

**CITY OF FEDERAL WAY  
CITY COUNCIL  
AGENDA BILL**

**SUBJECT: DECEMBER 2016 MONTHLY FINANCIAL REPORT**

**POLICY QUESTION:** Should the Council approve the December 2016 Monthly Financial Report?

**COMMITTEE:** Finance, Economic Development and Regional Affairs Committee

**MEETING DATE:** February 28, 2017

**CATEGORY:**

- |   |  |  |
|---|--|--|
| <input checked="" type="checkbox"/> <b>Consent</b>    | <input type="checkbox"/> <b>Ordinance</b>  | <input type="checkbox"/> <b>Public Hearing</b> |
| <input type="checkbox"/> <b>City Council Business</b> | <input type="checkbox"/> <b>Resolution</b> | <input type="checkbox"/> <b>Other</b>          |

**STAFF REPORT BY:** Adé Ariwoola, Finance Director

**DEPT:** Finance

**Attachments:**

- December 2016 Monthly Financial Report

**Options Considered:**

- Approve the December 2016 Monthly Financial Report as presented
- Deny approval of the December 2016 Monthly Financial Report and provide direction to staff.

**MAYOR'S RECOMMENDATION:** Mayor recommends approval of Option 1.

**MAYOR APPROVAL:**

*[Signature]*  
 \_\_\_\_\_  
 Committee Council

**DIRECTOR APPROVAL:**

*[Initials]*  
 \_\_\_\_\_  
 Initial

**COMMITTEE RECOMMENDATION:** *I move to forward approval of the December 2016 Monthly Financial Report to the March 07, 2017 consent agenda for approval.*

Dini Duclos  
Committee Chair

Martin Moore  
Committee Member

Susan Honda  
Committee Member

**PROPOSED COUNCIL MOTION:** *"I move approval of the December 2016 Monthly Financial Report."*

*(BELOW TO BE COMPLETED BY CITY CLERKS OFFICE)*

**COUNCIL ACTION:**

- APPROVED
- DENIED
- TABLED/DEFERRED/NO ACTION
- MOVED TO SECOND READING *(ordinances only)*

REVISED – 08/12/2010

**COUNCIL BILL #** \_\_\_\_\_

**1<sup>ST</sup> reading** \_\_\_\_\_

**Enactment reading** \_\_\_\_\_

**ORDINANCE #** \_\_\_\_\_

**RESOLUTION #** \_\_\_\_\_

The following are highlights of the December 2016 Monthly Financial Report. Detailed financial information can be found in the December 2016 Monthly Financial Report detail.

### Notable Areas

1. Sales Tax is above 2015 actuals by \$925K or 7.0%.
2. Parks and General Recreation Fees is \$104K or 11.1% above 2016 budget due to a positive turnout in senior and inclusion programs. Parks & Recreation expenditures are above 2016 budget by \$108K or 2.8%.
3. Real estate excise tax is \$2.2M or 73.7% above 2015 annual collections. This is primarily due to some large commercial sales such as Weyerhaeuser in 2016. Other large commercial sales this year were Twin Lakes Shopping Center, Clarion Hotel, St. Francis Medical Center, The Lodge at Peasley Canyon Apartments, The Reserve Apartments, Glen Park Apartments, Retreat at Maple Hill Apartments, Crystal Pointe Apartments, Arcadia Apartments, and Brightwater Apartments.
4. Dumas Bay Center revenue is \$191K or 25.1% above 2015 annual collections. There has been an increase in retreat rentals at the facility. Expenses have increased by \$132K or 16.8% above 2015 annual expenses due to an increase in goods and services for the operation of the facility.

### General & Street Fund Summary

Revenues are below the annual budget by \$98K or 0.2%. Property tax, criminal justice sales tax, leasehold tax, court revenue, probation revenue, and community development permits & fees are below annual budget. Sales tax, gambling tax, state shared revenue, franchise fees, public works permits and fees, park & general recreation fees, and police contracted services revenue account for increases in revenue.

Total General & Street Fund expenditures are below annual budget by \$385K or 0.9%. Public Works is under annual budget by \$497K primarily due to vacant positions during the year in the department. Human Services is under annual budget by \$110K primarily due to Homeless and Day Shelter services to be provided in 2017. Community Development is under annual budget by \$123K primarily due to vacancies of positions during the year. Law, Police, and Parks and Recreation are above their projected annual budget. Law is over annual budget by \$160K due to an increase in private legal services for cases this year. Police is over annual budget by \$414K due to an increase in overtime for extra patrol enforcement and investigations, and supplies for ammunition, uniforms, and equipment for police officers. Parks and Recreation is over annual budget by \$108K due to an increase in electricity and water utilities, irrigation supplies, and janitorial supplies due to adding new parks, added parks safety supplies for cleanup of hazardous materials in parks, and an increase in supplies and services for senior trips.

**Property tax** is above 2015 annual actual by \$54K or 0.5% but below 2016 annual budget by \$128K.

**Sales tax** exceeds 2015 annual actual by \$925K or 7.0% and also exceeds 2016 annual budget by \$80K or 0.6%. Retail sales (increase of \$233K or 3.5%), services (increase of \$279K or 9.2%), information (increase of \$91K or 14.0%), and construction (increase of \$234K or 13.4%) account for the majority of the increase compared to annual 2015. We have three major construction projects occurring in the City in 2016: Uptown Square Apartments, Shag Senior Living, and Performing Arts & Event Center.

Additionally, **criminal justice sales tax** collected county-wide also exceeds 2015 annual actual by \$180K or 7.8%.

**Community Development permits and fees** are below the 2015 annual actual by \$933K or 34.6% and below 2016 annual budget by \$806K or 31.3%. Significant permit revenues received annually include Uptown Square Apartments, Mirror Lake Village Senior Housing, and Church of Blessing.

**Court revenue** is below 2015 annual actual by \$157K or 10.9% and below 2016 annual budget by \$187K or 12.7%. The City is no longer receipting other probation fees previously received by an outside party in Court operations, due to the new probation division in Court that started in the month of May. In addition, the Court is also under annual budget in traffic and non-parking infractions due to the reallocation of the traffic unit to assist patrol officers in the gun violence initiative.

**Probation revenue** is below 2016 annual budget by 177K or 50.0%. We started receiving probation service revenue from the new probation division of the Municipal Court in May. Probation revenue is trending behind probation expenditures by \$20K.

**Park & General Recreation Fees** is above 2015 annual actual by \$28K or 2.8% and above 2016 annual budget by \$104K or 11.1%. Senior trips and tours and inclusion program revenues increased through the efforts of staff to market and promote the programs.

### Designated Operating Funds

Expenditures are below 2016 annual budget by \$1.1M or 6.7% and are primarily due to savings or delayed expenditures in Hotel/Motel Lodging Tax, Utility Tax Proposition 1, Traffic Safety, Arterial Street Overlay, Solid Waste & Recycling, and Performing Arts & Event Center Operations, and operational decreases in Surface Water Management due to vacancies of positions and maintenance service contract payments.

Utility tax revenues received annually as reported on the monthly financial report totals \$11.9M and is \$106K or 0.9% above 2015 annual actual and \$234K or 2.0% above 2016 annual budget.

The following is the comparison of 2016 annual actual to 2015 annual actual utility taxes by category:

- Electricity – current annual increase by \$284K or 6.2%
- Gas – current annual decrease by \$99K or 6.6%
- Cable – current annual increase by \$62K or 3.8%
- Cellular – current annual decrease by \$147K or 7.6%

**Real estate excise tax** 2016 annual revenues of \$5.3M is above 2015 annual actual by \$2.2M or 73.7% and is above the 2016 annual budget by \$1.9M or 54.9%. There were 141 taxable residential sales for December (total sales \$40.8M / \$202K tax), and two commercial sales (total sales \$10.3M / \$51K tax). The Weyerhaeuser sale of \$70.5M accounted for \$349K of the \$4.4M tax received. Other large commercial sales this year were Twin Lakes Shopping Center (sale of \$10.2M, \$50K tax), Clarion Hotel (sale of \$8.95M, \$44K tax), St. Francis Medical Center (sale of \$14.5M, \$72K tax), The Reserve Apartments (sale of \$63.7M, \$315K tax), The Lodge at Peasley Canyon Apartments (sale of \$70.2M, \$347K tax), Glen Park Apartments (sale of \$85.0M, \$421K tax), Retreat at Maple Hill Apartments (sale of \$41.9M, \$207K tax), Arcadia Apartments (sale of \$68.0M, \$337K tax).

### **Federal Way Community Center**

2016 annual operating revenues total \$1.8M, which is below the 2016 annual budget by \$3K or 0.1% and below the 2015 annual actual by \$14K or 7.4%. Revenues that fell behind annual revenue projections were passes, childcare fees, fitness classes, and towel/equipment rentals. Revenues that have fallen behind 2015 annual actuals are youth athletic programs, childcare fees, fitness classes, and rentals. Revenues that performed better than annual projections were daily drop-ins, pool and facility rentals, merchandise sales, and concessions/vending.

2016 annual operating expenditures total \$2.2M, which is below the 2016 annual budget by \$11K or 0.5%, but above 2015 annual actuals by \$71K or 3.3%. Compared to annual budget: Utility costs are lower due to improved energy efficiency. This is offset by personnel costs and supplies that have increased due to increased service levels to meet higher demands, supply needs and inventories, and building repairs.

