen Park and Soccer fields at a total of \$90,000. One mower is to replace current equipment suffering frequent breakdowns.
5. Complete Lundeen and soccer field improvements for \$130,000
6. Construct regulatory compliant decant facility: \$297,000
7. Construct City Owned Fuel system: \$123,000
8. Critical shop remodel: \$200,000

Information Technology Department:

1. Market based salary adjustment for current IT Manager
2. Shared IT Specialist working with PD to support city-wide information systems. The city's information technology services have expanded over the last few years requiring more focus on threat assessment and network security. Maintaining the critical functions of network security is exceeding our two-person capacity to keep pace with system growth and increasing frequency of attempted security breaches.
3. Upgrade of VUEWorks Software to the full enterprise version. This software supports the management of City facilities, fleet and utilities operations, inventory management of physical and GIS assets, work order and service request processes, condition and risk analysis, project and budgeting forecasting.

Planning and Economic Development Department: The Planning and Economic Development Department is requesting funding for a Permit Coordinator to provide lead on permit management from entry of permit applications to final approval. This coordination is critical to maintain efficient processing of permits and allow senior planners to focus on permit reviews, comprehensive planning and zoning, sub-area development and annexations.

We are also requesting to establish a full time Park Planning and Development coordinator while at the same time reducing the current Park Coordinator to a part time Community Event Coordinator.

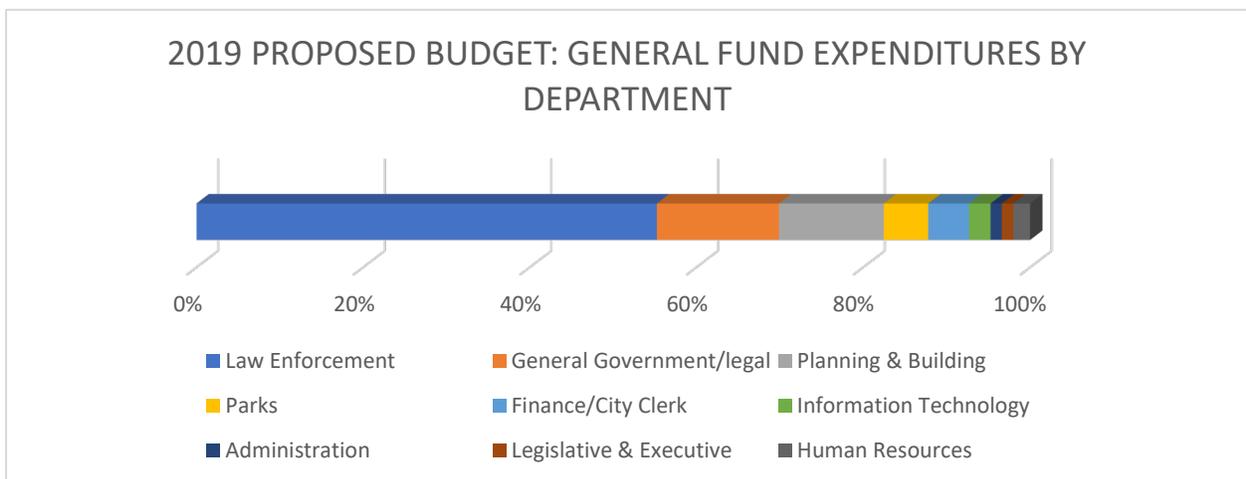
Other major items in the Department’s request are \$20,000 for continued implementation of the Beautification Plan and \$30,000 for a new Boat Launch sign. This sign is the City grant match for the WDFW construction of a new boat launch at North Cove.

In 2019, PCD expects workloads to continue at a similar pace, with a greater emphasis on residential building permits, a decrease in subdivisions and an increase in commercial development and public projects resulting from our push to encourage economic development in Lake Stevens. The planning division will also undertake a significant review of the City’s comprehensive plan with a focus on growth management and density in relationship to infrastructure conditions. This comprehensive plan will be coordinated with the Snohomish County Tomorrow organization that is taking an aggressive approach to the development of the PSRC 2050 plan, which allocates growth within the region.

Human Resources Department: The Human Resources Department has three requests in the proposed budget:

1. Funding to retain Professional Services contract to support the City’s share-point software: \$25,000
2. Funding for travel and training: \$1,600
3. Funding to support the City-wide Recognition Program: \$5,000

Operating Budget Overview: The graph below illustrates the expenditure percentages for each of our primary functional areas with Law Enforcement and General Government making up the bulk of our general fund expenditure budget; together they total 70% of the budget.



Major Capital Requests

Our capital requests continue the initiatives begun in 2017: improve transportation, develop our parks, develop our downtown area and North Cove Park, and build a new Police Department Headquarters and new City Hall. There are many other capital items requested and listed in the full budget document.



Parks

This 2019 budget provides for the parking lot sealing and curb replacement of Lundeen Park as well as some minor maintenance work in the restrooms. There is also funding set aside for development of the newly acquired park at Frontier Heights as well as funding for the City's share of Cavalero Park. Staff will be pursuing grant funds for the development of Frontier Heights to match the City's contribution. In addition to the City's financial contribution to Cavalero Park, we will be using our street fund to extend 79th Ave. SE across 20th Street SE to the entrance to the park. Overall, the City will be investing approximately \$1,412,000 in the initial development of Cavalero Park.

We have set aside \$1,850,000 in 2019 for downtown Main Street and North Cove Park development to match the state capital budget providing approximately \$3.0M for Lake Stevens.

We reserved \$1.6M for the Williams property acquisition, which was initiated in 2018.

Transportation

Highway 9 and 204: WSDOT continues to move forward with the preferred design of the SR9/SR204 Interchange. The City was approved for a grant for design of interchange improvements at SR9 and 4th in relation to the SR9/204 interchange. Subsequently, WSDOT included this exit from SR 9 as part of the overall SR9/204 project. The City has requested that the approved grant funds be reallocated to the Village Way entrance to the Village Mall. Legislative approval of this reallocation will be requested in 2019.

The Village Way project will improve connectivity with Frontier Village and reduce traffic using the SR9/204 interchange to access the South end of the Village. It will also provide a detour route during SR9/204 interchange project construction.

The City was awarded a \$752,800 innovative grant for the construction of a compact urban RAB at 91st and Market. The preferred design for the SR9/204 interchange includes improvements at SR9 and Market which will impact the efficacy of the roundabout at 91st and Market. WSDOT 's modeling of a RAB at Market and 91st Street demonstrated that a RAB would not be effective. Subsequently, the Public Works Department is evaluating use of the \$752,800.00 or portions of this grant to implement safety improvements at this intersection.

20th Street SE Phase 1 Construction: The City has applied for a TIB grant for the construction of 20th Street SE Phase for improvements from 83rd to 91st. The notification of award is due to come out in mid-November, with construction likeliest to take place in the 2019 or 2020 construction season. The total project cost is \$6.8M of which the City will expend \$1.7M.

Main Street: To enhance the street environment and encourage walking and biking, the City plans to construct pedestrian and bicycle improvements along Main Street. The improvements include approximately 1,325 linear feet of roadway from 20th Street NE to 16th Street NE. Phase I improvements will be from 20th Street NE to 17th Street NE and include enhanced sidewalks, dedicated multi-use paths, enhanced landscaping and other pedestrian amenities.

The City completed 1.5 lane miles of Overlays in 2018. An equivalent amount is estimated for 2019.

Safe Routes to School: In 2018 the city initiated a city-wide sidewalk maintenance and repair program. 600 linear feet of sidewalk were repaired or constructed. It is anticipated that 1000 linear feet will be completed in 2019 using the same budget amount allocated in 2018 of \$200,000.

Work on 24th Street SE and 91st Avenue SE extensions will continue in tandem with the commercial interest in developing this corner.

Police Department

A set aside of \$1.5M was included in the 2018 budget for design of a new Police Department. Design was started in 2018 and the remaining budget will roll forward into 2019. This budget contains a \$700,000 set aside for prospective debt service starting in 2019 for council issued bonds for a new police department headquarters. This is based on an estimated \$10M debt. Staff are currently working on refining the design with construction commencing in 2019.

A major budget question remains as to whether a municipal court should be included at the Chapel Hill site or at another location. As part of our design work, staff will provide analysis of both the capital options and operating budget associated with a municipal court complex.

Public Works

The public works shop needs to be renovated. The initial conceptual improvements include upgrades to offices, lunch/break room, and the common area where daily meetings occur. The expected budget for these improvements is \$200,000.

Other Major Expenditures

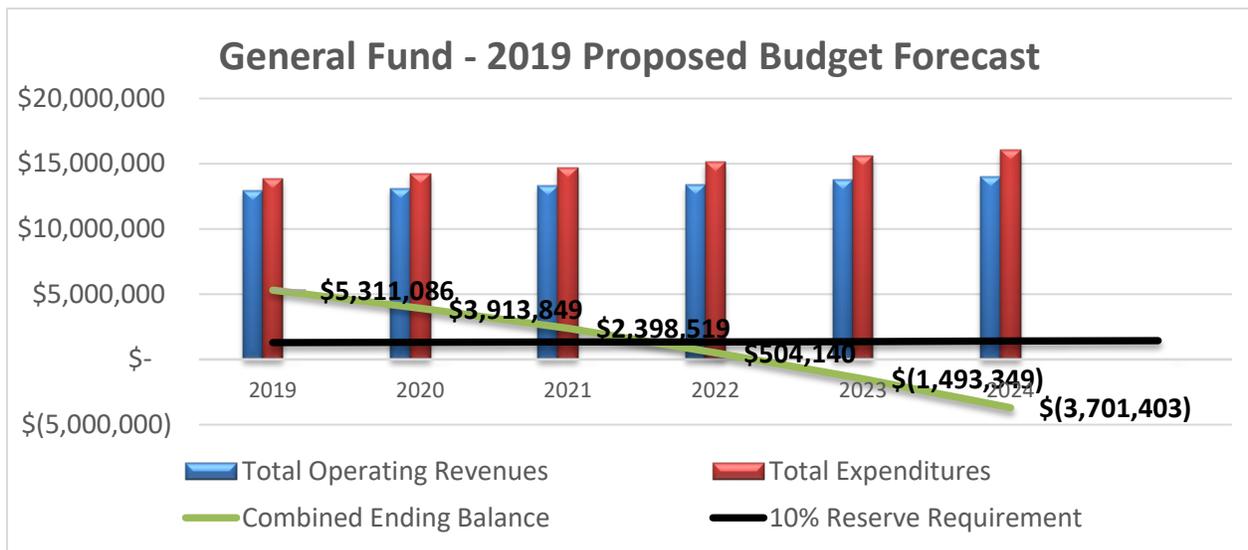
We recommend reducing by \$100,000 the practice of depositing all construction sales tax receipts into a contingency fund for capital projects. The \$100,000 will be deposited directly in the General Fund for general government operations. This change does not impact the ending balance of all funds. We are

recommending this change in recognition that while construction sales tax is a “one-time” revenue, we do expect there to be a base level of construction sales tax revenue regardless of the current high level of construction

Fund Balance

Maintaining fund balances is a critical part of good fiscal management and protecting the City against major disruptions in providing services. Our current policy is to maintain a minimum balance of 10% of annual revenue in the general fund. As you can see from the chart below; we have maintained this policy and expect to maintain it through the next 6 years.

We do see a decline in balances below the 10% policy when we use the same revenue forecast assumptions out 5 years. While assumptions today are probably not realistic for the next 5 years, this outlook does serve as a warning to maintain constant review of revenue assumptions and long-term commitments.



Policy Choices

Comprehensive Plan Review and Modified/Reduced Housing Densities

In 2019, we will undertake a significant review of Lake Stevens Comprehensive Plan updating the Park Elements, Land Use Element focusing on urban densities and infrastructure and the Capital Facilities Element. This review and update will engage the Council in significant policy choices with respect to housing density, housing supply, affordable housing and housing forms as well as infrastructure priorities and funding.

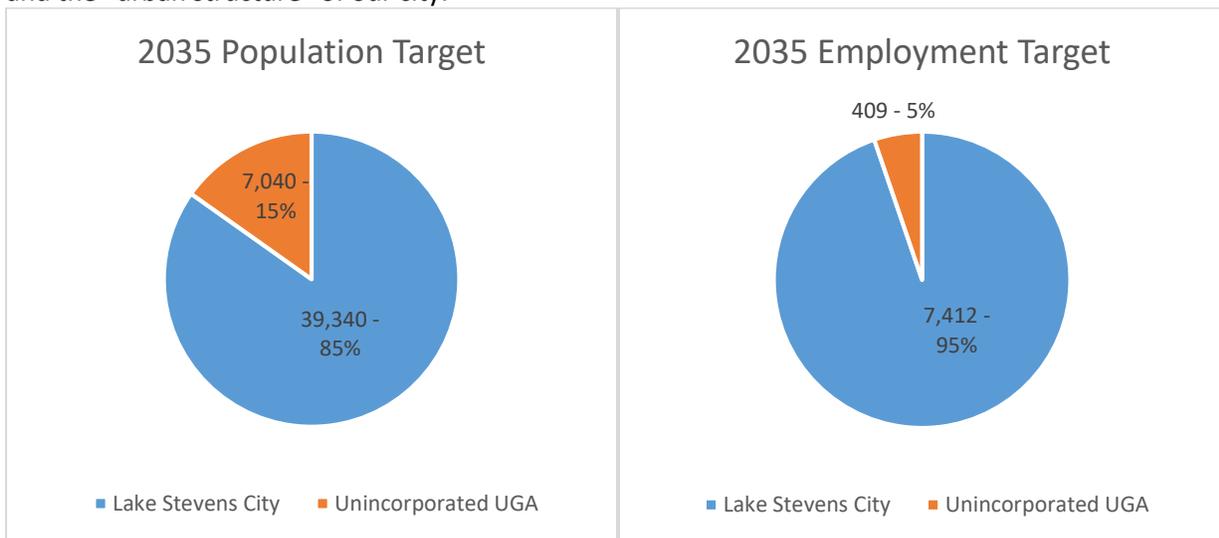
By way of background; the Snohomish County Growth Monitoring Report indicates the population of the City grew by over 341 percent between 2000 and 2010 adding 21,708 people. Annexation and steady residential development fueled this rapid growth. Since 2010, the City population has continued to grow annually by approximately 3.9 percent. The Puget Sound Regional Council (PSRC) has forecast the region to add another one million people by 2040, of which 200,000 are projected to locate in Snohomish

County. Over the next year, the PSRC will be updating its 2040 Plan to 2050 to update transportation and employment center policies, and growth allocations. The current City population allocation is 46,380 including the unincorporated Urban Growth Area (UGA). The job projection is 7,821 jobs also including the UGA. Overall, there is adequate land capacity to accommodate the adopted 2035 population and employment growth targets, but the question remains is there adequate infrastructure to support this growth. Between 2012 and November 2018 over 2,000 single-family dwellings were constructed. Between 2012 and mid-2016, the City has approved 63 new commercial/industrial projects. In 2018, the City saw the construction of Bartell’s, the Ram, IHOP and has approved tenant improvements for Michaels and T.J.Maxx. The city also approved the construction of a new Industrial Park in the Hartford Industrial Area – one building is under construction and the second is approved. The City has also processed a major renovation of the High School and significant renovations to several elementary schools.

2035 Growth Targets

Concurrent with this update; Snohomish County will be updating its Buildable Lands Report, which is the basis for allocating growth among cities and towns in Snohomish County as well as the County itself.

A review of the City of Lake Stevens Comprehensive Plan is needed to put our City in a leadership role with respect to PSRC Policies, the Buildable Lands Report and to respond to growth allocations under the Growth Management Act. A review and update are also needed to address concerns regarding density and the “urban structure” of our city.



I look forward to working with the Council, Planning Commission, citizens and builders on a review and update to our comprehensive plan and development regulations. My goal is to find an acceptable path through the competing challenges to affordable housing, increasing cost of land and construction, inadequate infrastructure (primarily roads) and a growing population desirous to live in our City for its beauty, recreational opportunities and outstanding schools.

As of November 2018, there are approximately 400 acres of remaining buildable / re-developable acres in the city, including commercial and residential lands. As we move through the discussion on lot sizes and density, we need to find a way to balance Growth Management, Aesthetics, Affordability

Neighborhood Diversity and Community Identity as we build out the remainder of vacant properties in the city and urban growth area.

Social Services Funding: Senior Center, Food Bank, Family Center and Health District

Should budget items for Senior Center and Health District be continued?

The 2018 budget included \$40,000 to assist the Senior Center to make progress toward self-sufficiency. None of this funding was used and has been carried over in the 2019 budget with no additional amounts. This budget proposes to maintain the \$40,000 for the Senior Center and not compound this each year. The goal of this funding remains to assist the Senior Center to become self-sufficient.

The 2018 budget included \$1 per capita funding of \$30,900 for the Snohomish County Health District. The 2019 budget includes the same commitment to the Snohomish County Health District in the amount of \$32,000.

Transportation Benefit District (TBD)

This budget request includes an assumption that the City will implement a TBD in 2019 using the license plate tab mechanism though, the Council may choose to use either or both a tab fee and a sales tax increase of up to .02%.

Police Station Building – Municipal Court

Should a municipal court space and court operations be included in the PD capital and operating budget.

Conclusion

I look forward to working with the Council and maintaining a strong reporting process to track expenditures and revenues to achieve our goal of maintaining the 10% reserve in 2023/2024.

Sincerely,



John Spencer, Mayor

CITY OF LAKE STEVENS
LAKE STEVENS, WASHINGTON

ORDINANCE NO. 1038

AN ORDINANCE ADOPTING THE BUDGET FOR THE CITY OF LAKE STEVENS,
WASHINGTON, FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2019

WHEREAS, the Mayor of the City of Lake Stevens, Washington completed and placed on file with the City Clerk a proposed budget and estimate of the amount of the moneys required to meet the public expenses including salaries and benefits of City employees, bond retirement and interest, reserve funds and expenses of government of said City for the fiscal year ending December 31, 2019, and a notice was published that the Council of said City would meet for the purpose of making a budget for said fiscal year and giving taxpayers within the limits of said City an opportunity to be heard upon said budget, and

WHEREAS, the said City Council did meet at said time and place and did then consider the matter of said proposed budget; and

WHEREAS, notices were published in the official newspaper of the City, that the Council of said City would meet on the 13th day of November and the 27th day of November, 2018, at the hour of 7:00 P.M., at the City Council Chambers in the Lake Stevens School District Educational Service Center of said City for the purpose of receiving public testimony in a public hearing as to the matter of said proposed budget; and

WHEREAS, the said City Council did meet at said dates, times, and place and did receive public testimony during a public hearing as to the matter of said proposed budget; and

WHEREAS, the said proposed budget does not exceed the lawful limit of taxation allowed by law to be levied on the property within the City of Lake Stevens for the purposes set forth in said budget, and the estimated expenditures set forth in said budget being all necessary to carry on the government of said City for said year and being sufficient to meet the various needs of said City during said period.

