

INTRODUCTION

The General Fund supports the traditional functions of county government, including the Sheriff's Office, Superior and District Courts, the Prosecuting Attorney's Office, the Department of Public Defense, corrections, the Assessor's Office, Elections, and various administrative functions. About three-quarters of the General Fund is spent on criminal justice and public safety programs.

The General Fund is King County's only truly flexible source of revenue, allowing it to provide support to important services and programs that would otherwise lack funding, including public health, human services, natural resource programs, and major policy initiatives such as Equity and Social Justice.

King County's credit rating is tied to the health of the General Fund. When bonds are issued they become general obligations of the County and the County pledges its full faith and credit to repay the principal and interest on any issuance. Therefore, the General Fund's financial health is what determines the County's credit rating and the interest rates paid on capital projects that are financed. The County's general obligation bonds are assigned ratings of "Aa1," "AAA," and "AAA" by Moody's Investors Service, Fitch Ratings, and Standard and Poor's Ratings Services, respectively. These represent the highest possible ratings for County general obligation bonds.

This chapter covers the General Fund financial plan, General Fund Transfers to other funds, Internal Support, and the County's Debt Service Funds.

GENERAL FUND

King County's General Fund supports the traditional functions of a county government, most of which are required by State law. The major focus of the General Fund is criminal and civil justice functions. Counties also are responsible for elections administration, property assessments and tax collection, and public health.

King County's General Fund has faced chronic imbalances between revenue and expenditure growth for 15 years due to revenue limitations under state law. At the start of the 2017-2018 budget process, the General Fund faced a gap of \$50 million between projected revenues and the cost of continuing current programs. This section explains the causes of this gap and how a balanced General Fund budget was developed for 2017-2018.

General Fund Revenues: The System is Broken

Revenue sources available to county General Funds are restricted by State law. The only significant tax sources are property and sales taxes. Unlike the State or cities, counties are not authorized to impose utility or business taxes. General Fund revenues are projected to be about \$1.64 billion for 2017-2018.

Figure 1 – General Fund Revenues

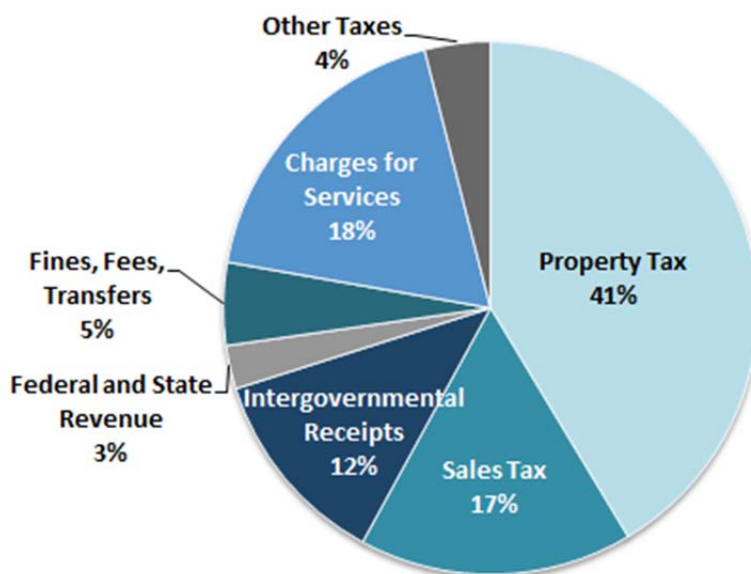
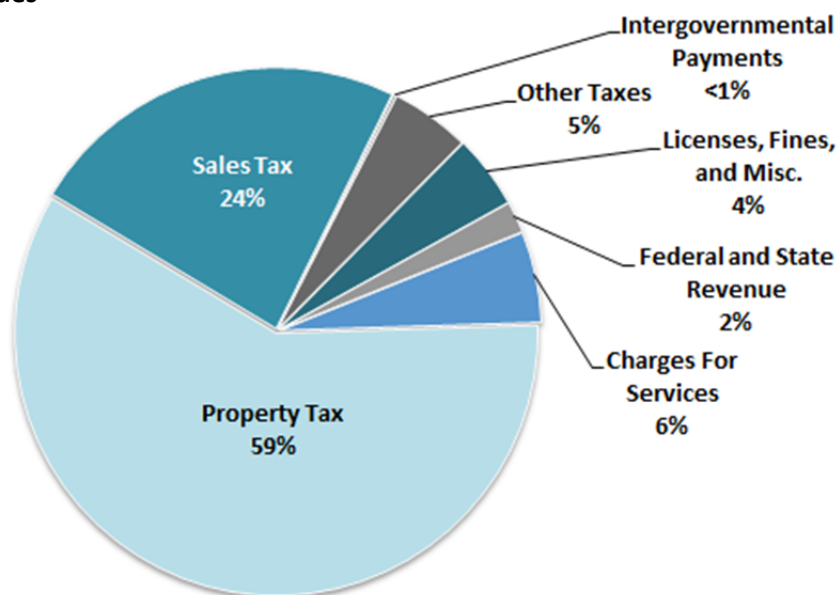


Figure 1 shows the breakdown of General Fund revenues. The property tax is by far the largest source at 41 percent. Charges for services, most of which are charges to other County funds for services provided by General Fund agencies, account for 18 percent. Sales taxes represent 17 percent. Intergovernmental receipts, which are payments from other governments that contract to purchase services from King County General Fund agencies, total about 12 percent. This category includes payments from cities and Sound Transit for police services provided by the Sheriff's Office, municipal court services provided by the District Court, and use of County jails.

This overall view is somewhat misleading because the services provided to other County agencies and to other governments are self-supporting. These revenues are offset by corresponding expenditures. If these intergovernmental receipts and internal charges for services are removed, the "true" or "net" General Fund revenues are revealed in **Figure 2**.

Figure 2 – Net GF Revenues



In this view, the property tax accounts for almost 60 percent of the General Fund's revenue. This is consistent with other Washington counties that don't provide the contracted services that King County does. Sales taxes represent another quarter of the revenue. It is worth noting that state and federal direct support to the General Fund is minimal, representing a combined 2 percent of the total.

The heavy dependence on the property tax is the largest source of the General Fund's financial challenges. Since 2001, State law has limited the revenue growth in most property taxes, including county General Funds, to 1 percent per year. In addition, the value of new construction is added to the tax base and represents between about 0.5 percent and 2.0 percent additional growth, depending on economic conditions.

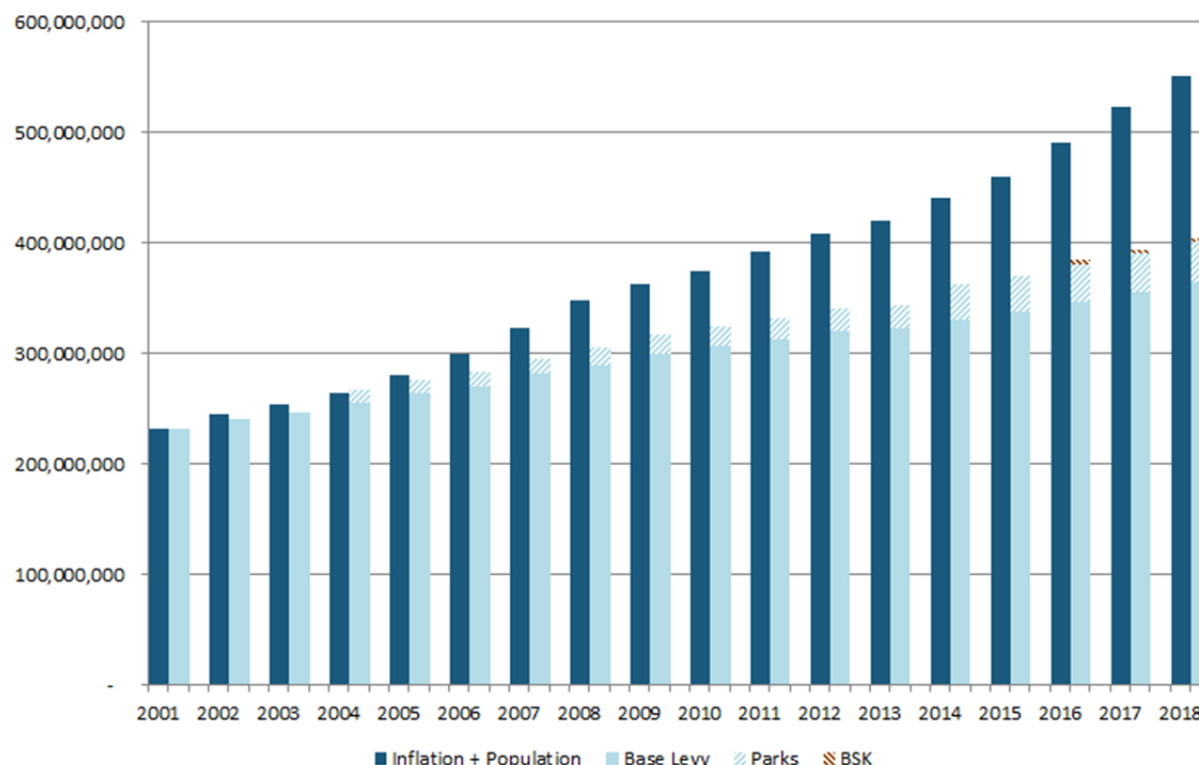
Figure 3 – GF Property Tax compared to Inflation and Population Growth

Figure 3 shows the effects of this limit on property tax revenues. Each year’s right-hand bar is the actual property tax revenue collected by the County’s General Fund. Starting in 2004, General Fund costs for parks were gradually shifted to a voter-approved property tax levy lid lift, so this lid lift is shown as contributing to General Fund revenues.¹ Similarly, some cost growth of existing Public Health programs that are funded from the General Fund is included in the Best Starts for Kids (BSK) levy lid lift, and these incremental costs are included in Figure 3. Each year’s left-hand bar is how much General Fund property tax revenue would have been collected had this revenue kept up with inflation and population growth. In 2017, the difference between the bars is \$130 million. The dependence of King County and other counties on the drastically limited property tax has resulted in chronic financial difficulties for the last 15 years. This situation is commonly referred to as the “structural gap.”

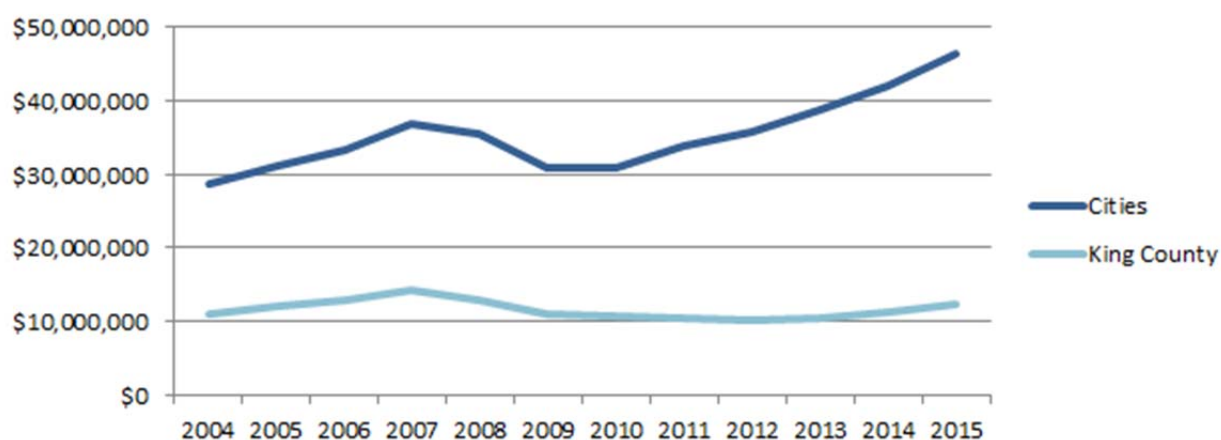
King County, unlike most other counties, also is adversely affected by the structure of the sales tax. As noted in the previous section of this document, the sales tax is declining in productivity due to changes in purchasing patterns and other factors. In addition, there are two further sales tax issues affecting King County.