The 2016 annual revenues over / (under) expenditures of (\$421K) is performing better than the 2016 annual budget of (\$429K) by \$8K, and is performing poorer than the 2015 annual actual by (\$85K). Annually, \$501K of operating subsidy has been used to keep the reserve fund balance at \$1.5M, compared to \$422K at this time last year. Therefore, the Federal Way Community Center is performing below 2015 actuals.

The fund balance is at its required level of \$1.5 million. The fund balance is set aside for equipment replacement, major building upgrades, and roof replacement of the Community Center Building.

### **Dumas Bay Centre**

2016 annual operating revenues total \$951K, which is \$42K or 4.6% above the 2016 annual budget, and above 2015 annual actual by \$191K or 25.1%. The increase from annual 2015 actual is due to an increase in rentals as a result of a marketing plan and Google AdWords campaign that started in 2011, and the return of rental groups.

2016 annual operating expenses total \$917K, which is \$30K or 3.4% above the 2016 annual budget and \$132K above 2015 annual actual. The increase in expenses over annual 2016 actual is due to an increase in goods and services for the operation as well as the increase in rental activity.

2016 annual revenues over/(under) expenditures of \$33K is above 2015 annual by \$59K. Dumas Bay Centre has recovered 103.65% of operating expenditures compared to 96.76% last year.

The annual fund balance of \$649K is a reserve for future general capital needs of the building. These funds are set aside for equipment replacement, major building upgrades, and roof replacement of the center.

### **Lakehaven Utility District**

The City signed an agreement with Lakehaven early this year for a 3.6% franchise fee, and in exchange the City will pay for the fire hydrant maintenance and street lights that were initially paid for by Lakehaven and charged to the citizens. The franchise fees received thru December are \$424K and billing for the fire hydrants and streetlights is \$444K. The billings for fire hydrants are quarterly, and streetlights are monthly. Revenue from the franchise agreement is received monthly.

## December 2016 Monthly Financial Report - Detail

GENERAL & STREET FUND SUMMARY	2015		2016		2016 Budget vs. Actual Favorable/(Unfavorable)	
	Annual Budget	Annual Actual	Annual Budget	Annual Actual	\$	%
<b>Beginning Fund Balance</b>	<b>\$ 13,264,105</b>	<b>\$ 13,264,105</b>	<b>\$ 12,006,584</b>	<b>\$ 12,006,584</b>	n/a	n/a
<b>Revenues:</b>						
Property Taxes	10,342,770	10,305,144	10,486,454	10,358,895	(127,559)	-1.2%
Sales Tax	12,962,420	13,297,086	14,142,653	14,222,497	79,844	0.6%
Criminal Justice Sales Tax	2,273,430	2,319,124	2,507,007	2,499,527	(7,480)	-0.3%
Gambling Taxes	155,000	178,118	155,000	190,051	35,051	22.6%
State Shared Revenue	2,483,000	2,559,940	2,483,000	2,878,883	395,883	15.9%
Leasehold Tax	6,000	6,104	6,000	3,784	(2,216)	-36.9%
Court Revenue	1,551,550	1,441,207	1,471,550	1,284,479	(187,071)	-12.7%
Probation Revenue	-	-	354,345	177,252	(177,093)	-50.0%
CD Permits & Fees	2,572,000	2,698,841	2,572,000	1,766,106	(805,894)	-31.3%
PW Permits & Fees	317,000	520,249	317,000	487,489	170,489	53.8%
Business License Fees	259,000	267,500	259,000	261,716	2,716	1.0%
Franchise Fees	1,050,000	1,113,436	1,050,000	1,167,270	117,270	11.2%
Lakehaven Franchise Fees	-	-	424,289	424,289	-	0.0%
Passport Agency Fees	65,000	74,275	65,000	67,800	2,800	4.3%
Park & General Recreation Fees	937,000	1,012,820	937,000	1,041,297	104,297	11.1%
Police Services	984,000	1,124,278	1,174,766	1,376,060	201,294	17.1%
Admin/Cash Management Fees	375,896	375,896	375,896	375,896	0	0.0%
Interest Earnings	31,000	27,090	31,000	55,217	24,217	78.1%
Miscellaneous/Other/Grants	723,276	977,941	903,002	978,555	75,553	8.4%
<b>Total Revenues</b>	<b>37,088,342</b>	<b>38,299,050</b>	<b>39,714,962</b>	<b>39,617,064</b>	<b>(97,899)</b>	<b>-0.2%</b>
<b>Expenditures:</b>						
City Council	393,975	363,550	378,928	373,181	5,747	1.5%
Mayor's Office	1,511,439	1,511,600	1,375,288	1,375,978	(690)	-0.1%
Community Development	2,296,033	2,222,664	2,335,518	2,212,828	122,690	5.3%
Economic Development	232,238	201,997	349,430	306,232	43,198	12.4%
Human Services	834,592	743,184	977,464	867,906	109,558	11.2%
Finance	908,534	883,629	941,111	874,097	67,014	7.1%
Human Resources	874,337	817,304	982,708	942,757	39,951	4.1%
Law	1,316,420	1,299,173	1,316,670	1,477,034	(160,364)	-12.2%
Municipal Court	1,326,071	1,311,919	1,365,125	1,329,417	35,708	2.6%
Probation	-	-	354,345	197,233	157,112	44.3%
Jail	4,436,614	4,455,713	5,518,134	5,502,776	15,358	0.3%
Police	18,237,744	18,678,114	19,673,962	20,087,648	(413,686)	-2.1%
Parks & Recreation	3,548,663	3,682,473	3,798,675	3,906,619	(107,944)	-2.8%
Lakehaven Fire Hydrant/Street Light	-	-	419,120	444,246	(25,126)	-6.0%
Public Works	4,069,657	3,506,800	3,869,332	3,372,714	496,618	12.8%
<b>Total Expenditures</b>	<b>39,986,317</b>	<b>39,678,121</b>	<b>43,655,810</b>	<b>43,270,666</b>	<b>385,144</b>	<b>0.9%</b>
<b>Revenues over/(under) Expenditures</b>	<b>(2,897,975)</b>	<b>(1,379,071)</b>	<b>(3,940,848)</b>	<b>(3,653,603)</b>	<b>287,245</b>	<b>-7.3%</b>
<b>Other Sources:</b>						
Ongoing Transfers In:						
Traffic Safety for Operations	155,000	155,000	1,780,609	1,780,609	-	0.0%
Utility Tax for Designated Programs	498,000	248,818	916,340	534,203	(382,137)	-41.7%
Utility Tax for Operations	6,495,929	5,103,008	7,813,661	7,813,661	-	0.0%
<b>Total Other Financing Sources</b>	<b>7,148,929</b>	<b>5,506,826</b>	<b>10,510,610</b>	<b>10,128,473</b>	<b>(382,137)</b>	<b>-3.6%</b>
<b>Other Uses:</b>						
1-Time Transfers Out/Other	127,988	127,988	2,727,481	1,969,815	757,666	27.8%
Non-Departmental Internal Service Charges	5,662,989	5,257,284	5,313,909	4,898,441	415,468	7.8%
<b>Total Other Financing Uses</b>	<b>5,790,977</b>	<b>5,385,272</b>	<b>8,041,390</b>	<b>6,868,256</b>	<b>1,173,134</b>	<b>14.6%</b>
<b>Total Ending Fund Balance</b>	<b>\$ 11,724,082</b>	<b>\$ 12,006,587</b>	<b>\$ 10,534,956</b>	<b>\$ 11,613,198</b>	n/a	n/a