NOW, THEREFORE, the City Council of the City of Lake Stevens do ordain as follows:

Section 1. The budget for the City of Lake Stevens, Washington, for the year 2019 is hereby adopted, the content which will be set forth in the document entitled City of Lake Stevens 2019 Annual Budget, 1 copy of which will be on file in the Office of the Clerk.

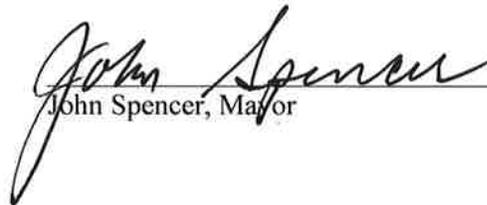
Section 2. Totals for all such funds combined, for the year 2019 are set forth in summary form below, and are hereby appropriated for expenditure during the year 2019 as set forth below:

Fund #	Fund Name	Estimated Bal.	Beg.	Resources	Expenditures	End. Bal.
001	General	\$9,330,551		\$14,388,397	\$15,160,786	\$8,558,161
101	Street	\$1,999,449		\$2,570,727	\$2,702,905	\$1,867,272
103	Street Reserve	\$1,574		\$24	\$0	\$1,598
111	Drug Seizure & Forfeiture	\$43,640		\$5,654	\$49,000	\$294
112	Municipal Arts Fund	\$20,687		\$310	\$20,963	\$34
210	2008 Bonds	\$0		\$344,605	\$344,605	\$0
213	2015 LTGO Bond	(\$0)		\$97,221	\$97,221	(\$0)
301	Cap. Proj.-Dev. Contrib.	\$1,132,014		\$1,221,429	\$355,300	\$1,998,143
302	Park Mitigation	\$203,418		\$1,138,821	\$9,583	\$1,332,656
303	Cap. Imp.-REET	\$3,101,683		\$885,254	\$1,101,844	\$2,885,093
304	Cap. Improvements	\$2,215,104		\$2,694,244	\$2,867,750	\$2,041,598
305	Downtown Redevelopment	\$0		\$0	\$0	\$0
309	Sidewalk Capital Project	\$986,993		\$14,784	\$200,000	\$801,777
310	20th Street SE Corridor CP	\$0		\$0	\$0	\$0
401	Sewer	\$254,071		\$1,044,098	\$1,125,335	\$172,835
410	Storm and Surface Water	\$1,032,395		\$3,573,511	\$3,145,273	\$1,460,633
501	Unemployment	\$67,838		\$1,018	\$10,000	\$58,856
510	Equipment Fund	\$53,308		\$325,502	\$294,720	\$84,089
515	Equipment Fund - Vehicles	\$20,272		\$10,303	\$0	\$30,575
520	Equipment Fund-Police	\$19,357		\$218,290	\$0	\$237,648
530	Equipment Fund-PW	\$805,095		\$414,319	\$139,857	\$1,079,557
540	Aerator Equipment Repl.	\$40		\$0	\$0	\$40
621	Refundable Deposits	\$543		\$101,000	\$101,000	\$543
633	Treasurer's Trust	\$45,100		\$400,000	\$445,100	\$0
	Total	\$21,333,131		\$29,449,510	\$28,171,241	\$22,611,401

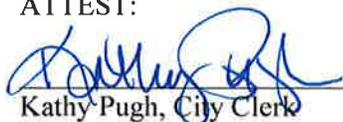
Section 3. The City Clerk is directed to transmit a certified copy of the budget hereby adopted to the Division of Municipal Corporations in the Office of the State Auditor and to the Association of Washington Cities.

Section 4. A summary of this ordinance consisting of the title shall be published in the official City newspaper. This ordinance shall take effect and be in full force five (5) days after publication.

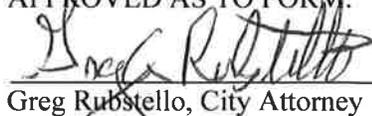
PASSED BY THE CITY COUNCIL OF THE CITY OF LAKE STEVENS this 27th day of November, 2018.


John Spencer, Mayor

ATTEST:

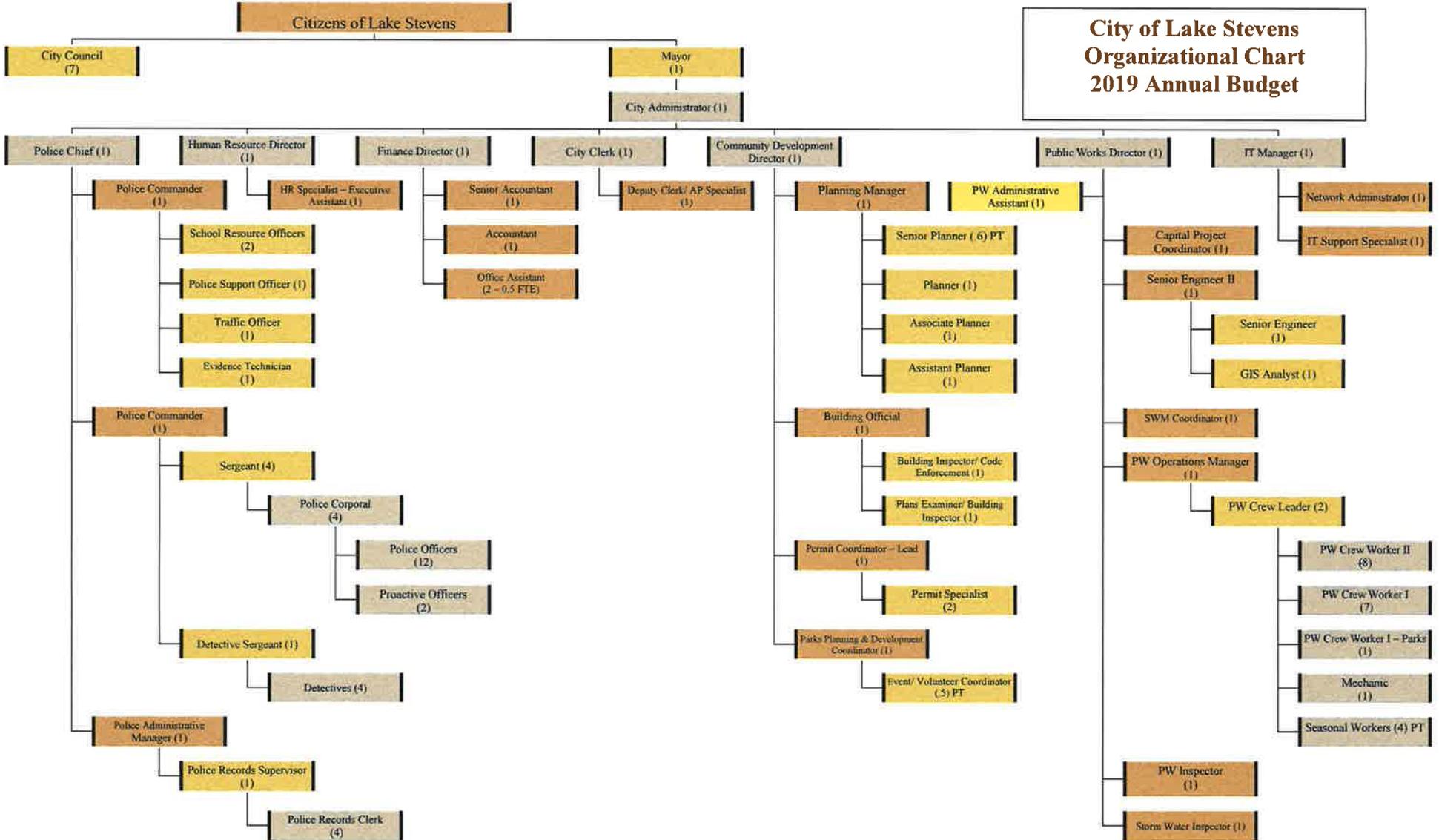

Kathy Pugh, City Clerk

APPROVED AS TO FORM:


Greg Rubstello, City Attorney

First Reading: November 13, 2018
Second Reading: November 27, 2018
Final Reading: *November 27, 2018*
Effective: *December 5, 2018*
Date of Publication: *Nov. 30, 2018*

**City of Lake Stevens
Organizational Chart
2019 Annual Budget**



City of Lake Stevens, Washington
Vision and Mission Statement

Lake Stevens Vision Statement:

Provide outstanding municipal services to support the physical and social wellbeing of the community of Lake Stevens.

Lake Stevens Mission Statement:

To create a beautiful and functional community by being a caring, committed, and trusted provider of municipal services

Lake Stevens Values:

- **Integrity:** Promoting Honesty and professional ethics
- **Respect:** Caring about customers and employees being trustworthy and openly trust others
- **Service:** Providing excellent service, responsive to customer needs
- **Creativity:** Encouraging entrepreneurial spirit within the organization
- **Partnership:** Creating a team atmosphere both inside and outside the organization.

One Community Around the Lake



View of Lake Stevens and Mount Pilchuck

Since settling in 1886, Lake Stevens has been home to families who set their sights on pioneering a better way of life for western Washington and beyond. Surrounding one of the region’s most coveted recreational lakes, the City of Lake Stevens has emerged as one of the most desirable places in the state to call home.

Just 10 minutes east of Everett, and 34 minutes from downtown Seattle, Lake Stevens is home to hardworking families and retirees. Our growth is outpacing the rest of Snohomish County. In 2018 we had more than 32,785 residents and forecast that by 2035 Lake Stevens will experience 40% growth to exceed a population of 40,000.

Here are some of the reasons people like to call Lake Stevens home:

- NerdWallet ranked Lake Stevens fourth in the Best Small Cities for Families in the Western Region
- Washington State Board of Education Achievement Index shows that Lake Stevens School District consistently outperforms its neighbors
- Lake Stevens is the largest lake in Snohomish County that provides year-round recreational opportunities for our residents and tourists
- Located on the Centennial Trail, Lake Stevens is a gateway destination for cyclists.



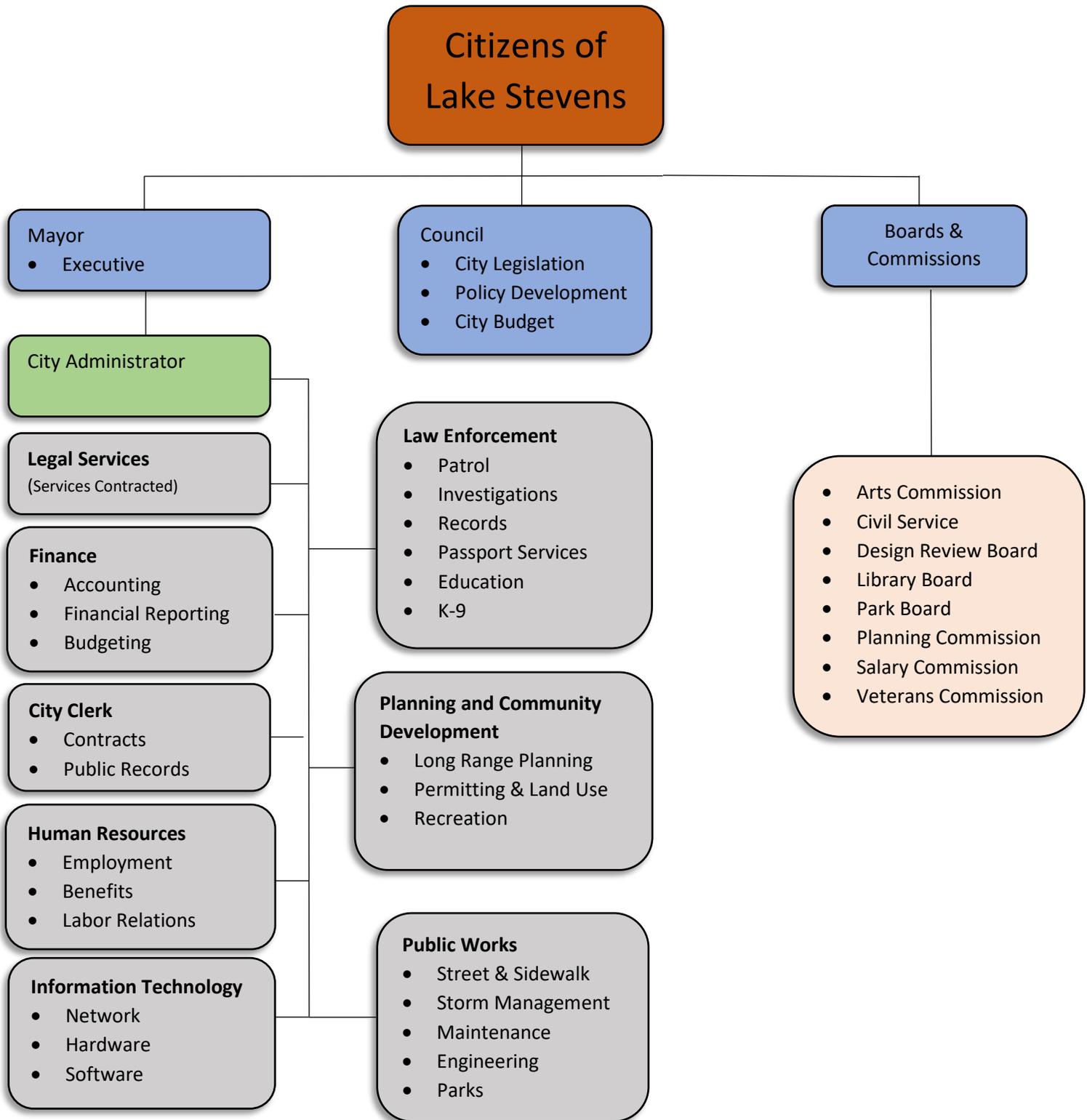
Lundeen park Improvements

Lake Stevens’ government operates under the mayor-council system. The City’s motto “One Community Around the Lake” embodies its quality of life, top-ranked school district, and City Council’s commitment to providing excellent services and amenities for its citizens.



Winterfest 2018

City of Lake Stevens, Washington
 Organization Chart by Function



City of Lake Stevens, Washington
2019 Budget Overview

The 2019 Budget includes total budgeted expenditures of \$28.1 million and total budgeted revenues of \$29.5 million. The operating funds of the City of Lake Stevens are the General Fund, Street Fund, and Storm/Surface Water Fund. The City will begin 2019 with an estimated fund balance of \$21.3 million.

2019 BUDGETED REVENUES - ALL FUNDS



Revenues:

The City's largest source of revenue comes from taxes at \$13.5 million, followed by charges for services. Revenue received for charges for services comes primarily from permit fees, park and traffic impact fees, and surface water assessments. Other financing sources are made up primarily of transfers from other funds, sale of bonds, and the sale of capital assets.

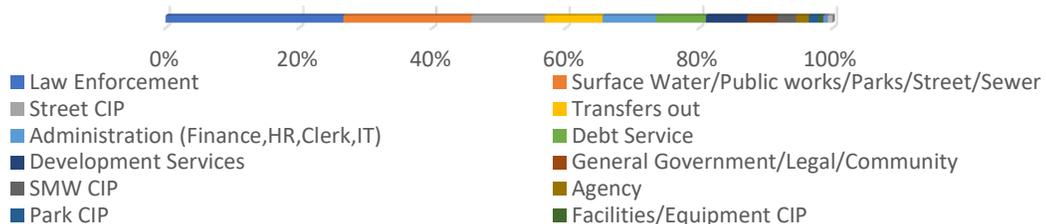
The City will see increased revenues in the Surface Water Fund due to the increase in surface water management fees. These fees are included on resident's property tax bills and are used to manage surface water in the City.

The City also increased Utility tax fees assessed on electricity and a natural gas and assessed new Utility taxes on water and garbage. These new revenues will be used to continue levels of service to the public in all areas including public safety, parks, street and stormwater.

Expenditures:

The General Fund has budgeted expenditures of \$15.1 million while the Street Fund and Storm/Surface Water fund have total budgeted expenditures of \$2.7 million and \$3.1million respectfully. Approximately \$5 million is budgeted for capital projects and equipment replacements not including 2018 projects that will be rolled forward. Expenditures for all funds are summarized by major use below:

2019 EXPENDITURES BY MAJOR USE



City of Lake Stevens, Washington
Revenue Summary

**2019 Adopted Budget
All Funds
Summary of Revenues**

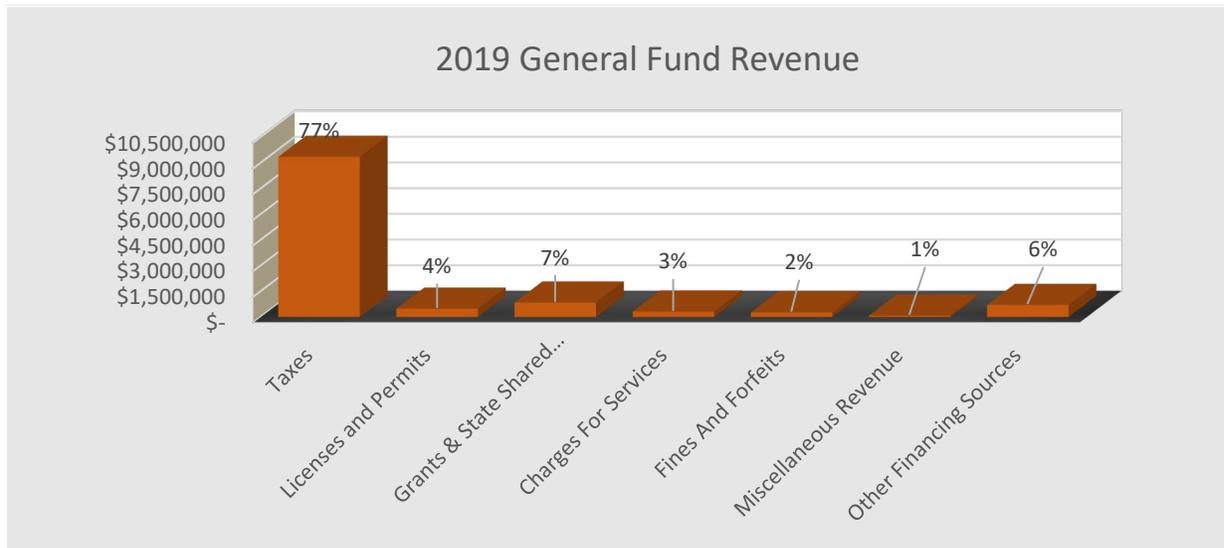
Fund Name	2019 Beginning Cash Balance	2018 Budgeted Revenues	2019 Proposed Revenues	% Change (2018 Budget vs 2019 Budget)
General Fund	\$4,361,660	\$11,700,581	\$12,152,470	4%
Reserve Fund	\$3,842,611	\$1,113,843	\$995,927	-11%
Permitting - Managerial	\$1,126,279	\$1,228,500	\$1,240,000	1%
General Funds	\$9,330,551	\$14,042,924	\$14,388,397	2%
Street	\$1,999,449	\$2,087,887	\$2,570,727	23%
Street Reserve	\$1,574	\$11	\$24	121%
Drug Seizure & Forfeiture Fund	\$43,640	\$9,316	\$5,654	-39%
Municipal Arts Fund	\$20,687	\$80	\$310	289%
2008 Bonds	\$0	\$349,705	\$344,605	-1%
LTGO 2101 Bond	\$0	\$37,082	\$0	0%
LTGO Bond 2015	(\$0)	\$95,955	\$97,221	1%
Cap. Proj.-Dev. Contrib.	\$1,132,014	\$2,129,720	\$1,221,429	-43%
Park Mitigation	\$203,418	\$835,724	\$1,138,821	36%
Cap. Imp.-REET	\$3,101,683	\$612,911	\$885,254	44%
Cap. Improvements REET 2	\$2,215,104	\$1,279,198	\$2,694,244	111%
Downtown Development	\$0	\$3,381,627	\$0	0%
Sidewalk Capital Project	\$986,993	\$473,191	\$14,784	-97%
20th Street SE Corridor CP	\$0	\$0	\$0	0%
Sewer	\$254,071	\$1,067,650	\$1,044,098	-2%
Storm and Surface Water	\$1,032,395	\$1,603,826	\$3,573,511	123%
Unemployment	\$67,838	\$669	\$1,018	52%
Equipment Fund - Computers	\$53,308	\$202,932	\$325,502	60%
Equipment Fund--Vehicles	\$20,272	\$10,020	\$10,303	3%
Equipment Fund-Police	\$19,357	\$97,620	\$218,290	124%
Equipment Fund-PW	\$805,095	\$403,462	\$414,319	3%
Aerator Equipment Repl.	\$40	\$17,800	\$0	-100%
Refundable Deposits	\$543	\$101,000	\$101,000	0%
Treasurer's Trust	\$45,100	\$401,200	\$400,000	0%
Total All Funds	\$21,333,131	\$29,241,509	\$29,449,510	1%

City of Lake Stevens, Washington
Revenue Summary

General Fund Revenue

The General Fund has an estimated beginning fund balance of \$9.3 million. Of this amount \$3.8 million is in the reserve fund, \$1.1 million is in the permitting fund. The budgeted revenues for the main general fund in 2019 are \$12.1 million as summarized below.

