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King County Executive

**Pat Steel**  
Director

**Debora Gay**  
Deputy Director

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Kelli Carroll	Michael Obermeyer
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King County Graphic Design and Production Services

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Gary Prince



*Executive's  
Response to  
Council's  
Adopted  
Budget  
Ordinance*

December 22, 2000

The Honorable Pete von Reichbauer, Chair  
Metropolitan King County Council  
Room 1200  
COURTHOUSE

Dear Chair von Reichbauer:

I have signed Ordinance 14018 adopting the 2001 budget as passed by the King County Council, with the exception of a partial veto of proviso language in several sections of the ordinance. Once again, I want to praise the County Council, your leadership and that of Councilmembers Miller and Nickels, for reaching a bi-partisan agreement on a balanced budget. I am grateful to the Council for working with me to develop a compromise that adopts a reasonable spending plan with sufficient and accurate revenues.

I respect the Council's tradition of including proviso language in the Council's adopted budget to provide policy guidance to the Executive and identify specific items of expenditure. However, I am concerned about the proliferation of provisos and the type of provisos that are being included in the 2001 budget.

In the 2000 budget, there were 114 provisos as compared to 137 in the Council adopted 2001 budget. Many of these direct Executive departments to perform new work without providing funding, prevent departments from expending funds until the Council had approved reports or studies by motion, or order departments to perform specific tasks at the direction of the County Council. The King County Charter provides for the separation of powers between the Council and Executive in Section 220.50, which states that; "The County Council and the individual councilmembers shall not interfere in the administration, and shall not issue orders to any officer, agent or employee, of any other branch of the County government". Many of the provisos in the 2001 adopted budget violate the spirit, if not the letter, of that Charter provision.

Examples include the proviso in Section 124, page 84, line 2042 requires that the manager of the transit division certify in writing to the Council that a certain task has been performed as ordered in the proviso. Another proviso in Section 106, page 62, line 1503 requires that \$25,000 be expended on something called Agile Ports without providing

funding and without identifying the purpose of the expenditure. In addition, the proviso in Section 117, page 70, line 1712 requires Council confirmation of a newly created position of Chief Information Officer. This conflicts with the King County Charter Sections 340.10 and 340.40 that control Council confirmation of Executive appointments.

Executive departments can not perform work without adequate funding, should not be made to comply with unrealistic dates for delivery of services and products, should not be dependent on unrelated future Council actions to expend funds in support of programs and projects, and must not be required to act in conflict with the King County Charter. For these reasons I am vetoing 41 individual provisos in the 2001 adopted budget. The specific provisos and the reasons for each veto are contained in the attachment to this letter.

In the future I would urge greater collaboration between the Council and Executive in developing and wording provisos. In Section 5, page 3, line 56 of the adopted budget the Council had included a proviso that describes your intent to implement a new budget process that would better reflect County policy decisions and allow for better fiscal oversight. As part of that discussion, I urge that we consider the appropriate use and construction of provisos to ensure that your intentions are met, the budget is balanced, and that I am still able to manage King County government in a responsible manner to deliver vital services to the 1.6 million County residents and taxpayers.

Sincerely,

*Signed by the Executive on December 22, 2000*

Ron Sims  
King County Executive

cc: King County Councilmembers  
    ATTN: John Chelminiak, Chief of Staff  
          Rebecha Cusak, Lead Staff, BFM Committee  
          Shelley Sutton, Policy Staff Director  
          Anne Noris, Clerk of the Council  
Pat Steel, Director, Office of Budget



*Executive's  
Letter for the  
Proposed  
Budget*

October 16, 2000

Honorable King County Councilmembers  
and the People of King County

I am pleased to submit to you the Executive Proposed Budget for 2001.

King County faces unique challenges as the regional metropolitan government providing core regional services with quality health care, criminal justice, environmental and transportation services. All County agencies are faced with challenging financial conditions due to limited revenue growth juxtaposed with steadily increasing operating costs. Through this year's business planning process, core departmental services were identified to renew the focus on the public services that County government exists to provide. We face increasing responsibilities, particularly in the areas of criminal justice, transportation, growth management and the environment. Given the realities of increased demand for services and decreasing revenues, I want to give credit to County department directors and staffs for their hard work in setting priorities and making difficult cuts where necessary.

Furthermore, this budget would not have been possible without the cooperating and collaborative effort of Prosecutor Norm Maleng, Sheriff Dave Reichert, Superior Court Presiding Judge Brian Gain and District Court Presiding Judge David Steiner. Their willingness to look at their organizations and work cooperatively with me to control the growth of criminal justice spending was a key element in my ability to present the Council this balanced budget that meets our public safety needs.

I am proud to be the only King County Executive to have significantly reduced the rate of growth of property tax levels in King County. While counties in the State of Washington can levy up to a 6.0% increase in property tax levels, I am proposing to use the State's measure of inflation – the implicit price deflator, which currently stands at 2.6% - as the rate of growth for this year's budget. The implicit price deflator is 2.6%, while a broader measure of inflation, the Consumer Price Index (CPI), is currently above 3.3%

King County is able for the third time, at my direction, to reduce its reliance on property taxes despite its narrow tax base and the ever-escalating expenditures caused by an extremely tight labor market and major increases in the costs of competitive health care

benefits for our work force. Because counties must rely on a largely "rural" tax system to fund their services, King County's General Fund property tax levy accounts for approximately 42% of the fund's revenues. Cities, by contrast, are far less reliant on property taxes because of the availability of business occupation and utility taxes, sources which are unavailable to even highly urbanized counties to support their expanding roles in the provision of regional services.

In 2001, the King County Budget totals more than \$2.4 billion and 13,071 FTEs. Of these amounts, \$488 million and 4,401 FTEs are in the Current Expense Fund which pays for direct services of jails, courts, police, parks, human services and administrative departments. Non-CX operating funds total to \$1.7 billion and include functions such as transit, roads, solid waste, wastewater treatment, water and land resources, public health, airport, stadium, and a variety of internal service funds. \$261.6 million is committed to capital improvements in the areas of transit, roads, wastewater, parks, and other major public facilities.

An additional financial pressure on the county has been the State's reluctance to fully fund mandates imposed on local and regional service providers. The State of Washington, in attempting to resolve the impacts of Initiative 695 (I-695) on local jurisdictions, was unable to fashion a permanent solution to replace Motor Vehicle Excise Tax (MVET) revenues supporting full funding of criminal justice, health and transportation services. The State's funding solution provided less than 30% of the lost criminal justice funding during 2000, and less than 50% of the lost criminal justice funding in 2001. Similarly, the State's solution provided Public Health with revenues to make up only 90% of the lost funding. Public Health is addressing the remaining revenue gap through administrative and other reductions in an effort to preserve services to the public.

In the area of transportation, the elimination of MVET funding reduced the budget for the Metro Transit Division by approximately \$110 million. A combination of bridge funding received from the State in the amount of approximately \$36 million, lagged MVET payments in the amount of \$45 million received from the State, and administrative cuts which I directed in the amount of \$14.6 million have enabled Transit to temporarily keep the Metro system operating with only minor service reductions.

The Executive Proposed Two-Tenths Transportation ballot measure replaces funds lost by the repeal of the MVET and address the most critical public transportation problems. The measure includes the following reforms and improvements to the transit system:

- \$14.6 million in administrative and overhead expense cuts in the Department of Transportation which are re-invested in services and projects;
- A modest \$0.25 fare increase;
- Elimination of low productivity bus services;
- Ensuring implementation of the Council-approved 6-Year Transit Development Plan;
- Providing new services to connect our rapidly growing suburban communities in King County;

- Providing new services to connect our rapidly growing suburban communities in King County'
- Increased Park and Ride capacity along the I-90 corridor;
- Preventing the elimination of 475,000 hours of bus services, and eventually (by 2006) allowing for growth of 575,000 hours over the service level seen during late 2000; and
- Providing \$20 million for synchronizing traffic signals and providing priority for hundreds of signals throughout the County.