DESIGNATED OPERATING FUNDS SUMMARY	2015		2016		2016 Budget vs. Actual Favorable/(Unfavorable)	
	Annual Budget	Annual Actual	Annual Budget	Annual Actual	\$	%
<b>Beginning Fund Balance</b>	\$ 21,407,791	\$ 21,407,792	\$ 23,403,005	\$ 23,403,010	n/a	n/a
<b>Revenues:</b>						
Utility Tax	8,735,934	9,129,221	8,973,923	9,211,905	237,982	2.7%
Utility Tax - Prop 1 Voter Package	2,555,856	2,667,329	2,694,833	2,690,961	(3,872)	-0.1%
Hotel/Motel Lodging Tax	200,000	266,053	200,000	283,220	83,220	41.6%
Real Estate Excise Tax	3,100,000	3,031,159	3,399,999	5,265,138	1,865,139	54.9%
Property Tax - King Co Expansion Levy	155,000	177,780	160,000	172,784	12,784	8.0%
State Shared Revenue	509,000	510,660	509,000	526,648	17,648	3.5%
Traffic Safety (Red Light/School Zone)	2,773,643	3,012,004	3,275,117	3,192,978	(82,139)	-2.5%
Federal Way Community Center	1,860,500	1,842,493	1,831,500	1,828,862	(2,638)	-0.1%
Dumas Bay Centre Fund	697,251	760,332	908,792	950,930	42,138	4.6%
Surface Water Management Fees	3,820,000	3,871,256	3,900,000	3,930,279	30,279	0.8%
Refuse Collection Fees	302,517	300,983	304,517	303,820	(697)	-0.2%
Interest Earnings	11,800	39,838	14,800	90,544	75,744	511.8%
Miscellaneous/Other/Grants	240,807	310,314	257,578	277,810	20,232	7.9%
<b>Total Revenues</b>	<b>24,962,308</b>	<b>25,919,421</b>	<b>26,430,059</b>	<b>28,725,879</b>	<b>2,295,820</b>	<b>8.7%</b>
<b>Expenditures:</b>						
Arterial Streets Overlay Program	1,724,205	1,336,390	1,713,886	1,652,932	60,954	3.6%
Solid Waste & Recycling	501,031	478,807	464,622	452,722	11,900	2.6%
Hotel/Motel Lodging Tax	355,296	180,180	200,300	49,935	150,365	75.1%
Traffic Safety (Red Light/School Zone)	2,123,644	1,994,792	2,340,253	2,276,156	64,097	2.7%
Utility Tax Proposition 1	2,841,965	2,782,463	2,978,350	2,826,642	151,708	5.1%
Debt Service (Debt & Admin Fee)	1,039,573	1,005,479	815,123	812,422	2,701	0.3%
Federal Way Community Center	2,170,024	2,178,525	2,260,641	2,249,626	11,016	0.5%
Performing Arts & Event Ctr Operations	27,989	15,387	412,135	234,505	177,630	43.1%
Dumas Bay Centre Fund	769,243	785,763	887,199	917,484	(30,285)	-3.4%
Surface Water Management	3,810,626	3,434,780	3,912,789	3,444,891	467,898	12.0%
<b>Total Expenditures</b>	<b>15,363,596</b>	<b>14,192,567</b>	<b>15,985,298</b>	<b>14,917,316</b>	<b>1,067,983</b>	<b>6.7%</b>
<b>Revenues over/(under) Expenditures</b>	<b>9,598,712</b>	<b>11,726,855</b>	<b>10,444,761</b>	<b>13,808,563</b>	<b>3,363,803</b>	<b>32.2%</b>
<b>Other Sources:</b>						
Ongoing Transfers In:						
Utility Tax for DBC Oper/Reserves	233,659	483,659	112,000	117,875	5,875	5.2%
Utility Tax for FWCC Oper/Reserves	396,754	396,754	447,999	420,302	(27,697)	-6.2%
Utility Tax for FWCC Debt	810,773	810,773	812,123	812,123	-	0.0%
Utility Tax for Arterial Streets Overlay	1,013,000	760,885	1,013,000	1,013,000	-	0.0%
l-Time Transfers	1,933,455	1,898,937	4,111,344	3,869,573	(241,771)	-5.9%
<b>Total Other Sources</b>	<b>4,387,641</b>	<b>4,351,008</b>	<b>6,496,466</b>	<b>6,232,873</b>	<b>(263,593)</b>	<b>-4.1%</b>
<b>Other Uses:</b>						
Ongoing Transfer Out:						
Traffic Safety (Red Light/School Zone)	-	-	1,990,609	1,990,609	-	0.0%
Utility Tax to PAEC Oper	-	-	376,805	376,581	224	0.1%
Utility Tax to FWCC Oper/Reserves	396,754	396,754	447,999	420,302	27,697	6.2%
REET to FWCC Debt	810,773	810,773	812,123	812,123	-	0.0%
Utility Tax to DBC Oper/Reserves	233,659	483,659	112,000	117,875	(5,875)	-5.2%
Utility Tax to Arterial Streets Overlay	1,013,000	760,885	1,013,000	1,013,000	-	0.0%
Utility Tax to General/Street Oper	6,690,493	5,028,390	7,331,661	6,929,235	402,426	5.5%
l-Time Transfers/Other/Unalloc IS	6,823,701	6,602,184	8,394,301	8,496,868	(102,567)	-1.2%
<b>Total Other Uses</b>	<b>15,968,380</b>	<b>14,082,645</b>	<b>20,478,498</b>	<b>20,160,647</b>	<b>317,851</b>	<b>1.6%</b>
<b>Ending Fund Balance</b>						
Arterial Streets Overlay	100,000	298,388	100,000	245,968	n/a	n/a
Utility Tax (non-Prop 1)	2,029,120	4,120,012	1,842,718	2,457,684	n/a	n/a
Utility Tax - Prop 1 Voter Package	548,494	719,485	1,077,461	1,290,233	n/a	n/a
Solid Waste & Recycling	177,821	208,857	175,352	176,307	n/a	n/a
Hotel/Motel Lodging Tax	245,300	501,765	501,765	737,374	n/a	n/a
Federal Way Community Center	1,483,499	1,500,002	1,516,499	1,516,497	n/a	n/a
Traffic Safety Fund	3,241,744	3,614,117	2,558,372	2,551,277	n/a	n/a
Real Estate Excise Tax Fund	3,508,627	3,445,070	3,078,495	4,957,033	n/a	n/a
Performing Arts & Event Ctr Operations	(1)	12,608	(0)	177,413	n/a	n/a
Paths & Trails	360,664	384,357	553,356	568,722	n/a	n/a
Strategic Reserve Fund	3,012,279	3,085,472	3,418,340	3,021,716	n/a	n/a
Parks Reserve Fund	250,000	250,000	750,000	752,652	n/a	n/a
Debt Service Fund	1,471,153	1,471,579	2,499,999	2,508,515	n/a	n/a
Surface Water Management	2,964,197	3,392,481	1,082,868	1,673,735	n/a	n/a
Dumas Bay Centre Fund	32,867	398,817	710,510	648,669	n/a	n/a
<b>Total Ending Fund Balance</b>	<b>\$ 19,425,764</b>	<b>\$ 23,403,010</b>	<b>\$ 19,865,735</b>	<b>\$ 23,283,796</b>	<b>n/a</b>	<b>n/a</b>

**Sales Tax**

Compared to annual 2015 actual, sales tax revenues are up by \$925K or 7.0%. Compared to 2016 annual budget, annual sales tax revenues went up by \$80K or 0.6%. There is usually a two month lag in sales tax revenue. The sales tax collected for October 2016 is paid to the City in December 2016.

LOCAL RETAIL SALES TAX REVENUES							
Annual 2016							
Month	2015 Actual	2016		Favorable/(Unfavorable)			
		Budget	Actual	Change from 2015		2016 Actual vs Budget	
				\$	%	\$	%
Jan	\$ -	-	-	-	-	-	-
Feb	1,353,180	1,414,323	1,407,385	54,205	4.0%	(6,938)	-0.5%
Mar	912,804	998,471	967,408	54,604	6.0%	(31,062)	-3.1%
Apr	952,455	1,016,521	1,031,972	79,517	8.3%	15,451	1.5%
May	1,088,938	1,157,291	1,169,154	80,217	7.4%	11,864	1.0%
Jun	1,044,900	1,095,865	1,148,897	103,997	10.0%	53,032	4.8%
Jul	1,092,791	1,151,369	1,191,650	98,859	9.0%	40,281	3.5%
Aug	1,254,134	1,322,299	1,308,122	53,987	4.3%	(14,177)	-1.1%
Sep	1,144,483	1,225,623	1,230,986	86,503	7.6%	5,362	0.4%
Oct	1,123,740	1,202,884	1,271,590	147,851	13.2%	68,706	5.7%
Nov	1,137,158	1,232,386	1,241,815	104,657	9.2%	9,430	0.8%
Dec	2,192,502	2,325,621	2,253,517	61,015	2.8%	(72,104)	-3.1%
<b>Annual Total</b>	<b>\$ 13,297,086</b>	<b>\$ 14,142,653</b>	<b>\$ 14,222,497</b>	<b>\$ 925,411</b>	<b>7.0%</b>	<b>\$ 79,844</b>	<b>0.6%</b>

COMPARISON OF SALES TAX COLLECTIONS BY SIC GROUP					
Component Group	2015 Actual	2016 Actual	Favorable/(Unfavorable) Change from 2015		Explanation
			\$	%	
Retail Trade	\$ 6,717,150	\$ 6,950,176	\$ 233,026	3.5%	Up \$284K - Motor Vehicle & Parts Dealer, Furniture and Home Furnishings, Electronics and Appliances, Building Material and Garden, Health and Personal Care Stores, Clothing and Accessories, General Merchandise Stores, Sporting Goods, Hobby, Gasoline Stations, Books and Nonstore Retailers  Down \$51K - Food and Beverage Stores, and Miscellaneous Retailers
Services	3,019,060	3,298,258	279,198	9.2%	Up \$301K - Professional, Scientific, Tech, Administrative & Support Services, Educational Services, Waste Management Remediation, Accommodation, Food Services & Drinking Places, Repair & Maintenance & Personal Laundry Services, Hospitals, Religious, Grantmaking, Civic  Down \$22K - Nursing & Residential Care, Amusement, Gambling
Construct	1,747,941	1,981,784	233,843	13.4%	Up \$234K - Construction of Buildings, Heavy & Civil Construction, Specialty Trade
Wholesaling	518,276	503,938	(14,338)	-2.8%	Up \$33K - Wholesale Trade, Nondurable goods Down \$47K - Wholesale Trade, Durable goods
Transp/Utility	6,368	4,905	(1,463)	-23.0%	General Decrease
Information	648,418	739,332	90,914	14.0%	Up \$91K - Internet Service Providers, Publishing Industries, Telecommunications, Other Information Services, Motion Picture, Sound Record
Manufacturing	126,616	134,427	7,811	6.2%	Up \$19K Wood Product Manufacturing, Printing & Related Support, Nonmetallic Mineral Products, Computer & Electronic Products, Machinery Manufacturing  Down \$11K - Food Manufacturing, Apparel Manufacturing, Chemical Manufacturing, Fabricated Metal Manufacturing
Government	154,001	203,345	49,344	32.0%	Up \$67K - Economic Programs Admin, Justice, Public Order, Safety  Down \$18K - Executive, Legislative, Other
Fin/Insurance/Real Estate	297,657	341,686	44,029	14.8%	Up \$49K - Real Estate, Credit Intermediation, Rental & Leasing Services, Insurance Carriers and Related  Down \$5K - Securities, Commodities, Other
Other	61,598	64,645	3,047	4.9%	General Increase
<b>Annual 2016</b>	<b>\$ 13,297,086</b>	<b>\$ 14,222,497</b>	<b>\$ 925,411</b>	<b>7.0%</b>	