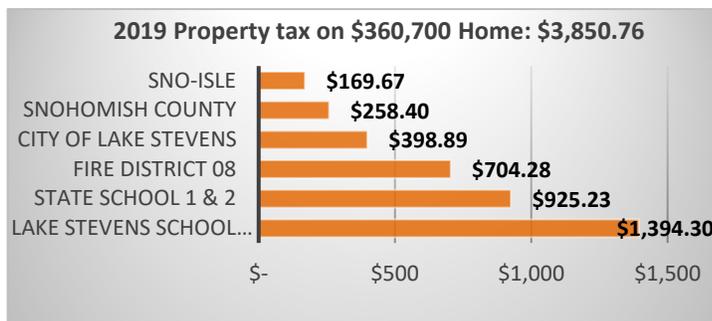
Taxes make up the bulk of general fund revenues. Taxes are further broken down into property taxes, sales tax, utility tax, and other taxes.



Property Tax:

Total 2019 Property Tax is budgeted at \$4,816,685 with a levy rate of \$1.11 per thousand dollars of assessed valuation. Of the total property tax amount levied, 72% remains in the General Fund, and 28% is receipted into the Street fund. The 2019 General Fund property tax amount is \$3,468,013, making up 37% of total General Fund revenues. The chart below shows how the local property tax rate of \$10.68 per thousand dollars of assessed value is split among various jurisdictions for 2019.

Due to Initiative 747, property taxes are limited to 1% of the prior year levy (highest lawful levy) or CPI whichever is lower. For 2019 the IPD was above 1%.

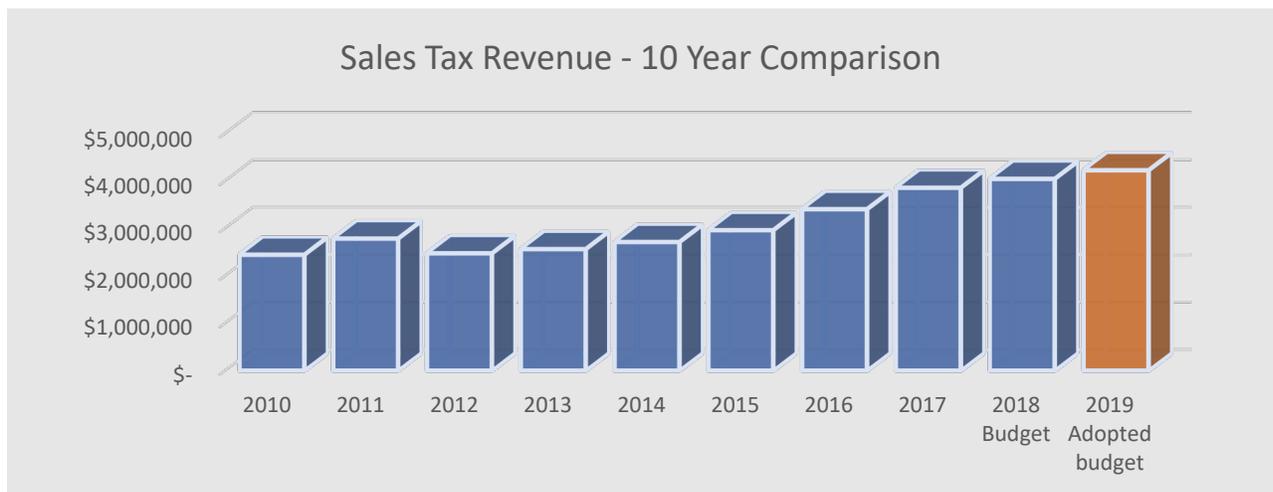


Taxing Entity	2018 Levies	2019 Levies
City of Lake Stevens	1.22	1.11
Fire District 08	1.73	1.95
Lake Stevens School District	4.95	3.87
State School 1 & 2	2.85	2.57
Snohomish County	0.79	0.72
Sno-Isle Library District	0.38	0.47
Total	11.92	10.68

Sales Tax

Lake Stevens General Fund is budgeted to collect \$3,519,708 in sales tax revenue. The current sales tax rate in Lake Stevens 8.9%. The City treats sales tax from construction as one-time revenue with budgeted amounts of \$700,000 being directly receipted into the Contingency Reserve Fund. This amount is a placeholder and will be updated throughout the year based on actual receipts.

The following chart shows annual sales tax collections for the past 10 years.



Sales tax revenue shown above includes the criminal justice sales tax. In September of 1990, the voters of Snohomish County approved an additional one-tenth of one-percent sales tax effective November 1990. All counties are authorized to levy this tax, subject to repeal by referendum. The revenues from this tax are dedicated exclusively for criminal justice purposes, with an emphasis on drug enforcement and crime prevention.

Utility Tax

Utility taxes are levied on the gross operating revenue that private utilities earn from operations within the boundaries of the City. These utilities include electric, natural gas, and telephone. The City levies a 5% rate on electric and natural gas, and a 6% rate on telephone. Starting March 2019, the City will levy 6% on Electric, Gas, Water, Telephone and Garbage. All Garbage utility taxes will go to the Street Fund. Since utility taxes are levied on gross operating revenue, they have a direct link to population changes. The City expects to receive \$2.3 million in utility tax revenue in 2019.

Permits and Licenses

The City issues business licenses to all businesses operating within the City limits. The annual fee for a regular business is \$40. The City is estimating a small decrease in this area.

The City also requires regulatory licenses for the privilege of engaging in certain trades, occupations, and other activities. The businesses and activities governed by the City’s regulatory license code are included because of health, safety, or security hazards that might arise if the City does not take an active part in their regulation. The fees for the various regulatory licenses are designed to cover the cost of their administration, inspection and enforcement.

The largest segment of the license and permit revenue is from the issuance of building permits for both residential and commercial construction or remodeling. 2019 building permit revenue is budgeted to be \$1 million. These funds are receipted into a managerial fund for use of permitting activities. This fund is rolled into the General Fund for budgeting and reporting purposes.

The following table demonstrates the history and forecast for Licenses and Permits.

Year	Business	Building **	Animal	Franchise-Cable*	Other	Total
2010	\$ 41,233	\$ 430,854	\$ 4,864		\$ 3,155	\$ 480,107
2011	\$ 43,496	\$ 306,936	\$ 4,280		\$ 5,756	\$ 360,468
2012	\$ 46,714	\$ 710,607	\$ 3,685		\$ 20,763	\$ 781,769
2013	\$ 45,918	\$ 374,039	\$ 3,830		\$ 8,832	\$ 432,618
2014	\$ 48,959	\$ 540,503	\$ 1,840		\$ 10,696	\$ 601,998
2015	\$ 52,460	\$ 698,993	\$ 1,256	\$ 367,671	\$ 11,190	\$ 1,131,570
2016	\$ 54,280	\$ 1,594,885	\$ 1,528	\$ 390,711	\$ 13,074	\$ 2,054,479
2017	\$ 61,280	\$ 827,231	\$ 2,124	\$ 427,278	\$ 13,171	\$ 1,331,084
2018 Budget	\$ 58,934	\$ 1,080,000	\$ 2,000	\$ 390,711	\$ 12,500	\$ 1,544,145
2019 Budget	\$ 65,514	\$ 1,000,000	\$ 2,100	\$ 418,000	\$ 14,090	\$ 1,499,704

*Cable Franchise Fees moved from Utility Taxes in 2015

**Building permits are accounted for in Fund 003, a managerial fund of the General Fund

Intergovernmental Revenue

This category is dominated by various state-shared revenues. These revenues are distributed by the state to cities on a per capita basis, including motor vehicle excise tax, liquor tax, liquor profits, and criminal justice. Total intergovernmental revenue is budgeted to be \$857,912 excluding motor vehicle excise tax which is budgeted in the Street Fund.

As previously stated, state-shared revenues are taxes collected by the State of Washington and apportioned on the basis of relative population. As a consequence, the revenue received by the City is affected not only by state-wide growth in the various tax bases, but also by Lake Stevens’ share of total population in incorporated areas in the State. Due to the statewide trend toward incorporation, this share of revenue continues to decrease as the revenues are shared among

an increasing number of cities. So, the expectation is that the growth of these revenues will be minimal.

Charges for Services

This revenue reflects the revenues raised for the City selling goods or providing services. The philosophy behind these revenues is to charge just those people purchasing the goods or requesting the services rather than allocating these costs of goods and services over the City's entire population.

Revenue from charges for services is budgeted at \$329,349. This category of revenue includes passport fees, law enforcement services, zoning and subdivision fees, service ILA's, along with other miscellaneous charges for services.

Zoning and Land use fees are Charges for Services that are now included in the permitting managerial fund. The 2019 budget for these charges is \$240,000.

Fines & Forfeitures

The City anticipates receiving \$278,000 in revenue from fines & forfeitures, largely from traffic infractions.

Miscellaneous

Miscellaneous revenues include various items not associated with the other revenue categories. Revenues in this category include investment interest, facility rentals, donations, and other miscellaneous revenues.

The **Contingency Reserve Fund** is a managerial fund of the General Fund and is budgeted to receive a transfer of \$250,000 and construction related sales tax of \$700,000 in 2019. This amount is a placeholder and will be updated throughout the year based on actual construction related sales tax receipts. The funds are set aside for capital related projects.

Special Revenue Funds

Special Revenue Funds are used to account for proceeds of taxes or other revenues, which must be used for specific purposes.

The City of Lake Stevens has the following Special Revenue Funds: Street, Drug Seizure & Forfeiture, and Municipal Arts.

The **Street Fund** will receive \$679,034 in State collected gasoline tax. This tax is distributed to the City for the construction, improvement, chip sealing, seal coating and repair of arterial highways and City streets. Gas taxes are distributed monthly, based on population. The Street Fund will also receive 28% of property tax which is \$1,348,672.

City of Lake Stevens, Washington
 Revenue Summary - Continued

The **Drug Seizure Fund** accounts for the proceeds of items forfeited in accordance with RCW 69.50.505. The net proceeds are deposited and receipted in this fund and are expected to be \$5,000.

The **Municipal Arts Fund** receives a 1 percentage allocation from qualifying municipal construction projects as well as budgeted contributions from the General Fund and is designated for art purposes. The Fund is estimated to receive \$310 from interest in 2019.

Debt Service Funds

The City has three debt service funds. These funds account for three different General Obligation Bonds which are funded by the general fund, real estate excise tax, and the Lake Stevens Sewer District. The total 2019 debt service of all three bonds will be \$343,000. Total debt service can be seen below. Debt service funds receive revenues as transfers from other funds to pay for the bonds.

Regular Levy (non-voted)	Maturity Date	Interest	Original Issuance	Reedemed to		2019 Payments
				Date (12/31/2018)	Debt Outstanding	
2008A LTGO Bonds - General port	12/1/2028	3%-4.1%	\$ 3,001,447	\$ 1,291,447	\$ 1,710,000	\$ 140,000
20081 LTGO Bonds- Sewer	12/1/2022	3%-4%	\$ 1,508,553	\$ 1,013,553	\$ 495,000	\$ 115,000
2010A LTGO Bonds	12/1/2018	3.5%-4.5%	\$ 511,000	\$ 511,000	\$ -	\$ -
2015 LTGO Refunding Bonds	12/1/2013	2.04%	\$ 785,000	\$ 333,000	\$ 452,000	\$ 88,000
TOTAL Non-Voted			\$ 5,806,000	\$ 3,149,000	\$ 2,657,000	\$ 343,000
TOTAL GENERAL OBLIGATION DEBT			\$ 5,806,000	\$ 3,149,000	\$ 2,657,000	\$ 343,000

Capital Funds

The City has five Capital Funds. Real Estate Excise tax I, Real Estate Excise tax II, Capital Projects – Developer Contributions (Traffic Mitigation), Park Mitigation, Downtown Development, and Sidewalk Capital Projects.

The **Real Estate Excise tax funds** each receive 0.25% of the selling price of real property in the City. The Real Estate Excise Tax funds have a combined budget of \$1,700,000.

The **Capital Projects – Developer Contribution** fund receives mitigation fees assessed to developers when properties are developed. Mitigation comes in as traffic mitigation. Total mitigation is expected to be \$1,200,500.

A new fund to track downtown development was created named **Downtown Development Fund**. This fund has a \$3,050,000 grant from the Department of Commerce. These funds will go toward Main Street, North Cove park, and a Community Center building. This is a roll forward project from 2018.

The **Park Mitigation fund**, like the Traffic Mitigation fund, receives fees assessed to developers when properties are developed. Total park mitigation is budgeted to be \$650,000 as well as a \$485,000 Grant for Cavelero park.

Sidewalk Capital Projects fund receives revenue from a transfer from the Street Fund and grants. The sidewalk fund will have a carry forward grant reimbursement for Safer Routes on 91st and 4th St. SE.

Enterprise Funds

The Storm & Surface Water Fund imposes a charge on users for the maintenance and operation of the storm drainage system. The City increased fees in 2019 to \$220 per ERU, to increase the level of service for the storm drainage system. Additionally, the City receives contributions from Snohomish County to perform milfoil and alum treatments on the lake. Surface water charges are collected by the County and remitted to the City. Budgeted revenues are \$3,145,273.

Internal Service Funds

Internal service funds are designed to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City. The City has six internal service funds: Unemployment, Capital Equipment Computer, Capital Equipment Police, Capital Equipment Public Works, Vehicle Replacement Fund, and Aerator Equipment.

The **Unemployment** Fund provides for the payment of unemployment claims should an ex-employee claim unemployment benefits. The City does not contribute monthly like a private employer would; we contribute only when there is a claim. To protect against any large unexpected claims, money is contributed from the General, Street, and Storm water funds annually based on previous claim history. This fund has a beginning balance of \$67,838 and is not budgeted to receive any contributions other than investment interest of \$1,018.

The **Capital Equipment Computer** Fund is for the replacement of computer equipment Citywide. Resources are contributions from participating funds. The fund will receive \$300,000 in contributed capital and \$25,000 in technology fees collected from building permits.

The **Capital Equipment Vehicle** Fund is for the replacement of vehicles for various General Fund departments like planning and building. Resources are contributions from participating funds. The fund will receive \$10,000 in contributed capital.

The **Capital Equipment Police** Fund provides for the periodic purchase of new police vehicles and vessels. Funds are provided through transfers from the General Fund. The fund will receive a total \$218,000 combined from the General Fund.

The **Capital Equipment Public Works** Fund provides for the periodic purchase of equipment for the operation of the Public Works Department. Contributions are also received from the Street Fund and Surface Water fund to build and maintain a pool of resources to purchase new equipment or replace equipment. The fund will receive a total \$400,000 combined from the General Fund, Street Fund, and Surface Water Fund.

The **Aerator Fund** was set up per ILA with Snohomish County to maintain the aerator in the lake. The aerator has since been removed and the remaining funds will either be used for continued maintenance of the lake in the form of alum treatment as authorized by ILA, or will be allocated back to the City and County as the contributing entities and the ILA will be amended.

**2019 Adopted Budget
All Funds
Summary of Expenditures**

Fund Name	2018 Budgeted Expenditures	2019 Budgeted Expenditures	% Change (2018 Budget vs 2019 Budget)
General Fund	\$15,174,802	\$14,150,786	-7%
Reserve Fund	\$708,050	\$210,000	-70%
Permitting - Managerial	\$0	\$800,000	0%
General Funds	\$15,882,852	\$15,160,786	0%
Street	\$2,733,817	\$2,702,905	-1%
Drug Seizure & Forfeiture Fund	\$40,000	\$49,000	23%
Municipal Arts Fund	\$20,350	\$20,963	3%
2008 Bonds	\$349,705	\$344,605	-1%
LTGO Bond 2015	\$95,955	\$97,221	1%
Cap. Proj.-Dev. Contrib.	\$5,526,156	\$355,300	-94%
Park Mitigation	\$3,010,749	\$9,583	-100%
Cap. Imp.-REET	\$1,128,878	\$1,101,844	-2%
Cap. Improvements REET 2	\$4,039,582	\$2,867,750	-29%
Downtown Development	\$0	\$0	0%
Sidewalk Capital Project	\$622,000	\$200,000	-68%
20th Street SE Corridor CP	\$0	\$0	0%
Sewer	\$1,102,198	\$1,125,335	2%
Storm and Surface Water	\$2,153,467	\$3,145,273	46%
Unemployment	\$30,000	\$10,000	-67%
Equipment Fund - Computers	\$351,994	\$294,720	-16%
Equipment Fund--Vehicles	\$0	\$0	0%
Equipment Fund-Police	\$331,540	\$0	-100%
Equipment Fund-PW	\$92,930	\$139,857	50%
Aerator Equipment Replacement	\$111,589	\$0	-100%
Refundable Deposits	\$178,252	\$101,000	-43%
Treasurer's Trust	\$403,740	\$445,100	10%
Total All Funds	\$38,205,754	\$28,171,241	-26%

City of Lake Stevens, Washington
Expenditure Summary - Continued

Expenditures for all funds are budgeted at \$28.1 million with an ending fund balance of \$22.6 million. The City has three major funds; the General Fund, the Street Fund, and the Storm & Surface Water Fund.

