



City of Sequim

Long Range Financial Plan

City Council Study Session

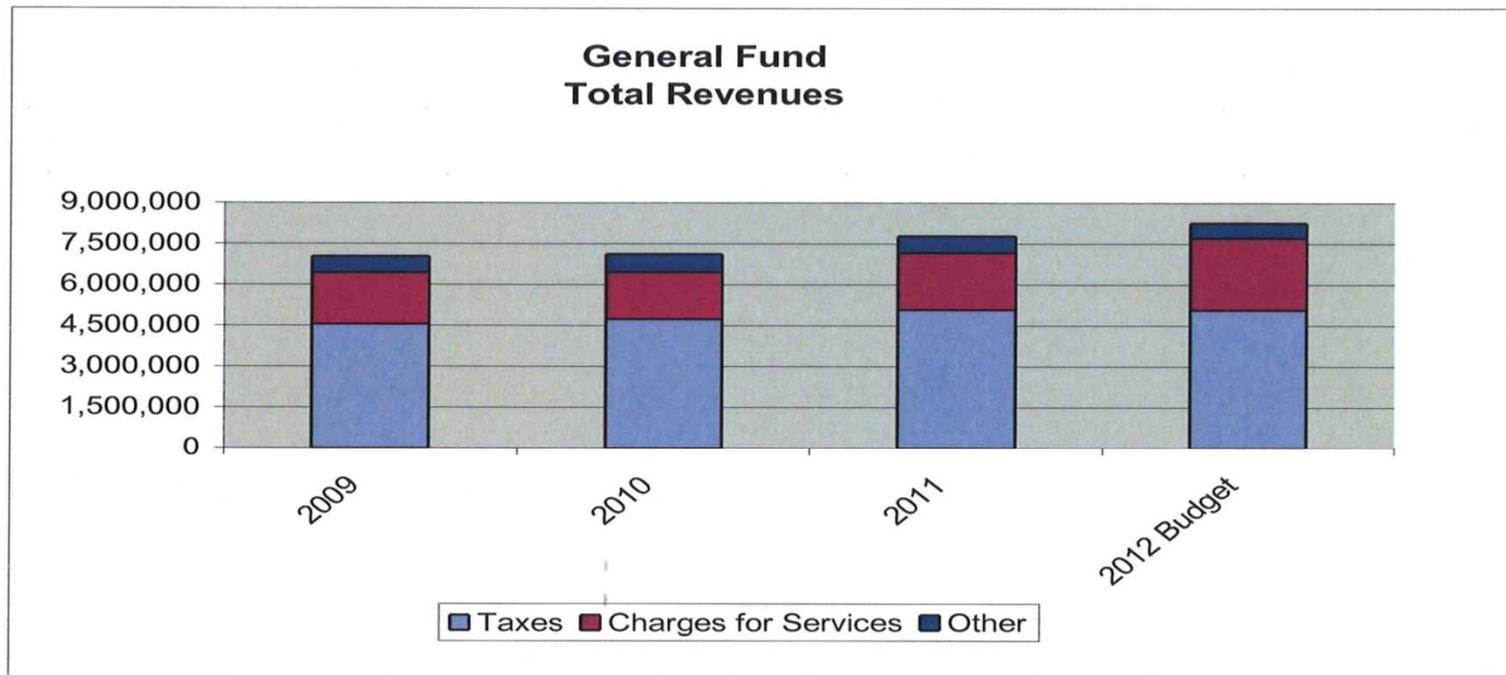
August 27, 2012



Agenda

- ▶ Historical Revenues and Expenses
- ▶ Executive Summary
- ▶ Objectives and Questions
- ▶ Key Assumptions
- ▶ Financial Projections
- ▶ Scenarios