SALES TAX COMPARISON by AREA					
Annual 2016					
Location	2015	2016	Favorable/(Unfavorable)		Explanation
			Chg from 2015		
			\$	%	
<b>Annual Total Sales Tax</b>	<b>\$ 13,297,086</b>	<b>\$ 14,222,497</b>	<b>\$ 925,411</b>	<b>7.0%</b>	
S 348th Retail Block	2,065,741	2,160,587	94,845	4.6%	Up \$185K Retail Automotive/Gas, Retail Building Materials, Retail General Merchandise, Furniture & Fixtures, Retail Eating & Drinking  Down \$90K Retail Miscellaneous Stores, Retail Electronics & Appliances
The Commons	1,097,349	1,115,623	18,274	1.7%	Up \$59K Misc Retail Trade  Down \$41K Retail Apparel & Accessories, Retail Eating & Drinking, Retail Electronics & Appliances
S 312th to S 316th	782,830	792,904	10,074	1.3%	Up \$13K Retail General Merchandise, Retail Eating & Drinking, Misc Retail Trade, Automotive Repair  Down \$3K Retail Automotive/Gas
Pavilion Center	443,525	455,341	11,816	2.7%	Up \$12K Electronics and Appliances, Retail Food Stores, & Retail Eating & Drinking
Hotels & Motels	261,136	281,693	20,558	7.9%	General Increase
Gateway Center	179,731	205,788	26,057	14.5%	Up \$33K Telecommunications, Food/Beverage Stores, Health & Personal Care Stores  Down \$7K Motion Picture/Sound

**Utility Tax (Total 7.75%)**

The utility taxes annually are \$106K or 0.9% above 2015 annual actual and \$234K or 2.0% above 2016 budget. There is usually a two month lag in utility tax revenue. The utility tax collected by utility companies for October 2016 is paid to the City in December 2016.

UTILITY TAXES							
Annual 2016							
Month	2015 Actual	2016		Favorable/(Unfavorable)			
		Budget	Actual	Change from 2015		2016 Actual vs Budget	
				\$ Var	% Var	\$ Var	% Var
Jan	\$ 777	\$ 778	\$ 535	\$ (242)	-31.2%	\$ (244)	-31.3%
Feb	962,766	905,458	1,140,130	177,364	18.4%	234,672	25.9%
Mar	1,055,119	1,229,281	1,111,608	56,488	5.4%	(117,673)	-9.6%
Apr	1,073,824	754,672	1,125,890	52,066	4.8%	371,218	49.2%
May	326,129	725,039	289,114	(37,015)	-11.3%	(435,925)	-60.1%
Jun	1,524,811	1,484,406	1,536,627	11,816	0.8%	52,221	3.5%
Jul	774,995	587,922	851,015	76,020	9.8%	263,093	44.7%
Aug	456,814	670,381	444,239	(12,575)	-2.8%	(226,141)	-33.7%
Sept	1,369,810	1,079,786	1,322,964	(46,846)	-3.4%	243,178	22.5%
Oct	1,032,962	1,092,239	1,064,509	31,547	3.1%	(27,729)	-2.5%
Nov	769,426	654,704	743,017	(26,409)	-3.4%	88,313	13.5%
Dec	2,465,025	2,511,092	2,287,467	(177,558)	-7.2%	(223,625)	-8.9%
<b>Annual Subtotal</b>	<b>\$ 11,812,459</b>	<b>\$ 11,695,756</b>	<b>\$ 11,917,114</b>	<b>\$ 104,656</b>	<b>0.9%</b>	<b>\$ 221,358</b>	<b>1.9%</b>
Rebate	(15,908)	(27,000)	(14,249)	1,659	0.0%	12,751	-47.2%
<b>Annual Total</b>	<b>\$ 11,796,551</b>	<b>\$ 11,668,756</b>	<b>\$ 11,902,866</b>	<b>\$ 106,315</b>	<b>0.9%</b>	<b>\$ 234,110</b>	<b>2.0%</b>

The City of Federal Way provides a utility tax rebate for qualifying individuals that have paid for Utility bills within the City of Federal Way, who are 65 years or older, disabled/unable to work, and qualify as low income during the affected calendar year. This is an annual program that opens January 1<sup>st</sup> and closes April 30<sup>th</sup> of each year. The City processed 156 rebates at a total cost of \$16K in 2015. The City processed 132 rebates at a total cost of \$14K in 2016. This year we will post notice at Wal-Mart, Community Center, and City Hall.



UTILITY TAXES - by Type				
Annual 2016				
Utility Type	2015 Actual	2016 Actual	Favorable/(Unfavorable) Change from 2015	
			\$	%
Electric	\$ 4,615,272	\$ 4,899,498	\$ 284,225	6.2%
Gas	1,487,742	1,388,843	(98,899)	-6.6%
Solid Waste	916,726	938,746	22,020	2.4%
Cable	1,658,024	1,720,334	62,310	3.8%
Phone	891,543	870,621	(20,922)	-2.3%
Cellular	1,941,783	1,794,419	(147,364)	-7.6%
Pager	682	380	(302)	n/a
SWM	300,686	304,275	3,589	1.2%
Tax Rebate	(15,908)	(14,249)	1,659	0.0%
<b>Annual Total</b>	<b>\$ 11,796,551</b>	<b>\$ 11,902,866</b>	<b>\$ 106,315</b>	<b>0.9%</b>

**Proposition 1 Voter-Approved Utility Tax**

2016 Annual Prop 1 expenditures total \$2.8M or 94.9% of the \$2.9M annual budget. Current life-to-date Prop 1 Utility tax collections and transfer in total \$28.9M and expenditures total \$27.7M.

PROP 1	2015		2016		Life To Date
	Budget	Actual	Budget	Actual	
<b>Beginning Balance:</b>	834,603	834,603	719,485	719,485	n/a
<b>OPERATING REVENUES</b>					
January	172	175	179	121	1,604,144
February	187,628	177,728	208,628	257,695	2,349,155
March	308,182	297,286	283,240	251,171	2,884,123
April	98,809	112,871	173,885	254,383	2,426,614
May	244,602	234,426	167,057	65,574	2,311,699
June	318,955	314,071	342,024	347,323	2,658,720
July	90,036	93,050	135,464	192,576	1,952,573
August	193,223	202,390	154,463	100,684	1,932,000
September	176,723	197,173	248,795	299,094	1,966,161
October	253,572	286,955	251,664	240,747	2,409,684
November	120,120	125,844	150,851	168,124	1,872,377
December	563,833	625,376	578,584	516,876	3,870,019
<b>Total Prop 1 Revenues:</b>	<b>2,555,856</b>	<b>2,667,345</b>	<b>2,694,833</b>	<b>2,694,368</b>	<b>28,237,269</b>
<b>Transfer in from Utility Tax Fund</b>			<b>641,494</b>	<b>703,022</b>	<b>703,022</b>
<b>OPERATING EXPENDITURES</b>					
<i>Public Safety Improvement Positions &amp; Costs:</i>					
Police Services (includes 1 Records Specialist, 16 Police Officers, & 2 Lieutenants)	2,214,883	2,193,288	2,333,304	2,270,637	20,824,022
Court Services (includes .50 Judge, 1 Court Clerk, and Pro Tem Pay, Public Defender contract, 1.5 Prosecutors)	371,090	364,464	378,690	338,718	3,468,359
<b>Total Public Safety Improvement Costs</b>	<b>2,585,973</b>	<b>2,557,752</b>	<b>2,711,994</b>	<b>2,609,354</b>	<b>24,292,382</b>
<i>Community Safety Program Costs:</i>					
1 Code Enforcement Officer	101,268	77,971	107,497	47,768	444,596
5 Assistant City Attorney	58,052	51,997	61,391	61,444	588,430
1 Parks Maintenance Worker I & Security	96,672	94,744	97,469	108,075	997,960
<b>Total Community Safety Improvement Costs</b>	<b>255,992</b>	<b>224,712</b>	<b>266,356</b>	<b>217,287</b>	<b>2,030,985</b>
Indirect Support - HR Analyst	-	-	-	-	291,695
SafeCity M&O	-	-	-	-	245,929
<b>Subtotal Ongoing Expenditures</b>	-	-	-	-	<b>537,624</b>
SafeCity Startup	-	-	-	-	189,066
Other Transfer - Prop 1 OT for Police	-	-	-	-	600,000
<b>Subtotal Other Expenditures</b>	-	-	-	-	<b>789,066</b>
<b>Total Prop 1 Expenditures:</b>	<b>2,841,965</b>	<b>2,782,464</b>	<b>2,978,350</b>	<b>2,826,642</b>	<b>27,650,057</b>
<b>Total Ending Fund Balance:</b>	<b>\$ 548,494</b>	<b>\$ 719,485</b>	<b>\$ 1,077,462</b>	<b>\$ 1,290,233</b>	<b>\$ 1,290,233</b>



### Real Estate Excise Tax

Compared to 2015 annual actuals, collections are up \$2.2M or 73.7%. December's receipt of \$253K is below December 2015's actual by \$80K or 24.1% and below December 2016's projections by \$239K or 48.5%.

December 2016 activities include 235 real estate transactions, of which 92 or 39.1% were tax exempt. There were 141 taxable residential sales (total sales \$40.8M / \$202K tax), and two commercial sales (total sales \$10.3M / \$51K tax).