¹ A portion of this levy is used for programs not previously funded through the General Fund, such as acquisition of additional open space and construction of trails. This portion is not included in Figure 3.

Figure 4 Sales Tax in Unincorporated Area

2015 Unincorporated Area Sales Tax as a Percent of Total (1.0% tax rate versus 0.15%)	
County	Tax Base in Unincorporated Area
Kitsap	45.1%
Clark	28.6%
Snohomish	21.2%
Pierce	18.2%
Whatcom	17.1%
Yakima	15.1%
Thurston	15.0%
Skagit	14.0%
Benton	13.7%
Spokane	12.6%
King	3.2%

First, the sales tax rate received by a county depends on where a sale occurs. If a sale occurs in the unincorporated area (outside of cities), the county receives the entire 1.0 percent local sales tax. If a sale occurs within a city, the county receives only 0.15 percent and the city receives the remaining 0.85 percent. King County has actively complied with the State Growth Management Act that encourages urban areas (including almost all commercial areas where taxable sales occur) to be brought into cities. As a result, King County receives almost no sales tax at the full 1.0 percent rate. **Figure 4** shows that King County only had 3.2 percent of its taxable retail sales in the unincorporated area in 2015, far lower than any other urban county.

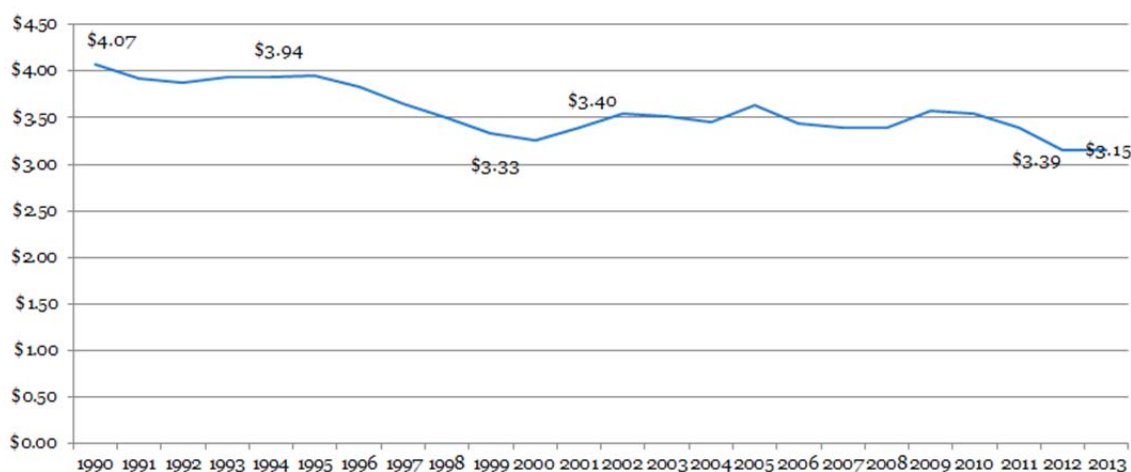
Figure 5 – CJ Sales Tax King County vs. Cities

Second, many counties impose a separate 0.1 percent criminal justice sales tax. This tax has been in effect in King County since the early 1990s. Under State law, counties receive 10 percent of the revenue and the remainder is split among cities and the county based on population (for the county, it is the

population of the unincorporated area). As the County has implemented the State Growth Management Act, its unincorporated area population has steadily declined. As seen in **Figure 5**, the result is that criminal justice sales tax revenues for King County have been basically constant for more than a decade, while the amount received by cities has increased by 62 percent. This pattern does not correspond to costs in the criminal justice system, where the County bears the financial burden of juvenile justice and the incarceration and adjudication of all felonies, regardless of where they occur.

Figure 6 – GF Sales & Property Taxes Per \$1,000 of Personal Income

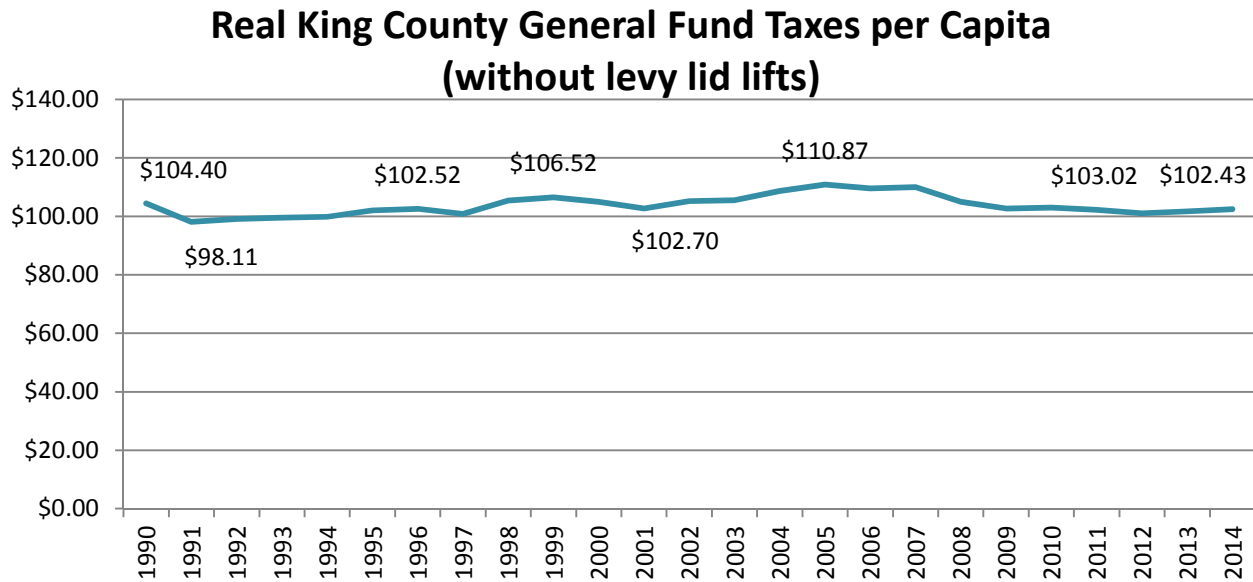
General Fund Sales & Property Taxes per \$1000 of Personal Income (with Parks replacement levy lid lift)



As a result of these limitations due to State law, King County's General Fund revenues have been declining as a share of personal income for over two decades. **Figure 6** shows General Fund sales and property taxes, including the portion of the Parks levy lid lift that supports activities previously covered by the General Fund, as a share of the total personal income of King County residents since 1990. In 1990, \$4.07 of every thousand dollars of personal income was paid in taxes to support the County's General Fund. This has varied over time due to economic conditions, but the effects of tax limitations and formulas have created an underlying downward trend. By 2014, only \$3.15 of each \$1000 of personal income was paid in taxes to the General Fund.

Figure 7 Per Capita Taxes Paid

Interestingly, the pattern per capita is somewhat different. In 1990, residents paid an average of \$104.40 in taxes to the County's General Fund.

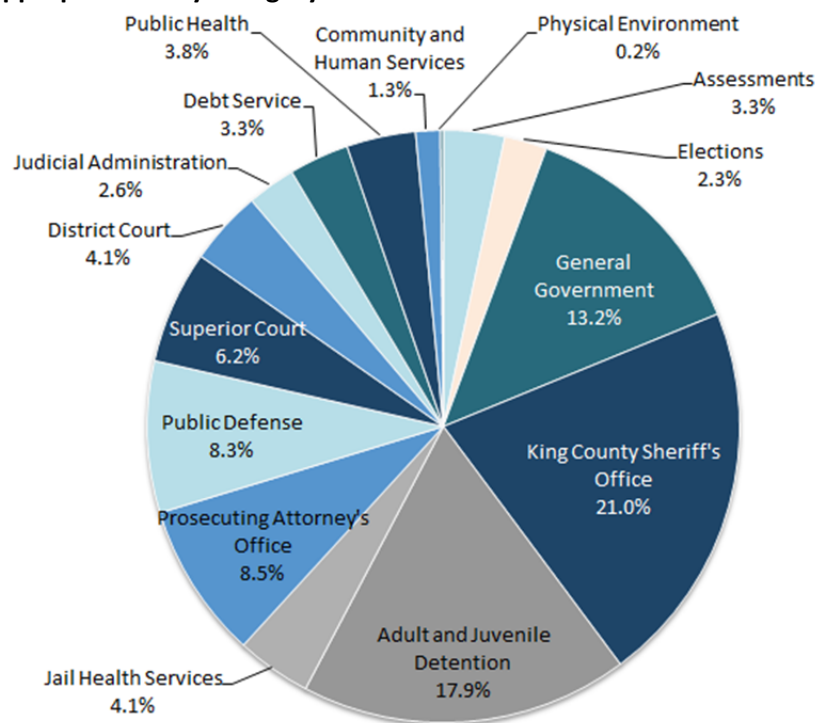


This was \$102.43 in 2014. The difference in the patterns of Figures 6 and 7 reflects the widening income disparity in King County, as is true throughout the United States. Washington's regressive tax structure means that people pay about the same taxes to the County's General Fund on average, but higher income people pay proportionately much less than in the past.

General Fund Expenditures

King County's 2017-2018 Proposed Budget includes \$1.65 billion in appropriations from the General Fund. Figure 8 shows how this is split among agencies.

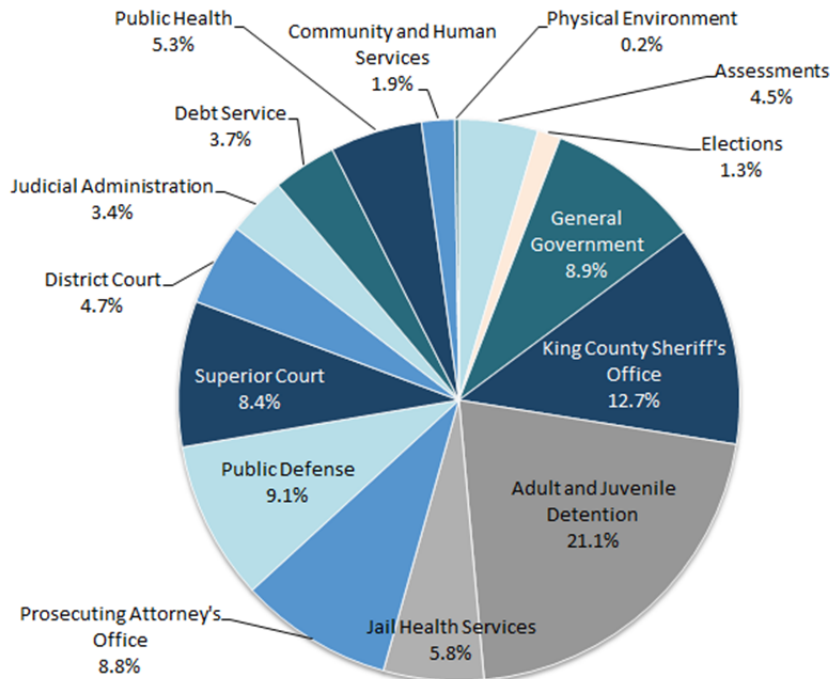
Figure 8 – GF Appropriations by Category



The King County Sheriff's Office (KCSO) has the single largest General Fund appropriation at 21.0 percent, followed by the Department of Adult and Juvenile Detention (DAJD) at 17.9 percent. DAJD is responsible for the two adult jails: the King County Correctional Facility (KCCF) in Seattle and the Maleng Regional Justice Center (MRJC) in Kent. DAJD also runs the juvenile detention facility in Seattle and operates the Community Corrections Division that provides alternatives to detention for adults.