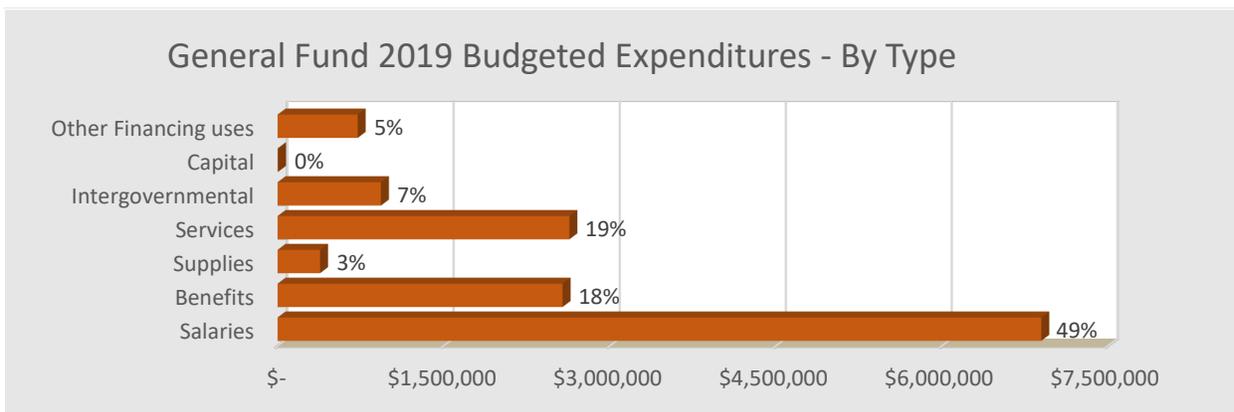
General Fund

The General Fund has \$14.1 million in expenditures budgeted in 2019. The City has 12 departments that make up the General Fund; Legislative & Executive, Administration, City Clerk, Finance, Human Resources, Information Technology, Planning & Community Development, Law Enforcement, Parks, Legal, Community, and General Government.

The table below shows the expenditures by department. As shown, Law Enforcement makes up 54% of the General Fund, while the Planning & Building department follow with 12%.

Department	2014	2015	2016	2017	2018 Budget	2019 Budget	% of 2019 budget
Legislative & Executive	\$ 93,779	\$ 150,254	\$ 170,287	\$ 219,404	\$ 224,996	\$ 191,310	1%
Administration	128,232	208,777	\$ 195,707	\$ 200,412	\$ 178,424	\$ 187,334	1%
City Clerk	102,321	147,008	\$ 158,038	\$ 166,172	\$ 245,037	\$ 134,520	1%
Finance	187,698	198,910	\$ 276,519	\$ 424,091	\$ 517,582	\$ 546,088	4%
Human Resources	102,724	105,248	\$ 112,261	\$ 151,236	\$ 155,467	\$ 279,450	2%
Information Technology	206,423	201,156	\$ 232,419	\$ 276,137	\$ 272,345	\$ 359,323	3%
Planning & Community Deve	670,272	798,860	\$ 1,357,037	\$ 1,234,147	\$ 1,476,725	\$ 1,745,402	12%
Law Enforcement	4,696,704	5,033,946	\$ 5,523,044	\$ 6,443,207	\$ 6,989,853	\$ 7,677,221	54%
Parks	68,628	104,424	\$ 414,546	\$ 563,897	\$ 444,519	\$ 740,746	5%
Legal	323,508	352,801	\$ 437,930	\$ 538,342	\$ 585,586	\$ 538,389	4%
Community	46,256	71,170	\$ 53,988	\$ 51,703	\$ 87,435	\$ 68,361	0%
General Government	1,169,781	1,642,096	\$ 4,227,296	\$ 7,149,855	\$ 3,061,305	\$ 1,682,640	12%
Total	\$7,796,327	\$9,014,648	\$13,159,073	\$17,418,603	\$ 14,239,274	\$ 14,150,786	100%

Summarizing General Fund expenditures by type gives a better understanding of what the General Fund pays for. Salaries and benefits make up 67% of General Fund Expenditures.

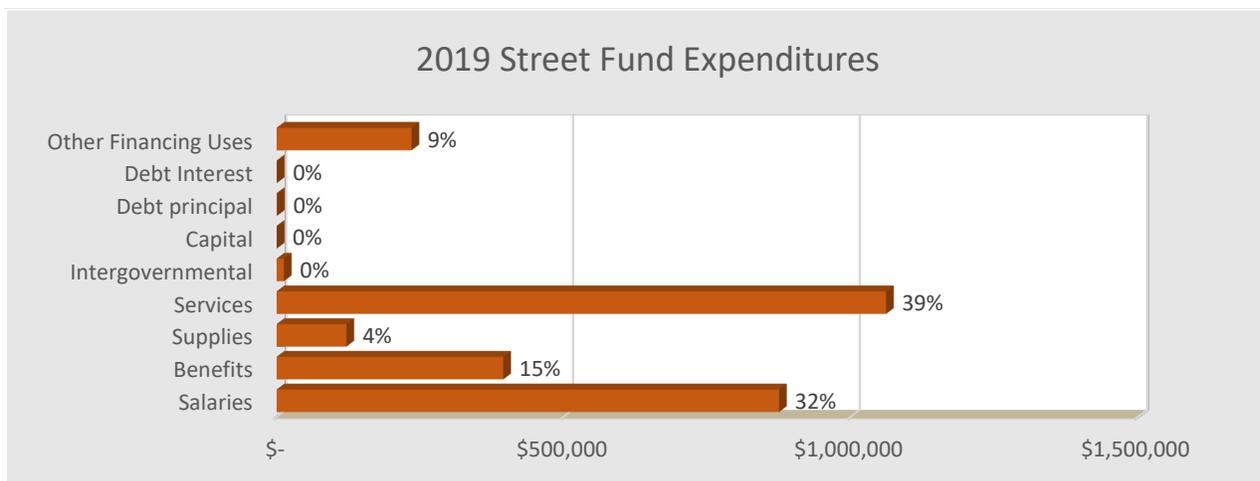


Personnel

The 2019 budget includes a cost of living increase of 3% for non-union, 2.0% Public Works Teamsters members, and 3% for Police Guild members.

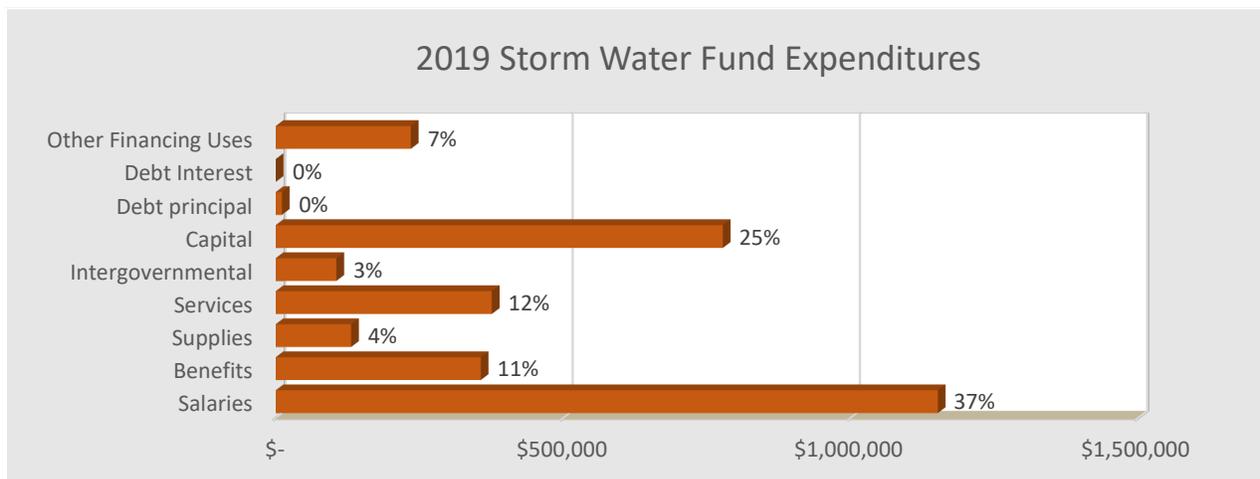
Street Fund

The Street Fund expenditures for 2019 are \$2.7 million. The expenditures cover street maintenance, some street overlays, street lighting, street striping, sidewalk repair, and salaries/benefits. This fund is supported by 28% of property taxes as well as the motor vehicle fuel tax. The Street Fund expenditures are summarized below:



Storm & Surface Water Fund

The Storm & Surface Water Fund provides for the maintenance and operation of the City’s storm drainage system, lake and stream maintenance. Budgeted expenditures are estimated to be \$3,145,273 summarized below:



Capital Funds

Capital funds include the Sidewalk Fund, Developer Contribution Fund, and Real Estate Excise Tax Funds. Capital projects are mainly funded by State or Federal grants, Real Estate Excise Taxes, and developer mitigation payments. Other funding sources such as the general fund, and the reserve fund can also pay into these projects, including equipment purchases.

Sidewalk Capital Projects

This category includes projects for sidewalks. These projects are primary funded by grants, and transfers from the Street Fund. No transfers from the Street Fund are budgeted for 2019. One Safe Route to School project at 91st and 4th ST SE is carried forward from 2018 as well as sidewalk construction projects of \$200,000.

Project Name	2019 Projects
Safer Routes - 91st/4th St.SE	\$ 326,054
Sidewalk Construction (internal)	\$ 200,000
Total Sidewalk Projects	\$ 526,054

Park Capital Projects

Projects in this category are for park capital projects. Funding is received through park mitigation fees in the permitting process and grants. The following projects are slated in 2019 and include roll forward projects.

Project Name	2019 Projects
Tree Mitigation Expenditures	\$ 9,583.00
PM - Frontier Heights Capital	\$ 141,221.73
PM - North Cove Capital	\$ 1,664,244.18
PM - Soccer Field 20th Street	\$ 2,095.68
PM - Eagle Ridge	\$ 15,935.88
PM - Cavelero Park	\$ 735,000.00
Total park	\$ 2,568,080.47

Capital Projects – Developer Contributions

Projects under this category are for road infrastructure, pedestrian infrastructure, street related capital projects. Most of the projects are being carried forward from 2018.

Project Name	2019 Projects
Street Op - P&D - 20th St SE	\$ 46,537
T11 - 24th & 91st Ext Design	\$ 436,017
Village Way - Local portion 2019	\$ 100,000
Main Street 1 - 16th to 20th St Improvements (Commerce Grant)	\$ 790,677
T122 - S. Lake Stevens Rd	\$ 1,528,300
Total Fund 301	\$ 2,901,530

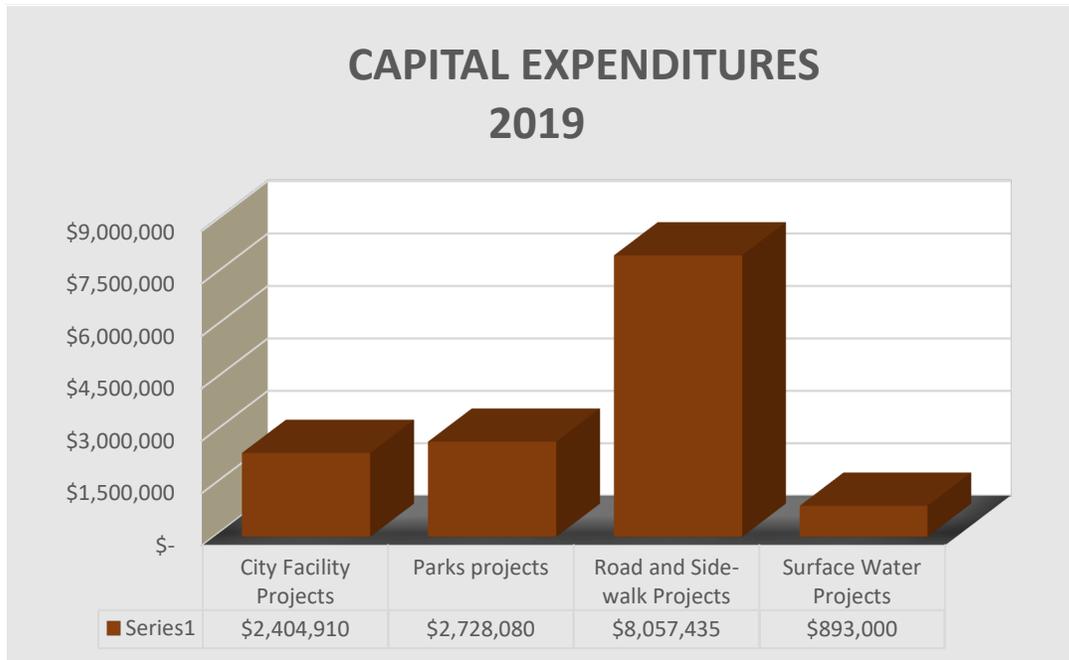
Real Estate Excise Tax Funds

The Real Estate Excise Tax funds are restricted for capital related projects. Expenditures from this fund pay for existing capital related debt and new capital projects. These projects can include street infrastructure, park infrastructure, or surface water infrastructure. The following projects are slated 2019 from REET 1 and REET 2 and include roll forward projects.

Project Name	2019 Projects
New PD Bond Debt	\$ 500,000
Transfer to Police Debt (2015 Bond)	\$ 97,221
transfer to 210 for 2008 bonds	\$ 209,905
800 MHZ Capital Debt Principal	\$ 18,258
800 MHZ Capital Debt Interest	\$ 4,360
Additional Capital Requests (fuel system, portion of decant facility)	\$ 272,100
REET 1	\$ 1,101,844
79th Ave SE Access Road (Cav)	\$ 1,074,325
Frontier Village/4th Project	\$ 41,526
Frontier Heights	\$ 235,750
Tressle/HOV (\$1.8 Million Grant)	\$ 2,472,000
20th Street NE Regional Pond	\$ 806,250
Requested Capital (Lundeen Park, Soccer Fields, Boat Launch Sign)	\$ 160,000
REET 2	\$ 4,789,851

Capital Projects – City Wide

The City has a total of \$14.1 Million in capital related activity in 2019. Below is the summary of all budgeted and roll forward projects across City funds by type, excluding debt and transfers.



City of Lake Stevens, Washington
2019 Revenue Detail

	Actual	Actual	Actual	Budgeted	Budgeted
	2015	2016	2017	2018	2019
General Fund					
Taxes					
Property (72%)	\$ 3,037,721	\$ 3,098,274	\$ 3,232,561	\$ 3,338,633	\$ 3,468,013
Sales tax	\$ 2,491,761	\$ 2,897,442	\$ 2,712,703	\$ 2,733,461	\$ 2,935,350
Sales-Criminal Justice	\$ 464,164	\$ 501,512	\$ 534,791	\$ 557,859	\$ 584,358
Gas/Telephone Utility Tax	\$ 905,443	\$ 845,836	\$ 860,102	\$ 935,564	\$ 814,731
Electric Utility Tax*	\$ 374,023	\$ 385,355	\$ 836,768	\$ 801,715	\$ 915,000
Gambling	\$ 17,275	\$ 18,398	\$ 21,164	\$ 21,006	\$ 25,521
New Utility Taxes	\$ -	\$ -	\$ -	\$ -	\$ 622,400
Misc.	\$ 6,055	\$ 5,415	\$ 8,424	\$ 6,528	\$ 5,000
Subtotal Taxes	\$ 7,296,442	\$ 7,752,232	\$ 8,206,513	\$ 8,394,766	\$ 9,370,373
*changed allocation to 100% in 2017					
Licenses & Permits					
Business	\$ 52,460	\$ 54,280	\$ 61,280	\$ 58,934	65513.682
Cable	\$ 367,671	\$ 390,711	\$ 427,278	\$ 390,711	418000
Building	\$ 698,993	\$ 1,594,885	\$ 827,231	\$ -	
Weapon	\$ 7,880	\$ 10,839	\$ 9,946	\$ 10,000	11213
Other	\$ 4,566	\$ 3,763	\$ 5,349	\$ 4,500	\$ 4,977
Subtotal Licenses & Permits	\$ 1,131,570	\$ 2,054,479	\$ 1,331,083	\$ 464,145	\$ 499,704
Intergovernmental					
Federal Grants	\$ 32,089	\$ 43,100	\$ 24,054	\$ 18,500	\$ 23,580
State Grants	\$ -	\$ 2,307	\$ 299,730	\$ 20,000	\$ -
WA OPD - Social Worker	\$ -	\$ 20,000	\$ 2,260	\$ 25,000	\$ 25,000
PUD Privilege	\$ 110,119	\$ 114,734	\$ 116,168	\$ 115,000	\$ 128,000
Vessel Registration	\$ 11,486	\$ 12,879	\$ 11,718	\$ 13,000	\$ 12,000
City-County Assistance	\$ 113,853	\$ 116,829	\$ 116,997	\$ 100,000	\$ 125,000
Criminal Justice	\$ 40,772	\$ 42,924	\$ 45,128	\$ 43,483	\$ 47,207
Marijuana Excise	\$ 8,209	\$ 28,177	\$ 19,815	\$ -	\$ 65,000
Liquor Excise Tax	\$ 79,417	\$ 139,503	\$ 148,942	\$ 156,161	\$ 163,710
Liquor Board Profits	\$ 255,596	\$ 257,567	\$ 260,885	\$ 263,125	\$ 268,280
Other	\$ 135	\$ 135	\$ -	\$ 4,895	\$ 135
Subtotal Intergovernmental	\$ 651,676	\$ 778,155	\$ 1,045,698	\$ 759,164	\$ 857,912
Charges for Services					
Lobbying	\$ -	\$ -	\$ -	\$ -	\$ -
Public Records	\$ 3,611	\$ 3,236	\$ 922	\$ 3,248	\$ 1,800
Passports	\$ 73,807	\$ 88,818	\$ 114,823	\$ 100,000	\$ 125,000
Law Enforcement Services	\$ 194,455	\$ 169,034	\$ 144,079	\$ 169,507	\$ 183,050
IT - ILA	\$ 81,692	\$ 83,112	\$ 49,859		
Zoning & Subdivision	\$ 154,215	\$ 320,923	\$ 295,162	\$ -	
Other	\$ 5,979	\$ 12,563	\$ 18,923	\$ 8,945	\$ 19,499
Subtotal Charges for services	\$ 513,759	\$ 677,686	\$ 623,767	\$ 281,700	\$ 329,349