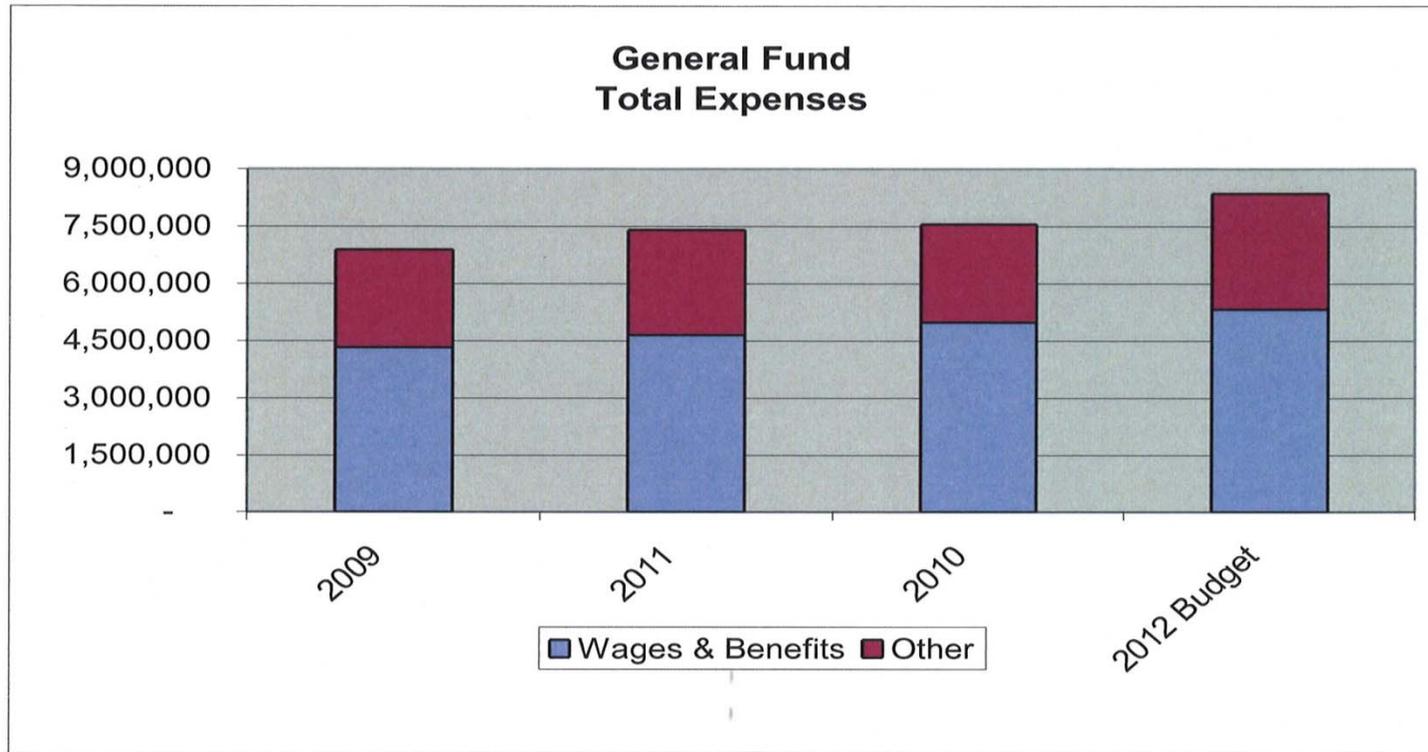
Historical Revenues



As of 6/30/2012

	2009	2010	2011	2012 Budget
Operating				
Taxes	4,553,094	4,740,511	5,086,645	5,072,648
Charges for Services	1,888,201	1,723,125	2,091,701	2,645,681
Other	596,456	651,210	602,886	546,900
	7,037,751	7,114,847	7,781,232	8,265,229

Historical Expenses



As of 6/30/2012

	2009	2010	2011	2012 Budget
Operating				
Wages & Benefits	4,329,494	4,660,309	4,990,288	5,336,121
Other	2,564,908	2,751,883	2,567,100	3,024,912
	6,894,402	7,412,193	7,557,387	8,361,032

