

General Fund Subfunds

Cable Television Franchise Subfund

The City of Seattle entered into cable franchise agreements in 1996 with TCI and Summit Communications, Incorporated. These agreements establish a new franchise fee as compensation for the right to locate in the public right-of-way. The Cable Television Franchise Subfund (created by Ordinance 118196) shows the anticipated revenues from the franchise fee and related expenditures in the Department of Information Technology and in the Library. The subfund reserve will be retained as a hedge against future revenue shortfalls. Through the adoption of the 2002 budget, fund balance in the amount of \$387,837 was transferred to the General Subfund as part of the City's overall budget-balancing package in response to the combined impact of the region's economic downturn and the passage of I-747.

SUMMIT CODE	SOURCE	2000 ACTUAL	2001 REVISED	2002 PROPOSED	2002 ADOPTED
Revenues					
421911	Franchise Fee Revenue	2,438,652	1,974,379	2,397,913	2,397,913
469990	Public Access TV / Community Access Account*	0	2,800,000	0	0
	TOTAL RESOURCES	\$2,438,652	\$4,774,379	\$2,397,913	\$2,397,913
Expenditures					
	TVSea				
887503	Operating (DoIT)	670,452	1,039,616	1,132,717	744,880
887503	Capital (DoIT)	114,410	112,448	400,000	400,000
887503	Equipment Replacement Reserve (DoIT)	95,729	107,259	108,984	108,984
	Cable Office				
887503	Cable Office (DoIT)	568,275	458,898	462,829	462,829
	Public Access TV				
887503	Operating (DoIT)	0	600,000	615,000	615,000
887503	Capital (DoIT)	97,000	97,000	100,000	100,000
	PAN/Video/Internet				
887104	Library Public Access (SPL)	50,000	50,000	50,000	50,000
	Citizen Literacy/ Access				
887503	Citizen Access Initiatives (DoIT)	319,416	393,383	443,383	443,383
	General Subfund				
TBD	Fund Balance Transfer (to 00100)	0	0	0	387,837
	TOTAL EXPENSES	\$1,915,282	\$2,858,604	\$3,312,913	\$3,312,913
Subfund Balance Calculation					
	Actual December 31, 1999 Fund Balance	\$819,611			
	Plus 2000 Actual Revenues	2,438,652			
	Less 2000 Actual Expenses	(1,915,282)			
	Estimated Dec. 31, 2000 Subfund Balance	\$1,342,981			
	Plus 2001 Revised Revenues	4,774,379			
	Less 2001 Revised Expenses	(2,858,604)			
	Estimated Dec. 31, 2001 Subfund Balance	\$3,258,756			
	Plus 2002 Adopted Revenues	2,397,913			
	Less 2002 Adopted Expenses	(3,312,913)			
	Estimated Dec. 31, 2002 Subfund Balance	\$2,343,756			

*An advance payment of \$2,800,000 was made by AT&T to the City to support Public Access TV in lieu of smaller multi-year payments and will be held as subfund balance until slowly drawn upon over the next four years.

General Fund Subfunds

Cumulative Reserve Subfund

This subfund is a reserve fund authorized under State law and is used primarily for maintenance and development of City capital facilities. The subfund is currently divided into two accounts, the Capital Projects Account and the Revenue Stabilization Account. The purposes and uses of these accounts are described below:

- ◆ The **Capital Projects Account** provides funds for a wide array of capital projects. The account is divided into four subaccounts that reflect different revenue sources.
 - ◆ The Real Estate Excise Tax I (REET I) Subaccount is funded by a 0.25% tax on real estate transactions. A portion of these proceeds were used to pay debt service on bonds issued in 1991 and 1992 for low-income housing and recreation facilities. These low-income housing bonds were retired in 2001. The remaining REET I funds are used for other eligible capital projects.
 - ◆ The Real Estate Excise Tax II (REET II) Subaccount is funded from an additional 0.25% tax on real estate transactions and is kept separate due to different State requirements regarding the use of these funds.
 - ◆ The South Lake Union Property Proceeds Subaccount receives funding from sales of certain surplus City property located adjacent to South Lake Union, investment earnings attributable to the Subaccount, and other associated revenues. This is a new Subaccount that was created through Ordinance 120411 in June of 2001.
 - ◆ The Unrestricted Subaccount receives funding from a variety of sources, including revenues from the sale of surplus City property (net of sale proceeds deposited into the South Lake Union Property Proceeds Subaccount), transfers of General Fund balances, investment earnings (net of investment earnings attributable to the South Lake Union Property Proceeds Subaccount), and other unrestricted contributions to the Cumulative Reserve Subfund.