### The Cost of Doing Business

A number of the cost drivers which yield overall increases in the County budget are the result of external forces such as the labor market, medical and technology costs, and utility rates. These "costs of doing business" include the following major issue components in the 2001 Proposed Budget:

- Salary and Wage Issues – The issue of salary and wage adjustments is a primary and significant contributor to the increases seen in the County Budget. The Classification Compensation Project coupled with recent labor settlements have resulted in the salary increases seen in all County agencies. These increases in a tight labor market have proved necessary in order to retain competent employees to provide service to the citizens of King County.
- Benefit Cost Increases – The County has a competitive benefit package from which employees have several options of coverage and providers. The proposed standard rate for 2001 has increased 16% from the 2000 rate, resulting in a \$16 million increase. This increase is directly the result of significantly higher costs in the self-funded program and managed care contracts.
- Information and Telecommunications Services (ITS) Increases – The ITS Division charges for the data processing and technology services it provides to all County departments. This includes maintaining the County's wide area network, system development assistance, GIS services, and systems operations. While the methodology used to determine the ITS rates for 2001 is similar to that used in prior years, the increasing costs to upgrade and maintain the County's various computer and communications systems are reflected in the increased rates charged to each client agency.
- Telecommunications Services – For the 2001 Executive Proposed Budget, ITS-Telecommunications has implemented a new rate methodology, one which ended Current Expense Fund subsidy of telecommunications costs (specifically Private Branch Exchange – PBX - equipment costs), and moved all County agencies into equitable cost averaging. Because PBX customers tend to be non-CX agencies, the net effect of making changes in the rate model to remove the inequities is a reduction in CX agency charges and a redistribution of costs to non-CX agencies, especially those with PBX equipment.
- Leases and Space Charge Increases – Building occupancy costs are increasing rapidly throughout King County. The commercial real estate market has seen extraordinary

gains in recent years and has been experiencing unprecedented low vacancy rates. With a limited supply of available office space, renewals and new leases for County agencies with multi-year leases are exposed to marked increases in rates per square foot.

- Motor Pool Issues – Despite substantial improvement in the overall size of the County fleet (including significant cost-saving initiatives to reduce the number of passenger vehicles and to transition to an inventory mix more heavily weighted to lower cost, fuel-efficient vehicles), the overall costs of these services is increasing by \$1.1 million over the 2000 level, primarily due to significant increases in fuel prices and labor costs.

The major initiatives included in the 2001 budget are outlined in detail in the "Strategic Choices" section which follows this letter, and in greater detail in each program chapter of the budget book.

I am looking forward to working with the Metropolitan King County Council to adopt a 2001 budget for this government that recognizes the compelling requirements of a vital regional government.

Sincerely,

*Signed by the Executive on October 16, 2000*

Ron Sims  
King County Executive

# **Introduction**

## **Readers' Guide to the King County Budget Book**

This document describes how King County's government plans to meet the communities' needs in 2001. King County's Budget Book is not only an assembly of information required for making policy and resource decisions, it is also a resource for citizens interested in learning more about the operation of their County government.

This readers' guide has been provided to inform the reader where particular information may be found. King County's 2001 Budget Book is divided into nine sections: Introduction, Economic and Revenue Forecast, four Operating Area Budget Discussions (see below), the Capital Budget, Debt Service, and a brief appendix of summary tables. Each major section is outlined below.

### **Introduction**

The introduction has a general description of King County government, presents an organizational chart of County government, provides a discussion of the strategic choices and decisions made in the development of the 2001 budget, describes the budget process and frequently asked questions about the King County budget. The introduction concludes with a glossary of words and terms used in this book.

### **Economic and Revenue Forecast**

This section explains how the local economy affects King County's budget and the government's ability to provide certain services today and in the near future. The analysis is based on historical trends for King County, opinions by private economists, and by surveying national economic trends. The section comments on inflation, interest rates, population, personal income growth, and area construction activity as measured by building permit volume for unincorporated King County. The section also summarizes anticipated revenues in 2001 as well as provides revenue comparisons from previous years.

The section concludes with the Current Expense Fund Forecast which provides a two-year history of revenues and expenditures, details the impact of the proposed policy choices in 2001 and projects the fiscal impact of these activities through 2001. Such projections are essential for planning future King County government endeavors.

### **Operating Area Budget Discussions**

This section displays the appropriation units grouped by functional area and county department. These functional areas are: General Government, Physical Environment, Health and Human Services, and Law, Safety, and Justice. These sections provide summaries of the 2001 Budget.

#### **General Government**

This section displays the appropriation units grouped by this function area and includes the financial details summarized in the Proposed Budget. Appropriation units included under this heading are Council Agencies, County Executive, Office of Cultural Resources, Budget Office, Deputy County Executive, Office of Regional Policy & Planning, Office of Human Resource Management, Finance, Information & Administrative Services, Construction & Facilities Management, Assessments, and Other Agencies that comprise our internal support functions.

#### **Physical Environment**

This section presents the Physical Environment appropriations units and includes the financial details summarized in the Proposed Budget. Appropriation units displayed in this section include: Parks & Recreation, Natural Resources, Development & Environmental Services, and Transportation.

**Health and Human Services**

This section provides the financial details of the County's Community & Human Services and Public Health Departments.

**Law, Safety and Justice**

This section presents the financial information for the Law, Safety and Justice agencies. Included in this section are the Sheriff's Office, Prosecuting Attorney, Superior Court, District Court, Judicial Administration, Adult and Juvenile Detention, and the Criminal Justice Fund. Public Defense can be found in the Health and Human Services section and E-911 can be found in the General Government section.

**Capital Projects**

This section summarizes the capital projects budget proposals for King County. Additional information is available in a separate Capital Improvement Book.

**Debt Service**

This section provides a discussion and details of King County's bond indebtedness and the debt service required to repay King County's indebtedness. The section also includes a discussion of regional debt levels.

**Appendix**

This section provides a little a two-page fact sheet about the County, various summary tables of expenditures, revenues, and employees.

## Readers' Guide to the Detail Sheets

This section contains a glossary specific to the detail pages. The detail pages are the ones interspersed with narrative about the agencies' budgets that show the previous budget, all of the proposed changes to that, to come up with the present proposed budget. Here you will find definitions by order of appearance for the types of items listed in the detailed appropriation unit pages.

**Appropriation Unit:** The name of each appropriation unit can be found at the top of each first page. It is the legal authorization to incur obligations and to make expenditures for specific purposes, i.e., Licensing and Regulatory Services, Cable Communications, Public Health, and Roads are all appropriation units.

**2000 Adopted:** These are expenditures appropriated by the Council for the year beginning January 1, 2000 and ending December 31, 2000. It does not include encumbrances, supplemental appropriations or technical changes to the 2000 budget. These items are either in the *Status Quo* or under *Technical Adjustment*.

**Status Quo (or Base Increment):** This category contains revised 2000 adopted budget, initial status quo and proposed status quo changes. These are incremental changes from the 2000 Adopted.

- **Initial Status Quo (ISQ):** Initial Status Quo (ISQ) is the initial starting point for building the new year's budget. The ISQ level is the current year adopted level adjusted for budgeted changes for the first part of the year, across-the-board salary updates through the first part of the year, and the elimination of certain accounts not expected to be a part of the new year's budget. ISQ changes are generally done automatically based on gross across-the-board adjustments.
- **Proposed Status Quo:** Proposed Status Quo (PSQ) is the adjusted ISQ budgeted level and represents the base budget for the new year. A variety of special adjustments are made to the ISQ level, including known salary and benefit updates, adjustment of central rates, elimination of one-time programs, and the annualization of new programs in order to arrive at the "base" level of providing the same level of services in the current year at the inflated cost of the new year. PSQ changes are generally done only after significant analysis has been performed either by budget analysts or by agency personnel.

**Status Quo Budget (or Adjusted Base):** The starting point for departments to begin preparing their 2001 budget. It is the change between 2000 Adopted and the Status Quo.

**Description of Change Detail:** The reductions, additions and technical adjustments listed in the table between the Status Quo budget and the 2001 Proposed Budget. Change Items give the departments a means of changing their budgets from year to year, by listing out items that need to be either reduced or increased. Department requested change items are then sent to the Budget Office for review.

- **Target Reductions:** Target Reductions are the dollar amount given to Current Expense funded agencies as a goal for cutting their budgets in order to help balance the overall Current Expense Fund budget. The amounts are often determined by applying a percentage factor to each agency's Proposed Status Quo or Base Budget. Reductions are the department-submitted and Budget Office-approved reductions a department

may take.

- **Mandatory Adds:** Increases to the base budget that are mandated by new legislation, existing legal requirements, or County policy.
- **Revenue Backed Adds:** Revenue Backed Adds are supported either in whole or in part by new revenue.
- **Technical Adjustments:** These are budget adjustments covering a variety of miscellaneous actions, including the correction of errors in the base budget, the transfer of programs between organizational units, and budgeting corrections related to employee benefits and central rates.
- **Technology Requests:** These are one-time budget requests for the purpose of planning, developing, and/or implementing a data processing, telecommunications, or other technology- related operation with the intent of improving the efficiency of the requesting department.
- **Central Rate Adjustments:** These are budget adjustments to central rates. Central rates are, for example: flex benefits, data processing infrastructure, Prosecuting Attorney charges, motor pool and insurance rate adjustments.

