



**King County**

**Ron Sims**

King County Executive

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# 2004-477

October 11, 2004

The Honorable Dave Reichert  
King County Sheriff  
Room W116  
COURTHOUSE

Dear Sheriff Reichert:

Today, I am transmitting my 2005 Executive Proposed Budget to the King County Council. Continuing the strategy outlined in 2003 and presented in the 2004 budget, one of the components of the budget is a recommendation to levy the maximum rate on the Automated Fingerprint Identification System (AFIS) for the last year of the current levy thereby allowing us to give taxpayers a one-year hiatus on the levy in 2006. This strategy will allow us to reduce the considerable fund balance that has been accumulating over the current levy cycle. I believe this is a responsible management decision on behalf of the AFIS program and the taxpayers of King County.

In order to effectively negotiate 2006 without any new levy funds, careful fiscal management of the AFIS fund by the Sheriff's Office will be required. While the beginning fund balance for 2006 is sufficient to cover projected expenditures, the projected ending fund balance is approximately 6% of expected costs, leaving little room for unplanned expenditures.

### CONTEXT FOR THE RECOMMENDATION

As you know the current AFIS five-year levy was approved by the voters of King County in September, 2000 for implementation beginning in 2001. The levy expires at the end of 2005. Since 2000, the AFIS fund has accumulated a sizable fund balance:

	2000	2001	2002	2003
Actual Fund Balance in Millions	14.8	16.3	17.9	16.6

The growing fund balance is the result of two factors:



1. higher-than expected revenue receipts

<b>Revenues in Millions</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Budgeted	10.6	10.5	10.1	10.0
Actual	11.4	11.7	11.9	11.3
Difference +/-(-)	0.8	1.2	1.8	1.3

2. lower-than-expected expenditures.

<b>Expenditures in Millions</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Budgeted	17.5	18.7	19.1	18.1
Actual	15.6	12.7	13.3	16.2
Difference +/-(-)	1.8	6.1	5.8	1.9

My staff worked with representatives of your office over the past couple of months and identified that actual expenditure levels on salary and benefits; services and other changes; and capital investments have consistently been lower than the budgeted levels over the course of the current levy cycle.

<b>Under Expenditure by Category (in millions)</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Salary/benefits	0.4	0.6	0.4	0.5
Services & other charges	1.1	0.7	0.5	1.0
Capital & Equipment	(0.4)	3.5	3.0	5.1

**RECOMMENDATION**

While we considered an option of levying a lower rate for 2005 and seeking renewal of the levy for 2006, I am recommending in my 2005 budget that we levy the maximum rate for the last year of the levy (2005) and pursue the renewal of the levy in 2007. This strategy was outlined in 2003 for the 2004 budget. Specifically, I am proposing the following rates per \$1,000 of assessed value:

<b>Year</b>	<b>Rate</b>
2005	0.04863
2006	0

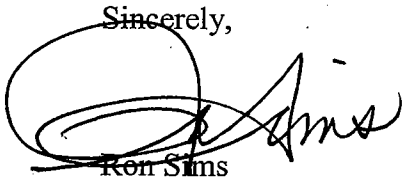
This plan will mean that the homeowner of a \$200,000 house would pay \$9.73 in 2005. As the financial plan below demonstrates, the combination of the existing fund balance and the increased revenues for the next year will allow us to accumulate enough money in the AFIS fund to allow us to give taxpayers a one-year hiatus from the AFIS levy in 2006.

	2002 Actuals	2003 Actuals	2004 Estimated	2005 Proposed	2006 Projected	2007 Projected
Beginning Fund Balance	16.3	17.8	16.6	12.7	12.8	0.8
Revenue	11.9	11.3	12.0	12.6	0.3	13.3
Expenditures	(10.3)	(12.5)	(16.6)	(12.6)	(12.5)	(13.2)
Estimated	N/A	N/A	0.7	0.1	0.2	0.1
Under- expenditures						
Ending Fund Balance	17.9	16.6	12.7	12.8	0.8	1.0

Please note that the financial plan above projects a 2006 ending fund balance that is approximately 6% of expected expenditures. With careful management of the AFIS Fund, this will be sufficient to carry the fund into a proposed 2007 levy start date.

I look forward to your support of this plan as we work with the King County Council to adopt the 2005 budget. Please contact Steve Call, Director, Office of Management & Budget at (296-3434) if you have any questions or concerns about this plan.

Sincerely,



Ron Sims  
King County Executive

cc: King County Councilmembers  
    ATTN: Scott White, Chief of Staff  
          Rebecha Cusack, Lead Staff, BFM Committee  
          Clifton Curry, Senior Legislative Analysts  
          Anne Noris, Clerk of the Council  
AFIS Oversight Committee Members  
Steve Call, Director, Office of Management and Budget (OMB)  
Denise Turner, Chief, King County Sheriff's Office (KCSO)  
Marilyn Nault, Regional AFIS Manager, KCSO  
Bill Wilson, Finance Director, KCSO  
Beth Goldberg, Budget Supervisor, OMB  
Chris Haugen, Economist, OMB  
Nick Zajchowski, Analyst, OMB