

**City of Edmonds 2011 Preliminary Budget  
Frequently Asked Questions  
Week of 10/18/2010**

10. *Can you tell me what page in the budget you have the prosecutor's contract on? Also, do you have it at \$11,000 per month, or \$13,000 per month?*

The budget for the City prosecutor contract in is the City Attorney budget on page #21. The 2011 budget currently reflects expenditure authority of \$144,000. The current (2010) monthly retainer fee is \$11,330, totaling approximately \$136,000 annually. We anticipate that the monthly retainer amount will increase to approximately \$13,000 per month when the City signs the 2011 contract for the upcoming year. At that point, we anticipate that the annual expense will increase to \$156,000 and an amendment to the 2011 budget amount we be requested to address the increase.

11. *Can you tell me where the Senior Center contract payment is?*

The Senior Center contract payment is located in the Professional Services (line 7) in the Non-Departmental budget on page #43. Total expenditure anticipated for 2011 is \$60,000.

12. *I see now that you are footnoting to GFOA's 2 month recommended amount [Exhibit 4]. Is this a new policy change or has this been made into a policy? There are a number of cities that still use 1 month (Lynnwood, Redmond, etc.) and I would like to know if we have now changed this assumption as that will drastically impact the Levy group.*

The executive forecast reflects a two-month reserve as result of change is the Government Finance Officers Association (GFOA) recommendation. The city has not formally adopted this policy. However, we felt it prudent to reflect GFOA's current recommendation. GFOA *Best Practice - Appropriate Level of Unrestricted Fund Balance in the General Fund (2002 and 2009) (BUDGET and CAAFR)* states:

*"The adequacy of unrestricted fund balance in the general fund should be assessed based upon a government's own specific circumstances. Nevertheless, GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. The choice of revenues or expenditures as a basis of comparison may be dictated by what is more predictable in a government's particular circumstances. Furthermore, a government's particular situation often may require a level of unrestricted fund balance in the general fund significantly in excess of this recommended minimum level. In any case, such measures should be applied within the context of long-term forecasting, thereby avoiding the risk of placing too much emphasis upon the level of unrestricted fund balance in the general fund at any one time."*

13. *Can you tell me what expenditure item the City's lobbyist is paid from?*

These expenditures are paid out of the Community Services budget, from the professional services line item. This budget is on page #'s 94/95 of the Mayor's Budget. We anticipate that these 2010 expenditures will total approximately \$35,000.

14. *I would like to have the following additional information [regarding the City's Balance Sheet in the 2009 Comprehensive Annual Financial Report].*

- a. *The nature and timing of the \$6.8 million "Due from other governmental units",*
- b. *The nature and timing of the \$5.9 million non-current "Deferred revenues".*

Both of these items are necessary to record the City's issuance of bonds on behalf of the Edmonds Center for the Arts (ECA). The majority of the \$6.8 million is a receivable that reflects the ECA's obligation to pay for the bonds, and the \$5.9 million represents the revenues that the city anticipates from ECA's bond payments.

15. *[Can you detail the trend]..assumptions for these numbers [the numbers in Exhibit 4 of the Mayor's Budget]. And the actual numbers as of 07/31/2010?*

Please see the attached schedule Exhibit 4A.

**Exhibit 4A**  
**Executive Summary - Current Forecast**  
**Changes in Cash (Working Capital)**

City of Edmonds: Strategic Outlook

21-Oct-10

	2009	2010	2010	2010	2011	2012	2013	2014	2015	2016
	Actuals	Original Budget	Actuals as of 07/31/2010	YE Est.	Mayor's Proposal	Outlook	Outlook	Outlook	Outlook	Outlook
<b>REVENUE</b>										
Beginning Cash (Working Capital) Balance	1,497,860	1,273,265		2,167,156	2,815,313 29.91%	3,400,400 20.78%	2,695,851 -20.72%	1,339,889 -50.30%	(692,741) -151.70%	(3,255,268) 369.91%
Property Tax	13,828,901	14,160,062	7,130,568	13,688,970	13,609,482 -0.58%	13,606,175 -0.02%	13,678,091 0.53%	13,824,862 1.07%	14,011,433 1.35%	14,200,858 1.35%
Retail Sales Tax	4,414,874	5,519,949	2,499,204	4,371,203	4,524,195 3.50%	4,614,679 2.00%	4,706,972 2.00%	4,801,112 2.00%	4,897,134 2.00%	4,995,077 2.00%
Other Sales & Use Tax	543,731	665,901	308,712	543,731	546,797 0.56%	552,431 1.03%	558,126 1.03%	563,880 1.03%	569,696 1.03%	575,573 1.03%
Utility Tax	5,953,028	5,225,311	3,747,699	6,239,500	6,441,962 3.24%	6,506,382 1.00%	6,571,445 1.00%	6,637,160 1.00%	6,703,531 1.00%	6,770,567 1.00%
Other Taxes	301,633	297,500	158,343	306,457	311,982 1.80%	317,611 1.80%	323,347 1.81%	329,191 1.81%	335,146 1.81%	341,213 1.81%
Licenses/Permits/Franchise <sup>(1)</sup>	1,023,017	1,417,437	794,751	1,026,223	1,037,813 1.13%	1,048,125 0.99%	1,058,539 0.99%	1,069,057 0.99%	1,079,681 0.99%	1,090,411 0.99%
Construction Permits	448,612	689,767	259,566	443,125	447,016 0.88%	450,946 0.88%	454,916 0.88%	458,925 0.88%	462,974 0.88%	467,064 0.88%
Grants	133,425	4,644	191,178	210,476	4,410 -97.90%	- -100.00%	- 0.00%	- 0.00%	- 0.00%	- 0.00%
State Revenues	725,888	752,426	369,435	744,079	746,803 0.37%	743,678 -0.42%	748,310 0.62%	752,974 0.62%	757,670 0.62%	762,399 0.62%
Intergov't Service Charges	1,348,743	1,356,705	86,871	106,578	86,043 -19.27%	88,194 2.50%	90,399 2.50%	92,659 2.50%	94,975 2.50%	97,349 2.50%
Interfund Service Charges	1,318,773	1,355,059	779,659	1,355,059	1,388,935 2.50%	1,395,880 0.50%	1,402,860 0.50%	1,409,874 0.50%	1,416,923 0.50%	1,424,008 0.50%
Chgs. for Goods & Services	2,307,390	3,200,194	1,576,588	2,796,981	2,248,545 -19.61%	2,290,096 1.85%	2,333,026 1.87%	2,377,351 1.90%	2,423,091 1.92%	2,470,264 1.95%
Fines & Forfeits	674,633	640,300	322,087	616,500	667,100 8.21%	681,924 2.22%	697,082 2.22%	712,580 2.22%	728,428 2.22%	744,632 2.22%
Misc Revenues	531,890	521,276	2,461,896	2,074,571	700,187 -66.25%	428,110 -38.86%	437,914 2.29%	447,954 2.29%	458,238 2.30%	468,770 2.30%
<b>Annual Revenue</b>	<b>33,554,538</b>	<b>35,806,531</b>	<b>20,686,557</b>	<b>34,523,453</b>	<b>32,761,270</b>	<b>32,724,231</b>	<b>33,061,026</b>	<b>33,477,580</b>	<b>33,938,920</b>	<b>34,408,187</b>
Annual Revenue Growth					-5.10%	-0.11%	1.03%	1.26%	1.38%	1.38%
<b>Total Revenue</b>	<b>35,052,399</b>	<b>37,079,796</b>		<b>36,690,609</b>	<b>35,576,582</b>	<b>36,124,631</b>	<b>35,756,876</b>	<b>34,817,469</b>	<b>33,246,180</b>	<b>31,152,919</b>