**2001 Proposed Budget:** This is the Executive Proposed Budget for this appropriation unit offered to the Council for their deliberation and review during mid-October and Thanksgiving. Council has the power to make changes to the Executive Proposed Budget.

## **King County Government And Background**

The County consists of 2,128 square miles, ranking 11<sup>th</sup> in geographical size among Washington State's 39 counties. The County ranks number one in population in the State of Washington and is the financial, economic and industrial center of the Pacific Northwest Region. Currently, there are 38 incorporated cities with 77% of the County population.

King County operates under a Home Rule Charter adopted by a vote of the citizens of King County in 1968 and is organized under the Council-Executive form of county government. The Metropolitan King County Council is the policy-making legislative body of the County. The Council's thirteen members are elected by district to four-year staggered terms and serve on a full-time basis. The County Council sets tax levies, makes appropriations, and adopts and approves the annual operating and capital budgets for the County. Other elected County officials include the County Executive, Prosecuting Attorney, Sheriff, and Assessor. Except for the Sheriff, all of these are partisan positions, elected at large to four-year terms.

The County Executive serves as the chief executive officer for the County. The County Executive presents to the Council annual statements of the County's financial and governmental affairs, the proposed budget and capital improvement plans. The County Executive signs, or causes to be signed on behalf of the County, all deeds, contracts, and other instruments, and appoints the director of each of ten executive departments.

King County provides some services on a countywide regional basis and some local services only to unincorporated areas. Within appropriate jurisdictions, the County provides public transportation, road construction and maintenance, water quality, flood control, parks and recreation facilities and services, court services, law enforcement, inquests, tax assessments and collections, fire inspections, planning, zoning, animal control, criminal detention, rehabilitative services, public health care, election administration, and the processing and disposal of solid waste. In addition, the County has contracts with some cities to provide local services to incorporated areas of the County.

The reporting entity "King County" includes three component units, the Harborview Medical Center, the Washington State Major Leagues Baseball Stadium Public Facilities District (PFD), and the Flood Control Zone Districts Fund. The Harborview Medical center, the history of which dates back to 1877, is a comprehensive 330-bed health care facility operated by the University of Washington since 1967 under a management contract. The physical plant is owned by the County. The PFD is responsible for overseeing the operation of the new baseball stadium. The Flood Control Zone Districts Fund accounts for the undertaking, operation, or maintenance of flood control projects or storm water control projects that are of special benefit to specified areas of the County.

Most funds in this report pertain to the entity King County Government. Certain Agency Funds pertain to the County's custodianship of assets belonging to independent governments and special districts. (These funds are not shown in the budget books.) Under State statute and the County's Home Rule Charter, the King County Executive is the ex officio treasurer of all special purpose districts of King County, but not of cities and towns. As provided by County ordinance, the Finance Director is responsible for the duties of the comptroller and treasurer. Monies received from or for the special purpose districts are

deposited in a central bank account. The Finance Director invests or disburses monies according to the instructions of the respective special purposes districts governing body or administrative officer.<sup>1</sup>

The table on the following page shows the number of governmental entities within geographical King County, as well as the number of elected officials. It is with these jurisdictions that the County is negotiating on which governments should deliver which services, and how those services can be paid for. Potentially, the most important subject of this forum is the transition of King County into a true regional service provider as well as fulfilling Washington State's growth management goal that all urban areas be part of a city.

### **Organizational Chart**

An appropriation unit is a legal entity authorized by the County Council to make expenditures and to incur obligations for specific purposes. Examples of appropriations units are Records and Elections, Office of the Prosecuting Attorney, Public Health, and Solid Waste. At King County, appropriation units are budgeted on a calendar year basis.

Similar appropriation units are combined together to make up a department. For example, the Department of Transportation is made up of the following similar appropriation units: Transit, Road Services, Fleet Administration, and Transportation Planning and Administration. The departments are headed by a director, who reports directly to the Deputy County Executive. Each director is a member of the Executive's Cabinet.

A program area is a grouping of County appropriation units (agencies) or departments with related Countywide goals. Under each program area, individual agencies or departments participate in activities to support the program area goals. The budget process distinguishes between six program areas: Physical Environment, General Government, Health and Human Services, Law, Safety and Justice, Debt Service and Capital Projects. Debt Service and Capital Improvement are not shown on the County organizational chart.

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<sup>1</sup> Source: King County "Comprehensive Annual Financial Report, pg vii –viii, 1996.

**ELECTED OFFICIALS OF  
KING COUNTY**

**KING COUNTY EXECUTIVE**

Ron Sims

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**METROPOLITAN KING COUNTY COUNCIL**

Maggi Fimia, First District  
Cynthia Sullivan, Second District  
Louise Miller, Chair, Third District  
Larry Phillips, Fourth District  
Dwight Pelz, Fifth District  
Rob McKenna, Sixth District  
Pete von Reichbauer, Seventh District  
Greg Nickels, Eighth District  
Kent Pullen, Ninth District  
Larry Gossett, Tenth District  
Jane Hague, Eleventh District  
David Irons, Twelfth District  
Les Thomas, Thirteenth District

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**PROSECUTING ATTORNEY**

Norm Maleng

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**ASSESSOR**

Scott Noble

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**SUPERIOR COURT**

Brian D. Gain, Presiding Judge

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**DISTRICT COURT**

David A. Steiner, Presiding Judge

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**SHERIFF**

Dave Reichert

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## **King County Boards and Commissions**

Boards and commissions are designed to give citizens a voice in their government and provide a means of influencing decisions that shape the quality of life we in the Northwest enjoy. Whether your interests revolve around animal issues, recycling, transportation, or water quality, with over 50 groups or choose from, King County has something for everyone.

Each board/commission has a staff member who acts as a liaison between the board/commission and the King County Executive's Office. The staff liaison is responsible for coordinating the group's recruitment and forwarding names to the King County Executive, who makes the final selection. The King County Council confirms the Executive's appointments. Following is a list of Boards & Commissions for King County.

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### **Appeal Groups**

Appeals & Equalization, Board of  
Building and Mechanical Code Board of Appeals  
Building Code Advisory and Appeals Board  
Civil Service Commission  
Fire Prevention Appeal Board  
Personnel Board  
Plumbing Board of Appeals  
Water Review, King County Board of

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### **Management Groups**

Active Sports and Youth Recreation Commission  
Alcoholism & Substance Abuse Administrative Board, King County  
Arts Commission, King County  
Boating Advisory Commission  
Boundary Review Board  
Charter Review Commission (Meets every 10 years, Reconvenes in 2006)  
Conservation Futures citizen Oversight Committee  
Correctional Facility Community Relations Board  
Economic Enterprise Corporation Board of Directors  
Employee Charitable Campaign Committee  
Fire Investigation Oversight Committee  
Government Access Channel Oversight Committee  
Harborview Medical Center Board of Trustees  
Health, Seattle-King County Board of  
HIV/AIDS Planning Council  
Housing Authority Board of Commissioners, King County  
Lake Management District No. 1 Advisory Board

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Landmarks & Heritage Commission, King County  
Library District Board of Trustees, King County  
Marketing Recyclable Materials, Commission for  
Museum of Flight Authority Board of Directors, King County  
Noxious Weed Control Board  
Performance Measurement Oversight Committee  
Rural Forest Commission  
Washington State Major League Baseball Stadium Public Facilities District

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### **Advisory Groups**

Accessible Services Advisory Committee  
Aging, Seattle-King County Advisory Council on  
Agriculture Commission, King County  
Animal Control Citizens Advisory Committee  
Children & Family Commission, King County  
Civil Rights Commission  
Cultural Education Advisory Committee, King County  
Developmental Disabilities, Board for  
EEO/AA Advisory Committee  
Emergency Management Advisory Committee  
Ethics, Board of  
Fair Board, King County  
Ferry Advisory Committees – Seattle & Fauntleroy  
Flood Control Zone District Advisory Board, Patterson Creek  
International Airport Roundtable  
International Trade Expansion and Economic Development Initiative Oversight Board  
Livestock Oversight Committee  
Mental Health Advisory Board, Community  
Public Art Commission, King County  
Regional Justice Center Citizen Advisory Committee  
Section 504/American with Disabilities Act Advisory Committee, King County  
Solid Waste Advisory Committee, King County  
Transit Advisory Committee  
Veterans' Advisory Board  
Women's Advisory Board, King County

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[Link to main organizational chart, 30 KB .PDF](#)

## Strategic Choices

The 2001 Budget reflects the County's vision of meeting the regional needs of King County. This has meant assessing the demands, making good use of limited resources and looking at the region as a whole. The County's goal is to maintain a high quality of life by providing services to the people of King County through sound financial planning and regional leadership. Examples of the choices made in the 2001 budget are highlighted in the following program areas:

### *Criminal Justice*

King County government is the largest provider of criminal justice services in the region. As the population grows, increasing demands are placed upon the criminal justice system. The public's demand for new laws requires enforcement, prosecution, and public defense resources. Increased sanctions for criminal behavior place additional demands on courts, jails and rehabilitation programs.