For the last few years, the vast majority of the expenditures from the Capital Projects Accounts has been devoted to maintaining and rehabilitating existing City facilities. Per Ordinance 119761, the Major Maintenance Reserve Account was eliminated in 2000 and all continuing appropriations, remaining fund balance, and cash were transferred to the Unrestricted Subaccount of the Capital Projects Account of the Cumulative Reserve Subfund.

- ◆ The **Revenue Stabilization Account**, as created in the 2000 Adopted Budget through Ordinance 119761, provides a cushion from the impact of sudden, unanticipated shortfalls in revenue due to economic downturns that could undermine City government's ability to maintain services. The account is limited by ordinance to 2.5% of the prior tax year revenues.

General Fund Subfunds

2002 Adopted Cumulative Reserve Subfund: Sources and Uses of Funds

	REET I Subaccount	REET II Subaccount	Unrestricted Subaccount	South Lake Union	Revenue Stabilization	Total
2000 Beginning Unreserved Fund Balance	\$10,999,680	\$14,616,348	\$14,116,683	\$0	\$3,766,122	\$43,498,833
Carryover	(9,058,074)	(6,911,545)	(13,354,121)	0	0	(29,323,740)
2000 Sources						
Real Estate Excise Tax (actuals)	12,922,809	10,839,526	0	0	0	23,762,335
General Fund Transfer (1)	0	0	7,500,000	0	0	7,500,000
Street Vacation Revenues	0	0	1,598,547	0	0	1,598,547
Other	50,000	427,883	3,687,538	0	0	4,165,421
Total Sources	\$14,914,415	\$18,972,212	\$13,548,647	\$0	\$3,766,122	\$51,201,396
2000 Uses						
2000 Appropriations	8,932,000	15,022,000	4,899,000	0	0	28,853,000
Recorded Revisions	460,000	427,883	2,193,000	0	0	3,080,883
Year-End Unreserved Fund Balance	5,522,415	3,522,329	6,456,647	0	3,766,122	19,267,513
Total Uses	\$14,914,415	\$18,972,212	\$13,548,647	\$0	\$3,766,122	\$51,201,396
2001 Sources						
2001 Beginning Unreserved Fund Balance	5,522,415	3,522,329	6,456,647	0	3,766,122	19,267,513
Real Estate Excise Tax (as adopted by Council)	10,300,000	10,300,000	0	0	0	20,600,000
General Fund Transfer	0	0	36,000	0	0	36,000
Street Vacation Revenues	0	0	2,121,455	0	0	2,121,455
Other	0	0	5,970,134	20,185,844	0	26,155,978
Total Sources	\$15,822,415	\$13,822,329	\$14,584,236	\$20,185,844	\$3,766,122	\$68,180,946
2001 Uses						
2001 Appropriations	9,246,000	12,161,000	4,821,000	0	0	26,228,000
Recorded Revisions	2,000,000	729,589	3,366,295	5,790,918	0	11,886,802
Reserved Fund Balance for SLU Parcel 14 Option (2)	0	0	0	4,700,000	0	4,700,000
Year-End Unreserved Fund Balance	4,576,415	931,740	6,396,941	9,694,926	3,766,122	25,366,144
Total Uses	\$15,822,415	\$13,822,329	\$14,584,236	\$20,185,844	\$3,766,122	\$68,180,946
2002 Sources						
2002 Beginning Unreserved Fund Balance	4,576,415	931,740	6,396,941	9,694,926	3,766,122	25,366,144
Reserved Fund Balance for SLU Parcel 14 Option (2)	0	0	0	4,700,000	0	4,700,000
Real Estate Excise Tax	9,100,000	9,100,000	0	0	0	18,200,000
Street Vacation Revenues	0	0	850,000	0	0	850,000
Other	0	0	7,527,706	750,000	0	8,277,706
Total Sources	\$13,676,415	\$10,031,740	\$14,774,647	\$15,144,926	\$3,766,122	\$57,393,850
2002 Uses						
2002 Appropriations	13,634,000	9,476,000	7,885,000	0	0	30,995,000
Reserved Fund Balance for SLU Parcel 14 Option (2)	0	0	0	4,700,000	0	4,700,000
Transfer to General Subfund	0	0	4,625,000	0	877,000	5,502,000
Year-End Unreserved Fund Balance	42,415	555,740	2,264,647	10,444,926	2,889,122	16,196,850
Total Uses	\$13,676,415	\$10,031,740	\$14,774,647	\$15,144,926	\$3,766,122	\$57,393,850

Notes:

(1) For budgeting purposes, the 2002 General Subfund contribution was be made from unexpended and unencumbered balances in the 2000 General Subfund.