REAL ESTATE EXCISE TAX REVENUES							
Annual 2016							
Month	2015 Actual	2016		Favorable/(Unfavorable)			
		Budget	Actual	Change from 2015		2016 Actual vs Budget	
				\$	%	\$	%
Jan	\$ 155,922	\$ 143,916	\$ 386,409	\$ 230,486	147.8%	\$ 242,493	168.5%
Feb	150,860	138,916	533,534	- 382,674	253.7%	394,618	284.1%
Mar	331,315	308,324	165,413	(165,903)	-50.1%	(142,911)	-46.4%
Apr	148,984	175,100	245,886	96,902	65.0%	70,786	40.4%
May	302,118	425,901	220,243	(81,875)	-27.1%	(205,658)	-48.3%
Jun	345,929	324,804	328,219	(17,711)	-5.1%	3,415	1.1%
Jul	302,572	370,286	331,410	28,838	9.5%	(38,876)	-10.5%
Aug	324,637	308,539	289,291	(35,346)	-10.9%	(19,248)	-6.2%
Sep	199,688	214,919	933,582	733,894	367.5%	718,663	334.4%
Oct	246,044	250,160	987,072	741,028	301.2%	736,912	294.6%
Nov	189,651	247,039	590,835	401,184	211.5%	343,796	139.2%
Dec	333,438	492,098	253,246	(80,192)	-24.1%	(238,852)	-48.5%
<b>Annual Total</b>	<b>3,031,159</b>	<b>3,399,999</b>	<b>5,265,138</b>	<b>2,233,979</b>	<b>73.7%</b>	<b>1,865,139</b>	<b>54.9%</b>

### Hotel/Motel Lodging Tax

Hotel/Motel lodging tax annually in 2016 is \$283K and is above 2015's annual collections by \$17K or 6.5%. 2016 annual receipts are above annual projections by \$83K or 41.6%. The lodging tax collected for October 2016 is paid to the City in December 2016. The decrease of \$3,927 from August 2015 to August 2016 is due to the U.S. Open event that occurred in June of 2015.

HOTEL/MOTEL LODGING TAX REVENUES							
Annual 2016							
Month	2015 Actual	2016		Favorable/(Unfavorable)			
		Budget	Actual	Change from 2015		2016 Actual vs Budget	
				\$	%	\$	%
Jan	\$ -	\$ -	\$ -	\$ -	-	\$ -	-
Feb	15,336	11,307	15,431	95	0.6%	4,124	36.5%
Mar	13,489	10,778	15,983	2,494	18.5%	5,205	48.3%
Apr	16,825	13,230	20,565	3,741	22.2%	7,336	55.5%
May	19,890	15,441	22,013	2,123	10.7%	6,572	42.6%
Jun	17,024	12,968	19,591	2,567	15.1%	6,623	51.1%
Jul	21,320	15,530	22,788	1,468	6.9%	7,258	46.7%
Aug	34,569	23,726	30,642	(3,927)	-11.4%	6,916	29.2%
Sept	34,823	25,890	34,121	(702)	-2.0%	8,231	31.8%
Oct	33,195	25,833	37,138	3,944	11.9%	11,305	43.8%
Nov	24,271	18,448	26,933	2,663	11.0%	8,485	46.0%
Dec	35,312	26,848	38,013	2,701	7.6%	11,165	41.6%
<b>Annual Total</b>	<b>\$ 266,052</b>	<b>\$ 200,000</b>	<b>\$ 283,220</b>	<b>\$ 17,167</b>	<b>6.5%</b>	<b>\$ 83,220</b>	<b>41.6%</b>

### Permit Activity

Building, planning, and zoning permit activities are below 2015's annual activity by \$933K or 34.6%. Compared to annual budget, permit activity is below by \$806K or 31.3%.

The permits that have primarily contributed to the decrease are the Federal Way High School and Kitts Corner permits.

BUILDING & LAND USE PERMITS AND FEES (CD)							
Annual 2016							
Month	2015 Actual	2016		Change from 2015		Favorable/(Unfavorable)	
		Budget	Actual	Change from 2015		2016 Actual vs Budget	
				\$	%	\$	%
Jan	100,841	161,244	186,036	85,195	84.5%	24,793	15.4%
Feb	512,848	237,487	89,756	(423,092)	-82.5%	(147,731)	-62.2%
Mar	167,455	236,108	155,317	(12,138)	-7.2%	(80,791)	-34.2%
Apr	322,691	243,715	132,987	(189,703)	-58.8%	(110,728)	-45.4%
May	193,125	253,998	142,079	(51,046)	-26.4%	(111,920)	-44.1%
Jun	126,129	283,552	162,842	36,713	29.1%	(120,710)	-42.6%
Jul	307,392	212,887	109,407	(197,985)	-64.4%	(103,480)	-48.6%
Aug	151,296	236,423	112,635	(38,661)	-25.6%	(123,788)	-52.4%
Sept	233,908	207,518	273,985	40,077	17.1%	66,467	32.0%
Oct	300,673	205,686	120,763	(179,911)	-59.8%	(84,923)	-41.3%
Nov	87,568	122,133	168,172	80,604	92.0%	46,039	37.7%
Dec	194,915	171,248	112,127	(82,789)	-42.5%	(59,121)	-34.5%
<b>Annual Total</b>	<b>\$ 2,698,841</b>	<b>\$ 2,572,000</b>	<b>\$ 1,766,106</b>	<b>\$ (932,735)</b>	<b>-34.6%</b>	<b>\$ (805,894)</b>	<b>-31.3%</b>

**Police Department**

The total overtime budget of \$949K consists of \$767K for City overtime and \$182K for billable time.

Compared to 2016 annual budget, City’s portion of overtime is \$322K or 42.0% above annual projections.

Compared to 2015 actuals, City’s portion of overtime is above by \$262K or 31.6%. Including the decrease in billable overtime, total overtime increased by \$165K or 15.0% over the same time last year.

The December overtime increase of \$17K above 2015 annual actual is due to on-going gun violence emphasis operations. The Police Department is conducting extra enforcement patrols to ensure the safety and security of the citizens.

PD Overtime by Type Annual 2016				
Type	2015 Actual	2016 Actual	(Favorable)/Unfavorable Change from 2015	
			\$	%
Training	\$ 14,733	\$ 25,338	\$ 10,605	72.0%
Court	34,718	49,887	15,169	43.7%
Field Oper	697,462	917,192	219,730	31.5%
Other	80,613	96,726	16,113	20.0%
<b>City Portion</b>	<b>827,526</b>	<b>1,089,143</b>	<b>261,617</b>	<b>31.6%</b>
Contract/Grant	245,233	150,184	(95,049)	-38.8%
Traffic School	24,451	22,456	(1,995)	-8.2%
<b>Billable</b>	<b>269,684</b>	<b>172,640</b>	<b>(97,044)</b>	<b>-36.0%</b>
<b>Annual Total</b>	<b>\$ 1,097,210</b>	<b>\$ 1,261,783</b>	<b>\$ 164,572</b>	<b>15.0%</b>

PD Overtime by Month Annual 2016							
Month	2015 Actual	2016		(Favorable)/Unfavorable			
		Budget	Actual	Change from 2015		2016 Actual vs Budget	
				\$	%	\$	%
Jan	\$ 92,125	\$ 67,712	\$ 70,394	\$ (21,731)	-23.6%	\$ 2,683	4.0%
Feb	61,090	63,817	92,574	31,484	51.5%	28,757	45.1%
Mar	61,169	56,049	64,708	3,540	5.8%	8,660	15.5%
Apr	55,955	58,564	76,909	20,954	37.4%	18,345	31.3%
May	84,365	69,262	100,057	15,693	18.6%	30,796	44.5%
Jun	81,812	58,773	95,848	14,036	17.2%	37,075	63.1%
Jul	90,427	81,613	102,254	11,827	13.1%	20,641	25.3%
Aug	73,713	58,298	67,044	(6,669)	-9.0%	8,746	15.0%
Sep	55,110	61,969	111,196	56,086	101.8%	49,226	79.4%
Oct	54,986	71,191	150,946	95,959	174.5%	79,755	112.0%
Nov	64,356	55,726	87,350	22,994	35.7%	31,624	56.8%
Dec	52,418	64,183	69,862	17,444	33.3%	5,680	8.8%
<b>City Portion</b>	<b>827,526</b>	<b>767,155</b>	<b>1,089,143</b>	<b>261,617</b>	<b>31.6%</b>	<b>321,988</b>	<b>42.0%</b>
<b>Billable</b>	<b>269,684</b>	<b>181,785</b>	<b>172,640</b>	<b>(97,044)</b>	<b>-36.0%</b>	<b>(9,145)</b>	<b>-5.0%</b>
<b>Annual Total</b>	<b>\$ 1,097,210</b>	<b>\$ 948,940</b>	<b>\$ 1,261,783</b>	<b>\$ 164,572</b>	<b>15.0%</b>	<b>\$ 312,843</b>	<b>33.0%</b>

**Jail Services**

The total jail budget is \$5.52M and it is for SCORE Jail maintenance & operation assessments and alternative programs. Debt service is being paid for by SCORE reserves in 2016.