City of Lake Stevens, Washington
2019 Revenue Detail

	Actual	Actual	Actual	Budgeted	Budgeted
	2015	2016	2017	2018	2019
Fines					
District Court	\$ 128,372	\$ 143,871	\$ 193,209	\$ 150,000	\$ 273,000
Other	\$ 9,949	\$ 6,667	\$ 2,600	\$ 4,000	\$ 5,000
Subtotal Fines	\$ 138,321	\$ 150,538	\$ 195,809	\$ 154,000	\$ 278,000
Miscellaneous					
Investment Interest	\$ 12,566	\$ 35,765	\$ 65,501	\$ 57,010	\$ 60,000
Boat and Event Fees	\$ 22,618	\$ 8,170	\$ 8,948	\$ 7,500	\$ 8,000
Lease	\$ 24,469	\$ 47,396	\$ 62,126	\$ 57,125	\$ 9,430
donations	\$ 5,709	\$ 23,892	\$ 3,025	\$ 700	\$ 10,700
Misc.	\$ 19,549	\$ 3,831	\$ 12,519	\$ 23,773	\$ 9,002
Grade Road Prop			\$ 3,590,000	\$ -	\$ 0
Transfers	\$ -	\$ 2,461,824	\$ -	\$ 1,500,000	\$ 720,000
Subtotal miscellaneous	\$ 84,912	\$ 2,580,878	\$ 3,742,120	\$ 1,646,108	\$ 817,132
Total General Fund Revenue	\$ 9,816,679	\$ 13,993,968	\$ 15,144,991	\$ 11,699,882	\$ 12,152,470
Contingency Reserve					
Interest	\$ 4,857	\$ 13,158	\$ 20,963	\$ 13,843	\$ 45,927
Sales Tax			\$ 603,344	\$ 600,000	\$ 700,000
Transfer In	\$ 800,000	\$ 800,000	\$ 806,145	\$ 500,000	\$ 250,000
Other	\$ -	\$ 15	\$ -	\$ -	\$ -
Total Contingency Reserve	\$ 804,857	\$ 813,173	\$ 1,430,453	\$ 1,113,843	\$ 995,927
Permit Fund					
Building Permits	\$ -	\$ -	\$ -	\$ 1,080,000	\$ 1,000,000
Zoning-Subdivision Fees	\$ -	\$ -	\$ -	\$ 148,500	\$ 240,000
	\$ -	\$ -	\$ -	\$ 1,228,500	\$ 1,240,000
* Moved from general fund in 2018					
Special Revenue Funds					
Street					
Motor Vehicle Fuel Tax	\$ 614,670	\$ 675,994	\$ 669,205	\$ 689,393	\$ 679,034
Property tax (28%)	\$ 1,181,336	\$ 1,204,884	\$ 1,257,107	\$ 1,298,357	\$ 1,348,672
Utility Tax - Garbage					\$ 168,000
Utility Tax - Electric (50%)	\$ 374,026	\$ 385,355	\$ -	\$ -	\$ -
Multimodal Transportation	\$ -	\$ -	\$ 32,486	\$ 44,753	\$ 45,561
TBD	\$ -	\$ -	\$ -	\$ -	\$ 227,700
ROW Permits	\$ 28,528	\$ 26,442	\$ 32,838	\$ 28,026	\$ 34,000
Grants	\$ -	\$ -	\$ 17,266	\$ -	\$ -
Charges for Services	\$ 3,295	\$ 896	\$ 1,371	\$ 1,500	\$ -
Misc.	\$ 11,528	\$ 23,184	\$ 27,394	\$ 23,858	\$ 32,760
Insurance Recovery	\$ 233	\$ 4,095	\$ -	\$ 2,000	\$ -
Transfer In	\$ -	\$ -	\$ -	\$ -	\$ 35,000
Total Street	\$ 2,213,615	\$ 2,320,849.7	\$ 2,037,668	\$ 2,087,887	\$ 2,570,727
Street Reserve					
Interest	\$ 2	\$ 7	\$ 13	\$ 11	\$ 24
Total Street Reserve	\$ 2	\$ 7	\$ 13	\$ 11	\$ 24

City of Lake Stevens, Washington
2019 Revenue Detail

	Actual	Actual	Actual	Budgeted	Budgeted
	2015	2016	2017	2018	2019
Drug Seizure & Forfeiture					
Interest	\$ 49	\$ 176	\$ 392	\$ 316	\$ 654
Confiscated property	\$ 8,288	\$ 10,991	\$ 491	\$ 9,000	\$ 5,000
State Remittance	\$ 921	\$ -	\$ -	\$ -	\$ -
Total Drug Seizure & Forfeiture	\$ 9,258	\$ 11,167	\$ 882	\$ 9,316	\$ 5,654
Municipal Art					
Interest	\$ 26	\$ 49	\$ 100	\$ 80	\$ 310
Transfer in	\$ 20,000	\$ -	\$ 8,850	\$ -	\$ -
Total Municipal Art	\$ 20,026	\$ 49	\$ 8,951	\$ 80	\$ 310
Debt Service					
PWTF 2002	\$ -	\$ -	\$ -	\$ -	\$ -
LTGO 2004	\$ 16,543	\$ -	\$ -	\$ -	\$ -
PWTF 2006	\$ -	\$ -	\$ -	\$ -	\$ -
PWTF 2005	\$ -	\$ -	\$ -	\$ -	\$ -
PWTF 2008	\$ -	\$ -	\$ -	\$ -	\$ -
LTGO 2008 bonds	\$ 351,402	\$ 353,268	\$ 354,105	\$ 349,705	\$ 344,605.00
PWTF 2010	\$ -	\$ -	\$ -	\$ -	\$ -
2010 LTGO Bonds	\$ 549,912	\$ 74,164	\$ 74,164.18	\$ 37,082	\$ -
LTGO Bond 2015	\$ 870,322	\$ 97,301	\$ 93,607	\$ 95,955	\$ 97,221
Total Debt Service	\$ 1,788,179	\$ 524,732	\$ 521,876	\$ 482,742	\$ 441,826
Capital Funds					
Capital Projects					
Local Impact	\$ -	\$ -	\$ 17,253	\$ 3,000	\$ 10,060
Traffic Mitigation	\$ 303,970	\$ 97,989	\$ -	\$ -	
Traffic Mitigation - TIZ 1	\$ 41,498	\$ 32,186	\$ 14,540	\$ 25,000	\$ 47,468
Traffic Mitigation - TIZ 2	\$ 229,802	\$ 189,605	\$ 24,007	\$ 12,000	\$ 370,272
Traffic Mitigation - TIZ 3	\$ 24,625	\$ 284,169	\$ 507,554	\$ 300,000	\$ 782,760
Tree Replacement	\$ 1,716	\$ 8,960	\$ -	\$ -	
Interest	\$ 6,307	\$ 22,339	\$ 38,286	\$ 39,720	\$ 10,868
Grants	\$ 103,478	\$ 280,420	\$ 72,708	\$ 450,000	\$ -
WSDOT Grant	\$ -	\$ -	\$ -	\$ 1,300,000	\$ -
Total Capital Projects	\$ 1,083,337	\$ 1,704,612	\$ 674,347	\$ 2,129,720	\$ 1,221,429
Park Mitigation * (Park Fund created in 2017)					
Park Mitigation	\$ 371,940	\$ 788,944	\$ 346,153	\$ 350,000	650000
DOC Grant				\$ 485,000	485000
Interest	\$ -	\$ -	\$ 13,844	\$ 724	3821.25075
Transfer In			\$ 2,289,056	\$ -	
Total Park Capital Projects	\$ 371,940	\$ 788,944	\$ 2,649,053	\$ 835,724	\$ 1,138,821
Real Estate Excise Tax					
REET 1	\$ 718,120	\$ 1,136,588	\$ 1,013,308	\$ 600,000	\$ 850,000
Interest REET 1	\$ 1,677	\$ 5,659	\$ 18,265	\$ 12,911	\$ 35,254
Subtotal REET 1	\$ 719,798	\$ 1,142,247	\$ 1,031,573	\$ 612,911	\$ 885,254

City of Lake Stevens, Washington
2019 Revenue Detail

	Actual	Actual	Actual	Budgeted	Budgeted
	2015	2016	2017	2018	2019
REET 2	\$ 714,039	\$ 1,136,303	\$ 1,010,863	\$ 600,000	\$ 850,000
Trestle HOV	\$ -	\$ -	\$ -		\$ 1,822,000
DOT Grant	\$ -	\$ -	\$ -	\$ 658,700	\$ -
Interest REET 2	\$ 3,572	\$ 11,831	\$ 28,278	\$ 20,498	\$ 22,244
Subtotal REET 2	\$ 717,610	\$ 1,148,135	\$ 1,039,141	\$ 1,279,198	\$ 2,694,244
Total Real Estate Excise Tax	\$ 1,437,408	\$ 2,290,381	\$ 2,070,714	\$ 1,892,109	\$ 3,579,498
Downtown Redevelopment					
State Commerce Grant	\$ -	\$ -	\$ -	\$ 3,050,000	\$ -
Transfer in	\$ -	\$ -	\$ -	\$ 331,627	\$ -
* Fund gerated in 2018	\$ -	\$ -	\$ -	\$ 3,381,627	\$ -
Sidewalk Capital					
Grants	\$ 177,600	\$ 450,736	\$ 65,690	\$ 466,500	\$ -
Interest	\$ 662	\$ 3,259	\$ 9,259	\$ 6,691	\$ 14,784
Transfer In	\$ -	\$ 500,000	\$ 250,000	\$ -	\$ -
Total Sidewalk Capital	\$ 178,261	\$ 953,995	\$ 324,949	\$ 473,191	\$ 14,784
Enterprise Funds					
Sewer					
Sewer Utility Agreement	\$ 77,040	\$ 75,000	\$ 32,083	\$ 15,000	
Interest	\$ 447	\$ 1,607	\$ 3,147	\$ 2,979	\$ 3,763
Lease LT - WWTP Property	\$ -	\$ -	\$ -	\$ -	
Sewer District reimbursement	\$ 1,310,290	\$ 1,305,694	\$ 1,049,334	\$ 1,049,671	\$ 1,040,335
Total Sewer	\$ 1,387,776	\$ 1,382,300	\$ 1,084,564	\$ 1,067,650	\$ 1,044,098
Sewer Reserve					
Investment Interest	\$ -	\$ -	\$ -	\$ -	\$ -
SA - Grade Road Basin	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Transfer In	\$ -	\$ -	\$ -	\$ -	\$ -
Total Sewer Reserve	\$ -				
Storm & Surface Water					
Grants	\$ 111,476	\$ 6,005	\$ 18,995	\$ -	\$ 25,000
Surface Water Fee	\$ 1,394,038	\$ 1,440,307	\$ 1,443,850	\$ 1,557,508	\$ 3,477,107
SnoCo Aerator Contribute	\$ 230	\$ -	\$ -	\$ -	
SnoCo Weed Abate Contrib.	\$ 10,220	\$ 8,948	\$ -	\$ 10,000	\$ 20,000
Investment Interest	\$ 2,485	\$ 7,393	\$ 12,159	\$ 11,318	\$ 16,404
Miscellaneous Revenues - Storm	\$ 5,050	\$ -	\$ -	\$ -	
Interfund Transfer In	\$ -	\$ -	\$ -	\$ -	\$ 35,000
Total Storm & Surface Water	\$ 1,523,499	\$ 1,462,653	\$ 1,475,004	\$ 1,578,826	\$ 3,573,511

City of Lake Stevens, Washington
2019 Revenue Detail

	Actual	Actual	Actual	Budgeted	Budgeted
	2015	2016	2017	2018	2019
Internal Service Fund					
Unemployment Transfers in/Interest	\$ 166	\$ 431	\$ 841	\$ 669	\$ 1,018
Equipment Fund - Vehicles	\$ -	\$ -	\$ 10,020	\$ 10,020	\$ 10,303
Equipment Fund - IT	\$ 272,463	\$ 153,294	\$ 154,391	\$ 202,932	\$ 325,502
Equipment - Police	\$ 213,312	\$ 203,956	\$ 200,648	\$ 97,620	\$ 218,290
Equipment - Public Works	\$ 148,952	\$ 331,015	\$ 853,530	\$ 403,462	\$ 414,319
Aerator Equipment	\$ 10,185	\$ 10,558	\$ 15,213	\$ 17,800	\$ -
Total Internal Service Funds	\$ 645,077	\$ 699,254	\$ 1,234,642	\$ 732,503	\$ 969,432
Fiduciary Funds					
Refundable Deposits					
Retainage - Public Bldg. Maint	\$ 599	\$ 908	\$ 46,004	\$ 1,000	\$ 1,000
Retainage - Street Project	\$ 17,927	\$ 17,505	\$ 24,787	\$ 50,000	\$ 50,000
Retainage - Other PW Project	\$ -	\$ 8,581	\$ 30,849	\$ 50,000	\$ 50,000
Total Refundable Deposit	\$ 18,525	\$ 26,994	\$ 101,639	\$ 101,000	\$ 101,000
Treasurers Trust					
Seizure & Forfeit - State Rev	\$ -	\$ 1,211	\$ 111	\$ 1,200	\$ 1,000
District Court	\$ 98,398	\$ 115,219	\$ 187,163	\$ 345,000	\$ 355,000
Gun Permit Fees	\$ 13,319	\$ 17,929	\$ 14,675	\$ 15,000	\$ 17,000
St. Bldg. Permit Fee Non-Rev	\$ 1,240	\$ 2,574	\$ 2,981	\$ 3,000	\$ 4,000
Leasehold Excise Tax Receipts	\$ 3,141	\$ 4,757	\$ 6,207	\$ 4,500	\$ 3,000
Violations Bureau-Local St	\$ 11,013	\$ 8,160	\$ -	\$ 25,000	
Mandatory Ins.-Admin Cost County	\$ -	\$ 0	\$ -	\$ 500	
Fire Department Fees	\$ 15,028	\$ 28,799	\$ 14,079	\$ 7,000	\$ 20,000
Interfund Transfer In	\$ -	\$ -	\$ -	\$ -	
Total Treasurers Trust	\$ 142,139	\$ 178,650	\$ 225,216	\$ 401,200	\$ 400,000
Total Revenue All FUNDS	\$ 21,068,639	\$ 26,362,784	\$ 28,984,962	\$ 29,215,810	\$ 29,449,510

Department Expenditure Detail



Legislative and Executive

The purpose of the Mayor and City Council is to provide for political leadership and exercise those powers and duties granted by state statute to the executive and legislative branches of Lake Stevens City government, which are in the best interest of City residents and taxpayers.

The City of Lake Stevens operates within the Mayor-Council form of Government. This form consists of an elected Mayor (elected at large for a four year term) who serves as the City's Chief Executive Officer (CEO) and a Council (seven members elected at large for four year terms - staggered) which is responsible for formulating and adopting policies that will guide the Mayor in carrying out the functions of the City. The Mayor-Council form of government is characterized by a separation of executive and legislative powers and a system of checks and balances patterned after our traditional national and state governments. In short, the function of the Council is to decide what business the City should accomplish (adoption of policies, ordinances, etc.) and the Mayor's function is to translate those decisions into governmental actions.

Expenditure Summary

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Budgeted	Budgeted
Legislative					
Salaries	\$ 47,575	\$ 62,500	\$ 61,331	\$ 67,200	\$ 67,200
Benefits	\$ 3,724	\$ 3,864	\$ 3,692	\$ 5,640	\$ 5,379
Supplies	\$ 4,221	\$ 527	\$ 3,457	\$ 500	\$ 500
Services	\$ 9,755	\$ 35,444	\$ 70,356	\$ 118,875	\$ 36,100
Subtotal Legislative	\$ 65,275	\$ 102,334	\$ 138,836	\$ 192,215	\$ 109,179
Executive					
Salaries	\$ 22,400	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000.00
Benefits	\$ 1,814	\$ 3,041	\$ 3,035	\$ 2,131	\$ 2,131.00
Supplies	\$ 107	\$ 123	\$ 395	\$ 500	\$ 200.00
Services	\$ 60,657	\$ 40,790	\$ 5,025	\$ 6,150	\$ 55,800.00
Subtotal Executive	\$ 84,978	\$ 67,953	\$ 32,455	\$ 32,781	\$ 82,131
Total legislative & Executive	\$ 150,254	\$ 170,287	\$ 171,292	\$ 224,996	\$ 191,310

Administration

The Administration Department is responsible for assisting in the coordination of activities and services the City provides its customers and assists in the translation of Mayor/Council goals and policies into action. The Administration Department includes the City Administrator and Executive Assistant.

The major responsibility of the Administration Department is the coordination and supervision of the work of all other departments. Additional responsibilities include, contract negotiations and management; participation with other departments in the pursuit of grant funds; preparing regular and special management reports; processing citizen inquiries and service requests; and working with other regional governments.

Expenditure Summary

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Budgeted	Budgeted
Salaries	\$ 152,909	\$ 36,985	\$ 120,958	\$ 125,433	\$ 129,830
Benefits	\$ 33,462	\$ 8,907	\$ 55,173	\$ 43,991	\$ 45,904
Supplies	\$ 376	\$ 29	\$ 580	\$ 500	\$ 500
Services	\$ 22,031	\$ 149,786	\$ 11,118	\$ 8,500	\$ 11,100
Total Administration	\$ 208,777	\$ 195,707	\$ 187,828	\$ 178,424	\$ 187,334

City Clerk

The City Clerk Department provides a variety of services that support the City Council, City Departments and the public. The City Clerk coordinates the production of meeting materials for City Council meetings, Planning Commission meetings, Parks Board meetings, and Arts Commission meetings. The Clerk provides legal and public notifications, and official meeting minutes. The City Clerk provides notary services and is responsible for records management and public disclosure. The City Clerk Department includes the City Clerk and Deputy City Clerk.

Expenditure Summary

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Budgeted	Budgeted
Salaries	\$ 101,786	\$ 109,400	\$ 113,885	\$ 129,904	\$ 92,522
Benefits	\$ 40,462	\$ 38,602	\$ 41,646	\$ 43,053	\$ 26,348
Supplies	\$ 392	\$ 1,255	\$ 470	\$ 2,250	\$ 1,000
Services	\$ 4,078	\$ 8,780	\$ 10,170	\$ 69,830	\$ 14,650
Total City Clerk	\$ 146,718	\$ 158,038	\$ 166,172	\$ 245,037	\$ 134,520

Finance

The purpose of the Finance Department is to provide administrative support and information services to the public and City departments, maintain financial information in accordance with general accounting principles, and to ensure compliance to legal and prudent fiscal requirements in all financial and procedural operations. The Finance Department includes the Finance Director, Senior Accountant, Accountant, Office Assistants, and AP Specialist.