(2) Per Ordinance 120411, \$4,700,000 is held in reserve for the potential repurchase of Parcel 14, defined within said ordinance.

General Fund Subfunds

2002 Adopted Cumulative Reserve Subfund Appropriations

Appropriations shown below from the Cumulative Reserve Subfund (CRF) are for special purposes such as debt service payments and the City's Tenant Relocation Assistance Program. Department CRF summaries are shown for informational purposes only. Actual appropriations for capital projects funded by the CRF are made in the appropriate department's section. Department capital projects are fully described in the 2002-2007 Adopted Capital Improvement Program.

Appropriations	Summit Number	CRF Subaccount	2001 ADOPTED	2002 PROPOSED	2002 ADOPTED
<i>Special Projects</i>					
1991B Low Income Housing Bonds - Debt Service	CC3001	REET I	391,000	--	--
1998B Capital Facilities Refunding	CC3002	REET I	3,013,000	3,024,000	3,024,000
Tenant Relocation Assistance Program	TRANEW	Unrestricted	179,000	179,000	179,000
Special Projects Total			\$3,583,000	\$3,203,000	\$3,203,000
<i>Department Summaries</i>					
Department of Parks and Recreation			12,419,000	12,314,000	12,189,000
Fleets and Facilities Department			3,117,000	4,918,000	4,918,000
Seattle Arts Commission			120,000	120,000	120,000
Seattle Center			2,925,000	2,900,000	2,900,000
Seattle Public Library			528,000	3,150,000	3,150,000
Seattle Transportation			3,536,000	9,015,000	4,515,000
Department Summaries Total			\$22,645,000	\$32,417,000	27,792,000
Grand Total			\$26,228,000	\$35,620,000	\$30,995,000

General Fund Subfunds

Emergency Subfund

Under the authority of state law, RCW 35.32A.060, the City maintains a financial reserve called the Emergency Subfund of the General Fund. This subfund is the principal reserve for the City and is available to pay for unanticipated or unplanned expenditures that occur during the fiscal year.

City policy (Resolution 30379) directs that sufficient resources shall be appropriated to the Emergency Subfund so that its balance equals the maximum permitted by state law (37.5 cents per thousand dollars of assessed value in Seattle). The most recent estimates of assessed value indicate that the maximum balance for the Emergency Subfund will be \$24.4 million in 2001 and \$27.2 million in 2002. These estimates reflect current laws governing the appraisal of real property values for property tax purposes, and therefore assumes that the Thurston County Superior ruling on Initiative 722 will be sustained by the State Supreme Court.

In August of 2001, the City Council adopted Council Bill 113789, which consolidated the Emergency Subfund from two “accounts” into a single fund. Prior to this adjustment, the Emergency Subfund consisted of the Emergency Account and the Supplemental Appropriations Account. The Emergency Account paid for costs associated with emergencies defined in state law, like severe weather conditions and threats to public safety. The Supplemental Account was intended to pay for a variety of program costs that were not anticipated at the time the budget was developed, many of which are reimbursed from non-City resources. By enacting the Council Bill, the City Council concluded that this division of the Subfund frequently created accounting ambiguities and no longer serves any useful purpose. Consolidation became effective in September 2001.

The 2001 Adopted Budget set aside General Subfund appropriations to the Emergency Subfund in the “Initiative 722 Deferrals – Part 2” line of business in Finance General. The 2001 mid-year supplemental ordinance includes an appropriation of \$2.2 million from the General Subfund to the Emergency Subfund in order to bring the balance to its maximum legal amount in 2001.

In 2002, \$2.8 million of General Subfund resources are transferred to the Emergency Subfund to ensure that its balance is at the maximum amount permitted by law. This transfer is an increase of \$1.4 million relative to the amount projected to be transferred in the 2002 Endorsed Budget.