King County continues to spend a growing share of Current Expense Fund (CX) dollars on criminal justice programs. In the 2001 Budget, \$320.5 million – 65% of the Current Expense Fund – is dedicated for Public Safety and Criminal Justice. This total percentage of Current Expense Fund dollars dedicated to the Criminal Justice System is up from the 61% figure found as recently as 1997

Overall, our goals are to ensure the safety of the public and to provide effective criminal justice services while finding efficiencies in the entire criminal justice system. The following are examples of these types of programs included in the 2001 Adopted Budget:

- Adult Justice Operational Master Plan (AJOMP) – This two-year planning effort will identify and recommend near-term system improvements, sanctions and programs that reduce reliance on incarceration, reduce racial disproportionality, improve the administration of justice, and promote public safety. The AJOMP effort will be a collaborative, intensive approach with representation from many stakeholders in the system, including King County, Seattle, Bellevue and Suburban City officials, and non-governmental social service, treatment and community groups that will assess and improve the Adult Justice System.
- Juvenile Justice Operational Master Plan (JJOMP) – The goals of this newly-implemented program are similar to those found in the AJOMP, specifically to create various viable alternatives to secure detention for juvenile offenders. These efforts will ease the strain on King County's detention facilities.
- Felony Case Growth – King County's criminal justice system continues to adjust to the unprecedented growth in felony cases that began in 2000. The Adopted Budget incorporates new funds from the State that partially offset the impacts of Initiative 695 (I-695). These funds will primarily be used to address the felony caseload increases impacting the various criminal justice system agencies, including Superior Court and the Prosecuting Attorney's Office. In addition, County funds are being provided to agencies such as the Office of Public Defense to address the caseload increase. The

2001 Budget emphasizes the effective management of resources necessary to respond to the steadily increasing demands on the criminal justice system, along with innovative methods of conducting business to offer high quality services to King County citizens.

- Specialized Courts – The 2001 Adopted Budget augments the County’s efforts to enforce offender accountability by continuing the support for courts that focus on specialized areas. These courts, which include drug, domestic violence and mental health courts, have served as national models for similar programs in other jurisdictions.
- Sheriff’s Office – Preventing school violence and creating an atmosphere conducive to learning have become national and local priorities. The 2001 Adopted Budget includes seven new School Resource Officers (SROs), five in partnership with contract cities and two in unincorporated King County. SROs are uniformed deputies in the schools who provide mentoring and education services as well as fostering a safer environment in which students can learn. These additions are funded almost entirely from contracting cities and federal grants, with the County providing a one-time infusion of funds.
- Also in the Sheriff’s Office, the residents of King County approved a levy in September 2000 that will fund the Automated Fingerprint Identification System (AFIS) from 2001 through 2005. The 2001 Adopted Budget provides staff additions to AFIS to fully utilize the Live Scan technology implemented in 2000. This will result in faster identification of crime scene prints, added print-taking capabilities in the Regional Justice Center and Juvenile Detention Facility, and enhance the exchange of criminal history information between King County and other law enforcement agencies. These services will continue to improve the criminal justice system’s ability to solve crimes in the region.

#### Health and Human Services

King County recognizes and values the work of the County’s Health and Human Services agencies and programs which provide invaluable assistance to King County residents. As evidenced by the following initiatives, these agencies are rising to the challenge of maximizing available funding while making innovative strides in supporting youth, those with mental health and/or substance abuse problems, and increasing opportunities for those who face other life challenges such as unemployment or developmental disabilities.

- Mental Health, Chemical Abuse and Dependency Services (MHCADS) – A \$500,000 grant-funded project in the Substance Abuse section of the MHCADS division has been added to enhance community agency capacity to meet the needs of special youth populations while ultimately reducing juvenile justice system recidivism. The Mental Health section continues to provide a Mental Health Court Liaison for the mentally ill involved in the criminal justice system. The Court Liaison presents misdemeanor offenders with the opportunity to choose treatment rather than criminal prosecution, monitors progress and treatment, and tracks the legal status of defendants.
- Work Training Program – The Department of Community and Human Services has added a new unit, the Displaced Worker Program (DWP), to its Work Training Program. DWP provides assistance, training and job search support for displaced

workers in King County. This new program was added in July 2000 as a result of the transfer of the Worksource Program from the Private Industry Council (PIC) to King County. King County now performs functions formerly executed by the PIC and receives funds from a variety of sources that support the program's operations.

- Community Services Division (CSD) – This division made administrative and programmatic reductions in the 2001 Adopted Budget. CSD's reduction decisions were based upon an analysis of its core business and performance measures in order to ensure that reductions were in alignment with agency goals. Wherever possible, CSD sought reductions through operational efficiencies with no direct service reductions, such as eliminating the Childcare Wage Pilot project. However, some service reductions were required, and these cuts were based on core services and performance measures. At the same time, CSD secured funding from the Department of Natural Resources to maintain the Master Gardener Program of the King County Cooperative Extension program.
- Public Health – The 2001 Adopted Budget preserves CX funding for Family Planning Clinics, School-Linked Health Centers, and Child Care Health and Safety programs. Where possible, Public Health sought reductions with minimal impacts to services; where services were impacted, the Department selected reductions that were not central to its core business functions.
- The Board of Health recently opted to roll back Environmental Health fees to pre-I-695 levels. In response to this change, Public Health will eliminate one of the three annual inspection visits it pays to each King County food establishment. Public Health will continue to make an annual education visit to King County restaurant establishments as well. Most other Counties in Washington only conduct two inspection visits per year.
- Also in Public Health, in order to preserve funding for other programs listed above, the 2001 Adopted Budget begins to phase out CX funding for community clinics. All CX funding for community clinics will be eliminated in 2002. The services provided at the community health center sites include primary care, dental care and obstetrical care as well as outreach and access services. CX funding represents only 0.3% to 8.9% of the total budgets of these community clinics.
- The 2001 Adopted Budget also includes a CX addition for operational and staffing expenses at the Cedar Hills Alcohol Treatment (CHAT) Medical Clinic. A staffing and service model for CHAT has been designed in response to an audit conducted by the State of Washington. The Department of Community and Human Services (DCHS) had operated the clinic in 1999; however, following release of the audit, the clinic's operations have reverted back to Public Health, which operated CHAT prior to 1999. DCHS continues to operate the treatment components of CHAT. This important facility continues to face long-term financial challenges, and DCHS has made it a priority for 2001 to find long-term solutions to these challenges.

### Physical Environment

The following are the three major themes for the Physical Environment Section for 2001: responding to Endangered Species Act rule 4(d) compliance, implementing the Wastewater Treatment Division's Regional Wastewater Services Plan (RWSP), and continuing the

Department of Transportation/Transit Division efforts to mitigate the impacts of Motor Vehicle Excise Tax (MVET) revenue losses, with the objective being to maintain as many transit service hours as possible.