At the original 2007 projections, the Average Daily Population (ADP) was projected at 60 in-mates, which was the 3<sup>rd</sup> highest, out of the seven member cities. In 2015 based on 2014 activity, ADP was projected at 93 in-mates. In 2012, the budgeted ADP for Federal Way was 60, but actual ADP was never below 65, and at one point ADP was above 105. In 2013, the budgeted ADP for Federal Way was 90 ADP, but actual ADP was never below 75, and at its height ADP was about 90. In 2014, the budgeted ADP was 95, and the actual ADP at its highest point was 95, and at its lowest was just above 75 ADP. When ADP increases, the jail costs increase. Renton which was once the highest in 2007, is now second behind Federal Way. In 2016, the budgeted ADP is 105 and our ADP in December was 75. In 2015, the December ADP was 72.

Other jail & alternative programs are provided by King County and Providence Community for psychiatric care. As of the end of December the City spent \$144,642 on these services that are not currently being provided by SCORE.

Jail and Alternatives to Confinement			
	2015	2016	
	Annual Actual	Annual Budget	Annual Actual
SCORE	\$ 4,276,614	\$ 5,358,134	\$ 5,358,134
Other Jail & Alternative Programs	179,099	160,000	144,642
<b>Subtotal M&amp;O</b>	<b>4,455,713</b>	<b>5,518,134</b>	<b>5,502,776</b>
Subtotal Debt Service	-	-	-
<b>Total</b>	<b>\$ 4,455,713</b>	<b>\$ 5,518,134</b>	<b>\$ 5,502,776</b>

### Traffic Safety - Red Light / School Zone

Traffic Safety Red light & school zone enforcement revenues are accounted for in the Traffic Safety Fund to be used for, but not limited to, prevention, education, and enforcement efforts related to traffic safety and compliance with traffic control devices within the City, including maintenance and operations costs. Traffic Safety Fund pays for 1 Lieutenant, 7 Police Officers, 3 City Traffic positions, Municipal Court security services, red light photo services, Valleycomm emergency communication services, and School Zone Enhancements capital improvement projects.

Red Light Photo/School Zone Enforcement											
Month	2015				2016				Variance		
	Gross Revenue	Payments to ATS	Salaries & Wages & Crt Security	Net Revenue	Gross Revenue	Payments to ATS	Salaries & Wages & Crt Security	Net Revenue	\$ Variance	% Variance	
	Favorable/(Unfavorable)										
Jan	\$ 214,295	\$ (52,250)	\$ (116,987)	\$ 45,058	\$ 245,938	\$ (52,250)	\$ (114,179)	\$ 79,509	\$ 34,450	76.5%	
Feb	276,824	(52,250)	(118,560)	106,014	276,364	(52,250)	(124,988)	99,126	(6,888)	-6.5%	
Mar	182,243	(23,750)	(129,774)	28,719	349,149	(52,250)	(120,513)	176,386	147,667	514.2%	
Apr	301,461	(52,250)	(124,961)	124,251	286,440	(52,250)	(145,902)	88,289	(35,962)	-28.9%	
May	194,639	(52,250)	(117,371)	25,018	257,204	(52,250)	(125,100)	79,854	54,836	219.2%	
Jun	297,654	(52,250)	(126,832)	118,572	328,029	(52,250)	(124,785)	150,995	32,423	27.3%	
Jul	304,709	(38,000)	(119,867)	146,841	228,331	(52,250)	(127,330)	48,750	(98,091)	-66.8%	
Aug	184,396	(38,000)	(124,907)	21,490	226,793	(38,000)	(132,477)	56,315	34,826	162.1%	
Sep	222,403	(52,250)	(120,472)	49,681	178,663	(38,000)	(126,636)	14,027	(35,654)	-71.8%	
Oct	258,671	(52,250)	(120,482)	85,939	240,805	(52,250)	(124,939)	63,617	(22,322)	-26.0%	
Nov	290,816	(52,250)	(132,281)	106,284	301,987	(52,250)	(137,819)	111,918	5,633	5.3%	
Dec	283,892	-	(124,547)	159,345	273,275	(104,500)	(220,736)	(51,962)	(211,307)	-132.6%	
<b>Annual Total</b>	<b>\$3,012,004</b>	<b>\$(517,750)</b>	<b>\$(1,477,043)</b>	<b>\$1,017,211</b>	<b>\$3,192,978</b>	<b>\$(650,750)</b>	<b>\$(1,625,405)</b>	<b>\$ 916,823</b>	<b>\$(100,388)</b>	<b>-5.5%</b>	

### Court

Court operation and probation service revenues are \$21K or 1.4% above 2015 annual actuals and \$364K or 19.9% below 2016 annual budget.

COURT REVENUE Annual 2016				
	2015 Actual	2016 Actual	Favorable/(Unfavorable) Change from 2015	
			\$	%
Civil Penalties	\$ 18,434	\$ 13,065	\$ (5,370)	-29.1%
Traffic & Non-Parking	772,830	677,980	(94,850)	-12.3%
Parking Infractions	28,801	20,564	(8,237)	-28.6%
DUI & Other Misd	98,768	103,683	4,915	5.0%
Criminal Traffic Misd	157	141	(16)	-10.3%
Criminal Costs	119,805	87,092	(32,713)	-27.3%
Interest / Other / Misc	160,599	191,655	31,056	19.3%
Criminal Conv Fees	54,545	49,352	(5,193)	-9.5%
Shared Court Costs	43,742	47,139	3,397	7.8%
Services & Charges	73,381	69,940	(3,441)	-4.7%
<b>Subtotal</b>	<b>\$ 1,371,063</b>	<b>\$ 1,260,610</b>	<b>\$(110,453)</b>	<b>-8.1%</b>
Probation Fees	70,144	23,869	(46,276)	-66.0%
Probation Services	-	177,252		
<b>Annual Total</b>	<b>\$ 1,441,207</b>	<b>\$ 1,461,731</b>	<b>\$ 20,524</b>	<b>1.4%</b>

COURT REVENUE Annual 2016							
Month	2015 Actual	2016		Favorable/(Unfavorable) Change from 2015		2016 Actual vs Budget	
		Budget	Actual	\$	%	\$	%
January	\$ 96,176	\$ 113,248	\$ 130,939	\$ 34,763	36.1%	\$ 17,691	15.6%
February	122,939	131,824	118,776	(4,163)	-3.4%	(13,048)	-9.9%
March	115,886	135,185	137,358	21,472	18.5%	2,173	1.6%
April	155,815	166,844	123,674	(32,141)	-20.6%	(43,170)	-25.9%
May	86,042	99,082	103,444	17,402	20.2%	4,362	4.4%
June	96,600	106,421	97,231	630	0.7%	(9,190)	-8.6%
July	120,208	129,561	77,227	(42,982)	-35.8%	(52,335)	-40.4%
August	100,761	109,002	112,190	11,429	11.3%	3,188	2.9%
September	137,137	127,841	100,410	(36,727)	-26.8%	(27,431)	-21.5%
October	118,682	128,838	82,963	(35,719)	-30.1%	(45,875)	-35.6%
November	113,776	107,028	95,116	(18,660)	-16.4%	(11,912)	-11.1%
December	107,042	116,676	81,284	(25,758)	-24.1%	(35,392)	-30.3%
Probation Fees	70,144	-	23,869	(46,276)	-66.0%	23,869	6.7%
Probation Services	-	354,345	177,252	177,252	n/a	(177,093)	-50.0%
<b>Annual Total</b>	<b>\$ 1,441,207</b>	<b>\$ 1,825,895</b>	<b>\$ 1,461,731</b>	<b>\$ 20,524</b>	<b>1.4%</b>	<b>\$(364,164)</b>	<b>-19.9%</b>



**Federal Way Community Center**

The Federal Way Community Center Fund was established as a special revenue fund supported by user fees and utility tax transfer.