Projection of Emergency Subfund Balance for 2002:

December 31, 2000 Fund Balance	22,210,000
Plus: 2001 General Subfund Contribution	2,197,000
Estimated Available Balance for 2001	\$ 24,407,000
Plus: 2002 General Subfund Contribution	2,807,000
Estimated Available Balance for 2002	\$ 27,214,000

General Fund Subfunds

Group Term Life Insurance Subfund

The Group Term Life Subfund contains the revenues and expenses related to the City's group term life insurance, long-term disability insurance, and accidental death and dismemberment insurance.

SUMMIT CODE		2000 ACTUAL	2001 ADOPTED	2002 PROPOSED	2002 ADOPTED
Revenue					
569540	Department Contributions & Other Revenues	828,763	1,029,410	1,044,851	1,044,851
	TOTAL REVENUES	\$828,763	\$1,029,410	\$1,044,851	\$1,044,851
Expenditure					
720500	Premium Payout Expenditures	785,620	1,029,410	1,044,851	1,044,851
841111	Administration (1)	0	853,000	860,000	860,000
	TOTAL EXPENSES	\$785,620	\$1,882,410	\$1,904,851	\$1,904,851

Subfund Balance Calculation (2)

Dec. 31, 1999 Ending Subfund Balance \$3,179,455

2000 Beginning Subfund Balance \$3,179,455

Plus 2000 Revenues 828,763

Less 2000 Expenditures (785,620)

Dec. 31, 2000 Ending Subfund Balance \$3,222,598

2001 Beginning Subfund Balance \$3,222,598

Plus 2001 Estimated Revenues 1,029,410

Less 2001 Estimated Expenditures (1,882,410)

Est. Dec. 31, 2001 Ending Subfund Balance \$2,369,598

Est. 2002 Beginning Subfund Balance \$2,369,598

Plus 2002 Estimated Revenues 1,044,851

Less 2002 Estimated Expenditures (1,904,851)

Est. Dec. 31, 2002 Ending Subfund Balance \$1,509,598

Notes:

- (1) A portion of the subfund balance is used to support administrative costs of the Health Care Subfund. This support was provided in the 2001 Adopted Budget, and has been added to the 2002 Proposed Budget. The support was inadvertently excluded from the 2002 Endorsed Budget.
- (2) A portion of the subfund balance is being held in reserve pending completion of negotiations with labor unions.

General Fund Subfunds

Health Care Subfund

The Health Care Subfund contains the revenues and expenditures associated with the City's medical, dental, vision insurance programs, a Dependent Care Assistance Plan, Employee Assistance Program, and COBRA. Ordinance 119762, Section 2 requires that the subfund balance be used to establish a reserve account adequate to cover at least 2½ months of projected medical claims.

SUMMIT CODE	SOURCE	2000 ACTUAL	2001 ADOPTED	2002 PROPOSED	2002 ADOPTED
Revenue					
461110	Interest	159,870	0	0	0
460000	Insurance Premiums and Recoveries	3,555,969	0	0	0
569990	EAP Premium	287,702	307,000	329,200	329,200
569580	Health/Dental/Vision Premium	52,585,070	55,150,202	65,344,667	65,344,667
	Total Revenues	\$56,588,611	\$55,457,202	\$65,673,867	\$65,673,867
379100	Fund Balance Transfer from Group Term Life	0	852,797	860,000	860,000
	TOTAL RESOURCES	\$56,588,611	\$56,309,999	\$66,533,867	\$66,533,867
Expenses					
741190	EAP Expenses	298,840	307,000	329,200	329,200
720400	Health/Dental/Vision Expenses (1)	51,107,405	55,150,202	65,344,667	65,344,667
841111	Administration	793,526	852,797	860,000	860,000
	TOTAL EXPENSES	52,199,771	56,309,999	66,533,867	66,533,867

Subfund Balance Calculation

Dec. 31, 1999 Ending Subfund Balance	\$4,515,581
2000 Beginning Subfund Balance	\$4,515,581
Plus 2000 Revenues/Refunds	56,588,611
Less 2000 Expenditures	(52,199,771)
Dec. 31, 2000 Subfund Balance	\$8,904,421
2001 Beginning Subfund Balance	\$8,904,421
Plus 2001 Estimated Revenues/Refunds	56,309,999
Less 2001 Estimated Expenditures	(56,309,999)
Estimated Dec. 31, 2001 Subfund Balance	\$8,904,421
Estimated 2002 Beginning Subfund Balance	\$8,904,421
Plus 2002 Estimated Revenues/Refunds	66,533,867
Less 2002 Estimated Expenditures	(66,533,867)
Estimated Dec. 31, 2002 Ending Subfund Balance	\$8,904,421