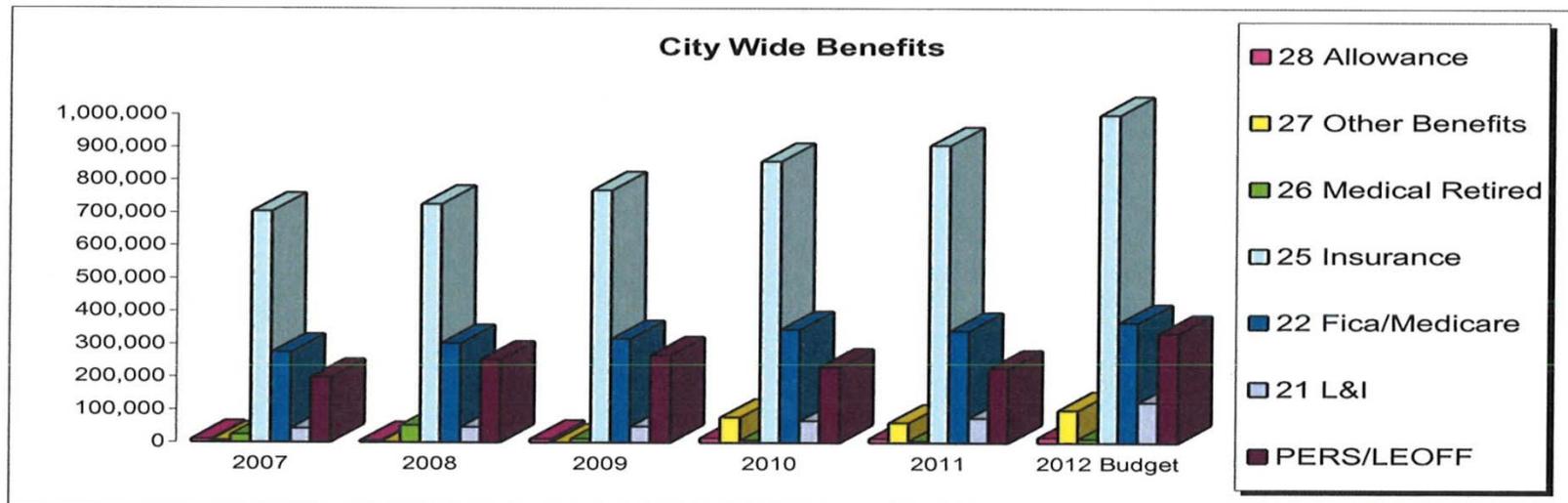
Historical Sales Tax as receipted by DOR

Year	Grand Total	Accommodation & Food Services		Construction		Retail Trade		Wholesale Trade		All Other	
2005	1,858,701	192,157	10%	446,266	24%	978,469.44	53%	86,868	5%	154,941	8%
2006	2,207,586	212,845	10%	608,061	28%	1,144,059.03	52%	71,965	3%	170,656	8%
2007	2,348,937	248,590	11%	464,738	20%	1,356,325.27	58%	90,097	4%	189,187	8%
2008	2,466,084	262,720	11%	360,063	15%	1,491,648.47	60%	83,757	3%	267,896	11%
2009	2,224,229	230,702	10%	251,566	11%	1,396,520.72	63%	70,924	3%	274,517	12%
2010	2,304,765	253,484	11%	217,676	9%	1,466,840.01	64%	86,857	4%	279,908	12%
2011	2,280,574	254,626	11%	181,805	8%	1,438,378.71	63%	103,303	5%	302,462	13%
2012	2,155,057	237,056	11%	172,405	8%	1,357,685.91	63%	107,753	5%	280,157	13%

- ▶ Sales Taxes have decreased \$311,027, from 2008 to 2012, 12.5%, mostly in construction

Historical Benefits

City Wide Benefits						
Description	2007	2008	2009	2010	2011	2012 Budget
21 L&I	42,780	47,458	48,766	66,204	75,010	123,681
22 Fica/Medicare	274,089	301,948	315,537	344,306	340,268	366,270
23 PERS	132,912	183,930	194,610	156,568	173,736	253,052
24 LEOFF	64,853	68,426	71,578	73,698	52,395	80,080
<i>PERS/LEOFF</i>	<i>197,765</i>	<i>252,356</i>	<i>266,189</i>	<i>230,266</i>	<i>226,130</i>	<i>333,132</i>
25 Insurance	704,141	726,352	768,989	856,994	906,471	999,655
26 Medical Retired	24,366	52,051	11,485	7,185	5,627	12,126
27 Other Benefits	6,051	1,457	280	77,231	61,022	99,893
28 Allowance	9,794	5,549	11,434	14,565	13,137	16,940
Total Benefits	1,258,986	1,387,172	1,422,680	1,596,750	1,627,665	1,951,696
FTE	72	72	73	73	73	73





Executive Summary

- Economic recovery to 2011 levels may not occur until 2016 or later
- Expenses continue to increase
- Key Service Levels need to be maintained
- Capital expenses and transfers included
- Actions taken to balance 2012 and 2013 operations will be necessary through 2015 and further
- Uncertainty of economy and length of recovery



Objectives and Questions

Objectives

- ▶ Project General Fund and Street Unrestricted Fund revenues and expenses for the period 2012-2018
- ▶ A financial planning tool – not a replacement for budget process



Objectives and Questions

Question

- Given certain assumptions about expense growth, what do we project our fund balance will be this year and over the next six years?