- 2001 Endangered Species Act (ESA) Initiative - The ESA Policy Coordination Office will continue its dual roles to lead the Tri-County ESA Response Effort jointly with Snohomish and Pierce Counties and to convene interdepartmental coordination to implement programs and resolve policy issues. The ESA Policy Office will work to conclude the Tri-County Model 4(d) Proposal under the process established in the June 2000 4(d) rule. A final determination proposal by the National Marine Fisheries Services on the adequacy of this anticipated in early 2001. The ESA Office will coordinate Executive departments' efforts to support the Council review and adoption of implementing ordinances.
- King County will continue to lead the Tri-County ESA Response Effort jointly with Snohomish and Pierce Counties. Once the Tri-County Model 4(d) Proposal is completed, the Tri-County activity should reduce significantly, however, there will be an ongoing role to coordinate implementation issues and continue regional funding efforts. Habitat Funding – King County will continue to lead the Tri-County efforts to secure federal and state funding to augment local resources for habitat projects and work to develop an ongoing regional funding source for salmon habitat work.
- The 2001 Adopted Budget includes a reorganization of the Watershed Coordination Unit budget. This reflects that about a quarter of the budget (approximately \$0.866 million) will be funded collectively by King County and a number of other local governments throughout the county, under a new watershed planning interlocal agreement (WRIA ILA). The Interlocal Agreement is in the final stages of negotiation and finalization. Under this interlocal agreement, the costs of developing WRIA-based salmon conservation and recovery plans will be shared by the County and other participating local governments. Other, related costs, such as the costs of watershed assessment, will continue to be funded by King County, a combination of River Improvement Fund (RIF) proceeds and Wastewater Operating revenue.
- The financial plan period 2001-2006 will be highlighted by the commencement of the Regional Wastewater Services Plan (RWSP). In November 1999, the Metropolitan King County Council adopted the RWSP, a supplement to the King County Comprehensive Water Pollution Abatement Plan. The RWSP is the policy basis for a capital improvement program that will provide wastewater services to this region for the next 30 years. The centerpiece of the plan is a new treatment plant to be constructed by 2010 in the north service area. The 2000-2003 capital appropriation request is approximately \$80 million greater than a similar request for the period 1999 – 2002. Much of this increase is attributable to costs associated with the implementation of the RWSP through projects such as the Conveyance System Improvements, the North Creek storage facility and the North Treatment Plant.
- The 2001 Adopted Budget contains the transportation efficiencies and administrative cuts that were announced in June 2000 by the County Executive. \$14.6 million has been reduced from the Transit Department's administrative budgets, and these funds will be returned in the form of direct services to the public. This budget reflects

reduced funding for transit as called for under the provisions of I-695, and will result in service hour reductions of 475,000 hours which will become effective beginning January 1, 2001.

- Various Road Bonding Projects – Bonding for numerous road improvement projects will benefit the residents of unincorporated eastern and southern King County.

#### General Government

The 2001 Adopted Budget includes a change in methodology for handling Cost of Living (COLA) and Merit reserves for King County employees. Instead of holding these reserves centrally in the Salary and Wage Contingency, all County agencies have estimated 2001 costs for COLA and Merit, and the reserves have been incorporated into the budgets for each appropriation unit. This new methodology responds to a state audit finding.

Significant increases in the 2001 Adopted Budget are directly attributable to the following two primary areas: salary and wage increases and employee benefit increases. In the area of salary and wage increases, the Classification Compensation process has resulted in sizeable salary increases in all County agencies. The rise in the costs of employee benefits is driven by the cost of medical benefits to County employees. The upward trend in the cost of medical services that began in mid-1997 is expected to continue through 2001. Actuarial estimates and renewal rates of the County's managed care contracts indicate annual percentage increases totaling 16%.

#### Investments in Technology

In 2001, the County will continue to work on projects funded from the following capital improvement sources:

- \$30 million in technology bonds borrowed in early 1996;
- \$3.3 million borrowed in 1998 and 1999 for specific technology projects.

In addition, the County will be making additional investments in technology in 2001. These initiatives are related to various hardware and software upgrades and replacements and staffing changes in the following areas:

- Enterprise-Wide Licensing and PC Replacement Plan - These two initiatives will fund personal computer hardware and software upgrades to bring aging equipment and software up to a modern level to allow County agencies to perform their work.
- Endangered Species Act (ESA) Data Management Systems - This initiative will embark on a program to ensure compliance with the ESA. To accomplish the goals of salmon conservation and recovery, and comply with Sections 4(d), 7 and 10 of the ESA, basic, accurate, comprehensive geographic data is required relating to hydrography, vegetation, roadways, and development. The basic problem is that the accurate locations of streams, lakes, and wetlands must be known in order to know where salmonid species are located and to accurately diagnose and portray the effectiveness of our ESA response actions. To regulate and evaluate activities which impact endangered species, one has to know where these activities take place in relation to where the species or their habitat is located. The current geographic information system (GIS) does not have the capability of providing this basic

information. Without this basic information, King County cannot fully comply with Sections 4(d), 7 or 10 of the ESA.

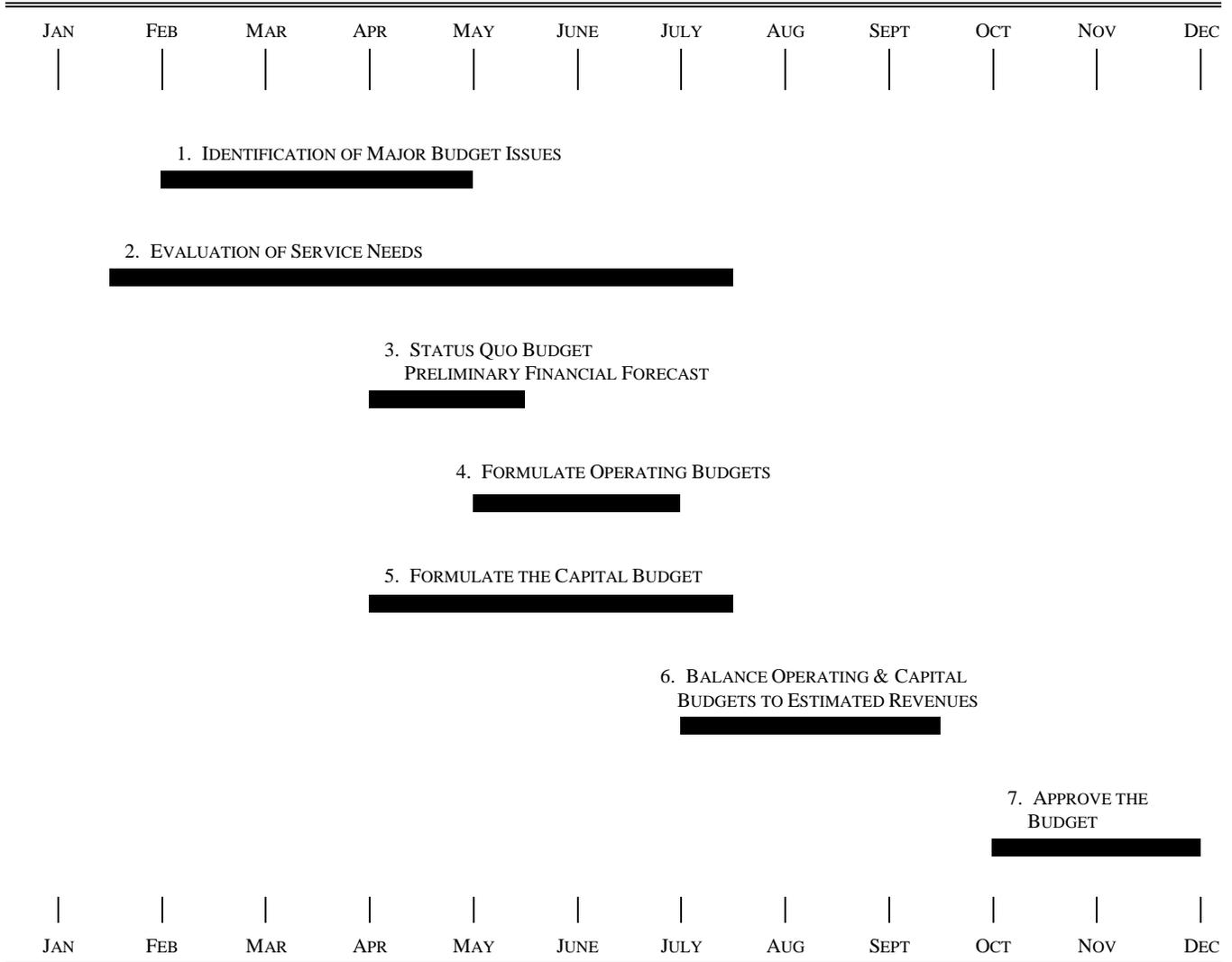
- Information and Telecommunications Strategic Plan Implementation - At the direction and oversight of the County Executive and the County Council, the Office of Information Resource Management was established to set standards and direction for technology development, and establish a strategic plan program office to ensure progress and reporting of milestones to the Executive and Council.
- Electronic Court Records Phase III - Electronic Filing Development - This initiative will develop the electronic filing component of the on-going Electronic Court Records project in order to provide for electronic filing of court documents to increase data transfer speed and decrease waiting time for records.
- E-Commerce - This initiative will develop the infrastructure and pilot program sites to use technology to allow the public to gain easier access to County agencies.
- JJWAN Replacement Study - This initiative will fund a consultant study to determine a strategic direction to take to meet the long-term needs of the juvenile justice system in King County, and to identify the technology options to address those needs.