The Finance Department has many different areas of responsibility. The following gives a brief description of each:

Administration: To provide planning, organization, and control over the Finance Department functions and overall City financial matters.

Treasury: Responsible for cashiering and cash control, investment of City funds, and debt service payment processing. Financing services include issuance of bonds, interfund loans, etc.

Budget Accounting and Reporting: Provides for financial record keeping including budgeting, accounting, reporting, audit assistance, grant accounting, ongoing balancing, and control.

Personnel Services: Responsible for payroll processing, federal and State reporting of taxes, retirement, insurance, and other deductions.

Purchasing: Provides coordination of purchasing by the departments, processes vendor payments, handles insurance claims, assists in obtaining competitive bids for best prices.

Data Processing: Responsible for financial systems data processing including budgeting, accounting and payroll.

Expenditure Summary

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Budgeted	Budgeted
Salaries	\$ 118,446	\$ 153,800	\$ 193,855	\$ 293,035	\$ 328,619
Benefits	\$ 38,962	\$ 57,587	\$ 83,587	\$ 84,952	\$ 122,149
Supplies	\$ 1,665	\$ 3,110	\$ 2,316	\$ 3,500	\$ 2,500
Services	\$ 39,836	\$ 62,022	\$ 144,333	\$ 136,095	\$ 92,820
Total Finance	\$ 198,910	\$ 276,519	\$ 424,091	\$ 517,582	\$ 546,088

Human Resources

The Human Resources Department’s major objective is to develop a Labor Relations and Human Resources Department for the City that is multifaceted and provides support to the public, the Lake Stevens City Council, City Administration, Civil Service Commission, and all other departments.

The Human Resources Department is responsible for providing services for City employment and benefits, employee relations, City employee training, risk management, and wellness. In addition, the department provides staff support to the Civil Service Commission. The Department includes the Human Resources Director and Human Resources Specialist.

Expenditure Summary

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Budgeted	Budgeted
Salaries	\$ 76,613	\$ 78,145	\$ 88,044	\$ 98,945	\$ 163,266
Benefits	\$ 21,856	\$ 23,099	\$ 38,246	\$ 35,201	\$ 63,735
Supplies	\$ 1,398	\$ 1,796	\$ 3,439	\$ 5,400	\$ 4,400
Services	\$ 5,381	\$ 9,221	\$ 21,508	\$ 15,921	\$ 48,049
Total Human Services	\$ 105,248	\$ 112,261	\$ 151,236	\$ 155,467	\$ 279,450

Information Technology

The purpose of the Information Technology Department is to provide technology services to all City Departments through development, implementation, training, and maintenance of the City's technology infrastructure. The Department includes IT Manager, Network Administrator, and IT Support Specialist

The Information Technology Department is responsible for managing the City's growing technology infrastructure. This includes project management, website development, data and internet security, backup and recovery maintenance and support of application systems, network and desktop technology, telecommunication systems and IT plans in support of City goals and objectives.

Expenditure Summary

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Budgeted	Budgeted
Salaries	\$ 137,403	\$ 141,205	\$ 146,908	\$ 155,798	\$ 244,099
Benefits	\$ 59,672	\$ 62,701	\$ 67,449	\$ 67,531	\$ 70,731
Supplies	\$ 432	\$ 590	\$ 504	\$ 5,200	\$ 3,200
Services	\$ 3,649	\$ 27,923	\$ 61,277	\$ 43,816	\$ 41,293
Total Information Technology	\$ 201,156	\$ 232,419	\$ 276,137	\$ 272,345	\$ 359,323

Planning & Community Development

The Goal of the Department of Planning and Community Development (DPCD) is to efficiently provide effective and fair administration of land use planning, development permitting, coordination of economic development, parks and recreation services, and building and fire services. The following is a brief description of responsibilities.

Operational Planning and Long-Range Planning: Provide comprehensive planning services including administering, maintaining and updating Comprehensive Plan and Land Use Code; preparing local and regional facility plans; conducting interlocal agreement negotiations; and coordinating annexations. Write grants as appropriate. Develop and maintain the City's Geographic Information System (GIS) and Permit Tracking software. Review and comment on State, Federal and Snohomish County regulation changes and land use permit applications in the Lake Stevens Urban Growth Area. Coordinate with and represent the City at various groups.

Development Review: Administer the land use code, coordinate review on all land use applications, review business licenses, conduct pre-application conferences, monitor fees and deposits. Implement the City's permit tracking system. Manage the City's Land Use, Subdivision, SEPA, Shorelines, and Critical Areas codes and other land use processes. Provide staff support for the Hearing Examiner, Planning Commission, Park Board and Design Review Board.

Code Enforcement: Assist in code enforcement activities, particularly as related to the Land Use, Building and Fire Codes.

Support Functions: Provide staff support for City Council, Planning Commission, Park Board, Snohomish County Tomorrow, and various *ad hoc* committees.

Building: Review building permit applications, issue building permits, conduct plan review, and administer the Uniform Building Code, Uniform Plumbing Code, Uniform Mechanical Code, etc. Monitor building permit fees, perform inspections, and perform code enforcement activities.

Parks: The Parks Division acts as Liaison to the Parks Board, coordinates parks and recreation planning for policy development, recreation programs and capital projects with affected departments and stakeholders. Write grants as appropriate.

Economic Development: The Economic Development Division is responsible for recruiting new businesses into the city in support of the city planning efforts, coordinating with the Chamber of Commerce on business retention and expansion opportunities, and promoting opportunities for tourism and special events. Write grants as appropriate.

Expenditure Summary

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Budgeted	Budgeted
Planning					
Salaries	\$ 310,221	\$ 433,500	\$ 400,685	\$ 637,996	668387
Benefits	\$ 131,543	\$ 179,044	\$ 176,108	\$ 219,458	257350
Supplies	\$ 5,342	\$ 8,914	\$ 6,860	\$ 25,586	33085.88
Services	\$ 56,184	\$ 316,328	\$ 264,512	\$ 135,068	\$ 219,925
Capital	\$ -	\$ -	\$ -	\$ -	
Subtotal Planning	\$ 503,289	\$ 937,786	\$ 848,165	\$ 1,018,108	\$ 1,178,748
Building					
Salaries	\$ 187,447	\$ 199,732	\$ 247,237	\$ 289,434	\$ 395,859
Benefits	\$ 67,906	\$ 88,015	\$ 116,314	\$ 141,208	\$ 138,072
Supplies	\$ 3,988	\$ 6,842	\$ 3,871	\$ 6,600	\$ 14,228
Services	\$ 36,230	\$ 99,344	\$ 18,561	\$ 21,375	\$ 18,495
Capital	\$ -	\$ 25,318	\$ -	\$ -	
Subtotal Building	\$ 295,570	\$ 419,251	\$ 385,982	\$ 458,617	\$ 566,654
Total Planning & Community Development	\$ 798,860	\$ 1,357,037	\$ 1,234,147	\$ 1,476,725	\$ 1,745,402

Law Enforcement

The Lake Stevens Police Department is a full-service law enforcement agency, providing a full range of community policing services. The City enjoys a low violent crime rate because of our partnerships with the residents, other city departments, other area law enforcement agencies, and the City Council.

The Police Department is divided into three main functions:

Administration Division

The Police Chief is responsible for planning, organizing and leading the Police Department, through working with the Command Team, which is made up of the Chief, the Administrative Manager, the Operations Commander, and the Special Services Commander. This division directs personnel-related activities, including the organization of functional areas, approval of plans and activities, performance appraisal, counseling and disciplining and the recommendation of staff hires and promotions. The Chief also serves as the police liaison with other agencies, regional service providers, and community groups.

The Police Administrative Manager supervises the Police Records Clerks, office volunteers and college interns. In addition, this person oversees budget tracking, department accreditation and policy manual, public disclosure and retention, and case management.

Operations Division

Operations are overseen by an Operations Commander and is made up of the Patrol Unit and Investigations Unit. The Patrol function is the most visible service provided by the Police Department. Police officers provide public safety services that include responding to calls for service from the public; investigating criminal activity; responding to community needs; education; traffic safety services; boating safety services; and crime prevention. Police Detectives are the main investigations unit in the Police Department. They are highly trained and investigate a wide range of crimes committed in Lake Stevens. They also act as liaisons with other agencies as they investigate crimes that are regional in nature.

Support Services Division

Support Services are overseen by the Support Services Commander. This division is responsible for the multitude of services that are required to support our law enforcement functions. These include all training, public notification, fleet management, community event liaison, IT functions, Emergency Management, internal investigations, etc. Also included in this unit are the departments traffic functions, evidence management, school safety, marine safety, and code enforcement functions.

City of Lake Stevens, Washington
 Department: Law Enforcement continued

Expenditure Summary

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Budgeted	Budgeted
Salaries	\$ 2,700,268	\$ 2,954,262	\$ 3,337,672	\$ 3,883,783	\$ 4,170,848
Benefits	\$ 1,050,056	\$ 1,158,863	\$ 1,308,351	\$ 1,402,613	\$ 1,560,635
Supplies	\$ 151,433	\$ 152,637	\$ 290,703	\$ 236,645	\$ 249,205
Services	\$ 442,598	\$ 629,909	\$ 579,871	\$ 612,002	\$ 616,842
Intergovernmental	\$ 640,027	\$ 596,943	\$ 842,249	\$ 832,024	\$ 861,691
Capital	\$ 38,563	\$ 22,430	\$ 76,360	\$ 14,787	\$ -
Transfers	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 218,000
Total Law Enforcement	\$ 5,030,946	\$ 5,523,044	\$ 6,443,207	\$ 6,989,853	\$ 7,677,221

Parks

The Parks Department is a shared responsibility between Planning & Community Development (PCD) and Public Works. The PCD is responsible for park planning and development, as well as recreation programming (teen/youth recreation services). The PCD represents the City's interests in regional park development and recreation programming and coordinates with Snohomish County on Regional parks planning.

Public Works is responsible for park maintenance and physical park development, buoy maintenance, and responding to acts of vandalism at park facilities. Public Works also performs landscaping activities in the public right-of-way. Both Departments seek funding for parks through grants and other sources.

Expenditure Summary

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Budgeted	Budgeted
Salaries	\$ 29,172	\$ 99,184	\$ 273,915	\$ 206,879	\$ 381,051
Benefits	\$ 8,077	\$ 42,126	\$ 113,871	\$ 77,289	\$ 162,942
Supplies	\$ 19,307	\$ 69,325	\$ 81,910	\$ 74,900	\$ 62,005
Services	\$ 47,867	\$ 85,851	\$ 93,346	\$ 65,451	\$ 134,748
Capital	\$ -	\$ 118,058	\$ 856	\$ 20,000	\$ -
Total Park	\$ 104,424	\$ 414,546	\$ 563,897	\$ 444,519	\$ 740,746

Legal

Provides for general and prosecuting legal services which includes providing legal advice to the Mayor/City Council and City Staff in conforming to State and Federal law in all municipal matters; developing actions to defend or attain the City's best interest by agreement or court actions; and, prosecuting violations of City ordinances.

The City contracts with Zachor and Thomas Inc. for prosecuting services.

The City contracts with Feldman and Lee for Indigent defense services.

The City contracts with Ogden, Murphy, Wallace Inc. for general council.

Expenditure Summary

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Budgeted	Budgeted
Professional Service	\$ 128,832	\$ 190,605	\$ 252,183	\$ 293,297	\$ 232,623
Prosecutor Fees	\$ 107,078	\$ 130,362	\$ 131,905	\$ 135,861	\$ 141,991
Travel	\$ 138	\$ -	\$ -	\$ -	\$ -
General Indigent Defense	\$ 116,753	\$ 116,963	\$ 129,945	\$ 131,427	\$ 134,056
Intergovernmental (Grant)	\$ -	\$ -	\$ 24,310	\$ 25,000	\$ 29,720
Total Legal	\$ 352,801	\$ 437,930	\$ 538,342	\$ 585,586	\$ 538,389

Community

Provides for maintaining and housing the Lake Stevens Library, the Lake Stevens Historical Society, the Visitor Information Center, the Lake Stevens Senior Center, and the Community Center. The actual operating costs of the library are provided by contract between the City and Sno-Isle Library District.

Expenditure Summary

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Budgeted	Budgeted
Supplies	\$ 24,162	\$ 20,917	\$ 8,173	\$ 19,650	\$ 4,570
Professional Service	\$ 47,008	\$ 33,072	\$ 43,530	\$ 67,785	\$ 58,791
Capital	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Total Community	\$ 71,170	\$ 53,988	\$ 51,703	\$ 87,435	\$ 68,361

General Government

The purpose of General Government and Miscellaneous accounts in the General Fund are to provide for those items that are used or expended for the benefit of multiple departments but not directly chargeable to one specific department. The supervision and management of the General Government and Miscellaneous accounts are primarily shared between the Public Works, Administration and Finance Departments.

Expenditure Summary

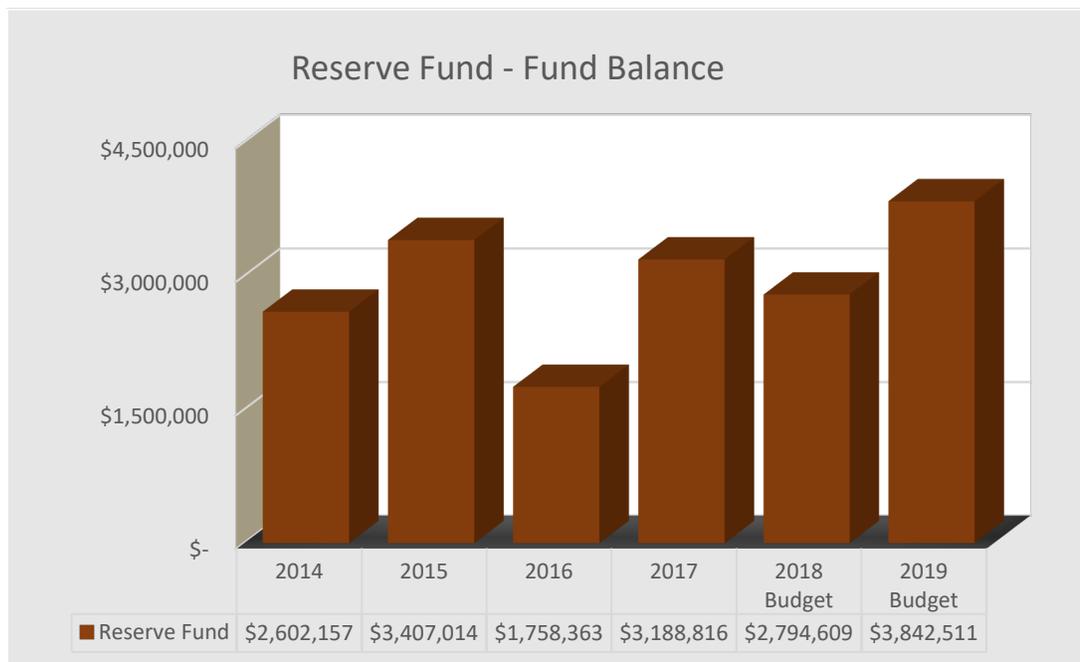
	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Budgeted	Budgeted
Salaries	\$ 20,547	\$ 23,072	\$ 103,902	\$ 72,184	\$ 233,334
Benefits	\$ 8,487	\$ 9,082	\$ 37,478	\$ 36,655	\$ 110,267
Supplies	\$ 13,182	\$ 12,518	\$ 29,117	\$ 13,747	\$ 15,487
Professional Service	\$ 363,246	\$ 452,634	\$ 625,486	\$ 572,170	\$ 762,394
Intergovernmental	\$ 56,819	\$ 61,527	\$ 62,202	\$ 67,549	\$ 71,238
Capital	\$ -	\$ 2,548,631	\$ 4,986,675	\$ 1,500,000	\$ -
Transfers	\$ 1,179,815	\$ 1,119,832	\$ 1,304,996	\$ 799,000	\$ 489,921
Total General Government	\$ 1,642,096	\$ 4,227,296	\$ 7,149,855	\$ 3,061,305	\$ 1,682,640

Contingency Reserve Fund

The purpose of this fund is to provide a reserve or safety net for the General Fund in the event of an abnormal budget or catastrophic event which would require emergency resources. Currently, the City has budgeted a transfer of \$700,000 of construction sales tax to this fund for capital related purchases. This helps align one-time money with a one-time capital expenditure.

Expenditure Summary

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Budgeted	Budgeted
Unclaimed Checks Paid	\$ -	\$ -	\$ -	\$ 8,050	\$ -
GR - Interfund Transfer Out	\$ -	\$ 2,461,824	\$ -	\$ 1,500,000	\$ 10,000
New PD Debt Service					\$ 200,000
Total Contingency Fund	\$ -	\$ 2,461,824	\$ -	\$ 1,508,050	\$ 210,000



Street Fund

The purpose of the Public Works Department's Street Fund is to provide for the maintenance and operation of the City's network of streets, avenues, cul-de-sacs, alleys, pedestrian, bikeway and related facilities. This includes street striping, traffic control devices, overlays, patches, mowing of shoulders, shoulder maintenance, and the necessary vehicles and equipment to accomplish the required work. Work that has a major impact on water quality, such as ditch maintenance, street and bikeway sweeping, are borne by the Storm and Surface Water Fund 410. The Street Fund pays portions of the salaries of the City staff involved with the operation of the streets, street system, administration, and related activities.

The Street Fund has several areas of responsibility.

Administration

This includes salaries, benefits, overtime, office supplies and insurance.

Street Maintenance

This includes filling of potholes, shoulder repair, overlays, curb and sidewalk repair. Special seasonal tasks include mowing of shoulder areas and control of ice and snow. Maintenance, fuel and operation costs of street equipment are also included.

Engineering/Design

Professional services of consultants working on projects for the City, and costs of right-of-way acquisition.

Street Lighting

Payment to Snohomish County PUD for installation of streetlights and the electricity to operate them. Includes costs of maintenance performed by PUD.

Capital Projects

The Street Fund includes construction and maintenance types of capital projects. Construction types include sidewalk and road projects, whereas maintenance types include projects such as overlays.