The other agencies and branches that are part of the justice system are the Prosecuting Attorney's Office (PAO), Department of Public Defense (DPD), Superior Court, District Court, Judicial Administration, and the Jail Health Services Division. When combined with KCSO and DAJD, the criminal justice system accounts for about 73 percent of General Fund appropriations.

As noted previously, a significant portion of General Fund expenditures is supported by revenue from other governments or from other County funds. Removing these expenditures leads to the "true" or "net" General Fund budget, which is shown in **Figure 9**.

Figure 9 – Net GF Appropriations by Category

Comparing Figures 8 and 9 shows that the functions supported by the County's own General Fund revenue are significantly different than the total General Fund budget. DAJD is now by far the largest General Fund appropriation at 21.1 percent. KCSO shrinks to 12.7 percent because much of its budget is supported by contracts with cities and transit agencies. The criminal justice system represents 74 percent of total net General Fund appropriations.

Other functions that shrink as relative proportions of the General Fund budget are Elections and the group of agencies labeled as General Government. Elections receives significant funding from charges to other jurisdictions for election costs and the General Government agencies charge other County funds for a portion of their costs.

The 2017-2018 Proposed Budget includes some restructuring of specific appropriation units. The Medical Examiner's Office has become a direct General Fund appropriation rather than being included in the funding for Public Health. Several appropriations to support non-General Fund departments used to be combined into categories, such as "Physical Environment General Fund Transfers." These are now shown as transfers to specific departments, such as "Transfer to Permitting and Environmental Review." These changes are intended to improve clarity and transparency.

King County has chosen to structure most of its internal support services, such as information technology, facilities, contracting, and accounting, as separate funds outside of the General Fund. These funds charge other County funds, including the General Fund, for the services they provide. However, there are a few support services, including the County Auditor, the Human Resources Division, and the Office of Performance, Strategy and Budget (PSB), that are budgeted in the General Fund but charge other County funds for their services. This complicates a clear understanding of the General Fund's revenues and expenditures.

Source of the General Fund Gap

After the March 2016 revenue forecast, PSB projected a General Fund budget gap of about \$50 million for 2017-2018. This was not a surprise: PSB had projected a 2017-2018 budget gap of \$46.3 million when the 2015-2016 budget was adopted. There were three major contributors to this gap:

1. The use of about \$35 million of one-time funds to cover added costs in 2015-2016. These costs included more staff for the Department of Public Defense (DPD) to comply with State-imposed caseload standards, salary parity with the Prosecutor's Office for DPD staff as called for in County policy, and higher than expected labor settlements for uniformed personnel in KCSO and DAJD.
2. A State-imposed requirement to shift about \$13.3 million of costs from the Mental Illness and Drug Dependency (MIDD) Fund to the General Fund.
3. About \$1.7 million in order to maintain the 6.5 percent unreserved fund balance in the General Fund.

The use of reserves to balance the 2015-2016 budget temporarily postponed the effect of the long-term structural gap, but these reserves were no longer available for the 2017-2018 budget.

Balancing the General Fund

Over the course of the spring and summer, Executive Constantine worked with PSB, departments, and the elected officials heading separate agencies and branches to identify options to balance the General Fund budget. This was even more challenging because there were some unavoidable budget increases that were necessary to meet legal or operational requirements. Furthermore, some functions of County government aren't discretionary and are driven by external demand. For example, DPD must defend every eligible individual and must comply with caseload standards set by the State. Similarly, DAJD is required to house prisoners delivered by police agencies and ordered held by the courts.

The General Fund was balanced through a mix of revenue changes, efficiencies, shifts of costs to other funds, and spending reductions. This is shown in **Figure 10**.

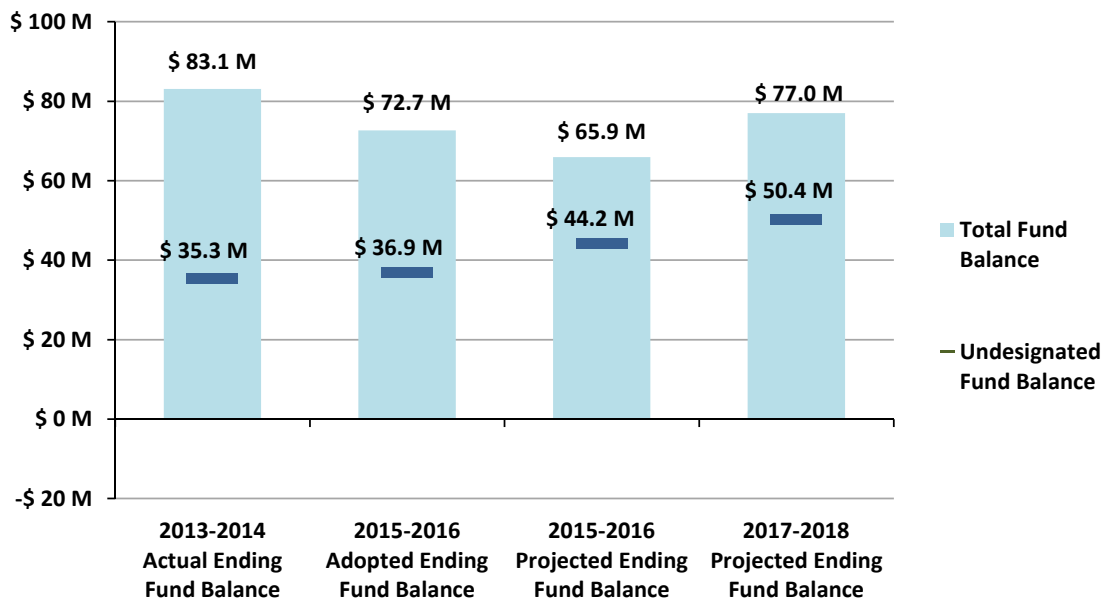
Figure 10 GF Balancing

2017-2018 General Fund Balancing Summary		
Starting Gap	\$	50,000,000
Forecast Error	\$	4,000,000
Changes in Revenue Forecasts	\$	(22,200,000)
Fund Balance Target Adjustment	\$	6,300,000
Required Cost Increases	\$	14,200,000
Policy Driven Revenue Changes	\$	(19,800,000)
Reduction in Central Rates from Baseline	\$	(6,300,000)
Efficiencies	\$	(13,700,000)
Cost Shifts	\$	(11,100,000)
New/Expanded Investments	\$	7,300,000
Service Reductions	\$	(8,700,000)
Balance		\$ -

Figure 10 starts with the projected \$50 million gap. The expenditure forecasts inherent in this figure turned out to be about \$4.5 million too low, largely due to projections of labor costs. This was more than offset by increases in the revenue forecast by August, which generated an additional \$22.0 million. The largest components of this were:

- Increase in the biennial sales tax of \$13.6 million.
- Revenues collected by the Records and Licensing Services Division are forecast to be \$5.5 million higher than when the base budget was set.
- Additional funding from contracts, including suburban cities and Metro Transit for additional KCSO staff, and from cities (primarily Seattle) for DAJD services.

As discussed previously, the Executive proposes to increase the General Fund's undesignated fund balance to 7.5 percent at the end of 2016 and 8.0 percent at the end of 2018, which costs \$6.3 million. This is intended to help preserve the County's highest-possible general obligation bond ratings, which allow debt for General Fund and other purposes (wastewater, transit, open space, solid waste, etc.) to be issued at low interest rates. This, in turn, saves millions of dollars annually for the County's taxpayers and ratepayers. Increasing the General Fund undesignated fund balance also helps to prepare for the next recession.

Figure 11 – GF Fund Balance Trend

As seen in **Figure 11**, the General Fund’s total fund balance has trended downward in recent years as funds were used to postpone budget cuts. The Executive’s 2017-2018 Proposed Budget yields a significant increase in both total fund balance and undesignated fund balance.

Required cost increases totaled about \$14.2 million. The largest items in this group include debt service for King County Courthouse electrical repairs and moving DPD to a new location (\$2.2 million), added DAJD staff due to higher jail population and to reduce the use of mandatory overtime (\$1.7 million), implementation of a labor agreement to promote some DPD attorneys to senior levels (\$1.5 million), and operation of a new KCSO records management system (\$0.9 million).

Several revenue policies were changed to help balance the General Fund, with a total effect of \$19.8 million. These include raising parking rates in County-owned garages (\$4.3 million), transferring interest earnings from some funds to the General Fund as allowed by State law (\$3.0 million), increasing the transfer from the Roads Fund to the General Fund based on the 2016 traffic enforcement study (\$3.0 million), and allowing the Department of Assessments to apportion its costs to develop the parcel layer in the County’s Geographic Information System to other County agencies that use the information (\$1.9 million).

Central rates are the charges from County internal service agencies, such as King County Information Technology (KCIT) and the Finance and Business Operations Division (FBOD), to other County funds. These costs to the General Fund were reduced by \$6.3 million over the course of the spring and summer. There were a variety of reasons for this, including General Fund agencies reducing their needs for certain services. For example, DAJD was able to reduce its KCIT bill by about \$1.0 million by eliminating systems and reducing support where possible.

County agencies continued to search for efficiencies throughout the 2017-2018 budget process. These totaled about \$13.7 million for the General Fund. Most were reductions in positions by criminal justice agencies due to workload changes, the use of new technology, or through reorganizations to streamline functions.

The General Fund shifted about \$11.1 million of costs to other County funds or reduced support to these funds that had been in the 2015-2016 budget. As examples, debt service on the KCIT data center was shifted from the General Fund to KCIT rates and more of the debt service for the acquisition of the Eastside Rail Corridor was shifted to the Conservation Futures Tax levy.

Several important new investments are included in the 2017-2018 Proposed Budget that total about \$8.0 million. These include funding to expand employee training, development, and classification (\$1.2 million); debt service for the new jail management and property tax collection information technology projects (\$0.8 million); anti-bias training for KCSO (\$0.6 million); implementation of the Equity and Social Justice Strategic Plan (\$0.5 million); and continued full hours at the HIV/STD clinic (\$0.5 million).

After making all of these changes, a budget gap of about \$8.7 million remained. This was filled through programs cuts and service reductions. The most notable of these include:

- Reductions of staffing in the Prosecuting Attorney's Office (\$2.0 million). This likely will delay filing and prosecuting cases.
- Closure of DAJD's work release facility and electronic home detention programs as of January 1, 2018 (\$1.6 million). The Superior Court, District Court, DAJD, PSB, and other agencies plan to work together starting in the fall to develop a more comprehensive electronic home monitoring program that can be deployed before the existing program is eliminated. There will also be an effort to identify a more cost-effective location for a work release program than the current location in the old jail in the King County Courthouse. Closing work release and eliminating electronic home detention will increase the number of individuals in jail unless alternatives are developed in 2017.
- Elimination of the inmate booking function at the Maleng Regional Justice Center in Kent as of January 1, 2018 (\$1.2 million). This facility is valuable for police departments in south King County but it is expensive to operate on a per booking basis. County staff will work with local police agencies in 2017 to see if alternative options can be developed, such as booking at other jails.
- Elimination of the KCSO Air Support Unit as of January 1, 2018 (\$1.4 million). This five-person unit operates four helicopters that provide search and rescue services and also can be used for law enforcement. King County's General Fund bears the entire cost of this activity even though the helicopters support activities throughout the region. The program will be restricted to search and rescue in King County only in 2017. Unless additional funds can be obtained, the function will be completely eliminated in 2018. Eliminating the Air Support Unit will inevitably lead to more injuries and deaths in remote areas where a helicopter is a critical rescue tool, but King County can no longer provide the only helicopters in the region for this function at the sole expense of the General Fund. The Sheriff and County Executive agreed that maintaining the already inadequate staffing for 911 response was a higher priority than optional regional services.