	2009	2010	2010	2010	2011	2012	2013	2014	2015	2016
	Actuals	Original Budget	Actuals as of 07/31/2010	YE Est.	Mayor's Proposal	Outlook	Outlook	Outlook	Outlook	Outlook
<b>Expenses by Function</b>										
Salaries and Wages <sup>(2)</sup>	17,683,778	18,929,277	7,125,481	12,512,516	12,776,259 2.11%	13,037,713 2.05%	13,296,147 1.98%	13,559,690 1.98%	13,828,446 1.98%	14,102,519 1.98%
Benefits <sup>(3)</sup>	5,464,536	6,094,444	2,271,359	3,820,912	4,278,924 11.99%	4,631,271 8.23%	4,949,805 6.88%	5,295,427 6.98%	5,670,753 7.09%	6,078,660 7.19%
Supplies	515,933	703,966	336,944	459,611	549,467 19.55%	699,447 27.30%	716,933 2.50%	734,856 2.50%	753,228 2.50%	772,058 2.50%
Services <sup>(3)</sup>	3,667,983	3,854,755	7,627,318	10,631,997	9,884,131 -7.03%	9,631,167 -2.56%	9,905,888 2.85%	10,190,679 2.87%	10,486,104 2.90%	10,792,768 2.92%
Intergov't	1,809,147	2,094,083	1,324,489	1,978,956	2,037,558 2.96%	2,469,111 21.18%	2,554,877 3.47%	2,643,989 3.49%	2,736,591 3.50%	2,832,834 3.52%
Capital	41,643	30,000	-	-	- 0.00%	- 0.00%	- 0.00%	- 0.00%	- 0.00%	- 0.00%
Debt Service	1,672,804	1,423,951	243,202	1,423,749	1,452,284 2.00%	1,445,917 -0.44%	1,446,883 0.07%	1,475,935 2.01%	1,382,617 -6.32%	1,404,463 5.81%
Transfers	1,239,320	1,486,970	1,157,572	2,278,337	809,778 -64.46%	1,116,676 37.90%	1,139,042 2.00%	1,192,034 4.65%	1,215,670 1.98%	1,239,970 2.00%
Interfund	790,099	1,151,362	353,690	769,218	387,782 -49.59%	397,477 2.50%	407,413 2.50%	417,599 2.50%	428,039 2.50%	438,740 2.50%
<b>Total Expenses</b>	<b>32,885,243</b>	<b>35,768,808</b>	<b>20,440,055</b>	<b>33,875,296</b>	<b>32,176,183</b>	<b>33,428,780</b>	<b>34,416,987</b>	<b>35,510,210</b>	<b>36,501,448</b>	<b>37,662,012</b>
Expense Growth					-5.02%	3.89%	2.96%	2.79%	3.18%	
Beginning Cash (Working Capital) Balance	2,167,156	1,310,988		2,815,313	3,400,400	2,695,851	1,339,889	(692,741)	(3,255,268)	(6,509,093)
Target Ending Cash (Working Capital) Balance <sup>(4)</sup>	5,492,182	5,961,468		5,645,883	5,362,697	5,571,463	5,736,165	5,918,368	6,083,575	6,277,002

<sup>(1)</sup> This amount reflects 1st and 2nd qtr corrective adjustments of \$172,197. The adjustments net to \$0.  
<sup>(2)</sup> Contains an adjustment of -\$68K to allow cash balance to tie with CAFR Balance Sheet working capital.

<sup>(3)</sup> Contains FD1 contract payment (\$4.6M as of 7/31/10) and fire fighter payout (\$782K, reflected in the benefits line per G/L)  
<sup>(4)</sup> GFOA recommended 2 month of expenditures