Expenditure Summary

	2015		2016		2017		2018		2019	
	Actual		Actual		Actual		Budgeted		Budgeted	
Salaries	\$	662,389	\$	642,502	\$	774,743	\$	902,566	\$	875,689
Benefits	\$	301,005	\$	325,165	\$	418,978	\$	388,496	\$	394,993
Supplies	\$	118,915	\$	124,288	\$	118,557	\$	345,941	\$	121,541
Professional Service	\$	721,864	\$	901,397	\$	818,490	\$	802,066	\$	1,062,173
Intergovernmental	\$	9,115	\$	9,115	\$	9,618	\$	9,063	\$	12,608
Capital	\$	25,524	\$	101,834	\$	251,334	\$	16,000	\$	-
Debt	\$	913	\$	919	\$	900	\$	881	\$	634
Transfers	\$	142,115	\$	685,558	\$	598,300	\$	184,000	\$	235,040
Total Street Fund	\$	1,981,839	\$	2,790,778	\$	2,990,920	\$	2,649,013	\$	2,702,677

Special Revenue Funds

There are three smaller special revenue funds. The Street Reserve, Drug Seizure & Forfeiture, and Municipal Arts Fund.

Street Reserve

The purpose of this fund was to provide a reserve or “safety net” for the Street Fund in the event of an abnormal budget event or catastrophe which would require emergency resources.

Drug Seizure & Forfeiture

The purpose of this fund is to account for the proceeds of items forfeited in accordance with RCW 69.50.505 Seizure and Forfeiture. The net proceeds of forfeited property will be deposited and receipted into this fund. State remittance payments and expenditures related to controlled substances law enforcement activity will be made from this fund according to applicable laws and regulations

Municipal Arts

The City recognizes its responsibility to foster culture and the arts and has an interest in the viable development of the arts. This fund is designated a reserve fund for arts purposes.

Expenditure Summary

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Budgeted	Budgeted
Street Reserve					
Transfers	\$ -	\$ -	\$ -	\$ -	\$ -
Drug Seizure & Forfeit					
Operating Costs	\$ 6,372	\$ 922	\$ 3,982	\$ 40,000	\$ 49,000
Municipal Arts					
Art - Public Art Acquisition	\$ 10,000	\$ -	\$ -	\$ -	\$ 20,963
Total Special Revenue	\$ 16,372	\$ 922	\$ 3,982	\$ 40,000	\$ 69,963

Debt Service Funds

The Debt Service Funds receive transfers to pay principal and interest for City’s outstanding debt obligations.

Debt Service: 2008 Bonds

This fund is to account for the 2008- A and 2008- B bonds. A portion of the bonds were used to refund the 1997 bonds, and a portion of these bonds were used to fund the purchase of property for the potential future civic center. In July of 2010, the City refunded the 2008-B bond into the 2010 B series Bond. Those have since been paid in full. Only the 2008 A bond remains.

The Lake Stevens Sewer District reimburses the City for the Sewer related portion of the refunded 1997 bonds.

Debt Service: 2010 LTGO Bonds

In 2010, the 2008 series B bonds were refunded into the 2010 series B bonds, the principle of which came due and was paid in full in 2015. The remainder of the 2010 bond, or series A bonds, were used for the purchase of the City Shop. The additional issuance is backed by the general revenues of the City but will be paid from real estate excise revenues. This bond was fully paid in 2018.

Debt Service: 2015 LTGO Bonds

In 2015, the 2004 bonds were refunded into the 2015 bond. The original 2004 bond was used for the purchase and installation of the Police Department modular building. The final payment of the 2015 issue will come due in 2023. This debt service is being paid from real estate excise tax collections.

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Budgeted	Budgeted
2008 Bonds	\$ 351,402	\$ 353,368	\$ 354,105	\$ 349,705	\$ 344,605
2010 LTGO Bonds	\$ 549,912	\$ 74,166	\$ 74,164	\$ 37,082	\$ -
2015 LTGO Bonds	\$ 870,322	\$ 97,600	\$ 93,607	\$ 95,955	\$ 97,221
Total	\$ 1,771,637	\$ 525,134	\$ 521,876	\$ 482,742	\$ 441,826

Debt Limitation

The City is limited on the amount of debt that can be used to finance projects. Washington State law establishes two limits. The first limit is 2.5% of taxable property value and is the maximum amount of debt the City can hold. The general-purpose limit is \$108 million at the end of 2018. The second is 1.5% of taxable property value, which is the limit the City can obtain debt without voter approval. This limit was \$51 million at the end of 2018.

Capital Funds

The Capital funds account for costs to construct, repair, or improve the City's long-term capital equipment or assets. Capital Improvements include the construction of new, or the significant repair of streets, storm drain system, parks, buildings, or other facilities. Capital Improvement expenditures are mainly one-time in nature, with replacement not required for many years.

Capital Projects – Developer Contributions

This fund collects and distributes funds collected through mitigation impact fees assessed to developers when a piece of property is developed. The impact fees may be assessed for such things as traffic. The fees are maintained in this fund until a project that matches the purpose of the funds has begun. More detail on capital projects can be found in the expenditure summary section of this budget.

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Budgeted	Budgeted
20th Street Op - Planning -Design	\$ -	\$ 403,637	\$ -	\$ -	\$ -
TIZ 1 Capital Expenditures	\$ 272,900	\$ 154,000	\$ -	\$ -	\$ -
Street Op -20th Street P&D			\$ 248,143	\$ -	
20th Street Construction			\$ -	\$ 1,680,000	
TIZ3 - 24th & 91st St Design			\$ 259,491	\$ 300,000	
Main Street - Phase 1			\$ -	\$ 550,000	
TIZ2 - S. Lake Stevens Rd			\$ -	\$ -	\$ 255,300
Village Way					\$ 100,000
Transfer Out			\$ 2,289,056	\$ -	
Total Capital Projects-Developer	\$ 272,900	\$ 557,637	\$ 2,796,690	\$ 2,530,000	\$ 355,300

Park Mitigation

This fund collects and distributes funds collected through mitigation impact fees assessed to developers when a piece of property is developed. The impact fees are used for park capital. More detail on capital projects can be found in the expenditure summary section of this budget.

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Budgeted	Budgeted
Park Mitigation Exp	\$ -	\$ 14,593.64	\$ -	\$ -	\$ -
DT Park Plan & Design	\$ -	\$ -	\$ 33,373	\$ -	\$ -
Frontier Heights	\$ -	\$ -	\$ 6,152	\$ -	\$ -
Eagle Ridge	\$ -	\$ -	\$ 24,147	\$ -	\$ -
Williams Property Acquisition	\$ -	\$ -	\$ -	\$ 1,000,000	\$ -
North Cove Phase 1 (Plaza)	\$ -	\$ -	\$ -	\$ 300,000	\$ -
Lundeen Restoration (move from GF)	\$ -	\$ -	\$ -	\$ 315,000	\$ -
20th Street Soccer Field Rehab	\$ -	\$ -	\$ -	\$ 20,000	\$ -
Tree Mitigation Exp	\$ -	\$ 977	\$ 11,175	\$ -	\$ 9583
Total Park Mitigation	\$ -	\$ 15,571	\$ 74,848	\$ 1,635,000	\$ 9,583

City of Lake Stevens, Washington
Capital Funds Continued

Real Estate Excise Tax I

The purpose of this fund is to collect the proceeds from the first ¼ of one percent real estate excise tax and to expend the resources on capital improvement projects as specified by the RCWs. Typical expenditures from this fund have included lake restoration activities, park purchases, as well as street and sidewalk projects.

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Budgeted	Budgeted
Transfer to Police St Debt Fad	\$ 101,865	\$ 97,300	\$ 93,607	\$ 95,955	\$ 97,221
Transfer to 210 for 2008 bonds	\$ 220,456	\$ 220,623	\$ 220,080	\$ 210,305	\$ 209,905
Transfer to 212 for 2010 Bonds	\$ 475,748	\$ -	\$ -	\$ -	
800 MHZ Capital Debt Principal	\$ 15,549	\$ 16,504	\$ 17,306	\$ 18,258	\$ 18,258
800 MHZ Capital Debt Interest	\$ 7,069	\$ 6,214	\$ 5,312	\$ 4,360	\$ 4,360
Police Station Bond					\$ 500,000
Fuel Station/Decant Facility	\$ -	\$ -	\$ -	\$ -	\$ 272,100
REET 1	\$ 820,687	\$ 340,641	\$ 336,305	\$ 328,878	\$ 1,101,844

Real Estate Excise Tax II

The purpose of this fund is to collect the proceeds from the second ¼ of one percent real estate excise tax and to expend the resources on capital improvement projects as specified by the RCWs. Typical expenditures from this fund have included street, sidewalk, and drainage improvement projects

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Budgeted	Budgeted
Capital - Callow Road	\$ -	\$ -	\$ 1,047	\$ -	
Frontier Heights	\$ -	\$ -	\$ -	\$ -	\$ 235,750
Capital - SWM Drainage Improve	\$ 18,175.60	\$ 22,249	\$ -	\$ 800,000	
Capital - Trans - Land Improve	\$ -	\$ 945,738	\$ -	\$ -	
Trestle/HOV Lane	\$ -	\$ -	\$ -	\$ -	\$ 2,472,000
Transfer to 212 for 2010A Bond	\$ 74,164.18	\$ 74,164	\$ 74,164	\$ 37,082	
Lundeen park, Soccer Fields, Boat launch					\$ 160,000
Frontier Village Entrance (4th)			\$ -	\$ 128,750	
REET II	\$ 92,340	\$ 1,042,152	\$ 75,211	\$ 965,832	\$ 2,867,750

City of Lake Stevens, Washington
 Capital Funds Continued

Sidewalk Capital

The purpose of this fund is to provide for the accumulation of resources that are restricted, committed, or assigned for expenditure for sidewalk capital outlays. This fund was created in 2011 with a transfer of Street funds intended for sidewalk construction.

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Budgeted	Budgeted
Sidewalk Construction	\$ 268,368.51	\$ 573,251	\$ -	\$ -	\$ 200,000
91st Ave. SE & 4th St. SE (safer route)	\$ -	\$ -	\$ -	\$ 602,250	
Sidewalk Capital	\$ 268,369	\$ 573,251	\$ -	\$ 602,250	\$ 200,000

Enterprise Funds

Enterprise Funds account for operations that are normally financed and operated in a manner similar to private business enterprises. These funds typically charge users a fee for services provided. Funds collected are spent within the fund for operating and capital needs.

Sewer Fund

Prior to 2005 the City maintained its own sewer system. During 2005 the City and the Lake Stevens Sewer District combined their respective sewer systems to reduce any duplication of services in order to most effectively fund the construction of a new waste water treatment plant. The City's expenditures are related to the City's role in providing customer service support and involvement in jointly planning for the expansion of the system including the new treatment plant. The City also makes debt service payments for sewer related debt which are paid in advance by the Sewer District.

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Budgeted	Budgeted
Salaries	\$ 45,841	\$ 46,142	\$ 16,961	\$ 1,275	\$ -
Benefits	\$ 16,418	\$ 16,802	\$ 7,189	\$ 5,336	\$ -
Supplies	\$ -	\$ -	\$ -	\$ -	\$ -
Professional Service	\$ 9,833	\$ 10,410	\$ 8,916	\$ 33,916	\$ 85,000
Debt	\$ 1,179,344	\$ 1,305,694	\$ 915,309	\$ 910,271	\$ 905,235
Transfers	\$ 130,946	\$ -	\$ 134,025	\$ 139,400	\$ 135,100
Total Sewer	\$ 1,382,381	\$ 1,379,048	\$ 1,082,399	\$ 1,090,198	\$ 1,125,335

Storm and Surface Water Fund

The Storm and Surface Water Fund is an enterprise fund under the Public Works Department. The role of the department with respect to this fund is to provide for the maintenance and operation of the City's storm drainage system, lake and stream maintenance and restoration, street runoff, and roadside ditch and culvert maintenance. This includes restoration projects, such as, the hypo limnetic aerator, non-point stream improvements, and related educational activities, as well as detention ponds, underground vaults, stream bank and ditch maintenance. This fund does not provide erosion control and enforcement or inspection services for new development. Those services are funded by development fees and charged to the General Fund which collects the development fees.

City of Lake Stevens, Washington
Enterprise Funds Continued

Expenditure Summary Surface Water

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Budgeted	Budgeted
Salaries	\$ 538,355	\$ 585,989.21	\$ 595,248	\$ 838,498	\$ 1,152,111
Benefits	\$ 221,812	\$ 234,395.16	\$ 234,865	\$ 366,398	\$ 356,740
Supplies	\$ 40,723	\$ 73,539.40	\$ 194,010	\$ 90,260	\$ 131,166
Professional Service	\$ 304,602	\$ 298,421.47	\$ 272,028	\$ 349,659	\$ 376,016
Intergovernmental	\$ 58,739	\$ 83,103.89	\$ 69,103	\$ 82,971	\$ 105,500
Grant	\$ 24,403	\$ 14,196.46	\$ 15,113	\$ -	\$ -
Capital	\$ 10,700	\$ 55,271.82	\$ 127,668	\$ 131,000	\$ 778,000
Debt			\$ 10,763	\$ 10,700	\$ 10,700
Transfers	\$ 97,045	\$ 167,487.82	\$ 359,239	\$ 184,000	\$ 235,040
Total Storm & Surface Water	\$ 1,296,378	\$ 1,512,405.23	\$ 1,878,037	\$ 2,053,486	\$ 3,145,273

City of Lake Stevens, Washington
Internal Service Funds

Internal Service Funds

Internal service funds are designed to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City. Major funds contribute to the Internal Service funds based on allocation amounts or the specific user of the item purchased. The City has five internal service funds: Unemployment, Capital Equipment Computer, Vehicle Replacement, Capital Equipment Police, Capital Equipment Public Works, and Aerator Equipment.

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Budgeted	Budgeted
Unemployment					
Payments to Claimants	\$ 8,430	\$ 5,994	\$ 507	\$ 30,000	\$ 10,000
Capital Equip - Computer					
Equipment/Software	\$ 127,761	\$ 92,996	\$ 276,150	\$ 245,786	\$ 294,720
Capital Vehicles					
Vehicles	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Equip - Police					
Equipment/Vehicles	\$ 151,636.20	\$ 216,894	\$ 265,484	\$ 113,540	\$ -
Capital Equip - PW					
Equipment	\$ 202,960.90	\$ 271,534	\$ 668,919	\$ 92,930	\$ 139,857
Aerator Equip Replacment					
Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
Aerator Removal	\$ -	\$ -	\$ 51,314	\$ -	\$ -
Total Internal Service	\$ 490,788	\$ 587,418	\$ 1,262,374	\$ 482,256	\$ 444,577

Fiduciary Funds

The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other government units and/or other funds. The City of Lake Stevens has two such funds summarized below.

Refundable Deposits Funds

The purpose of this fund is to collect required deposits made typically by developers or builders as a means of guarantee for certain performance expectations. These deposits are then refunded back to the developer or builder when the work is completed.

Treasurers Trust Fund

The purpose of this fund is to account for the collection of funds which the City is not entitled to keep but rather are sent to other governmental agencies. The revenues are used to pay for the items for which the money was received. Some of the money collected from the issuance of traffic and criminal citations is collected here and used to pay court and state required criminal justice expenditures. The City's share of citations is collected in the General Fund-001. The state has also required a portion of building fees and gun permit fees be collected in this fund and passed on to the state.

City of Lake Stevens, Washington
 Fiduciary Funds - Continued

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Budgeted	Budgeted
Refundable Deposit					
Retainage Release - Other PW	\$ -	\$ 4,116	\$ 32,443	\$ 50,000	\$ 50,000
Street Project Retainage Reimb	\$ -	\$ 17,927	\$ 18,760	\$ 50,000	\$ 50,000
Retainage -Public Bldg Maint		\$ 434	\$ 1,356	\$ 1,000	\$ 1,000
Subtotal Refundable Deposit	\$ -	\$ 22,477	\$ 52,559	\$ 101,000	\$ 101,000
Treasurers Trust					
Distracted Driver Prevention	\$ -	\$ -	\$ 4	\$ -	\$ -
State Court Remit (*consolidated in 2019)		\$ -	\$ -	\$ -	\$ 400,100
Seizure & Forfeit State REMIT			\$ 55	\$ 1,200	\$ 1,000
Building - State BI	\$ 1,238	\$ 2,574	\$ 2,783	\$ 2,000	\$ 4,000
Vehicle License Fraud Account	\$ -	\$ -	\$ 16	\$ -	
Gun Permit - State Remittance	\$ 6,651	\$ 13,076	\$ 10,589	\$ 10,000	\$ 13,000
Crime Victims Compensation *	\$ 1,992	\$ 2,218	\$ 3,071	\$ 3,000	\$ -
Public Safety And Ed. 1986 *	\$ 51,982	\$ 59,562	\$ 78,707	\$ 68,156	\$ -
Public Safety And Education *	\$ 30,754	\$ 35,403	\$ 46,868	\$ 55,000	\$ -
Judicial Information System-City *	\$ 10,277	\$ 15,413	\$ 26,883	\$ 26,844	\$ -
Gun Permit - FBI Remittance	\$ 5,313	\$ 6,980	\$ 4,934	\$ 4,000	\$ 4,000
Crime Laboratory Analysis Fee *	\$ -	\$ -	\$ -	\$ 500	\$ -
Trauma Care *	\$ 3,822	\$ 4,917	\$ 8,051	\$ 5,000	\$ -
School Zone Safety *	\$ 982	\$ 783	\$ 938	\$ 1,000	\$ -
Public Safety Ed #3 *	\$ 1,390	\$ 1,401	\$ 1,533	\$ 3,000	\$ -
Auto Theft Prevention *	\$ 5,386	\$ 7,016	\$ 11,536	\$ 6,000	\$ -
HWY Safety Act *	\$ 367	\$ 387	\$ 429	\$ 1,000	\$ -
Death Inv Acct *	\$ 287	\$ 273	\$ 258	\$ 1,500	\$ -
WSP Highway Acct *	\$ 1,629	\$ 1,547	\$ 1,462	\$ 2,000	\$ -
Leasehold Excise Tax Remit	\$ 2,606	\$ 4,757	\$ 6,207	\$ 4,500	\$ 3,000
Fire Dept Fee Remittance	\$ 10,415	\$ 13,973	\$ 33,067	\$ 6,500	\$ 20,000
Subtotal Treasurer Trust	\$ 135,092	\$ 170,279	\$ 237,390	\$ 201,200	\$ 445,100
Total Fiduciary Funds	\$ 135,092	\$ 192,756	\$ 289,949	\$ 302,200	\$ 546,100

Budget Process

The budget is a requirement of State law and constitutes the legal authority for expenditures. Although the City's budget document includes line item detail, the City's budget ordinance is adopted at the fund level, so expenditures may not legally exceed appropriations at the fund level of detail with the exception of certain types of funds that are not required to be budgeted.

The budget includes the financial planning and legal authority to obligate public funds. Additionally, the budget provides significant policy direction from the City Council to the Mayor, City staff and the community. As a result, the City Council, Mayor, staff, and public are involved in establishing the budget for the City of Lake Stevens.