- Elimination of the KCSO Marine Unit as of January 1, 2018 (\$0.8 million). This Unit provides police protection and rescue services on Puget Sound, Lake Washington, Lake Sammamish, and various rivers. The function will be eliminated in 2018 unless additional funds are obtained. As with the Air Support Unit, this will inevitably lead to loss of lives. Summer patrols on Lake Sammamish will continue because these are funded by contract cities.
- Closure of the 4th Avenue entrance to the King County Courthouse (\$0.7 million). This is the least-used entrance. The courts and the Facilities Management Division will explore ways to direct staff and visitors to the other two entrances, but this closure will inconvenience jurors and staff.

Figure 12 – GF Expenditure History 2001 – 2018

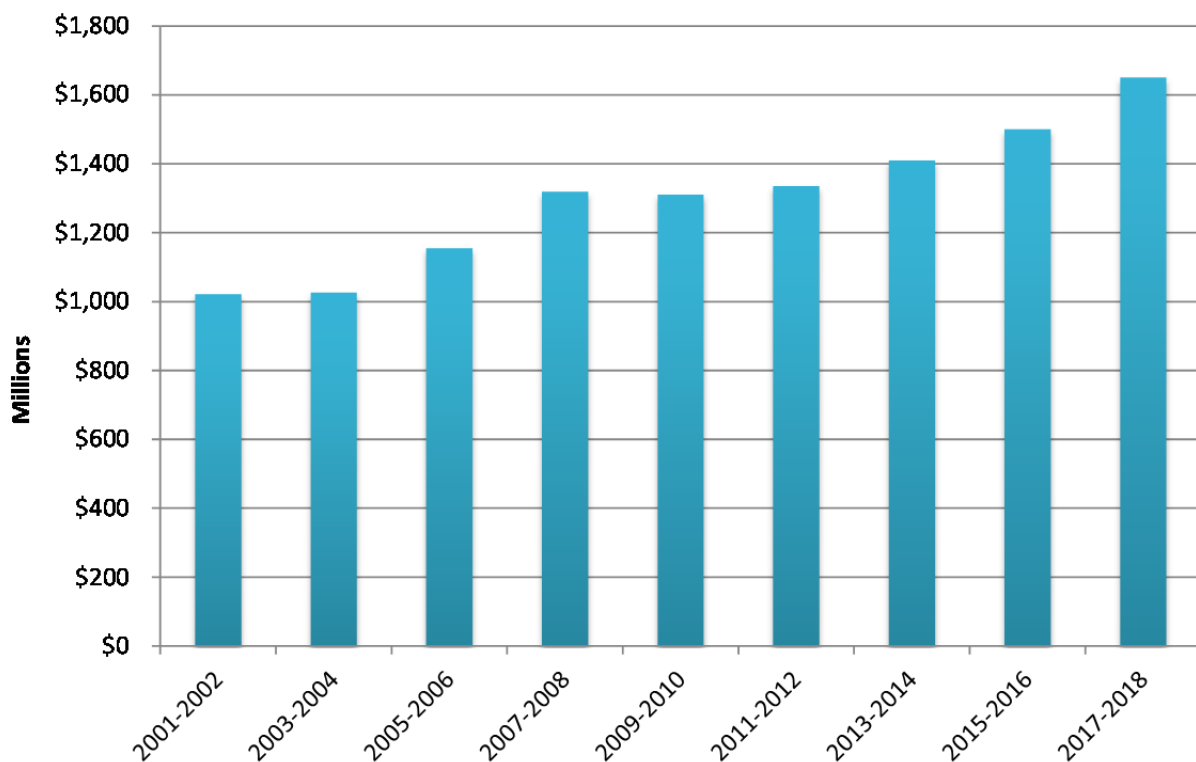


Figure 12 shows trends in General Fund adopted budgets since 2001 (annual budgets in earlier years are combined to form biennia). The effects of the Great Recession meant that General Fund budgets remained almost constant between 2007 and 2012, which required significant budget cuts and reductions in programs and staffing. The apparent increase from 2015-2016 to 2017-2018 is exaggerated because many of the uses of fund balance described previously (such as DPD staffing and labor contracts) were not in the 2015-2016 Adopted Budget. When these mid-biennial additions are included, the growth from 2015-2016 to 2017-2018 is about 5.0 percent. This compares to expected inflation plus population growth in the same period of 7.3 percent. Thus, even in very strong economic conditions the General Fund cannot keep up with inflation and population growth.

Summary of 2017-2018 General Fund (10) Financial Plan (in millions)

Summary includes Inmate Welfare (16) and Goat Hill Garage Operations (1415) subfunds as reported in CAFR

	2015-2016 Estimated ¹	2017-2018 Proposed ²	2019-2020 Projected	2021-2022 Projected
BEGINNING FUND BALANCE	83.1	65.9	77.0	63.9
REVENUES ³				
Property Tax ⁴	650.7	680.5	713.5	746.6
Sales Tax ⁵	245.0	272.8	284.6	298.7
Intergovernmental Receipts	196.8	199.7	205.9	215.9
Federal and State Revenue	43.9	43.2	43.9	43.9
Fines, Fees, Transfers	58.7	79.7	78.6	78.6
Charges for Services	260.7	300.2	308.3	323.2
Other Taxes	68.5	65.5	67.1	68.4
General Fund Revenues	1,524.3	1,641.7	1,701.9	1,775.5
EXPENDITURES				
Operating Expenditures ⁶	(1,443.4)	(1,585.7)	(1,673.3)	(1,768.7)
CIP Expenditures ⁷	(10.9)	(10.7)	(6.8)	(4.1)
Debt Service ⁸	(45.5)	(54.1)	(54.9)	(53.9)
Supplementals/Carryover/Reappropriations	(66.6)	0.0	0.0	0.0
Underexpenditures/Overcollections ⁹	15.0	20.0	20.0	20.0
General Fund Expenditures	(1,551.4)	(1,630.6)	(1,715.0)	(1,806.7)
Other Fund Transactions ¹⁰	9.9	0.0	0.0	0.0
Ending Fund Balance	65.9	77.0	63.9	32.7
DESIGNATIONS AND SUBFUNDS ¹¹				
Designations	(12.2)	(5.2)	(2.3)	(2.3)
Subfund Balances	(3.7)	(3.0)	(2.3)	(1.6)
EXPENDITURE RESERVES				
Carryover and Reappropriation	0.0	0.0	0.0	0.0
CIP Capital Supplemental Reserve	0.0	0.0	0.0	0.0
Credit Enhancement Reserve ¹²	0.0	(1.3)	(2.5)	(3.7)
Executive Contingency	(0.1)	(0.1)	(0.1)	(0.1)
South Park Bridge Post Annexation Operations ¹³	0.0	(1.0)	(3.0)	(5.0)
Risk Reserve ¹⁴	(5.5)	(16.1)	(21.0)	(22.8)
Reserves	(21.7)	(26.6)	(31.1)	(35.4)
Ending Undesignated Fund Balance ¹⁵	44.2	50.4	32.8	(2.7)
6% Undesignated Fund Balance Minimum	35.3	37.8	39.1	41.0
Over/(Under) 6% Minimum	8.8	12.6	(6.3)	(43.7)
Over/(Under) 7.5%	0.0	3.2	(16.1)	(53.9)
Over/(Under) 8.0%	(2.9)	0.0	(19.4)	(57.3)
Rainy Day Reserve	20.3	20.4	20.6	20.7

2017-2018 Proposed General Fund Financial Plan Footnotes

- ¹ 2015-2016 estimated is based on forecasted revenues and expenditures. The base data for these estimates is the first 18 months of incurred expenditures and revenue receipts, adjusted for any known or expected supplementals. All data is based on EBS Report GL_010 and has been reconciled to CAFR.
- ² 2017-2018 proposed expenditures are consistent with budget system of record (Hyperion).
- ³ Revenue estimates for 2017 - 2022 are based on forecasts adopted by the Forecast Council and revenue estimates provided by General Fund appropriation units. The percentages below are the expected percent change over the prior budget cycle. These are biennial growth rates.

	2017-2018	2019-2020	2021-2022
Property Tax	As Proposed	4.9%	4.6%
Sales Tax (including sales tax dedicated to criminal justice)	As Proposed	4.3%	5.0%
All Other	As Proposed	2.2%	3.7%
<i>Blended Revenue Growth Rate</i>		3.7%	4.3%

- ⁴ Property Tax forecasts for 2017 - 2022 are based on August 2016 Office of Economic and Financial Analysis (OEFA) forecast adopted by the Forecast Council and assume the current property tax structure and a collection rate of 97.5%.
- ⁵ Sales Tax forecasts for 2017 - 2022 are based on August 2016 Office of Economic and Financial Analysis (OEFA) forecast adopted by the Forecast Council and assume the current sales tax rate.
- ⁶ Expenditure estimates for 2017-2022 are based on the following assumptions. The percentages indicate the expected percentage change over the previous budget cycle. The assumed flex rate percentage increase reflects current plan design and structure.

	2017-2018	2019-2020	2021-2022
CPI (Seattle July to June CPI W)	As Proposed	4.8%	5.1%
General Wage Increase (GWI) & Step	As Proposed	5.9%	6.1%
Benefits	As Proposed	8.2%	8.2%
Retirement	As Proposed	0.0%	0.0%
Operating GF Transfers	As Proposed	4.8%	5.1%
<i>Blended Operating Growth Rate</i>		5.5%	5.7%

- ⁷ CIP General Fund Transfers (in millions)

	2017-2018	2019-2020	2021-2022
Building Repair and Replacement	2.0	2.1	2.2
KCIT CIP	1.7	1.8	1.9
Expenditure of Designated Fund Balance	7.0	2.9	-
Total	10.7	6.8	4.1

- ⁸ The debt service schedule for 2017 - 2022 (in millions)

Debt Service Elements	2017-2018	2019-2020	2021-2022
Existing Debt Issues	50.5	50.3	51.9
New Debt Issuance	3.0	2.6	-
Debt contingency for new issues and variable rate	0.7	2.0	2.0
Total Debt Service	54.1	54.9	53.9

Based on current projections, projected debt service expense will not exceed the county's 6% debt limit.

GENERAL FUND AND DEBT SERVICE

⁹ The 2017-2018 Proposed Budget includes vacancy assumptions in the majority of General Fund operating budgets. This is budgeted directly in appropriation units. An additional biennial underexpenditure / overcollection assumption of \$20 million is included in the financial plan.

¹⁰ Other Fund Transactions in 2015-2016 includes a cash transfer from the Major Maintenance Reserve Fund and from the KCIT Capital Fund to the General Fund for projects that are supported by the General Fund but have not yet been completed. The Fund will hold and designate this fund balance and transfer the funds back to the projects as expenditures are incurred.

¹¹ Designations and subfund balances include the following for each of the years (in millions):

	2015-2016	2017-2018	2019-2020	2021-2022
Loans	(0.3)	(0.3)	(0.3)	(0.3)
Assigned for Capital Projects	(12.0)	(5.0)	0.0	0.0
Crime Victim Compensation Program	(0.1)	(0.1)	(0.1)	(0.1)
Drug Enforcement Program	(1.6)	(1.6)	(1.6)	(1.6)
Anti-Profiteering Program	(0.1)	(0.1)	(0.1)	(0.1)
Dispute Resolution	(0.2)	(0.2)	(0.2)	(0.2)
Real Property Title Insurance	(0.0)	(0.0)	(0.0)	(0.0)
Inmate Welfare Fund Balance	(3.7)	(3.0)	(2.3)	(1.6)
Total	(17.9)	(10.2)	(4.5)	(3.8)

¹² The Credit Enhancement Reserve dedicates fees collected from other county funds to increase fund balance and maintain the County's bond rating. Other funds that have issued debt and benefit from the county's bond rating through lower interest contribute to this reserve based on the amount of outstanding principal on LTGO debt.

¹³ The reserve is intended to support King County's portion of ongoing operational costs of the South Park Bridge. These costs are assumed to begin in 2018 after the annexation of the North Highline Sliver and Triangle. The operating costs are currently in the Roads budget and the General Fund would transfer up to \$1 million per year to support these activities.