Key Assumptions: Revenues

Sales Tax

- 2012 compared to 2011 – down 10 to 12%
- 2012 and 2013 are projected flat, 1% increases thereafter

Property Tax

- Flat with nominal new construction increases



Key Assumptions: Revenues

- ▶ Utility Tax base increases with growth in local utility rates
- ▶ Interfund Services based on 2012 budget increased by expense growth for 2013-2018
- ▶ Other revenues held flat



Key Assumptions: Expenses

Staffing Levels

- Staff held constant at 2012 levels through 2018
- Benefit costs will continue to increase



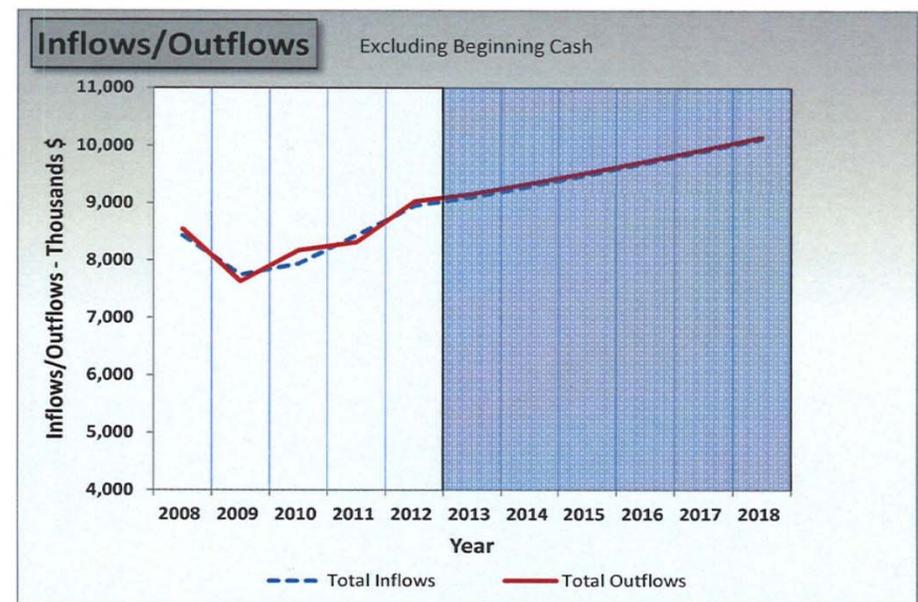
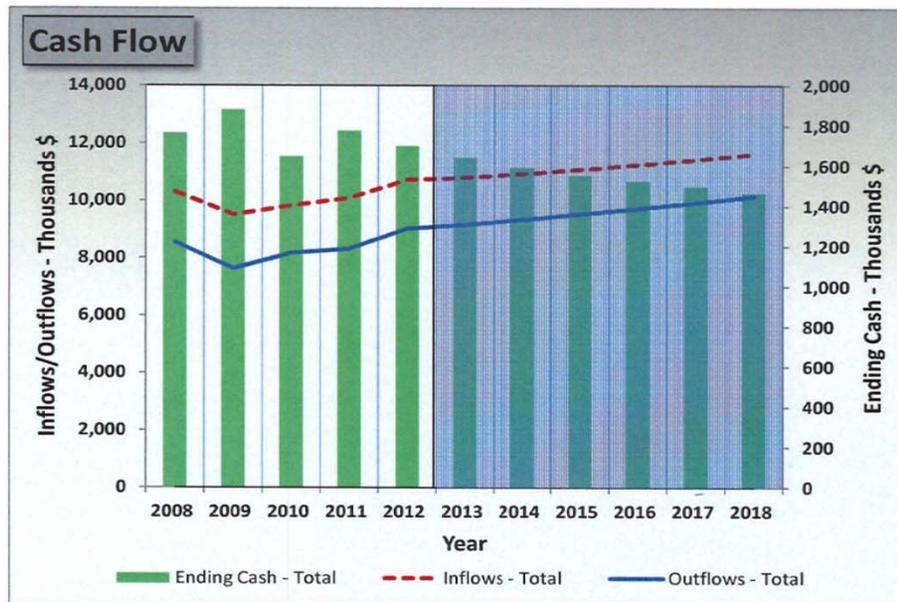
Key Assumptions: Expenses

Expense Growth

- 2012 and 2013 based on department estimates
- 2014-2018 based on staffing levels and average increases in costs