Notes:

- (1) Health/Dental/Vision Expenses have increased significantly compared to 2000 and 2001 budgeted figures because the budget for these expenses was set using a citywide employee count that was significantly lower than actual. The 2002 Proposed Budget for these expenses is based on the correct citywide employee count. Revenues increase to offset the change in expenditures because department budgets include correct per-employee health/dental/vision rates.

General Fund Subfunds

Industrial Insurance Subfund

The Industrial Insurance Subfund captures the revenues and expenditures associated with the Worker's Compensation and Safety Programs for City employees. Since 1972, the City of Seattle has been a self-insured employer as authorized under State law. The Industrial Insurance Subfund receives payments from City departments to pay medical claims, preventative care, workplace safety programs, and directly related administrative expense. The State Department of Labor and Industries requires that the Subfund maintain a minimum cash reserve level of at least 25% over the estimated total medical claims and time loss expense for the budgeted period in the Industrial Insurance Fund.

SUMMIT CODE	SOURCE	2000 ACTUAL	2001 ADOPTED	2002 PROPOSED	2002 ADOPTED
<u>Revenue</u>					
569550	Department Contributions	10,187,792	10,565,320	11,690,646	11,690,646
469990	Other Miscellaneous Revenue	273,346	295,000	295,000	295,000
485200	Insurance Recoveries	142,326	100,000	100,000	100,000
	Total Revenue	\$10,603,464	\$10,960,320	\$12,085,646	\$12,085,646
379100	Contribution from Subfund Balance	96,796	508,889	118,279	118,279
	TOTAL RESOURCES	\$10,700,260	\$11,469,209	\$12,203,925	\$12,203,925
<u>Expenditure</u>					
720500	Insurance Benefits	1,753,487	0	0	0
720810	Pension Payments	3,499	0	0	0
720880	Medical Claims (1)	6,301,447	6,665,050	7,190,815	7,190,815
741190	Other Expenses	443,893	2,362,536	2,506,221	2,506,221
744710	Insurance	40,581	0	0	0
841111	Administration	2,157,353	2,441,623	2,506,889	2,506,889
	TOTAL EXPENDITURES	\$10,700,260	\$11,469,209	\$12,203,925	\$12,203,925
	Use of Subfund Balance	0	0	0	500,000
	Reserve (2)	1,731,952	2,241,200	\$2,330,848	\$2,330,848
	TOTAL COSTS	\$12,432,212	\$13,710,409	\$14,534,773	\$15,034,773

Subfund Balance Calculation

December 31, 1999 Ending Subfund Balance	\$4,646,164
2000 Beginning Subfund Balance	\$4,646,164
Plus 2000 Revenues	10,603,464
Less 2000 Expenditures	(10,700,260)
Dec. 31, 2000 Subfund Balance	\$4,549,368
2001 Beginning Subfund Balance	\$4,549,368
Plus 2001 Estimated Revenues	10,960,320
Less 2001 Estimated Expenditures	(11,469,209)
Estimated Dec. 31, 2001 Subfund Balance	\$4,040,479
Estimated 2002 Beginning Subfund Balance	\$4,040,479
Plus 2002 Estimated Expenditures	12,085,646
Less 2002 Estimated Expenditures	(12,203,925)
Less 2002 Use of Subfund Balance	(500,000)
Estimated Dec. 31, 2002 Subfund Balance	\$3,422,200

Notes:

- (1) Medical care claim costs are paid from the Industrial Insurance Subfund which is reimbursed by City Departments.
- (2) Per State Labor & Industries, the Fund reserve requirement must be equal to 25% of the total cost of claim and time loss expense estimates. The reserve must be cash; in a dedicated and designated fund. The State required reserve amount is included in the Industrial Insurance Fund Balance.

General Fund Subfunds

Judgment/Claims Subfund

This subfund provides for the payment of legal claims and suits brought against the City. The subfund receives appropriations from the General Subfund and the utilities to pay the judgments, settlements, and claims expected in the following year. Unused balances, if any, reduce the contribution required for the succeeding year.