Federal Way Community Center as of 12/31/2016	2015		2016		2016 Budget vs Actual Favorable/(Unfavorable)	
	Budget	Annual Actual	Budget	Annual Actual	\$	%
<b>Beginning Fund Balance</b>	\$ 1,573,469	\$ 1,573,469	\$ 1,500,000	\$ 1,500,001	n/a	n/a
<b>Operating Revenues:</b>						
Daily Drop-ins	\$ 345,000	\$ 335,930	\$ 310,000	\$ 345,039	\$ 35,039	11.3%
Passes	786,000	776,278	850,000	795,193	(54,807)	-6.4%
City Employee Membership Program	31,000	32,327	31,000	34,077	3,077	9.9%
Youth Athletic Programs	45,000	51,639	45,000	44,280	(720)	-1.6%
Aquatics Programs-Lessons/Classes	156,000	146,896	149,000	147,449	(1,551)	-1.0%
Childcare Fees	9,000	3,091	9,000	1,096	(7,904)	-87.8%
Fitness Classes/Fitness Training	161,000	157,620	130,000	123,482	(6,518)	-5.0%
Towel/equipment Rentals	4,000	3,156	4,000	2,935	(1,065)	-26.6%
Pool Rentals/Competitive-Lap Lanes	16,000	22,978	16,000	23,626	7,626	47.7%
Rentals	240,000	241,140	220,000	237,808	17,808	8.1%
Merchandise Sales	7,500	10,020	7,500	9,618	2,118	28.2%
Concessions/Vending	60,000	61,418	60,000	64,259	4,259	7.1%
Interest Earnings/Other Misc	-	(0)	-	0	0	n/a
General Park/Rec - Facility use charge	-	-	-	-	-	n/a
<b>Total Operating Revenues</b>	<b>1,860,500</b>	<b>1,842,493</b>	<b>1,831,500</b>	<b>1,828,862</b>	<b>(2,638)</b>	<b>-0.1%</b>
<b>Operating Expenditures:</b>						
Personnel Costs	1,404,524	1,419,625	1,482,141	1,521,370	(39,229)	-2.6%
Supplies	175,500	241,639	175,500	229,632	(54,132)	-30.8%
Other Services & Charges	209,500	203,268	222,500	189,674	32,826	14.8%
Utility Cost	360,000	309,977	360,000	305,378	54,622	15.2%
Intergovernmental	20,500	4,016	20,500	3,572	16,928	82.6%
<b>Total Operating Expenditures</b>	<b>2,170,024</b>	<b>2,178,525</b>	<b>2,260,641</b>	<b>2,249,626</b>	<b>11,015</b>	<b>0.5%</b>
<b>Revenues Over / (Under) Expenditures</b>	<b>(309,524)</b>	<b>(336,032)</b>	<b>(429,141)</b>	<b>(420,764)</b>	<b>(8,377)</b>	<b>-2.0%</b>
<b>Recovery Ratio</b>	<b>85.7%</b>	<b>84.6%</b>	<b>81.0%</b>	<b>81.3%</b>	<b>n/a</b>	<b>-</b>
Transfer In from General Fund	25,000	25,000	80,641	80,641	-	0.0%
Utility Tax- Operations	396,754	396,754	447,999	420,302	(27,697)	-6.2%
<b>Total Other Sources</b>	<b>421,754</b>	<b>421,754</b>	<b>528,640</b>	<b>500,943</b>	<b>(27,697)</b>	<b>-5.2%</b>
<b>Other Uses:</b>						
Capital/Use of Reserves/Grants	202,200	159,190	31,000	11,862	31,000	n/a
Bad Debt Expense	-	-	52,000	51,819	-	0.0%
<b>Total Other Uses</b>	<b>202,200</b>	<b>159,190</b>	<b>83,000</b>	<b>63,680</b>	<b>83,000</b>	<b>n/a</b>
<b>Net Income</b>	<b>(89,970)</b>	<b>(73,469)</b>	<b>16,499</b>	<b>16,499</b>	<b>0</b>	<b>n/a</b>
<b>Ending Fund Balance</b>	<b>\$ 1,483,499</b>	<b>\$ 1,500,001</b>	<b>\$ 1,516,499</b>	<b>\$ 1,516,500</b>	<b>\$ 1</b>	<b>0.0%</b>

The operating revenue budget includes \$1.83M in user fees/program revenues, \$448K contribution from utility tax for operations, and \$81K contribution from General Fund for operations.

Annual operating revenues total \$1.8M which is \$3K or 0.1% below the 2016 annual budget. In comparison to 2016's annual budget:

- **Daily Drop-in revenues** are \$35K or 11.3% above the projected revenue. Daily admission revenues continue to be strong due mostly to increased gymnasium and pool use throughout the year. We have also seen an increase in large groups visits throughout the year, primarily from neighboring camps or neighboring youth programs, primarily to use the pools.
- **Pass revenues** are \$55K or 6.4% below the projected revenue, but above 2015 annual actual by \$19K. Membership sales are a little bit slower than usual for the year, but the facility is making up ground in daily admission sales.
- **Aquatic Programs** are \$2K or 1.0% below the projected revenue. Swim lesson enrollment was good throughout the year and finished slightly below projected budget.
- **Child Care Revenues** are \$8K below expected levels. Staff is looking into the pricing model for areas of improvement.
- **Fitness Classes** are \$7K or 5.0% below the projected revenue. The decrease is mostly due to decreased personal training staff, but specialty courses and Silver Sneakers continue to perform well.

- **Pool Rentals** are \$8K or 47.7% above the projected revenue. The increase is due to increased participation in local swim clubs. Increased participation in local clubs means increased lane rentals at the FWCC lap pool.
- **Rental Revenues** are up \$18K or 8.1% above the projected revenue. Rental revenues are up mostly due to continued growth in meeting and rental bookings. Birthday party enrollment and special event rentals remain popular. There has also been an increase for private holiday bookings.

Annual operating expenditures total \$2.2M which is \$11K or 0.5% below the annual budget. Federal Way Community Center has recovered 81.3% of operating expenditures compared to the annual budgeted recovery ratio of 81.0%.

- **Personnel Costs** increased by \$39K or 2.6% compared to budget, and increased by \$102K or 7.2% compared to prior year actual. The increase is due to increased service levels to meet higher customer service demands. Service Attendants have been added for safety and to improve operations in the gymnasium, locker rooms, rentals, and special events. These service additions were considered essential for improving customer and staff security, safety, and overall experience.
- **Supplies** are \$54K or 30.8% higher than projected budget, and \$12K or 5.0% below compared to prior year actual. The increase compared to budget is due to increased spending on household supplies. Also, there have been increased expenditures due to repair and maintenance of the building, which includes repair parts and building materials, as well as flooring repair and upgrades to security cameras.
- **Other Services & Charges** are \$33K or 14.8% below the projected spending and \$14K or 6.7% below compared to prior year actual. Compared to projected spending, personal training expenditures are down, as well as contracted repair and maintenance. Staff has maintained efforts in completing most repairs in-house.
- **Utility Costs** are \$55K or 15.2% below the projected spending and \$5K or 1.5% below compared to prior year actual due to facility staffing efforts to improve energy efficiencies in the building.

### Dumas Bay Centre

Dumas Bay Centre Fund annual revenue of \$951K is \$42K or 4.6% above 2016 budget and \$191K or 25.1% above annual 2015 actual.

Annual operating expenses total \$917K, which is \$30K or 3.4% above 2016 annual budget of \$887K. Dumas Bay Centre has recovered 103.65% of operating expenditures compared to 96.76% last year.

Dumas Bay Centre Fund as of 12/31/2016	2015		2016		2016 Budget vs Actual	
	Budget	Annual Actual	Budget	Annual Actual	Favorable/(Unfavorable) \$	%
<b>Beginning Fund Balance</b>	\$ 181,200	\$ 181,201	\$ 398,817	\$ 398,816	n/a	n/a
<b>Operating Revenues:</b>						
In-House Food Services	299,000	318,491	393,572	399,079	5,507	1.4%
Dumas Bay Retreat Center	398,251	438,237	488,817	522,626	33,809	6.9%
Knutzen Family Theatre	-	3,605	26,403	29,225	2,822	n/a
<b>Total Operating Revenues</b>	<b>697,251</b>	<b>760,332</b>	<b>908,792</b>	<b>950,930</b>	<b>42,138</b>	<b>4.6%</b>
<b>Operating Expenses:</b>						
In-House Food Services	266,107	282,033	332,382	333,665	(1,283)	-0.4%
Dumas Bay Retreat Center	419,735	423,998	451,417	477,106	(25,690)	-5.7%
Knutzen Family Theatre	83,400	79,732	103,400	106,712	(3,312)	-3.2%
<b>Total Operating Expenses</b>	<b>769,243</b>	<b>785,763</b>	<b>887,199</b>	<b>917,484</b>	<b>(30,285)</b>	<b>-3.4%</b>
<b>Revenues Over/(Under) Expenses</b>	<b>(71,992)</b>	<b>(25,432)</b>	<b>21,593</b>	<b>33,446</b>	<b>11,853</b>	<b>54.9%</b>
<b>Recovery Ratio</b>	<b>90.64%</b>	<b>96.76%</b>	<b>102.43%</b>	<b>103.65%</b>	<b>n/a</b>	<b>n/a</b>
Transfer In Gen Fund - Pump Station M&O	4,000	4,000	4,000	4,000	-	n/a
Transfer in Real Estate Excise Tax	-	-	210,000	210,000	-	n/a
Transfer In Utility Tax	233,659	483,659	112,000	117,875	5,875	n/a
<b>Total Other Sources</b>	<b>237,659</b>	<b>487,659</b>	<b>326,000</b>	<b>331,875</b>	<b>5,875</b>	<b>n/a</b>
Pump Station M&O	4,000	1,207	4,000	1,286	2,715	68%
Repairs & Maintenance	310,000	243,405	31,900	114,182	(82,282)	n/a
<b>Total Other Uses</b>	<b>314,000</b>	<b>244,612</b>	<b>35,900</b>	<b>115,468</b>	<b>(79,568)</b>	<b>-22.2%</b>
<b>Net Income</b>	<b>(148,333)</b>	<b>217,616</b>	<b>311,693</b>	<b>249,853</b>	<b>(61,840)</b>	<b>-19.8%</b>
<b>Ending Fund Balance</b>	<b>\$ 32,867</b>	<b>\$ 398,816</b>	<b>\$ 710,510</b>	<b>\$ 648,669</b>	<b>\$ (61,841)</b>	<b>-8.7%</b>

**Self-Insured Health Insurance Fund**

Self-Insured Health Insurance Fund annual contributed revenue is \$5.4M. Currently the revenue is generated from the employee paid contribution (range from \$32 to \$128 per employee per month) and the employer paid contribution (range from \$640 to \$1,798 per employee), varying depending on number of dependents. Self-Insured Health Insurance Fund annual expenditures are \$5.1M for prescription services, medical services, stop loss, professional services, and wellness program. The ending fund balance for the program is \$2.0M.