¹⁴ The risk reserve sets aside fund balance to mitigate known and unknown risks.

¹⁵ County policy requires undesignated fund balance of 6%-8% of certain revenues. Due to the strong economy, the 2015-2016 biennium is expected to end with a 7.5% undesignated fund balance. Per county policy, the county will strive to build reserves in times of economic prosperity to offset times of declining revenue, therefore the 2017-2018 proposed budget increases the undesignated fund balance to 8.0% at the end of 2018.

General Fund Transfers and Internal Support

As a flexible revenue source, the General Fund provides funding to important services and programs in other funds. This includes resources for public health, human services, natural resource programs, and animal services, as well as capital investments in technology and infrastructure projects. The General Fund transfers revenue to the other funds through a series of appropriations called General Fund Transfers. The following table summarizes the proposed General Fund Transfers.

Appropriation Unit	2017-2018 Proposed Budget
General Fund transfer for Debt Service	\$ 54,121,000
General Fund transfer to Department of Permitting and Environmental Review (DPER)	\$ 4,773,000
General Fund transfer to Department of Community and Human Services (DCHS)	\$ 21,986,000
General Fund transfer to Department of Executive Services (DES)	\$ 5,814,000
General Fund transfer to Department of Public Health (DPH)	\$ 50,465,807
General Fund transfer to Department of Natural Resources and Parks (DNRP)	\$ 2,788,000
General Fund capital transfer to King County Information Technology (KCIT)	\$ 1,724,000
General Fund capital transfer to Department of Executive Services (DES)	\$ 9,000,000

In an effort to increase transparency, the General Fund Transfers are organized by department rather than by policy area in the 2017-2018 proposed budget. Examples of what the transfers fund are included in the following section.

The transfer to Debt Service represents the amount that the General Fund pays in principal and interest for the biennium for current and proposed capital projects. The debt service limit for the General Fund is 6 percent of revenues and the projected General Fund debt load is about 4 percent.

- In 2017-2018, this contribution will pay the debt service on 23 current projects and for three new projects: major maintenance in the county courthouse, consolidation of the Department of Public Defense that includes space moves and tenant improvements, and a new Jail Management System in Department of Adult and Juvenile Detention.

The transfer to DPER supports activities in the General Public Services section as well as the Planning and Permitting Section.

- \$2.7 million of the transfer supports Code Enforcement. This transfer funds over 70 percent of Code Enforcement activities. Over the biennium, DPER expects there to be approximately 2,000 Code Enforcement cases.
- The transfer also fully funds Community Service Area (CSA) planning and Green Building Code development and supports about 15 percent of DPER overhead costs.

The transfer to DCHS supports several programs in Housing, Community Services, Employment and Education resources, and Behavioral Health.

- \$2.5 million is allocated for Domestic Violence services such as community advocacy, crisis intervention, legal advocacy, shelter, and safety planning. In 2015, there were 9,960 clients served. The General Fund is the sole funder of these programs.
- \$1.6 million is allocated for juvenile justice intervention programs, which funds six agencies' prevention and intervention services to youth who are at-risk or involved in the juvenile justice system or gangs. Outreach is largely coordinated at the juvenile detention center and through probation officers. In 2015, 265 individuals were served, 2,707 hours of case management provided, and it is estimated that 90 percent of the youth involved decreased their involvement with criminal justice system. The General Fund is the sole funder of these programs.

The transfer to DES supports Regional Animal Services of King County and Emergency Shelter services.

- \$5.1 million is transferred to support the animal services program. This represents approximately 35 percent of the funding for this regional service. In 2015, almost 5,000 animals entered the shelter program and 87 percent left the shelter alive. Over 2,000 animals were spayed or neutered and there were over 5,000 calls for animal control field services.
- \$0.7 million will be contributed to the facilities maintenance division to support emergency shelter services in 2017 and 2018. This funding will provide year-round custodial service in White Center for 50 beds per night and year-round security and building service in the Administration Building for 50 beds per night. This funding will provide 36,500 nights of shelter.

The transfer to Public Health supports programs in Prevention, Community Health Services, Chronic Disease and Injury Prevention, as well as cross-cutting services that support the entire organization.

- \$6.5 million is transferred to support cross-cutting services across the organization, such as Assessment, Policy Development, and Evaluation (APDE); Emergency Preparedness; Public Communication, and Community Partnerships. The General Fund provides roughly 25 percent of the funding for these services.
- \$26.5 million is for Maternity Support Services (MSS), Infant Case Management (ICM), Women Infants and Children (WIC) nutrition services, Family Planning, Primary Care, and Dental Care within the Public Health Centers. This represents approximately 15 percent of the funding for these programs.
- \$14.4 million is for prevention programs including STD and HIV care and protection, epidemiology, and TB prevention. The General Fund provides roughly 20 percent of the funding for these programs.

The transfer to DNRP supports agricultural, forestry and open space programs.

- \$1.0 million will be transferred to the City of Seattle for the Transfer of Development Rights (TDR) program. The agreement with Seattle will result in the sale of at least 800 TDRs, and potentially as many as 1,200. To date, more than 300 TDRs have been sold to Seattle developers, and another 300 are under contract. These 600 TDRs sold or under contract have achieved permanent protection of about of 50,000 acres of forest and farmland in rural King County. TDRs sold during the life of the agreement will likely equate to a range of 80,000 to 100,000 acres of protection.

- \$0.7 million for agriculture programs to preserve existing farmland, expand acreage dedicated to food production, and support farmers to make sure their farming business remain economically viable. The anticipated outcome of the General Fund support in 2017-2018 includes 400 net new acres of farmland in production, ten conservation easements that encumber at least 250 acres of farmland, and an enhancement of the County farmland leasing program with a focus on Equity and Social Justice benefits.
- \$0.7 million is for the current use taxation program that will aim to enroll 500 more acres of open space into the program and monitor compliance on 200 properties currently enrolled.

The capital transfer to KCIT supports three specific capital projects. Additional detail on these projects is included in the capital section of the budget book.

- Phase I of the Property Tax Administration System (PTAS) in DOA
- For-hire Licensing System Collaboration project in RALS
- Phase III of the Distributed Antenna Network (DAN) project in DAJD

The capital transfer to DES supports nine new specific capital projects in the Building Repair and Replacement Fund. Additional detail on these projects is included in the capital section of the budget book.

- Yesler bridge County utility relocation to accommodate City of Seattle Yesler Bridge renovation
- Public Health Columbia Dental Clinic to replace flooring and dental equipment
- Public Health North Dental Clinic to replace flooring and dental equipment and to improve the building entrance
- Civic campus planning to begin visioning and facility space needs assessment
- Shooting range remediation to remove soil with lead contamination
- Gender neutral restrooms in the King County Courthouse and Administration Building
- Wellness room in the King County Courthouse and Administration Building
- Administration Building security stations at the 4th and 5th Avenue entrances
- Solar Panel Project to provide roof preparation to support grant funded solar panels

The capital transfer to DES also includes appropriation for capital projects that have already been approved but have not incurred expenditures. The General Fund will hold these funds and the money will be transferred to the capital funds on a reimbursable basis.

The Internal Support budget includes charges that are paid centrally on behalf of General Fund agencies. In 2017-2018, changes include increasing the Employee Transportation Program to reflect ridership increases and an increase to the vanpool subsidy, revising the Law Enforcement Officers' and Fire Fighters (LEOFF) Medical Benefits contribution, planning for legal costs, and adjusting central rates.

2017-2018 Executive Proposed Operating Budget GF TRANSFER TO DEBT SERVICE (EN_A69100)

Operating Budget Summary	Expenditures	Revenues	Reg FTE	TLT
2015-2016 Revised Budget	0	0	0.0	0.0
Base Budget Adjustments	0	0	0.0	0.0
Decision Package Adjustments	54,121,000	11,600,000	0.0	0.0
2017-2018 Executive Proposed Budget	54,121,000	11,600,000	0.0	0.0
2017-2018 Executive Proposed Ordinance	54,121,000	11,600,000	0.0	0.0

Notes

1. The 2015-2016 Revised Budget equals the 2015-2016 Adopted Biennial Budget plus all Adopted Supplementals as of the publication of this document.
2. Base Budget Adjustments include the removal of one-time changes from the Revised Budget, the annualization of mid-biennial supplemental changes and the increase of personnel budgets to 2017-2018 rates. Personnel budgets reflect projected 2017-2018 salary and benefit rates, current position classifications, and step/merit increases.
3. The Executive Proposed Budget is the sum of the Revised Budget, Base Budget Adjustments and Decision Package Adjustments. All FTEs / TLTs are rounded to the nearest 1/10th of a position and in some cases, rounded numbers may not add up to the FTE/TLT totals in Executive Proposed. In the Executive Proposed Ordinance, expenditure and revenue totals are rounded up to the nearest 1,000 and FTEs and TLTs are rounded up to the maximum monthly FTEs / TLTs in the Biennium.

Decision Package Adjustment Detail	Expenditures	Revenues	Reg FTE	TLT
Direct Service Changes				
(DS_001) Debt Service for Courthouse Revise the debt service schedule to reflect the sale of bonds to support the approved Courthouse electrical distribution system project in the Major Maintenance Reserve Fund. Bonds will be sold in the first quarter of 2017 for approximately \$11.7 million and will be paid off over 20 years.	1,000,000	0	0.0	0.0
(DS_002) Debt Service for DPD Space Moves Revise the debt service schedule to reflect the sale of bonds to support the consolidation of the Department of Public Defense including space moves and tenant improvements. Bonds will be sold in the first quarter of 2017 for approximately \$5.0 million and will be paid off over 5 years.	1,200,000	0	0.0	0.0
(DS_003) Debt Service for Jail Management System IT Project Revise the debt service schedule to reflect the sale of bonds to support the Jail Management System IT project in the Department of Adult and Juvenile Detention. Bonds will be sold in the first quarter of 2017 for approximately \$4.3 million and will be paid off over 7 years.	760,000	0	0.0	0.0

2017-2018 Executive Proposed Operating Budget
GF TRANSFER TO DEBT SERVICE (EN_A69100)

Decision Package Adjustment Detail	Expenditures	Revenues	Reg FTE	TLT
Administrative Service Changes				
(AC_001) Transfer Data Center Debt Service to KCIT Move the debt service payments for Sabey Center to KCIT on a permanent basis. KCIT may defease the bonds in the near term and will ultimately pay the debt service through central rate billings.	(1,478,000)	0	0.0	0.0
(AC_002) Transfer ERC Debt Service to Conservation Futures Move the debt service for the Eastside Rail Corridor to Conservation Futures in 2017-2018. The debt service will move back to the General Fund in 2019 and the General Fund will still pay 50 percent of the debt service over the life of the debt.	(961,000)	0	0.0	0.0
Technical Adjustments				
(TA_001) General Fund Debt Service Appropriation Unit Establish the General Fund Transfer Appropriation Unit. This is part of a reorganization of the General Fund transfers to increase transparency.	53,600,000	0	0.0	0.0
(TA_050) Revenue Adjustment Reflect the contribution from the space charge to the General Fund for debt service on County-owned buildings.	0	11,600,000	0.0	0.0
Total Decision Package Adjustments	54,121,000	11,600,000	0.0	0.0

2017-2018 Executive Proposed Operating Budget

GF TRANSFER TO DPER (EN_A69200)

Operating Budget Summary	Expenditures	Revenues	Reg FTE	TLT
2015-2016 Revised Budget	0	0	0.0	0.0
Base Budget Adjustments	0	0	0.0	0.0
Decision Package Adjustments	4,773,000	0	0.0	0.0
2017-2018 Executive Proposed Budget	4,773,000	0	0.0	0.0
2017-2018 Executive Proposed Ordinance	4,773,000	0	0.0	0.0

Notes

1. The 2015-2016 Revised Budget equals the 2015-2016 Adopted Biennial Budget plus all Adopted Supplementals as of the publication of this document.
2. Base Budget Adjustments include the removal of one-time changes from the Revised Budget, the annualization of mid-biennial supplemental changes and the increase of personnel budgets to 2017-2018 rates. Personnel budgets reflect projected 2017-2018 salary and benefit rates, current position classifications, and step/merit increases.
3. The Executive Proposed Budget is the sum of the Revised Budget, Base Budget Adjustments and Decision Package Adjustments. All FTEs / TLTs are rounded to the nearest 1/10th of a position and in some cases, rounded numbers may not add up to the FTE/TLT totals in Executive Proposed. In the Executive Proposed Ordinance, expenditure and revenue totals are rounded up to the nearest 1,000 and FTEs and TLTs are rounded up to the maximum monthly FTEs / TLTs in the Biennium.