SUMMIT CODE	SOURCE	2000 ADOPTED	2001 ADOPTED	2002 PROPOSED	2002 ADOPTED
Revenues					
74431	Reimbursable Judgments and Claims	2,215,000	3,250,000	3,250,000	3,250,000
587001	General Subfund – Operating Transfer In	8,040,000	8,442,000	12,074,000	11,000,000
	TOTAL REVENUES	\$10,255,000	\$11,692,000	\$15,324,000	\$14,250,000
Expenditures					
51768	Litigation Expense	1,100,000	1,150,000	1,100,000	1,100,000
51478	Claims	600,000	600,000	750,000	750,000
51478	Judgments/Settlements	8,555,000	9,942,000	13,474,000	12,400,000
	TOTAL EXPENDITURES	\$10,255,000	\$11,692,000	\$15,324,000	\$14,250,000

General Fund Subfunds

Police Support Facility Subfund

This subfund shows revenues and expenditures associated with the Police Support Facility at Park 90/5. The existing complex of buildings on Airport Way South was acquired in August 1996 as a future location for Police Department functions including evidence storage, parking enforcement, and other support functions that are currently located in the Public Safety Building. The facility also includes the Seattle Public Utilities' Water Quality Lab, which was completed in 1999. Private tenants currently occupy much of the facility. Police Department occupancy is expected to occur in mid-2002. The subfund balance will be held to cover future expenses. Through the adoption of the 2002 budget, fund balance resulting from lower debt payments was transferred to the General Subfund in the amount of \$72,582.

SUMMIT CODE	SOURCE	2000 ACTUAL	2001 REVISED	2002 PROPOSED	2002 ADOPTED
Revenues					
462500	Rental/Other Income	1,844,050	1,198,000	1,200,000	1,200,000
	Revenue City Depts	0	716,141	483,682	483,682
	Revenue LTGO Bond	0	3,000,000	0	0
	Total Revenue	\$1,844,050	\$4,914,141	\$1,683,682	\$1,683,682
379100	Contribution from Subfund Balance	0	200,000	200,000	200,000
	TOTAL RESOURCES	\$1,844,050	\$5,114,141	\$1,883,682	\$1,883,682
Expenditures					
741190	Operating Expense	614,050	1,083,000	703,000	703,000
A133403	Police Training Facility	0	3,000,000	0	0
887200	Operating Transfer - Debt	1,230,000	1,031,141	1,180,682	1,108,100
	Total Expenditures	\$1,884,050	\$5,114,141	\$1,883,682	\$1,811,100
TBD	Fund Balance Transfer (to 00100)	0	0	0	72,582
	TOTAL EXPENSES	\$1,884,050	\$5,114,141	\$1,883,682	\$1,883,682

Subfund Balance Calculation

Actual Dec. 31, 1999 Subfund Balance	\$1,115,289
Plus 2000 Actual Revenues	1,884,050
Less 2000 Actual Expenses	(1,884,050)

Estimated Dec. 31, 2000 Subfund Balance	\$1,115,289
Plus 2001 Revised Revenues	4,914,141
Less 2001 Revised Expenses	(5,114,141)
Estimated Dec. 31, 2001 Subfund Balance	\$915,289

2001 Beginning Subfund Balance	\$915,289
Plus 2002 Adopted Revenues	1,683,682
Less 2002 Adopted Expenses	(1,883,682)
Estimated Dec. 31, 2002 Subfund Balance	\$715,289

General Fund Subfunds

Special Employment Subfund

The Special Employment Subfund captures the revenues and expenditures associated with the Special Employment Program. Programs include Temporary Employment Services, State and Federal College Work Study, three high school internship programs, and the Supported Employment Program. In addition, the subfund balance funds specialized internships and training programs.