2013 – 2018 Long Range Financial Plan Model

	History Years					Planning Years					
	2008	2009	2010	2011	Forecast	Planning					
					2012	2013	2014	2015	2016	2017	2018
Inflows - Total	10,312	9,515	9,822	10,091	10,733	10,803	10,938	11,087	11,254	11,432	11,620
Outflows - Total	8,547	7,634	8,174	8,315	9,032	9,162	9,344	9,532	9,729	9,934	10,153
Ending Cash - Total	1,766	1,881	1,649	1,776	1,701	1,642	1,593	1,555	1,525	1,498	1,467
Restricted/Reserved Funds Ending Balance	-	-	-	-	-	-	-	-	-	-	-
Restricted/Reserved Funds Policy/Target	-	-	-	-	-	-	-	-	-	-	-
Restricted/Reserved Funds Surplus/(Deficiency)	0	0	0	0	0	0	0	0	0	0	0
General Fund and Streets Operation Fund Balance	1,766	1,881	1,649	1,776	1,701	1,642	1,593	1,555	1,525	1,498	1,467



2013 – 2018 Long Range Financial Plan Model

	History Years					Planning Years					
					Forecast	Planning					
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Beginning Cash - Total	1,877,170	1,765,608	1,880,958	1,648,881	1,775,743	1,700,958	1,641,556	1,593,165	1,555,282	1,524,950	1,497,914
Inflows											
Charges for Goods and Services	2,189,567	1,900,281	1,821,265	2,191,417	2,768,873	2,806,784	2,859,343	2,913,309	2,969,664	3,028,540	3,090,907
Debt Proceeds	-	-	-	-	-	-	-	-	-	-	-
Fines and Forfeits	105,275	91,843	69,613	66,136	74,213	74,955	75,705	76,462	77,226	77,999	78,779
Intergovernmental Revenue	369,257	358,879	355,797	336,495	343,201	346,633	350,099	353,600	357,136	360,708	364,315
Licenses and Permits	241,210	184,902	258,940	162,114	147,917	147,917	148,788	149,668	150,557	151,455	152,362
Miscellaneous Revenues	157,595	175,842	102,599	183,334	135,291	135,291	135,291	135,291	135,291	135,291	135,291
Other Financing Sources	-	-	2,550	24,224	14,173	14,173	14,173	14,173	14,173	14,173	14,173
Other Non Revenues	28,667	12,850	8,191	6,351	8,972	8,972	8,972	8,972	8,972	8,972	8,972
Taxes	4,440,701	4,553,094	4,740,511	5,086,645	4,901,486	5,004,367	5,140,371	5,279,521	5,422,021	5,566,937	5,714,345
Transfer	902,687	471,275	582,071	385,000	563,236	563,236	563,236	563,236	563,236	563,236	563,236
One Time Inflows	-	-	-	-	-	-	-	-	-	-	-
Total Inflows	8,434,959	7,748,965	7,941,537	8,441,715	8,957,362	9,102,328	9,295,978	9,494,232	9,698,277	9,907,309	10,122,379
Outflows											
00's and 90's Other	1,458,316	765,207	968,021	769,567	991,078	962,766	962,766	962,766	962,766	962,766	962,766
10's Salaries	3,526,362	3,466,622	3,670,725	3,885,465	4,100,101	4,079,600	4,120,396	4,161,600	4,203,217	4,245,252	4,287,707
20's Benefits	1,220,553	1,188,554	1,335,027	1,351,460	1,540,288	1,668,769	1,772,662	1,879,450	1,992,672	2,112,715	2,243,071
30's Supplies	414,203	303,092	333,304	422,693	462,481	465,608	468,829	472,146	475,563	479,083	482,708
40's Services	1,324,649	1,419,667	1,380,081	1,480,213	1,497,139	1,543,926	1,578,655	1,615,092	1,653,331	1,693,470	1,735,615
50's Intergovernmental	347,188	339,457	412,875	400,145	432,374	432,374	432,374	432,374	432,374	432,374	432,374
60's Capital	255,251	150,991	73,580	5,311	8,686	8,686	8,686	8,686	8,686	8,686	8,686
70's Debt Principal	-	-	-	-	-	-	-	-	-	-	-
80's Debt Interest/Costs	-	-	-	-	-	-	-	-	-	-	-
One Time Outflows	-	-	-	-	-	-	-	-	-	-	-
Total Outflows	8,546,522	7,633,590	8,173,614	8,314,854	9,032,147	9,161,730	9,344,369	9,532,115	9,728,609	9,934,345	10,152,926
Ending Cash Total	1,765,608	1,880,983	1,648,881	1,775,743	1,700,958	1,641,556	1,593,165	1,555,282	1,524,950	1,497,914	1,467,367

Scenarios

Optimistic

- Greater recovery in sales tax
- Recovery in revenues through 2018
- Population growth 2% flat
- Pessimistic
 - Sales Tax remain flat
 - Population growth 2% flat
 - Slower recovery in new development