Decision Package Adjustment Detail	Expenditures	Revenues	Reg FTE	TLT
Direct Service Changes				
(DS_003) Cannabis-Related Code Enforcement Add 1.0 code enforcement position to respond to demand for marijuana code enforcement. This has been a high priority for residents of unincorporated King County, as expressed during Community Service Area meetings. This position will be backed by marijuana excise tax revenue that accrues to the General Fund.	227,000	0	0.0	0.0
Administrative Service Changes				
(AC_007) SCAP Priority Green Building TLT Implement the 2015 Strategic Climate Action Plan (SCAP) by adding 1.0 TLT position to draft green building codes. Funding for this position will be split between the General Fund and the Solid Waste Division.	143,000	0	0.0	0.0
Technical Adjustments				
(TA_001) DPER Transfer Appropriation Unit Establish DPER General Fund Transfer appropriation unit as part of a reorganization of the General Fund transfers in order to increase transparency.	4,403,000	0	0.0	0.0
Total Decision Package Adjustments	4,773,000	0	0.0	0.0

2017-2018 Executive Proposed Operating Budget GF TRANSFER TO DCHS (EN_A69400)

Operating Budget Summary	Expenditures	Revenues	Reg FTE	TLT
2015-2016 Revised Budget	15,576,000	0	0.0	0.0
Base Budget Adjustments	(1,198,714)	0	0.0	0.0
Decision Package Adjustments	7,608,714	0	0.0	0.0
2017-2018 Executive Proposed Budget	21,986,000	0	0.0	0.0
2017-2018 Executive Proposed Ordinance	21,986,000	0	0.0	0.0

Notes

1. The 2015-2016 Revised Budget equals the 2015-2016 Adopted Biennial Budget plus all Adopted Supplementals as of the publication of this document.
2. Base Budget Adjustments include the removal of one-time changes from the Revised Budget, the annualization of mid-biennial supplemental changes and the increase of personnel budgets to 2017-2018 rates. Personnel budgets reflect projected 2017-2018 salary and benefit rates, current position classifications, and step/merit increases.
3. The Executive Proposed Budget is the sum of the Revised Budget, Base Budget Adjustments and Decision Package Adjustments. All FTEs / TLTs are rounded to the nearest 1/10th of a position and in some cases, rounded numbers may not add up to the FTE/TLT totals in Executive Proposed. In the Executive Proposed Ordinance, expenditure and revenue totals are rounded up to the nearest 1,000 and FTEs and TLTs are rounded up to the maximum monthly FTEs / TLTs in the Biennium.

Decision Package Adjustment Detail	Expenditures	Revenues	Reg FTE	TLT
Administrative Service Changes				
(AC_002) Health and Human Services Transformation Plan Funding Reduction Eliminate the General Fund transfer to the Health and Human Services Transformation Plan (HHSTP) to meet required General Fund balancing target. DCHS is proposing to reduce this transfer but to continue funding HHSTP activities from other sources, resulting in no service impact to the community.	(501,000)	0	0.0	0.0
(AC_100) MIDD Supplantation Adjustment All MIDD supplantation costs must be removed from the MIDD Fund starting 1/1/2017. This amount reflects the portion of MIDD expenditures moving to the Behavioral Health Fund and the corresponding General Fund support.	7,978,000	0	0.0	0.0

Technical Adjustments

2017-2018 Executive Proposed Operating Budget
GF TRANSFER TO DCHS (EN_A69400)

Decision Package Adjustment Detail	Expenditures	Revenues	Reg FTE	TLT
(TA_001) Behavioral Health Funding Reduction Reduce the General Fund transfer to the Behavioral Health fund to meet required General Fund balancing target. DCHS is proposing to reduce this transfer without cutting any services by taking advantage of substance use disorder Medicaid funding changes under Behavioral Health Integration. Substance use disorder Medicaid revenue now comes fully matched, so the County no longer needs to use this General Fund amount to match Medicaid dollars.	(1,025,000)	0	0.0	0.0
(TA_100) Inflationary Increase Bi-Annualize supplemental adjustments and provides inflationary increases to base programs.	1,156,714	0	0.0	0.0
Total Decision Package Adjustments	7,608,714	0	0.0	0.0

2017-2018 Executive Proposed Operating Budget GF TRANSFER TO DES (EN_A69500)

Operating Budget Summary	Expenditures	Revenues	Reg FTE	TLT
2015-2016 Revised Budget	51,301,000	0	0.0	0.0
Base Budget Adjustments	2,393,000	0	0.0	0.0
Decision Package Adjustments	(47,880,000)	0	0.0	0.0
2017-2018 Executive Proposed Budget	5,814,000	0	0.0	0.0
2017-2018 Executive Proposed Ordinance	5,814,000	0	0.0	0.0

Notes

1. The 2015-2016 Revised Budget equals the 2015-2016 Adopted Biennial Budget plus all Adopted Supplementals as of the publication of this document.
2. Base Budget Adjustments include the removal of one-time changes from the Revised Budget, the annualization of mid-biennial supplemental changes and the increase of personnel budgets to 2017-2018 rates. Personnel budgets reflect projected 2017-2018 salary and benefit rates, current position classifications, and step/merit increases.
3. The Executive Proposed Budget is the sum of the Revised Budget, Base Budget Adjustments and Decision Package Adjustments. All FTEs / TLTs are rounded to the nearest 1/10th of a position and in some cases, rounded numbers may not add up to the FTE/TLT totals in Executive Proposed. In the Executive Proposed Ordinance, expenditure and revenue totals are rounded up to the nearest 1,000 and FTEs and TLTs are rounded up to the maximum monthly FTEs / TLTs in the Biennium.

Decision Package Adjustment Detail	Expenditures	Revenues	Reg FTE	TLT
Direct Service Changes				
(DS_001) Increase Contribution to FMD for Shelter Services Expand County-operated men's homeless shelter service from 5.5 months to 12 months per year, from 50 beds to 120 beds, and from 9.5 hours per night to between 11 and 15 hours per night depending on location.	574,000	0	0.0	0.0
Administrative Service Changes				
(AC_001) Reduce Transfer to Animal Services Reduces transfer to the Regional Animal Service Fund.	(436,000)	0	0.0	0.0
Technical Adjustments				
(TA_001) Moves Debt Service to New Appropriation Unit Move the debt service to a distinct appropriation unit as part of the General Fund Transfer reorganization.	(53,600,000)	0	0.0	0.0
(TA_100) Status Quo Debt Service Adjustment Adjusts the debt service schedule to reflect status quo principal and interest schedules. This adjustment was made before the General Fund Transfer reorganization was implemented.	5,582,000	0	0.0	0.0
Total Decision Package Adjustments	(47,880,000)	0	0.0	0.0

2017-2018 Executive Proposed Operating Budget GF TRANSFER TO DPH (EN_A69600)

Operating Budget Summary	Expenditures	Revenues	Reg FTE	TLT
2015-2016 Revised Budget	58,135,000	0	0.0	0.0
Base Budget Adjustments	(556,202)	0	0.0	0.0
Decision Package Adjustments	(7,112,991)	0	0.0	0.0
2017-2018 Executive Proposed Budget	50,465,807	0	0.0	0.0
2017-2018 Executive Proposed Ordinance	50,466,000	0	0.0	0.0

Notes

1. The 2015-2016 Revised Budget equals the 2015-2016 Adopted Biennial Budget plus all Adopted Supplementals as of the publication of this document.
2. Base Budget Adjustments include the removal of one-time changes from the Revised Budget, the annualization of mid-biennial supplemental changes and the increase of personnel budgets to 2017-2018 rates. Personnel budgets reflect projected 2017-2018 salary and benefit rates, current position classifications, and step/merit increases.
3. The Executive Proposed Budget is the sum of the Revised Budget, Base Budget Adjustments and Decision Package Adjustments. All FTEs / TLTs are rounded to the nearest 1/10th of a position and in some cases, rounded numbers may not add up to the FTE/TLT totals in Executive Proposed. In the Executive Proposed Ordinance, expenditure and revenue totals are rounded up to the nearest 1,000 and FTEs and TLTs are rounded up to the maximum monthly FTEs / TLTs in the Biennium.

Decision Package Adjustment Detail	Expenditures	Revenues	Reg FTE	TLT
Administrative Service Changes				
(AC_004) Removal of Medical Examiner's Office Transfer Move the MEO appropriation unit to the General Fund and eliminates the transfer to the Public Health Fund. This change supports transparency and financial management.	(8,413,226)	0	0.0	0.0
Technical Adjustments				
(TA_001) Video Direct Observed Therapy Efficiency Begin using video-observed technology to confirm that patients take their tuberculosis medication, following a successful pilot program and standard practice, allowing a reduction in FTE support and requiring the purchase of appropriate technology.	(100,000)	0	0.0	0.0
(TA_002) STD Clinic Hours Support Continue the restoration of STD Clinic hours to the 2014 level as initiated in the 2015-2016 mid-biennium omnibus, relying on a mix of increased patient generated revenue and General Fund support.	488,000	0	0.0	0.0

2017-2018 Executive Proposed Operating Budget
GF TRANSFER TO DPH (EN_A69600)

Decision Package Adjustment Detail	Expenditures	Revenues	Reg FTE	TLT
(TA_004) Allocate General Fund Inflation to MEO In order to ensure continuity of operations as the MEO balances the Program's 2017-2018 operating budget, Public Health is allocating an additional \$404,000 to the MEO and reducing the transfer to the Public Health Fund.	(404,000)	0	0.0	0.0
(TA_005) Health and Human Services Transformation Project Revenue Adjustment Reduce General Fund support for the project and instead rely on alternative funding streams, including Accountable Communities of Health, Familiar Faces, Physical and Behavioral Health Integration, and Communities of Opportunity.	(486,000)	0	0.0	0.0
(TA_100) Inflationary Adjustment Adjust the Public Health Transfer to reflect the cost of providing the same level of service in 2017-2018.	1,802,235	0	0.0	0.0
Central Rate Adjustments	0	0	0.0	0.0
Total Decision Package Adjustments	(7,112,991)	0	0.0	0.0

2017-2018 Executive Proposed Operating Budget GF TRANSFER TO DNRP (EN_A69700)

Operating Budget Summary	Expenditures	Revenues	Reg FTE	TLT
2015-2016 Revised Budget	6,099,326	0	0.0	0.0
Base Budget Adjustments	26,190	0	0.0	0.0
Decision Package Adjustments	(3,337,516)	0	0.0	0.0
2017-2018 Executive Proposed Budget	2,788,000	0	0.0	0.0
2017-2018 Executive Proposed Ordinance	2,788,000	0	0.0	0.0

Notes

1. The 2015-2016 Revised Budget equals the 2015-2016 Adopted Biennial Budget plus all Adopted Supplementals as of the publication of this document.
2. Base Budget Adjustments include the removal of one-time changes from the Revised Budget, the annualization of mid-biennial supplemental changes and the increase of personnel budgets to 2017-2018 rates. Personnel budgets reflect projected 2017-2018 salary and benefit rates, current position classifications, and step/merit increases.
3. The Executive Proposed Budget is the sum of the Revised Budget, Base Budget Adjustments and Decision Package Adjustments. All FTEs / TLTs are rounded to the nearest 1/10th of a position and in some cases, rounded numbers may not add up to the FTE/TLT totals in Executive Proposed. In the Executive Proposed Ordinance, expenditure and revenue totals are rounded up to the nearest 1,000 and FTEs and TLTs are rounded up to the maximum monthly FTEs / TLTs in the Biennium.