## THE KING COUNTY BUDGET PROCESS

The overall purpose of King County's budget process is to improve government accountability, a process that results in this budget book. This book is a key policy document outlining 2001 County services and capital projects. Budget development is a process for identifying funding priorities in the coming year and making adjustments that will liberate sufficient resources to fund new, high-priority program initiatives and capital projects. The calendar and narrative that follow describe the budget development process, phases, and participants.

Budget development for new capital improvement projects coincides with budget development for operating programs. In addition, ongoing capital improvement projects are reviewed, progress evaluated, and prior year funding plans updated. This process results in the Capital Improvement Program (CIP) resource book which details the five-year funding plans for 2001-2005. Criteria were adopted by the County Executive and Cabinet to target new CIP projects of the highest priority for funding in 2001.

### THE KING COUNTY BUDGET DEVELOPMENT PROCESS



# **The King County Budget Process**

## **1. IDENTIFY MAJOR BUDGET ISSUES/IMPACT ASSESSMENT. (FEBRUARY - MAY)**

This preliminary phase of the budget development process is to identify significant budget issues for the following year. Between February and May of each year, the Executive and his Cabinet identify operations facing significant volume increases, unmet community needs, methods to improve services to the public, major maintenance requirements, new or expanded facility requirements, and other budget issues. Preliminary cost estimates are discussed for these identified budget issues.

During this phase a review of the County's long term financial and programmatic policies is conducted to identify areas of possible change given the current economic environment and needs of the County's citizens. Once established, these policies vary little from year to year. Changes most often result from the creation of a new policy. King County constantly strives to improve the processes that have resulted in its current state of excellent fiscal health. These long-term policies are one of these processes.

During this phase the County's short-term financial and operational policies are reviewed. Departments determine their main priorities and objectives for the year. They develop programs and determine the budget implications of their plans. The results of this process can be seen in the Executive Proposed Budget. The Budget Book addresses the issues and priorities of the County on a programmatic basis. This section crosses organizational boundaries to present the County's main functional responsibilities. Within these areas, individual departments address the goals and objectives for the year on a department by department basis. The department sections explain how they will accomplish the broad operational policies and priorities discussed in the overall program area.

## **2. EVALUATE SERVICES NEEDS. (JANUARY - JULY)**

This secondary phase is to evaluate existing County services and identify priority service needs for the community. This evaluation goes hand-in-hand with the preliminary phase and is highlighted with a series of meetings between the Budget Office and Executive Cabinet to clarify program priorities.

## **3. ESTABLISH STATUS QUO BUDGET AND PRELIMINARY FINANCIAL FORECAST. (APRIL - MAY)**

During this phase, next year's estimated costs to provide programs at this year's service levels are determined (status quo) and then are compared to preliminary revenue forecasts. This step gives County officials an idea of what the County can afford and what reductions may need to be made to maintain existing service levels during the next budgeted year.

The status quo process is the first phase of the County's financial plan development. Financial planning goes on throughout the budget process for all appropriated funds. The plans present the prior year's actual data, the current year's budget and a three-year financial forecast. The Current Expense (General) Fund Financial Plan is presented in the Economic and Revenue Section of the budget book.

The development of financial forecasts and the department's operational priorities of the County are guided by annual review of a series of financial indicators that affect the County. The review is conducted at the same time as the budget process.

#### **4. FORMULATE OPERATING BUDGET. (MAY - JUNE)**

After assessing next year's estimated financial position at "status quo" funding levels, a plan for funding expanded programs is formulated. If there is a reduction in revenue forecasted for the following year, the plan requires departments to take measures to reduce program spending and requires the departments to identify additional program cuts to meet the established financial targets. The Budget Office sets the financial targets. Operating budget requests are submitted by all County departments, except the County Council agencies.

#### **5. FORMULATE THE CAPITAL BUDGET REQUESTS. (APRIL - JULY)**

The departments are directed to identify the County's requirements for major construction or renovation of public facilities, and acquisition of land related to future capital projects. Those requirements are then costed and ranked according to necessity by the responsible County department.

#### **6. BALANCE OPERATING AND CAPITAL BUDGETS TO ESTIMATED REVENUES. (JULY - SEPTEMBER)**

This phase of the budget development process involves detailed analysis of department budget requests and decisions over which requests for new or expanded programs should be recommended for funding during the following year. The Budget Office updates financial forecasts; Executive Cabinet task forces formally analyze program priorities; the Budget Office per established Executive criteria prioritizes capital project requests; and the County Executive decides final funding recommendations. The Budget Office ensures that the final funding recommendations for operating and capital budgets are balanced with the estimated following year revenues.

#### **7. APPROVE THE BUDGET. (OCTOBER - DECEMBER)**

The Executive Proposed Budget is transmitted to the County Council. The Budget Office transmits financial plans for all the budgeted County funds as part of the Proposed Budget. The Council reviews the proposed budget, holds public hearings, adjusts the budget as Council members deem necessary, and adopts the budget as required by State law.

#### **8. PROCESS FOR AMENDING THE ANNUAL BUDGET (JANUARY – DECEMBER)**

The King County annual budget is established by enactment of an ordinance by the King County Council, which allocates specific funding to each agency within the county, and establishes the source of the funding and determines the number of Full Time Equivalent (FTE).

A County agency must determine that it is appropriate for a supplemental appropriation or correction to the existing ordinance, which established the County Budget. The affected agency prepares an ordinance, which amends the annual budget ordinance for their particular section. This amendment may be in the form of an increase/decrease or a change in the FTE count. The proposed ordinance is forwarded to the King County Executive for approval and transmitted to the King County Council.

The proposed legislation is forwarded to the Budget Office. The King County Code charges this office with the review and with ensuring that there are sufficient funds

available to meet the request. The Budget Office then makes a recommendation to the Executive as to the appropriateness of the supplemental request.

The legislation is transmitted to the Council. The legislation is introduced at the meeting of the complete council and is assigned to the committee charged with examining the request (usually the Budget and Fiscal Committee). The legislation must then be advertised in a recognized

newspaper (usually by title of the legislation), advising the public of the nature of the legislation and setting a time for a hearing before the full council.

The legislation is placed on the committee agenda for hearing and determination of applicability. The chair of the committee then recommends back to the Council Chair a recommendation of “do pass” to the full council. The legislation must be openly read during two regular sessions of the Council. The Council Chair, working with the Clerk of the Council, places the matter on the agenda for the regular meeting of the council and public testimony is taken. At the close of public testimony, a vote of the Council is taken and a majority decision is announced.

By the theory of merger, the enacted legislation is merged into the annual budget ordinance, becoming a part of the annual budget ordinance.

## **DESCRIPTION OF KING COUNTY FUNDS**

The use of fund accounting is one of the major differences between government and commercial accounting. A fund is defined as an entity with a separate set of accounting records segregated for the purpose of carrying on a specific activity. Each fund is treated as a separate and self-sustaining business entity. For example, the County's Federal Housing and Community Block Grant is accounted for in a separate fund. The receipt and use of these grant monies are tracked, and at year end the assets and liabilities associated with the grant are determined.

For accounting purposes, there are three fund types: governmental, proprietary, and fiduciary. Governmental funds are used to account for general government operations such as police, human services, parks, or capital projects. Governmental Fund Types are classified as Current Expense (general fund), special revenue, debt service, and capital projects. Proprietary funds are used to account for a government's activities that are similar to the private sector businesses and are classified as enterprise or internal service. Enterprise Funds are established to account for organizations, which are intended to be self-supporting through fees charged for services to the public, one example is the Airport Fund. Internal Service Funds are established to account for certain activities, which support other County Operations, one such fund, is the Computer and Communications Fund. Fiduciary funds are classified as agency or trust. Agency funds, such as the Salary Fund, are clearing accounts used to account for assets held by King County in its capacity as custodian and are offset by an equal, related liability. Agency funds are not budgeted.

Accounting for the flow of dollars in and out of accounts varies depending upon whether the fund is of the governmental or proprietary type. Governmental funds, like the Current Expense or Special Revenue funds, are accounted for on a modified accrual basis which

has a spending measurement focus. This means that only current assets and current liabilities are generally reported on their balance sheets and their operating statements present financial flow information of revenues and expenditures. Thus, there is a matching of amounts owed during the current business cycle to revenues to be received in cash during the current business cycle. Proprietary-type funds are accounted for on an accrual basis which has a cost services or capital maintenance measurement focus. All assets and all liabilities, whether current or non-current, are reported on their balance sheets and their operating statements present revenue and expenses just like a private business enterprise.