SUMMIT CODE	SOURCE	2000 ACTUAL	2001 ADOPTED	2002 PROPOSED	2002 ADOPTED
Revenue					
541960	Department Contributions (1)	22,675,265	25,942,089	28,040,198	28,040,198
441960	Total from Outside Agencies (2)	807,816	770,000	650,000	650,000
Total Revenue		\$23,483,081	\$26,712,089	\$28,690,198	\$28,690,198
379100	Contribution from Subfund Balance	0	22,866	656,883	656,883
TOTAL RESOURCES		\$23,483,081	\$27,044,955	\$29,347,081	\$29,347,081

Expenditure

710310	Special Employment Payroll	22,151,730	25,992,166	28,354,882	28,354,882
841111	Administration	666,470	752,789	992,199	992,199
TOTAL EXPENDITURES		\$22,818,200	\$26,744,955	\$29,347,081	\$29,347,081

Subfund Balance Calculation (3)

Actual Dec. 31, 1999 Ending Subfund Balance **\$1,369,913**

2000 Beginning Subfund Balance **\$1,369,913**

Plus 2000 Revenues 23,483,081

Less 2000 Expenditures (22,818,200)

Dec. 31, 2000 Subfund Balance **\$2,034,794**

2001 Beginning Subfund Balance **\$2,034,794**

Plus 2001 Revenues 26,712,089

Less 2001 Expenditures (26,744,955)

Estimated Dec. 31, 2001 Subfund Balance **\$2,001,928**

Estimated 2002 Beginning Subfund Balance **\$2,001,928**

Plus 2002 Estimated Revenues 28,690,198

Less 2002 Estimated Expenditures (29,347,081)

Estimated Dec. 31, 2002 Subfund Balance **\$1,345,045**

Notes:

- (1) Department contributions are reduced by \$496,000 in 2002 to reflect a reduction in the Special Employment Program (SEP) service fee from 3.7% to 1.85%. The purpose of this reduction is to use fund balance that accumulated due to higher than anticipated use of SEP services. The service fee will be recalculated in 2003.
- (2) Outside agencies are expected to use fewer SEP services in 2002 than originally anticipated. These agencies include Public Health – Seattle and King County, Sound Transit, the Seattle Public School District, and King County Council.
- (3) The Special Employment Subfund maintains sufficient unexpended/unencumbered balance to provide cash flow for Special Employment payroll purposes. In 2002, this ‘payroll float’ amount will be approximately \$600,000. Future SEP rates will be set so that this cash flow position is maintained over time.

General Fund Subfunds

Unemployment Compensation Subfund

The City is a reimbursable employer (self-insured) with respect to the payment of unemployment compensation, which means the City is responsible for the payment of actual unemployment claims. The Unemployment Compensation Subfund contains the revenues and expenditures associated with the City's unemployment insurance costs for employees. This program is centrally administered by the Personnel Department. Since 1997, benefit eligibility and claims management and administration have been contracted out to a third party administrator.

SUMMIT CODE	SOURCE	2000 ACTUAL	2001 ADOPTED	2002 PROPOSED	2002 ADOPTED
<u>Revenue</u>					
569550	Department Contributions (1)	1,320,992	1,440,000	1,440,000	1,440,000
	TOTAL REVENUE	\$1,320,992	\$1,440,000	\$1,440,000	\$1,440,000
379100	Contribution from Subfund Balance	376,693	256,718	626,795	626,795
	TOTAL RESOURCES	\$1,697,685	\$1,696,718	\$2,066,795	\$2,066,795
<u>Expenditure</u>					
720120	Claims Payments (1)	1,580,174	1,576,718	1,941,795	1,941,795
841111	Administration	117,511	120,000	125,000	125,000
	TOTAL EXPENSE	\$1,697,685	\$1,696,718	\$2,066,795	\$2,066,795

Subfund Balance Calculation

Dec. 31, 1999 Ending Subfund Balance **\$1,719,628**

2000 Beginning Subfund Balance **\$1,719,628**

Plus 2000 Revenues 1,320,992

Less 2000 Expenditures 1,697,685

Dec. 31, 2000 Subfund Balance **\$1,342,935**

2001 Beginning Subfund Balance **\$1,342,935**

Plus 2001 Revenues 1,440,000

Less 2001 Expenditures 1,696,718

Estimated Dec. 31, 2001 Subfund Balance **\$1,086,217**

Estimated 2002 Beginning Subfund Balance **\$1,086,217**

Plus 2002 Estimated Revenues 1,440,000

Less 2002 Estimated Expenditures 2,066,795

Estimated Dec. 31, 2002 Subfund Balance **\$459,422**

Notes:

- (1) Unemployment claims are expected to increase over 2002 Endorsed estimates by 5%. This is due primarily to increased numbers of former temporary City employees who have been released by subsequent employers. Per state law, the City is required to pay a portion of these unemployment claims. Subfund balance will be used to fund these increased expenditures, avoiding an adverse impact on departmental budgets.