Decision Package Adjustment Detail	Expenditures	Revenues	Reg FTE	TLT
Direct Service Changes				
(DS_001) Increase TDR Contribution Increase the contribution from the General Fund to DNRP for the Transfer of Development Rights program to \$400,000 in 2017 and \$600,000 in 2018 based on current forecasts. This transfer is consistent with the ILA between King County and the City of Seattle.	850,000	0	0.0	0.0
Technical Adjustments				
(TA_001) Move DPER Transfer to New Appropriation Unit Move the DPER General Fund Transfer to a new appropriation unit as part of a reorganization of the General Fund Transfers in order to increase transparency.	(4,403,000)	0	0.0	0.0
(TA_100) Status Quo Adjustment Provide inflationary increases to base programs.	215,484	0	0.0	0.0
Total Decision Package Adjustments	(3,337,516)	0	0.0	0.0

2017-2018 Executive Proposed Operating Budget GF TRANSFER TO KCIT (EN_A69800)

Operating Budget Summary	Expenditures	Revenues	Reg FTE	TLT
2015-2016 Revised Budget	0	0	0.0	0.0
Base Budget Adjustments	0	0	0.0	0.0
Decision Package Adjustments	1,724,000	0	0.0	0.0
2017-2018 Executive Proposed Budget	1,724,000	0	0.0	0.0
2017-2018 Executive Proposed Ordinance	1,724,000	0	0.0	0.0

Notes

1. The 2015-2016 Revised Budget equals the 2015-2016 Adopted Biennial Budget plus all Adopted Supplementals as of the publication of this document.
2. Base Budget Adjustments include the removal of one-time changes from the Revised Budget, the annualization of mid-biennial supplemental changes and the increase of personnel budgets to 2017-2018 rates. Personnel budgets reflect projected 2017-2018 salary and benefit rates, current position classifications, and step/merit increases.
3. The Executive Proposed Budget is the sum of the Revised Budget, Base Budget Adjustments and Decision Package Adjustments. All FTEs / TLTs are rounded to the nearest 1/10th of a position and in some cases, rounded numbers may not add up to the FTE/TLT totals in Executive Proposed. In the Executive Proposed Ordinance, expenditure and revenue totals are rounded up to the nearest 1,000 and FTEs and TLTs are rounded up to the maximum monthly FTEs / TLTs in the Biennium.

Decision Package Adjustment Detail	Expenditures	Revenues	Reg FTE	TLT
Technical Adjustments				
(TA_001) Establish KCIT CIP GF Transfer Establish the KCIT CIP General Fund Transfer appropriation unit. This effort is part of a reorganization of the General Fund transfers in order to increase transparency. In 2017-2018, this transfer will fund phase III of the Distributed Antenna Network (DAN) project in DAJD and phase I of the Property Tax Administration System (PTAS) project in DOA.	1,724,000	0	0.0	0.0
Total Decision Package Adjustments	1,724,000	0	0.0	0.0

2017-2018 Executive Proposed Operating Budget

GF CIP TRANSFER TO DES (EN_A69900)

Operating Budget Summary	Expenditures	Revenues	Reg FTE	TLT
2015-2016 Revised Budget	14,020,982	0	0.0	0.0
Base Budget Adjustments	(2,347,258)	0	0.0	0.0
Decision Package Adjustments	(2,673,724)	0	0.0	0.0
2017-2018 Executive Proposed Budget	9,000,000	0	0.0	0.0
2017-2018 Executive Proposed Ordinance	9,000,000	0	0.0	0.0

Notes

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2. Base Budget Adjustments include the removal of one-time changes from the Revised Budget, the annualization of mid-biennial supplemental changes and the increase of personnel budgets to 2017-2018 rates. Personnel budgets reflect projected 2017-2018 salary and benefit rates, current position classifications, and step/merit increases.
3. The Executive Proposed Budget is the sum of the Revised Budget, Base Budget Adjustments and Decision Package Adjustments. All FTEs / TLTs are rounded to the nearest 1/10th of a position and in some cases, rounded numbers may not add up to the FTE/TLT totals in Executive Proposed. In the Executive Proposed Ordinance, expenditure and revenue totals are rounded up to the nearest 1,000 and FTEs and TLTs are rounded up to the maximum monthly FTEs / TLTs in the Biennium.

Decision Package Adjustment Detail	Expenditures	Revenues	Reg FTE	TLT
Direct Service Changes				
(DS_001) Contingent Authority for Approved CIP Projects Provide expenditure authority to transfer assigned fund balance in the General Fund to capital projects that have already been approved. This transfer will only be made for projects that have been approved in prior budgets.	7,000,000	0	0.0	0.0
Technical Adjustments				
(TA_001) Moves KCIT Transfer to New Appropriation Unit Moves KCIT CIP General Fund transfer to a distinct appropriation unit as part of a larger reorganization of the General Fund Transfers to increase transparency.	(1,500,000)	0	0.0	0.0
(TA_100) Status Quo Adjustment Establish the baseline contribution of \$2 million for the transfer to the Building Repair and Replacement fund.	1,316,000	0	0.0	0.0
Central Rate Adjustments	(9,489,724)	0	0.0	0.0
Total Decision Package Adjustments	(2,673,724)	0	0.0	0.0

2017-2018 Executive Proposed Operating Budget INTERNAL SUPPORT (EN_A65600)

Operating Budget Summary	Expenditures	Revenues	Reg FTE	TLT
2015-2016 Revised Budget	33,614,694	0	0.0	0.0
Base Budget Adjustments	(1,120,888)	0	0.0	0.0
Decision Package Adjustments	5,628,187	0	0.0	0.0
2017-2018 Executive Proposed Budget	38,121,993	0	0.0	0.0
2017-2018 Executive Proposed Ordinance	38,122,000	0	0.0	0.0

Notes

1. The 2015-2016 Revised Budget equals the 2015-2016 Adopted Biennial Budget plus all Adopted Supplementals as of the publication of this document.
2. Base Budget Adjustments include the removal of one-time changes from the Revised Budget, the annualization of mid-biennial supplemental changes and the increase of personnel budgets to 2017-2018 rates. Personnel budgets reflect projected 2017-2018 salary and benefit rates, current position classifications, and step/merit increases.
3. The Executive Proposed Budget is the sum of the Revised Budget, Base Budget Adjustments and Decision Package Adjustments. All FTEs / TLTs are rounded to the nearest 1/10th of a position and in some cases, rounded numbers may not add up to the FTE/TLT totals in Executive Proposed. In the Executive Proposed Ordinance, expenditure and revenue totals are rounded up to the nearest 1,000 and FTEs and TLTs are rounded up to the maximum monthly FTEs / TLTs in the Biennium.

Decision Package Adjustment Detail	Expenditures	Revenues	Reg FTE	TLT
Technical Adjustments				
(TA_100) Proforma Inflationary Increases Reflect inflation to Employee Allowance, Employee Transportation program, legal services, and stewardship of the County's art collection.	3,650,404	0	0.0	0.0
(TA_109) Eliminate Courthouse Screening Rate Remove the courthouse screening rate that was previously charged to General Fund agencies that use King County's courthouses. This cost will instead be included in the budget of the King County Sheriff's Office.	(463,928)	0	0.0	0.0
(TA_200) Community Services Area (CSA) Contribution Update Update this agency's costs in the CSA's cost allocation model, which is based on projected CSA staff hours per agency over the biennium. Overall costs for the program increased due to the growth in labor costs (general wage increase, benefits) and central rates.	42,187	0	0.0	0.0
Central Rate Adjustments	2,399,525	0	0.0	0.0
Total Decision Package Adjustments	5,628,187	0	0.0	0.0

Debt Service Funds

The total 2017-2018 Proposed Budget for the **Limited Tax General Obligation (LTGO) Fund** is \$245 million. The main technical adjustments to this budget include updating principal and interest payment schedules. In addition, the debt service fund will begin to manage the debt on King Street Center and Harborview. These payments were previously managed as rental payments through the Long Term Lease Fund but will become general obligation debt in 2017 when the debt is refinanced. This change reflects decisions already made and is part of the base budget.

This fund also budgets debt service payments for new issuances as outlined below. Since County bond ratings remain high and interest rates remain low, the 2017-2018 budget provides an opportunity to lock in low interest rates for these new investments. The budget proposes issuing debt for 12 new projects as detailed in the table below. For information on individual projects, please refer to the specific CAP form.

Project	Proceeds	Term
Courthouse Electrical Distribution System	\$ 11,700,000	20
Public Defense Space Moves	\$ 5,000,000	5
Transit Downtown Layover	\$ 12,000,000	30
Transit Facilities - Atlantic Central	\$ 60,000,000	
Transit Facilities - South Base	\$ 48,000,000	
Transit Facilities - 8th Base	\$ 29,000,000	
Solid Waste - Factoria and South County Stations	\$ 30,000,000	23
IT - FMD Asset Management System	\$ 2,500,000	7
IT - Jail Management System	\$ 4,300,000	7
IT - Elections Tabulation	\$ 3,200,000	7
IT - BRC BI Analytics	\$ 9,400,000	7
FRED Projects	\$ 2,100,000	10

In addition to the projects proposed above, there may be bonds issued in 2017-2018 for Transit Oriented Development (TOD) housing projects. These bonds would be backed by debt service payable in 2021, so there would be no 2017-2018 impact on the LTGO Fund.

The County's limited tax general obligation debt capacity is \$6.4 billion, which is based on 1.5 percent of countywide assessed value. As of the end of 2015, the County has only used \$2.3 billion of capacity.

The total 2017-2018 Proposed Budget for the **Unlimited Tax General Obligation (UTGO) Fund** is \$34.3 million. All adjustments to this budget were technical changes and reflect the current debt service schedules. The bonds currently paid by the UTGO fund will be paid off in 2023. Limited Tax General Obligation Bond financing is approved by the County Council while UTGO financing is approved by voters.

2017-2018 Executive Proposed Operating Budget LIMITED G.O. BOND REDEMPTION (EN_A46500)

Operating Budget Summary	Expenditures	Revenues	Reg FTE	TLT
2015-2016 Revised Budget	247,547,877	207,452,983	0.0	0.0
Base Budget Adjustments	(27,267,847)	(501,265)	0.0	0.0
Decision Package Adjustments	23,916,262	35,362,977	0.0	0.0
2017-2018 Executive Proposed Budget	244,196,292	242,314,695	0.0	0.0
2017-2018 Executive Proposed Ordinance	244,197,000	242,315,000	0.0	0.0

Notes

1. The 2015-2016 Revised Budget equals the 2015-2016 Adopted Biennial Budget plus all Adopted Supplementals as of the publication of this document.
2. Base Budget Adjustments include the removal of one-time changes from the Revised Budget, the annualization of mid-biennial supplemental changes and the increase of personnel budgets to 2017-2018 rates. Personnel budgets reflect projected 2017-2018 salary and benefit rates, current position classifications, and step/merit increases.
3. The Executive Proposed Budget is the sum of the Revised Budget, Base Budget Adjustments and Decision Package Adjustments. All FTEs / TLTs are rounded to the nearest 1/10th of a position and in some cases, rounded numbers may not add up to the FTE/TLT totals in Executive Proposed. In the Executive Proposed Ordinance, expenditure and revenue totals are rounded up to the nearest 1,000 and FTEs and TLTs are rounded up to the maximum monthly FTEs / TLTs in the Biennium.