King County's revenue sources are distributed among its various funds to support the provision of County services and capital improvements. A brief description of the major categories of funds follows.

## GOVERNMENTAL FUND TYPES

### Current Expense Fund

The Current Expense Fund (CX) is the County's "general fund." It is the largest operating fund of King County. The fund is used to account for all resources not required to be accounted for in another fund. The Current Expense Fund supports law, safety, and justice programs; the County's financial and administrative management; parks; arts; and community development planning. In addition, the Current Expense Fund contributes to the operating budgets of the County's public health, human services, emergency medical services, alcoholism, developmental and environmental services, and job training. It also makes contributions to selected capital funds for Capital Improvement Program projects when no other funding source is appropriate.

### Special Revenue Funds

Special Revenue Funds are used to account for revenues that are legally or administratively restricted for special purposes. These funds receive revenues from a variety of sources, including Federal and State grants, taxes, permits, and service fees. These revenues are dedicated to supporting the programs of the individual special revenue fund.

Four Special Revenue Funds account for over half of the total 2000 budgets for this fund group. They are the County Road, Public Transportation, Public Health Pooling, and the Human Services funds. During 2000 the County will have 31 Special Revenue Funds. Twenty-seven of those funds are budgeted annually.

Fund	Budgeted	Not Budgeted	Comments
Criminal Justice	X		
County Road	X		
Landfill Post Closure Maintenance	X		
River Improvement	X		
Veterans' Relief	X		
DHS/Developmental Disabilities	X		
Civil Defense		X	
Recorder's O&M	X		
Enhanced 911 Emergency Telephone System	X		
DHS/Mental Health	X		
Road Improvement Guaranty		X	Special Assessment Fund.
Arts & Cultural Development	X		

Emergency Medical Services	X		
Treasurer's O&M		X	Not budgeted pursuant to Revised Code of Washington 84.56.020.
Surface Water Management	X		
Automated Fingerprint Identification System	X		
Bridge Replacement		X	
Alcoholism & Substance Abuse	X		
Local Hazardous Waste	X		
Department of Development & Environmental Service	X		
Public Health Pooling	X		
Intercounty River Improvement	X		
Parks Equipment Replacement	X		
Grants	X		
Work Training Program	X		
Community Development Block Grant	X		
Youth Sport Facility Grant	X		
Public Transportation Fund	X		
Noxious Weed Control	X		
Logan/Knox Settlement	X		
Clark Contract Administration	X		

### **Debt Service Funds**

Debt Service funds are employed to account for resources used to repay the principle and interest on general-purpose long-term debt. Property taxes are levied annually to meet redemption requirements unless other revenue sources are specifically dedicated to repayment of the bonds. The Unlimited and Limited General Obligation Bond Funds represent the bulk of Debt Service Funds appropriations.

### **Capital Project Funds**

Capital Project Funds pay for major construction and land acquisition projects that are included in King County's capital improvement budget. Revenues for capital funds are derived from taxes, contributions from operating funds, Federal and State grants, and bonds. These revenues are usually dedicated to maintain capital programs and are not available to support operating expenses.

## **PROPRIETARY FUND TYPES**

### **Enterprise Funds**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to business enterprises. They are established as fully self-supporting operations with revenues provided principally from fees, charges, or contracts for services. Enterprise Fund revenues and expenditures may fluctuate with changing service levels or consumer demand. Spending in Enterprise Funds is generally dictated by decisions within the scope and quality of service, by price levels, and/or by contract terms. King County has five enterprise funds:

(1) the Solid Waste Enterprise is comprised of the Solid Waste Operating Fund, Solid Waste Capital Equipment Recovery Fund, Energy Resource and Recovery Fund, Landfill Reserve Fund, the Solid Waste Marketing Commission, and several bond-financed capital project funds; (2) the King County International Airport Enterprise Fund; (3) the Stadium Enterprise Fund; (4) Public Transportation Fund; and, (5) Water Quality Fund.

## **Internal Service Funds**

Internal Service Funds are used to account for operations similar to those accounted for in Enterprise Funds, but which provide goods or services primarily to other departments on a cost-reimbursable basis. The County's data processing is an example of such an activity. The majority of the appropriations in these funds are double-budgeted, as they are also included in the paying agencies that receive the services. There are eight Internal Service Funds: Insurance, Computer and Communications Services, Printing and Graphic Arts, Safety and Claims Management, Public Works ER&R, Motor Pool ER&R, Employee Benefits, and Construction and Facilities Management.

## **BASIS OF BUDGETING**

For governmental type funds, King County uses the modified accrual basis of budgeting except in certain circumstances described below. Revenues are estimated on the basis of when they become susceptible to accrual, such as intergovernmental revenues where revenue estimates are matched with appropriations. Those revenues not susceptible to accrual are taxes, licenses, and permits. Expenditures are budgeted based on liabilities expected to be incurred in the acquisition of goods and services.

In the Current Expense and budgeted Special Revenue Funds, the legally prescribed budgetary basis differs from the Generally Accepted Accounting Principles (GAAP) basis as follows:

1. For the Current Expense and Special Revenue Funds, prepayments are budgeted as expenditures whereas on the GAAP basis, an asset will be established at the date of payment and will be amortized over the accounting periods that are expected to benefit from the initial payment;
2. For the Current Expense and Special Revenue Funds, Capitalized expenditures related to capital leases are not budgeted. Only the annual payments under capital leases are budgeted;
3. In the Current Expense fund, certain intrafund operating transfers in-and-out, eliminated in the GAAP basis statements, are budgeted;

Two funds within the Special Revenue Fund group do not have an annual basis of budgeting. They are the Grants Fund and the Federal Housing and Community Development Block Grant Fund. Budgets within these funds are on a multi-year basis with the budget for a particular program covering one or more fiscal years. Total revenues and expenditures for the program are budgeted at its inception and any unexpended balance at the end of the fiscal year is reappropriated to the next fiscal year.

In the Debt Service Funds, the legally prescribed budgetary basis is in conformity with GAAP.

All Capital Project Funds except for the Road Improvement Guaranty Fund and Water Quality Funds are budgeted using continuing appropriations, which do not lapse at year-end. The current year's portion of the County's six-year capital improvement program is appropriated each year. The Road Improvement Guaranty Fund is not budgeted and reports capital improvement assessments construction activity pursuant to Revised Code of Washington Chapter 36.40.200 and the County Charter Section 480.

Although the proprietary funds, called internal service and enterprise, are accounted for on a cost of services or "capital maintenance", measurement focus in the financial statements are prepared in conformance with GAAP. The budget uses the "financial flow" measurement focus whereby the budgeted revenues and expenditures represent the source and application of available spendable resources. The major cases where the budgetary basis departs from the accrual basis are where:

- The receipt of assessments receivable are budgeted;
- The accrued portion of such expenses as accrued vacation and sick leave, accrued insurance policy expenses, accrued estimated claims settlements, and accrued interest expense are not budgeted in the year of accrual;
- The maintenance inventory is budgeted under the purchase method, not the consumption method;
- The purchase cost of capital items has been budgeted, but depreciation and amortization expenses have not been budgeted;
- Expenditures related to the book value of capitalized land and equipment disposed or donated are not budgeted; Expenditures for the payment of bond and capital lease debt principle are budgeted; Expenditures for the prepayment of debt services are budgeted;
- In the Internal Service Funds, expenses for bad debts are treated as negative revenues on the budgetary basis; and
- The supplemental pension payments to the State of Washington Department of Labor and Industries for which the Safety and Claims Management Fund (an Internal Service Fund) acts as a clearing fund are budgeted.

# GLOSSARY

**Account Class**—A grouping of like accounts used as a basis for classifying financial information such as types of revenues and expenditures.

**Accrual Basis**—This is the basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows. Expenses are recorded at the time liabilities are incurred and revenues are recorded when earned. Unbilled service receivables are recorded at year-end.

**Allot**—To divide an appropriation into amounts which may be encumbered or expended during an allotment period.

**Annualize**—Taking changes that occurred mid-year and calculating their cost for a full year, for the purpose of preparing an annual budget.

**Appropriations**—A legal authorization granted by the County Council to make expenditures and to incur obligations for specific purposes. An appropriation is limited in amount and the time when it may be used unless it is for a capital project such as constructing a building or developing a park.

**Assessed valuation**—A determination of value set upon real estate or other property, by a government, as a basis for levying taxes.