The budget process affords both an interesting and challenging opportunity to reassess plans or legislative policies and the means for accomplishing them. It's through this effort that the budget becomes the single most important policy document produced each year

Budgetary Functions

A Policy Document

The budget functions as a policy document in that the decisions made within the budget are designed to "reflect the Major Themes & Policies that guide the actions taken for the future." As a policy document, the budget makes specific attempts to link desired themes and policy direction to the actual day-to-day activities of the City staff.

An Operational Tool

The budget details all of the operations of the City. Activities of each City function and organization have been planned, debated, formalized, and described in the following sections. This process will help to maintain an understanding of the various operations of the City and how they relate to each other and to the attainment of the Major Themes & Policy issues of the City Council.

A Link with the General Public

The budget provides a unique opportunity to allow and encourage public review of City operations. The budget describes the activities of the City, the reason or cause for those activities, future implications, and the direct relationship to the citizenry.

A Legally Required Financial Planning Tool

The budget is a financial planning tool, which has been its most traditional use. In this light, the budget is a State law requirement of all cities, as stated in Title 35A RCW. The budget must be a balanced budget and must be in place prior to the expenditure of any City funds. The budget is the legal authority to expend public monies and controls those expenditures by limiting the amount of the appropriation at the fund level. The revenues of the City are estimated, along with available cash carry-forward, to indicate funds available. The staff's requests for appropriations comprise the disbursement side of the preliminary budget.

Budgetary Process:

The Budget process for the City of Lake Stevens is, in some respects, an on-going, year-round activity. The formal budget planning begins in the summer, with discussions between the Mayor, City Administrator, departments, and the City Council about status of on-going programs, and new policies and objectives for the future which result from the legislative retreat and priority setting process.

The budget and its policies are implemented through the individual departments and the accounting controls of the Finance Department. The budget is monitored by a reporting system consisting of monthly reports to the department heads. Financial reports are issued by the Finance Department which compares actual expenditures and revenues with the budget. In these reports, financial data is presented at the same level of detail as the final budget document. Financial reports are reported to the City Council in summary on a quarterly basis.

Budget preparation actually begins in late spring and early summer with the completion and Council's subsequent review of the six-year financial forecast. Then typically in August, the budget process kicks off with the budget call letter which requests all department heads to complete their departmental expenditure requests.

The City's budget and accounting structure uses funds as a means to collect and record all the revenues and expenditures associated with different departments, areas of service, grants, and other projects. There are three primary funds utilized to track a majority of the City's activities. The first is the General Fund which is responsible for a majority of all departments and general operations of the City. The second fund is the Street Fund which supports a variety of activities associated with building, maintaining, and planning for the City's transportation network. The third fund is the Storm and Surface Water Fund which provides maintenance and operations of the City's storm drainage system and lake restoration efforts.

Preliminary Budget

In September the budget is ready for the Mayor and City Administrator's review. The preliminary budget is prepared and available for City Council and citizen review in late October. The Council holds formal hearings on the preliminary budget and conducts a series of workshops to examine the budget in detail during October and November. Final action on the budget usually occurs in mid-November or early December.

Final Budget

The final budget is issued as a formal published document in the same format as the preliminary budget, but as modified by the City Council. The actual appropriations implementing and amending the budget are contained in the budget ordinance by the City Council.

Amending the Budget

The budget can be amended at any time during the budget year. If the amendment consists of just the movement or adjustment of budget within a single fund without increasing or decreasing the budget grand total for that fund, it may be adjusted with just Finance Director approval.

However, if the amendment changes the grand total for that fund or creates or deletes a fund, or creates or eliminates a staffing position, the amendment must be approved by the City council in the form a budget amendment ordinance.

Glossary

Accounting System: The set of records and procedures which are used to record, classify, and report information on the financial status and operations of an entity.

Accounts Payable: A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government.

Accounts Receivable: An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government (but not including amounts due from other funds or other governments).

Ad Valorem Taxes: Commonly referred to as property taxes, are levied on both real and personal property according to the property's valuation and the tax rate.

Advance Refunding Bonds: Bonds issued to retire an outstanding bond issue prior to the date on which the outstanding bonds become due or callable.

Agency Funds: A fund used to account for assets held by a government on behalf of individuals, private organizations, other governments, or funds.

Allocation: To set aside or designate funds for specific purposes. An allocation does not authorize the expenditure of funds.

Annual Budget: A budget applicable to a single fiscal year.

Appropriation: An authorization made by the City Council that allows expenditures of governmental resources for specific purposes. Appropriations are typically granted for a one year period.

Assessed Valuation: The estimated value of real and certain personal property used by the Snohomish County Assessor as the basis for levying property taxes.

Assessment Ratio: The ratio at which the tax rate is applied to the tax base.

Asset: Resources owned or held by a government that have monetary value.

Attrition: A method of achieving a reduction in personnel by not refilling the positions vacated through resignation, reassignment, transfer, retirement, or means other than layoffs.

Audit: A systematic examination of resource utilization concluding in a written report. It is a test of management's internal accounting controls and is intended to:

- * ascertain whether financial statements fairly present financial position and result of operations;
- * test whether transactions have been legally performed;
- * identify areas for possible improvements in accounting practices and procedures;
- * ascertain whether transactions have been recorded accurately and consistently; and
- * ascertain the stewardship of officials responsible for governmental resources.

Authorized Positions: Employee positions which are authorized in the proposed budget, to be filled during the year.

BARS: The prescribed "Budgeting Accounting & Reporting System" required for all governmental entities in the State of Washington.

Base Budget: Cost of continuing the existing levels of service in the current budget year.

Basis of Accounting: A term used to refer to when revenues, expenditures, expenses and transfers--and the related assets and liabilities--are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement, on either the cash or accrual method.

Beginning Fund Balance: The amount remaining after accounting for the previous year's revenues less the previous year's expenditures.

Benefits: Benefits provided for employees, such as Social Security, retirement, worker's compensation, life insurance, and medical insurance.

Bond (Debt Instrument): A written promise to pay a specified sum of money (the face amount of the bond) at a specified future date (the maturity date), at a specified interest rate. Bonds are primarily used to finance capital facilities. The City of Lake Stevens typically issues general obligation, revenue, or special assessment bonds.

Bond Refinancing: The payoff and re-issuance of bonds, to obtain better interest rates and/or bond conditions.

Budget: A plan of financial activity for the operation of a program or organization for a specified period of time (fiscal year or biennium) indicating all planned revenues and expenses for the budget period.

Budget Calendar: The schedule of key dates or milestones which the City follows in the preparation and adoption of the budget.

Budget Document: The official written statement prepared by the City explaining the proposed budget to the public and City Council.

Budget Message: A written explanation by the Mayor and City Administrator of the proposed budget. The budget message explains the principal budget and policy issues, and presents an overview of the budget recommendations.

Budget Ordinance: The official legal document approved by the City Council authorizing the expenditure of resources.

Budgetary Basis: This refers to the basis of accounting used to estimate financing sources and uses in the budget. This generally take one of three forms: GAAP, cash, or modified accrual.

Budgetary Control: The control or management of a government in accordance with the approved budget for the purpose of keeping expenditures within the limitations of available appropriations and resources.

Capital Assets: Assets of significant value and having a useful life of several years. Effect of inflation on compensation.

Capital Facilities Plan (CFP): This is a planning document required by the Growth Management Act which addresses capital projects and anticipated sources of funding over a six year period.

Capital Improvements Program (CIP): A plan or schedule for capital outlay to be incurred each year over a fixed number of years to meet capital needs arising from the government's long term needs.

Capital Outlay: Expenditures for furnishings, equipment, vehicles, or machinery that results in the acquisition of assets with a useful life of more than one year. Examples include land, buildings, machinery, equipment, and construction projects.

Capital Project: Major construction, acquisition, or renovation activities that add value to a government's physical assets or significantly increase their useful life. Also called capital improvements.

Cash Basis: A basis of accounting in which transactions are recognized only when cash is increased or decreased.

Collective Bargaining Agreement: A legal contract between the employer and a verified representative of a recognized bargaining unit for specific terms and conditions of employment (e.g., hours, working conditions, salary, benefits, and matters affecting welfare of employees).

Concurrent or Concurrency: The improvements that are in place at the time the impacts of development occur, or that the necessary financial commitments are in place. Public facilities and services shall be adequate to serve the development at the time the development is available for occupancy and use without decreasing current service levels below locally established minimum standards.

Consumer Price Index (CPI): A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (i.e., economic inflation).

Contingency: A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Contractual Services: Services rendered to a government by private firms, individuals, or other governmental agencies. Examples include utilities, rent, maintenance agreements, and professional consulting services.

Cost of living Adjustment (COLA): An increase in salaries to offset the adverse effect of inflation on compensation.

Costs Allocation: Assignment of applicable costs and charges from one fund to another required by treating each fund as an independent entity.

Councilmanic Bonds: Councilmanic bonds refer to bonds issued solely upon the approval of the Council. Councilmanic bonds may not exceed 1.5% of assessed valuation.

Debt: An obligation resulting from the borrowing of money or from the purchase of goods and services.

Debt Service: The annual cost of paying principal and interest on borrowed money (bonded indebtedness) according to a predetermined payment schedule.

Debt Service Fund: A fund established to account for the accumulation of resources for, and the payment of, general long term debt principal and interest.

Dedicated Tax: A tax levied to support a specific government program or purpose

Deficit: The excess of an entity's liabilities over its assets or the excess of expenditures or expenses over revenues during a single accounting period.

Depreciation: Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence.

Development Activity: Any construction or expansion of a building, structure, or use, any change in use of a building or structure, or any change in the use of land, that creates additional demand and need for public facilities.

Development Related Fees: Those fees and charges generated by building, development and growth in a community. Included are building and street permits, development review fees, and zoning, platting and subdivision fees.

Disbursement: The expenditure of monies from an account.

Encumbrance: The commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a specified future expenditure.

Enterprise Fund: An accounting entity of the City used to record and report transactions for business type activities of the City, e.g., Storm Water Fund.

Entitlements: Payments to which local governmental units are entitled, pursuant to an allocation formula determined by the agency providing the monies, usually the state or the federal government.

Estimated Revenue: The amount of projected revenue to be collected during the fiscal year.

Expenditure: The payment of cash on the transfer of property or services for the purpose of acquiring an asset, service or settling a loss.

Expense: Charges incurred (whether paid immediately or unpaid) for operations, maintenance, interest or other charges.

Fees: A general term for any charge for services levied by government associated with providing a service, permitting an activity, or imposing a fine or penalty. Major types of fees include business licenses, fines, and user charges.

Financial Forecast (Six Year): Estimates of future revenues and expenditures to help project the long range financial condition of City funds.

Fiscal Policy: A government's policies with respect to revenues, spending, and debt management as these relate to government services, programs and capital investment. Fiscal policy provides an agreed upon set of principles for the planning and programming of government budgets and their funding.

Fiscal Year: A twelve month period designated as the operating year for accounting and budgeting purposes in an organization.

Full Faith and Credit: A pledge of a government's taxing power to repay debt obligations.

Full Time Equivalent (FTE): Expresses staffing in terms of full time (40 hours per week) employment. For example, a person who works 40 hours per week is described as 1.0 FTE. An employee who works 20 hours per week calculates to a 0.5 FTE (20 hours divided by 40 hours).

Function: A group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible (e.g., public safety).

Fund: An independent fiscal and accounting entity with revenues and expenses which are segregated for the purpose of carrying out a specific purpose or activity.

Fund Balance: The excess of a fund's assets over its liabilities.

GAAP: Generally Accepted Accounting Principles are standards used for accounting and reporting used for both private industry and governments. Government GAAP is currently set by the Governmental Accounting Standards Board.

GASB: Governmental Accountant Standards Board established in 1985 is the current standards-setting board for governmental GAAP.

General Obligation (G.O.) Bonds: Bonds for which the full faith and credit of the issuing government have been pledged for repayment.

Grants: A contribution by a government or other organization to support a particular function. Grants may be classified as either operational or capital, depending upon the grantee.

Growth Management Act (GMA): Comprehensive Washington State legislation which requires cities and counties to undergo a prescribed planning process to accommodate projected population growth. Examples of the planning process include defining the levels of service City government will provide to its Citizens, developing a six year capital facilities plan, and determining how to fund existing capital deficiencies.

Impact Fees: A fee assessed on new development that creates additional demand and need for public facilities.

Implicit Price Deflator: for personal consumption expenditures is a figure used to measure inflation, and it can impact how much property tax revenue a jurisdiction can collect in any year

Improvements: Buildings, structures, or attachments to land such as sidewalks, trees, tunnels, drains, and sewers.

Indirect Cost: A cost necessary for the functioning of the organization as a whole, but cannot be directly assigned to one service.

Inflation (Property Tax): Percentage change in the implicit price deflator for personal consumption expenditures for the United States as published for the most recent twelve-month period by the bureau of economic analysis of the federal department of commerce by September 25th of the year before the taxes are payable

Infrastructure: The physical assets of a government (e.g., streets, water, sewer, public buildings and parks).

Interfund Payments: Expenditures made to other City funds for services rendered.

Interfund Transfers: The movement of monies between funds of the same governmental entity.

Intergovernmental Revenue: Funds received from federal, state and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes.

Interlocal Agreement: A contract between two government entities whereby one government assumes the lead responsibility of a project that overlaps both jurisdictions.

Internal Control: The system of controls established by the City to protect the assets from misappropriation and ensure accurate reporting of financial transactions.

Internal Service Fund: Funds used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City.

Latecomer Fees: Fees paid by developers or future service users for their share of past improvements financed by others.

Lease Purchase Agreements: Contractual agreements which are termed "leases," but which in substance, amount to purchase contracts.

LEOFF: Law Enforcement Officers and Firefighters retirement system provided for all police officers and firefighters by the State of Washington.

Levy: (Verb) To impose taxes, special assessments, or service charges for the support of governmental activities. (Noun) The total amount of taxes, special assessment or service charges imposed by a government.

Levy Rate: The rate of tax to be imposed on the assessed value of real property for the computation of property tax revenues

Liability: Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed or refunded at some future date.

Licenses and Permits: Revenue category that includes building permits, business licenses, and any other miscellaneous license.

LID: Local Improvement District or Special Assessments made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

Long term Debt: Debt with a maturity of more than one year after the date of issuance.

Materials and Supplies: Expendable materials and operating supplies necessary to conduct departmental operations.

Mill: The property tax rate which is based on the valuation of property. A tax rate of one mill produces one dollar of taxes on each \$1,000 of assessed property valuation.

Miscellaneous Revenue: The account that provides for accumulation of revenues not specifically in other accounts.

Modified Accrual Basis: Under this accounting method, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures for the most part are recognized when the related fund liability is incurred except for prepayment, accumulated employee leave, and long term debt. All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting.

Mitigation Fees: Contributions made by developers toward future improvements of City facilities resulting from the additional demand on the City's facilities generated from the development.

Net Budget: The legally proposed budget less all interfund transfers and interdepartmental charges.

Object of Expenditure: An expenditure classification, referring to the lowest and most detailed level of classification, such as electricity, office supplies, asphalt, and furniture.

Objective: Something to be accomplished in specific, well defined, and measurable terms and that is achievable within a specific time frame.

Obligations: Amounts which a government may be legally required to meet out of its resources. They include not only actual liabilities, but also encumbrances not yet paid.

Operating Expense: Those costs including expenditures for salaries and wages, benefits, supplies, services, and charges which are necessary to support the primary services of the organization.

Operating Revenue: Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day to day services.

Operating Transfer: Routine or recurring transfers of asset between funds which support the normal operations of the recipient fund.

Ordinance: A piece of legislation enacted by a municipal authority.

Other Services and Charges: An expenditure classification which includes professional services, communication, travel, advertising, rentals, leases, insurance, public utility services, and repairs and maintenance.

Pay as you go Basis: A term used to describe a financial policy by which capital outlays are financed from current revenues rather than through borrowing.

Performance Measurements: Data collected to determine how effective or efficient a program is in achieving its objectives.

PERS: Public Employees Retirement System provided by the State of Washington for all City employees except police and fire.

Preliminary Budget: The recommended and unapproved City budget submitted to the City Council and the public.

Prior Year Encumbrances: Obligations from previous fiscal years in the form of purchase orders, contracts or salary commitments which are chargeable to an appropriation, and for which a part of the appropriation is reserved. They cease to be encumbrances when the obligations are paid or otherwise terminated.

Program: A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the government is responsible.

Public Facilities: The capital owned or operated by the City or other governmental entities.

Purpose: A broad statement of the goals, in terms of meeting public service needs, that a department is organized to meet.

R.C.W.: Revised Code of Washington

R.E.E.T.: (Real Estate Excise Tax) A tax upon the sale of real property from one person or company to another.

Reserve: An account used either to set aside budgeted revenues that are not required for expenditure in the current budget year or to earmark revenues for a specific future purpose.

Resolution: A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

Resources: Total dollars available for appropriations including estimated revenues, interfund transfers, and the beginning fund balance.

Revenue: Income received by the City to support community services. This income may be in the form of taxes, fees, user charges, grants, fines, and interest.

Revenue Bonds: Bonds issued pledging future revenues (i.e., sewer, or water charges) to cover debt payments.

Revenue Estimates: A formal estimate of how much revenue will be earned from a specific revenue source for some future period; typically, a fiscal year.

Service Indicator: A unit of work accomplished, without reference to the resources required to do the work (e.g., number of permits issued, number of grants obtained, or number of burglary arrests made). Service indicators do not reflect the effectiveness or efficiency of the work performed.

Source of Revenue: Revenues are classified according to their source or point of origin.

Special Assessment Bonds: Bonds payable from the proceeds of special assessments such as local improvement districts.

Standard Work Year: 2080 hours or 260 working days.

Supplemental Appropriation: An additional appropriation made by the governing body after the initial budget year or biennium has started.

Supplemental Requests: Programs and services which departments have requested (in priority order) over their base budget, or if revenue received is greater than anticipated.

Supplies: An expenditure classification for articles and commodities purchased for consumption or resale. Examples include office and operating supplies, fuel, power, water, gas, inventory, resale items, small tools, and equipment.

Tax: Charge levied by a government to finance services performed for the common benefit.

Unencumbered Balance: The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future purposes.

Unreserved Fund Balance: The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

User Charges: The payment of a fee for direct receipt of a public service by the party who benefits from the service.

Working Capital: The year-end balance of current assets less current liabilities in the Enterprise and Internal Service Funds. The unencumbered balance at year end is available for appropriation in the next year's budget.

Working Cash: Excess of readily available assets over current liabilities or cash on hand equivalents that may be used to satisfy cash flow needs.

Note: Not all terms included in the glossary are contained or used within the budget document but are