Decision Package Adjustment Detail	Expenditures	Revenues	Reg FTE	TLT
Direct Service Changes				
(DS_001) Debt Service for Courthouse and Public Defense Space Moves Add principal and interest payments to reflect the sale of bonds to support the approved Courthouse project in the Major Maintenance Reserve Fund and the Department of Public Defense space consolidation project. The debt service payments will be paid by the General Fund.	2,200,000	2,200,000	0.0	0.0
(DS_002) Debt Service for IT Projects Add principal and interest payments to reflect the sale of bonds to support the new Jail Management System in DAJD, Tabulation Replacement in Elections, and the Comprehensive Facilities Asset Management project in FMD.	3,385,000	3,385,000	0.0	0.0
(DS_003) Debt Service for FRED Projects Bonds will be sold in 2017 to support new energy efficiency projects. The principal and interest payments will not begin until 2019 and will be supported through energy cost savings.	0	0	0.0	0.0

**2017-2018 Executive Proposed Operating Budget
LIMITED G.O. BOND REDEMPTION (EN_A46500)**

Decision Package Adjustment Detail	Expenditures	Revenues	Reg FTE	TLT
(DS_004) Debt Service for Transit Add principal and interest payments to reflect the sale of bonds to support the expansion of Transit's capital program. These projects support long range service goals and will be financed with 30 year debt.	10,200,000	10,200,000	0.0	0.0
(DS_006) Debt Service for Solid Waste Add principal and interest payments to reflect the sale of bonds to support the Factoria and South County Stations in the Solid Waste Division.	3,600,000	3,600,000	0.0	0.0
(DS_007) Debt Service for TOD Bonds Bonds may be sold in 2017 to support new transit oriented development projects. The County may opt for short term financing such as Bond Anticipation Notes or borrowing from the County's investment pool. The debt service for these projects would be supported by lodging tax collections beginning in 2021.	0	0	0.0	0.0
Administrative Service Changes				
(AC_001) Rental Car Tax Fund Balance Transfer Transfer accumulated fund balance to Department of Natural Resources to support youth sports program and facilities. Beginning in 2017, this revenue source will be deposited directly into the Youth Sports Fund.	2,000,000	0	0.0	0.0
Technical Adjustments				
(TA_001) Contingency Provide contingent budget authority if interest rates are higher than expected on new issuances, for emergent debt service needs, or for budgeting errors.	2,000,000	2,000,000	0.0	0.0
(TA_050) Revenue Adjustments Revise budgeted revenues to match current forecast.	0	13,977,977	0.0	0.0
(TA_100) Status Quo Adjustment Revise expenditures to match current principal and interest schedule	531,261	0	0.0	0.0
Total Decision Package Adjustments	23,916,262	35,362,977	0.0	0.0

2017-2018 Executive Proposed Operating Budget HUD SEC 108 LOAN REPAY (EN_A48700)

Operating Budget Summary	Expenditures	Revenues	Reg FTE	TLT
2015-2016 Revised Budget	886,576	1,417,128	0.0	0.0
Base Budget Adjustments	(314,770)	0	0.0	0.0
Decision Package Adjustments	5,101	(827,662)	0.0	0.0
2017-2018 Executive Proposed Budget	576,907	589,466	0.0	0.0
2017-2018 Executive Proposed Ordinance	577,000	590,000	0.0	0.0

Notes

1. The 2015-2016 Revised Budget equals the 2015-2016 Adopted Biennial Budget plus all Adopted Supplementals as of the publication of this document.
2. Base Budget Adjustments include the removal of one-time changes from the Revised Budget, the annualization of mid-biennial supplemental changes and the increase of personnel budgets to 2017-2018 rates. Personnel budgets reflect projected 2017-2018 salary and benefit rates, current position classifications, and step/merit increases.
3. The Executive Proposed Budget is the sum of the Revised Budget, Base Budget Adjustments and Decision Package Adjustments. All FTEs / TLTs are rounded to the nearest 1/10th of a position and in some cases, rounded numbers may not add up to the FTE/TLT totals in Executive Proposed. In the Executive Proposed Ordinance, expenditure and revenue totals are rounded up to the nearest 1,000 and FTEs and TLTs are rounded up to the maximum monthly FTEs / TLTs in the Biennium.

Decision Package Adjustment Detail	Expenditures	Revenues	Reg FTE	TLT
Technical Adjustments				
(TA_001) Debt Service Adjustment Revise principal and interest expenditures to reflect 2017 and 2018 debt service schedules.	5,101	0	0.0	0.0
(TA_050) Revenue Collection Adjustment Revise budgeted revenues to match current required contributions.	0	(827,662)	0.0	0.0
Total Decision Package Adjustments	5,101	(827,662)	0.0	0.0

2017-2018 Executive Proposed Operating Budget UNLIMITED GO BOND REDEMP (EN_A46600)

Operating Budget Summary	Expenditures	Revenues	Reg FTE	TLT
2015-2016 Revised Budget	34,040,625	28,541,544	0.0	0.0
Base Budget Adjustments	484,575	5,200,000	0.0	0.0
Decision Package Adjustments	(187,300)	438,456	0.0	0.0
2017-2018 Executive Proposed Budget	34,337,900	34,180,000	0.0	0.0
2017-2018 Executive Proposed Ordinance	34,338,000	34,180,000	0.0	0.0

Notes

1. The 2015-2016 Revised Budget equals the 2015-2016 Adopted Biennial Budget plus all Adopted Supplementals as of the publication of this document.
2. Base Budget Adjustments include the removal of one-time changes from the Revised Budget, the annualization of mid-biennial supplemental changes and the increase of personnel budgets to 2017-2018 rates. Personnel budgets reflect projected 2017-2018 salary and benefit rates, current position classifications, and step/merit increases.
3. The Executive Proposed Budget is the sum of the Revised Budget, Base Budget Adjustments and Decision Package Adjustments. All FTEs / TLTs are rounded to the nearest 1/10th of a position and in some cases, rounded numbers may not add up to the FTE/TLT totals in Executive Proposed. In the Executive Proposed Ordinance, expenditure and revenue totals are rounded up to the nearest 1,000 and FTEs and TLTs are rounded up to the maximum monthly FTEs / TLTs in the Biennium.

Decision Package Adjustment Detail	Expenditures	Revenues	Reg FTE	TLT
Technical Adjustments				
(TA_050) Revenue Adjustments Revise budgeted revenues to match current forecast.	0	438,456	0.0	0.0
(TA_100) Debt Service Adjustment Revise principal and interest expenditures to reflect 2017 and 2018 debt service schedules.	(187,300)	0	0.0	0.0
Total Decision Package Adjustments	(187,300)	438,456	0.0	0.0

2017-2018 Proposed Financial Plan
Limited Tax General Obligation (LTGO) Debt Service Fund /000008400 (including subfunds 8401, 8405, & 8407)

Category	2015-2016 Estimated ¹	2017-2018 Proposed Budget ²	2019-2020 Projected ³	2021-2022 Projected ³
Beginning Fund Balance	48,407,701	11,846,822	9,972,783	9,972,783
Revenues				
Taxes/Miscellaneous (CFT, Auto Rental)	23,268,434	17,961,000	17,200,000	21,400,000
Intergovernmental Payments (HMC,CDA)	9,944,911	32,906,000	32,906,000	28,906,000
Charges/Contributions from County Funds	172,278,079	192,037,161	193,032,161	194,032,161
Total Revenues	205,491,424	242,904,161	243,138,161	244,338,161
Expenditures				
Principal	(142,508,000)	(144,370,000)	(160,471,186)	(161,263,186)
Interest	(67,193,140)	(75,008,200)	(82,666,975)	(83,074,975)
Transfers/Contingencies ⁴	(32,351,162)	(25,395,000)		
Total Expenditures	(242,052,303)	(244,773,200)	(243,138,161)	(244,338,161)
Estimated Underexpenditures				
Other Fund Transactions				
Total Other Fund Transactions	-	-	-	-
Ending Fund Balance	11,846,822	9,977,783	9,972,783	9,972,783
Reserves				
Expenditure Reserve(s)				
General Fund balance ⁵	(3,946,822)	(4,077,783)	(4,072,783)	(4,072,783)
Hotel/Motel & Auto Rental balance ⁶	(2,000,000)	-	-	-
CFT sub fund balance ⁷	(5,900,000)	(5,900,000)	(5,900,000)	(5,900,000)
Total Reserves	(11,846,822)	(9,977,783)	(9,972,783)	(9,972,783)
Reserve Shortfall	0	0	0	0
Ending Undesignated Fund Balance	-	-	-	-

Financial Plan Notes

¹ 2015-2016 Estimated reflects EBS data and current debt schedules. Beginning fund balance is consistent with the Budgetary Fund Balance figures published by FBOD.

² 2017-2018 Proposed Budget is consistent with expenditure and revenue data from Hyperion and current debt schedules.

³ Outyear projections assume current debt schedules are maintained, and that new principal and interest payments begin in 2019 for debt issued in 2017 or 2018. All debt in the outyears is assumed to be backed by specific revenue sources and does not rely on fund balance.

⁴ Budgeted 2015-2016 contingencies include potential debt service payments for the Eastside Rail Corridor acquisition, Solid Waste capital program, new IT projects backed by LTGO fund balance, and a one-time transfer to the Safeco Public Facilities District (PFD). 2017-2018 contingencies include potential debt service payments for the Courthouse electrical distribution system project, DPD space moves, new IT projects, and the Solid Waste and Transit capital programs. 2017-2018 also includes a one-time transfer of auto rental car tax fund balance to DNRP.

⁵ General Fund Balance is used to offset higher rates or larger principal for new issuances and to offset higher variable rate debt service charges.

⁶ \$2.0 million in fund balance attributable to auto rental sale tax will be transferred to DNRP to support youth sports programming and capital projects.

⁷ The conservation futures debt service sub fund carries a cash flow reserve to pay debt service in January of each year.

This plan was updated by Aaron Rubardt on 9/1/2016.

2017-2018 Proposed Financial Plan
Unlimited Tax General Obligation (UTGO) Debt Service Fund /000008500

Category	2015-2016 Estimated¹	2017-2018 Proposed Budget²	2019-2020 Projected³	2021-2022 Projected³
Beginning Fund Balance	6,835,983	1,735,358	2,077,458	2,387,580
Revenues				
Property Taxes	28,440,000	34,180,000	31,600,000	28,220,000
Total Revenues	28,440,000	34,180,000	31,600,000	28,220,000
Expenditures				
Principal	(23,120,000)	(25,705,000)	(25,645,000)	(24,745,000)
Interest	(10,420,625)	(8,132,900)	(5,644,878)	(3,189,650)
Contingency/Other		(500,000)		
Total Expenditures	(33,540,625)	(34,337,900)	(31,289,878)	(27,934,650)
Estimated Underexpenditures		500,000		
Other Fund Transactions				
Total Other Fund Transactions	-	-	-	-
Ending Fund Balance⁴	1,735,358	2,077,458	2,387,580	2,672,930
Reserves⁵				
Total Reserves	-	-	-	-
Reserve Shortfall	-	-	-	-
Ending Undesignated Fund Balance	1,735,358	2,077,458	2,387,580	2,672,930

Financial Plan Notes

¹ 2015/2016 Estimated reflects information from EBS and are consistent with the Budgetary Fund Balance figures published by FBOD.

² 2017/2018 Proposed Budget is consistent with expenditure and revenue data from Hyperion.

³ Outyear projections are based on the property tax assumptions generated by OEFA and current principal and interest schedules. Principal and interest on outstanding bonds will be paid off in 2023.

⁴ IRS regulations limit the balance in a debt service fund to 1/12th of the annual debt service amount, unless there are specific reasons to carry additional fund balance.

⁵ This fund holds no reserves. Property tax revenue is approved by voters, predictable, and has virtually no collection risk.

This plan was updated by Aaron Rubardt on 8/5/2016.