**Asset**—Any owned physical object (tangible) or right (intangible) having a monetary value or an item or source of wealth, expressed in terms of any cost benefiting a future period.

**Available (Undesignated) Fund Balance**—This refers to the funds remaining from the prior year which are available for appropriation and expenditure in the current year.

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

**Bond**—A long-term IOU or promise to pay. It is a promise to repay a specified amount of money (the face amount of the bond) on a particular date (the maturity date). Bonds are primarily used to finance capital projects.

- **General Obligation (G.O.) Bond**—This type of bond is backed by the full faith, credit and taxing power of the government.
- **Revenue Bond**—This type of bond is backed only by the revenues from a specific enterprise or project, such as a hospital or toll road.
- **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 a specified period of time (fiscal year or biennium) indicating all planned revenues and expenses for the budget period.

**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.

**Budget Calendar**—The schedule of key dates which a government follows in the preparation and adoption of the budget.

**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 Improvement Project**—A particular project that relates to the acquisition (purchase) or construction of major capital facilities.

**Constant Or Real Dollars**—The presentation of dollar amounts adjusted for inflation to reflect the real purchasing power of money as compared to a certain point of time in the past.

**Encumbrances**—Commitments for unperformed contracts for goods or services. A purchase order is the most common encumbrance.

**Expenditures**—A net decrease in financial resources. Expenditures include operating expenses that require the use of current assets. This term designates the cost of goods delivered or services rendered, whether paid or unpaid, including expenses, provision for debt retirement not reported as a liability of the fund from which retired, and capital outlays.

**Full-Time Equivalent (FTE)** —The amount of time a position has been budgeted for, in terms of the work year of a regular, full-time employee. For example, a position which has been budgeted to work full time for only six months is 0.5 FTE.

**Fund**—An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and changes in these assets and liabilities.

**Capital Assets**—Assets of significant value and having a useful life of several years. Capital assets are also called fixed assets.

**Capital Budget**—The appropriation of bonds or operating revenue for improvements to facilities and other infrastructure.

**Capital Improvements**—Expenditures related to the acquisition, expansion or rehabilitation of an element of the government's physical plant; sometimes referred to as infrastructure.

**Capital Improvements Program (CIP)**—A plan 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**—Fixed assets which have a value of \$250 or more and have a useful economic lifetime of more than one year; or, assets of any value if the nature of the item is such that it must be controlled for custody purposes as a fixed asset.

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

**Capital Reserve**—An account used to segregate a portion of the government's equity to be used for future capital program expenditures. The amount of capital reserve is roughly equal to the government's annual equipment depreciation and an amount identified as being needed for future capital acquisition.

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

**Commodities**—Expendable items that are consumable or have a short life span. Examples include office supplies, gasoline, minor equipment, and asphalt.

**Constant or Real Dollars**—The presentation of dollar amounts adjusted for inflation to reflect the real purchasing power of money as compared to a certain point in time in the past.

**Consumer Price Index (CPI)**—A statistical description of price levels provided by the US 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.

**Debt Service**—The cost of paying principal and interest on borrowed money according to a predetermined payment schedule.

**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-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.

**Employee (or Fringe) Benefits**—Contributions made by a government to meet commitments or obligations for employee fringe benefits. Included are the government's share of costs for Social Security and the various pensions, medical, and life insurance plans.

**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.

**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.

**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.

**Financial Plan**—A summary by fund of planned revenues and expenditures, reserves, and undesignated fund balances.

**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.

**Fixed Assets**—Assets of long-term character that are intended to continue to be held or used, such as land, buildings, machinery, furniture and other equipment.

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

**Full-Time Equivalent Position (FTE)**—A part-time position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time typist working for 20 hours per week would be the equivalent to .5 of a full-time position.

**Fund**—A fiscal entity with revenues and expenses which are segregated for the purpose of carrying out a specific purpose or activity.

**Fund Balance**—The fund equity of governmental funds and trust funds or the excess of the assets of a fund over its liabilities, reserves and carryover.

**GAAP**—Generally Accepted Accounting Principles. Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules and procedures that define accepted accounting principles.

**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.

**Hourly**—An employee who fills a temporary or short-term position. Such employees provide contingency staffing for government operations during peak workloads or to address temporary staffing needs. Hourly employees are paid on a per-hour basis and receive limited benefits.

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

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

**Intergovernmental**—Refers to transactions between the different levels of government, e.g., city, county, state, and federal.

**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.

**Interfund Transfers**—The movement of moneys between funds of the same governmental entity.

**Internal Service Charges**—The charges to user departments for internal services provided by another government agency, such as data processing or insurance funded from a central pool.

**Lapsing Appropriation**—An appropriation made for a certain period of time, generally for the budget year. At the end of the specified period, any unexpected or unencumbered balance lapses or ends, unless otherwise provided by law.

**Levy**—To impose taxes for the support of government activities.

**Levy Rate**—The amount of tax levied for each \$1,000 of assessed valuation.

**Liability**—Indebtedness of a governmental entity. Common examples are amounts owed to vendors for services rendered or goods received, and principal and interest owed to holders of county bonds. These are debts or legal obligations arising out of transactions in the past that must be liquidated, renewed, or reduced at some future date.

**Line-Item Budget**—A budget prepared along departmental lines that focuses on what is to be bought.

**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.

**Modified Accrual Basis**—The basis of accounting adapted to the governmental-fund type spending. Under it, revenues are recognized when they become both "measurable" and "available to finance expenditures of the current period". Expenditures, other than accrued interest on general fiscal long-term debt, are recognized when the related fund liability is incurred.

**Net Budget**—The legally adopted budget less all interfund transfers and interdepartmental charges.

**Nominal Dollars**—The presentation of dollar amounts not adjusted for inflation. Adjusting for inflation would be done to reflect the real purchasing power of money today.

**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 Budget**—Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing of acquisitions, spending, and service delivery activities of a government are controlled.

**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 Expenses**—The cost for personnel, materials and equipment required for a department to function.

**Ordinance.** A formal legislative enactment by the Council or governing body of a governmental entity.

**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 Budget**—A budget wherein expenditures are based primarily upon measurable performance of activities and work programs.

**Performance Indicators**—Specific quantitative and qualitative measures of work performed as an objective of specific departments or programs.

**Performance Measure**—Data collected to determine how effective or efficient a program is in achieving its objectives.

**Personal Services**—Expenditures for salaries, wages, and fringe benefits of a government's employees.

**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.

**Program Budget**—A budget which allocates money to the functions or activities of a government rather than to specific items of cost or to specific departments.

**Program Category**—A grouping of departmental expenditures by functional or program activities which are directed toward a common purpose or goal.

**Program Performance Budget**—A method of budgeting whereby the services provided to the residents are broken down in identifiable service programs or performance units. A unit can be a department, a division, or a workgroup. Each program has an identifiable service or output and objectives to effectively provide the service. The effectiveness and efficiency of providing the service by the program is measured by performance indicators.

**Program Revenue (Income)**—Revenues earned by a program, including fees for services, license and permit fees, and fines.

**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 amounts available for appropriation including estimated revenues, fund transfers, and beginning balances.

**Revenue**—Amounts received by a government through such sources as taxes, fines, fees, grants, or charges for services which can be used to finance government operations or capital assets. These amounts increase the net assets of the government. For those revenues that are recorded on the accrual basis, this term designates additions to assets that : (a) do not increase any liability; (b) do not represent the recovery of an expenditure; (c)

do not represent the cancellation of certain liabilities without a corresponding increase in other liabilities or a decrease in assets; and (d) do not represent contributions of fund capital in Enterprise and Intragovernmental Service Funds.

**Service Lease**—A lease under which the lessor maintains and services the asset.

**Service Level**—Services or products which comprise actual or expected output of a given program. Focus is on results, not measures of workload.

**Site-Based Budgeting**—A decentralized budget process whereby budget preparation and development are based on individual school (and departmental) sites.

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

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

**Supplemental Requests**—Programs and services which departments would like to have added (in priority order) over their target budget, or if revenue received is greater than anticipated.

**Tax Levy**—The resultant product when the tax rate per one hundred dollars is multiplied by the tax base.

**Taxes**—Compulsory charges levied by a government for the purpose of financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments.

**Transfers In/Out**—Amounts transferred from one fund to another to assist in financing the services for the recipient fund.

**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.

**Variable Cost**—A cost that increases/decreases with increases/decreases in the amount of service provided such as the payment of a salary.

**Workload Indicator**—A unit of work to be done (e.g., number of permit applications received, the number of households receiving refuse collection service, or the number of burglaries to be investigated).