Self Insured Health Insurance Fund - 2016										
Description	2015 Annual Actual	2016 Adjusted Bdgt	Jan-June	Jul	Aug	Sept	Oct	Nov	Dec	Annual Total
<b>Beginning Fund Balance</b>	1,031,753	1,741,487	-	-	-	-	-	-	-	1,741,488
Health Insurance Premium - Employer Contribution Revenue	4,034,322	3,972,820	2,024,247	332,358	335,774	334,992	340,383	346,127	355,139	4,069,020
Health Insurance Premium - Employee Contribution Revenue	215,210	223,871	108,296	17,765	17,934	18,028	18,126	18,480	18,711	217,341
Health Insurance Premium - COBRA	5,757	8,529	3,838	640	640	640	-	-	-	5,757
Stop Loss Recovery Revenue	227,404	1,100,000	903,328	11,263	145,063	-	1,693	10,814	-	1,072,162
Interest Earnings	2,022	6,500	3,482	659	700	760	729	620	747	7,698
<b>Total Revenue and Transfer In</b>	<b>4,484,714</b>	<b>5,311,720</b>	<b>3,043,191</b>	<b>362,685</b>	<b>500,111</b>	<b>354,420</b>	<b>360,932</b>	<b>376,041</b>	<b>374,597</b>	<b>5,371,978</b>
Prescription Services	572,387	578,128	307,344	42,398	41,347	40,089	36,949	29,076	52,205	549,408
Medical Services	2,459,508	3,759,223	2,079,660	314,044	195,873	350,744	218,902	281,803	334,133	3,775,159
Health Insurance - Stop Loss	366,564	386,465	226,446	-	63,922	-	32,098	61,905	-	384,370
Professional Services & Other	376,521	389,178	187,687	7,610	49,515	25,696	33,670	59,161	20,723	384,061
<b>Total Expenditures for Self Insured Health</b>	<b>3,774,980</b>	<b>5,112,994</b>	<b>2,801,137</b>	<b>364,052</b>	<b>350,656</b>	<b>416,530</b>	<b>321,619</b>	<b>431,944</b>	<b>407,061</b>	<b>5,092,998</b>
<b>Ending Fund Balance</b>	<b>1,741,488</b>	<b>1,940,213</b>	<b>242,054</b>	<b>(1,367)</b>	<b>149,456</b>	<b>(62,110)</b>	<b>39,312</b>	<b>(55,903)</b>	<b>(32,464)</b>	<b>2,020,467</b>

The City will maintain a reserve in the amount not less than 16 weeks of budgeted expenses (\$0.985 million) as recommended by our consultant. We have spent \$5.1M annually in 2016, with an ending fund balance in the fund of \$2.0M.

**Performing Arts & Event Center (PAEC)**

Performing Arts & Event Center (PAEC) annual revenue, beginning balance, and transfer in is \$15.7M. This does not include all revenue sources expected for the project. Since adoption of the project, PAEC expenditures total \$18.8M.

308 Performing Arts & Event Center (PAEC)	2016 Adjusted Budget	Annual 2016
<b>Beginning Balance</b>	<b>6,617,777</b>	<b>6,617,777</b>
Transfer In - LIFT & Utility tax & REET from Completed projects	-	-
Transfer In - Real Estate Excise Tax	-	-
Transfer In - Utility Tax	-	-
Federal Grants - CDBG Section 108	3,000,000	2,925,000
State Grants	4,000,000	3,900,000
Local Grants - 4 Culture 1	2,000,000	2,000,000
Local Grants - 4 Culture 2	-	10,000
Private Contribution	-	179,191
Interest	13,000	23,377
<b>Total Beg Bal, Revenue &amp; Transfer In</b>	<b>15,630,777</b>	<b>15,655,345</b>
Expenditures	15,630,777	-
Lorax Partners Design Development & Management	-	396,687
Garco Construction	-	12,963,965
LMN Architects Project Design	-	720,761
HDR Engineering	-	39,348
Water Billings and Utilities Services	-	65,258
On-Call Plan Review /Inspection Services	-	64,452
2% for the Arts	-	8,839
Signage Design	-	9,467
PAEC Director Salaries & Wages	-	13,702
<b>Total Expenditures</b>	<b>15,630,777</b>	<b>14,282,481</b>
<b>Total PAEC Balance</b>	<b>-</b>	<b>1,372,864</b>



## FUND ACTIVITY SUMMARY

Fund #/Fund Name	Begin Balance 1/1/2016	Annual Revenue	Annual Expenditure	Annual Net Income/(loss)	Ending Balance 12/31/2016*	Required Fund Balance
<b>001/101 General/Street Fund</b>	<b>\$ 12,006,587</b>	<b>\$ 51,440,559</b>	<b>\$ 51,833,948</b>	<b>\$ (393,389)</b>	<b>\$ 11,613,198</b>	<b>\$ 9,500,000</b>
<i>Special Revenue Funds:</i>						
102 Arterial Street	298,387	1,600,513	1,652,930	(52,417)	245,970	100,000
103 Utility Tax (*)	4,120,012	9,424,385	11,086,710	(1,662,324)	2,457,687	1,500,000
106 Solid Waste & Recycling	208,857	420,172	452,720	(32,548)	176,309	-
107 Special Contracts/Studies Fund	458,356	81,368	14,295	67,073	525,428	-
109 Hotel/Motel Lodging Tax	501,765	285,544	49,934	235,609	737,375	200,000
110 2% for the Arts	293	-	293	(293)	-	-
111 Federal Way Community Center	1,500,001	2,329,805	2,313,306	16,499	1,516,500	1,500,000
112 Traffic Safety Fund	3,614,117	3,203,926	4,266,764	(1,062,838)	2,551,279	1,500,000
113 Real Estate Excise Tax Fund	3,445,070	5,278,536	3,766,573	1,511,963	4,957,033	2,000,000
114 Prop 1 Utility Tax	719,485	3,397,390	2,826,642	570,749	1,290,233	1,000,000
115 Performing Arts & Conferenc Ctr Operations	12,607	399,311	234,506	164,805	177,413	-
119 CDBG	40,444	522,099	497,459	24,639	65,083	-
120 Path & Trails	384,357	184,365	-	184,365	568,722	-
188 Strategic Reserve Fund	3,085,473	136,042	199,798	(63,756)	3,021,716	3,000,000
189 Parks Reserve Fund	250,000	502,652	-	502,652	752,652	750,000
<b>Subtotal Special Revenue Funds</b>	<b>18,639,221</b>	<b>27,766,109</b>	<b>27,361,930</b>	<b>404,179</b>	<b>19,043,400</b>	<b>11,550,000</b>
<b>201 Debt Service Fund</b>	<b>1,471,579</b>	<b>1,849,358</b>	<b>812,423</b>	<b>1,036,935</b>	<b>2,508,514</b>	<b>\$2,500,000</b>
<i>Capital Project Funds:</i>						
301 Downtown Redevelopment	1,111,019	1,137,341	129,261	1,008,080	2,119,099	-
302 Municipal Facilities	53,232	271	23,910	(23,639)	29,593	-
303 Parks	3,316,281	362,804	1,543,496	(1,180,692)	2,135,589	-
304 Surface Water Management	3,317,003	3,330,378	2,539,466	790,912	4,107,914	-
306 Transportation	8,008,608	13,994,070	12,013,066	1,981,004	9,989,612	-
307 Capital Project Reserve Fund	480,840	1,877	-	1,877	482,717	-
308 PAEC Capital Fund	6,617,777	9,037,568	14,282,481	(5,244,913)	1,372,864	-
<b>Subtotal Capital Project Funds</b>	<b>22,904,760</b>	<b>27,864,309</b>	<b>30,531,680</b>	<b>(2,667,371)</b>	<b>20,237,389</b>	<b>-</b>
<i>Enterprise Funds:</i>						
401 Surface Water Management	3,392,484	4,663,947	6,382,696	(1,718,749)	1,673,736	690,000
402 Dumas Bay Centre Fund	398,816	1,282,805	1,032,952	249,853	648,669	500,000
<b>Subtotal Enterprise Funds</b>	<b>3,791,301</b>	<b>5,946,752</b>	<b>7,415,648</b>	<b>(1,468,896)</b>	<b>2,322,405</b>	<b>1,190,000</b>
<i>Internal Service Funds</i>						
501 Risk Management	975,298	1,012,725	894,191	118,534	1,093,832	1,200,000**
502 Information Systems	3,807,674	1,970,765	2,288,341	(317,576)	3,490,097	-
503 Mail & Duplication	192,139	128,854	109,997	18,857	210,996	-
504 Fleet & Equipment	5,997,666	2,123,356	1,786,850	336,506	6,334,172	-
505 Buildings & Furnishings	1,877,824	561,750	418,434	143,315	2,021,140	2,000,000
506 Health Self Insurance Fund	1,741,487	5,371,978	5,092,998	278,979	2,020,466	970,000***
507 Unemployment Insurance Fund	2,131,299	276,574	1,030,064	(753,489)	1,377,809	250,000
<b>Subtotal Internal Service Funds</b>	<b>16,723,387</b>	<b>11,446,002</b>	<b>11,620,876</b>	<b>(174,874)</b>	<b>16,548,513</b>	<b>4,420,000</b>
<b>Total All Funds</b>	<b>\$ 75,536,834</b>	<b>\$ 126,313,088</b>	<b>\$ 129,576,503</b>	<b>\$ (3,263,415)</b>	<b>\$ 72,273,419</b>	<b>\$ 29,160,000</b>

\*The Fund balance prior to any adjustments or depreciation.

\*\* The Risk Management Fund will maintain a reserve in an amount of not less than one year's expenditure from the prior year or \$1.2M. The current fund balance is \$1.1M and is due to some larger claims during the year.

\*\*\* The Health Self Insurance Fund will maintain a reserve in an amount not less than 16 weeks of budgeted expenses as recommended by our consultant.