City of Sequim
Adopted Budget 2024



Last updated 11/28/23

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SUPPLEMENTAL INFORMATION

Transfers between Funds

Key Goals

- Provide a funding source for one-time expenses, capital projects, debt payments, operations, etc. within restrictions and regulatory requirements
- Transfers “in” and “out” are balanced and authorized
- Acceptable audit documentation

Transfers are moneys taken out of one fund and deposited into another to provide funding for a specific activity and are considered “Other Financing Sources and Uses”. Although transfers are budgeted, the amount transferred should only be the amount necessary to complete the activity.

Transfers In Identifies the Receiving Fund and the Revenue Use		
DESCRIPTION	Amount	Transfer Description
001 General Fund	40,000	From Public Safety Tax for Emergency Management
101 Street Operations	960,000	From General Fund and TBD Tax for Street Safety and Maintenance
107 Stormwater Operations	170,000	From Water/Sewer Funds for Stormwater Operations
111 Street Restricted	934,500	From REET for and TBD Tax for Street Master Plan and Projects
117 Storm Water Restricted	340,000	From Water and Sewer GFCs for Stormwater Projects
121 Police Asset Seizure	20,000	From Police Expendable Trust for Equipment
140 Parks Restricted	455,000	From REET for Park Bridge Replacement and Future Projects
160 Arts & Culture	55,000	From General Fund for Arts Programing
164 Equipment Reserve	1,110,200	From General Fund, Water, and Sewer for Equipment and Vehicles
206 Debt Service Fund	700,000	From General Fund, REET and Police Restricted (Public Safety Tax) for LTGO Debt Service
306 Capital Facilities Fund	1,968,000	From ARPA, Public Safety Tax, Water/Sewer, and REET for City Shop Improvements, HVAC Maintenance, and Civic Center Parking and Upkeep
411 Water Restricted	1,210,000	From Water Operations for Projects and Debt Service
422 Sewer Restricted	850,000	From Sewer Operations for Projects and Debt Service
Total Transfers In	8,812,700	

Transfers Out Identifies the Fund Incurring the Expense		
DESCRIPTION	Amount	Transfer Description
001 General Fund	1,306,200	To Street Operations, Equipment Reserve and Arts Programs
101 Street Operations	45,000	To Equipment Reserve for Street Equipment and Vehicles
111 Street Restricted	874,500	To Street Operations for Safety and Maintenance and to Street Projects
120 Police Restricted	540,000	To LTGO Debt Service, City Shop Improvements and Emergency Management Operations
150 Real Estate Excise Tax	1,195,000	To Parks, Streets and Capital Facilities for City Shop Improvements and Civic Center Maintenance, HVAC Maintenance, and to Debt Service
180 American Rescue Plan Act	1,098,000	To Capital Facility Projects for Shop Improvements and Civic Center Remodel (2nd floor)
401 Water Operations	620,000	To Water Restricted for Debt and Projects, to Stormwater for Operations, and to the Unemployment Reserve
402 Sewer Operations	410,000	To Sewer Restricted for Projects and to Stormwater for Operations
411 Water Restricted	1,344,500	To Equipment Reserve, Water Projects, Debt Service and Stormwater Projects
422 Sewer Restricted	1,359,500	To Equipment Reserve, Sewer Projects, Debt Service and Stormwater Projects
621 Police Expendable Trust	20,000	To Police Asset Seizure for Equipment
Total Transfers Out	8,812,700	

Interfund Allocations & Internal Service Allocations

Central service departments provide support services or support functions to other operating units. The associated overhead costs are shared across city departments through a cost allocation process. Central service departments include:

- City Council (allocations not allowed on Federal Programs)
- City Administration (City Manager, City Clerk, City Attorney, Human Resources and Communications)
- Administrative Services (Finance, Information Technology and Non-Departmental)
- Public Works Administration (Engineering/GIS, PW Admin and Facilities Maintenance)

The allocation base determines how the costs are distributed from Central Services, also referred to as indirect, administrative, or overhead cost centers, to operating units which provide services directly to customers. The city uses the following allocation bases:

- Council Agenda items
- Number of employees (FTEs)
- Fund Activity (Expenses net of interfund charges, transfers, debt)
- Equipment: IT equipment, vehicles, other equipment maintained by support services.
- Square Footage of office space (owned and leased, public restrooms and other buildings)
- Insurance Claims to allocate insurance premiums

In 2023, the Budget reflected a change in accounting practice recommended by the Washington State Auditor's Office (SAO), in that many charges to our benefiting funds are now netted against the expense in the General Fund, as opposed to recording it as revenue to the General Fund. Per the SAO Budgeting, Accounting and Reporting System (BARS) Manual: 3.9.4.20 Reimbursements are repayments from the fund responsible for particular expenditures/expenses to the fund that initially paid for them. They are adjustments to correct the assignment of the expenditures/expenses. Reimbursements reduce expenditures/expenses in the fund that is reimbursed and move the expenditures/expenses to the fund that ultimately pays for it. This practice continues in 2024.

Key Goals

- Apportion administrative costs to operating funds that are supported by central services
- Acceptable audit documentation
- Adjust accounting practices acceptable to the SAO

2024 Budget Summary

The allocation model reflects flat Central Services distributions.

Interfund Allocations

Interfund Allocations	300 Revenues	500 Expenses
001 - General Fund	**2,750,000**	
001 - General Fund	2,750,000	
100 - Special Revenue Funds		**702,000**
101 - Street Unrestricted		234,000
107 - Stormwater Unrestricted		40,000
111 - Street Restricted		349,000
117 - StormWater Restricted		24,000
140 - Parks Restricted		55,000
300 - Capital Funds		**125,000**
306 - Capital Facilities Fund		125,000
400 - Enterprise Funds		**2,069,000**
401 - Water Unrestricted		450,000
402 - Sewer Unrestricted		1,130,000
411 - Water Restricted		114,000
422 - Sewer Restricted		375,000
Grand Total	**2,750,000**	**2,896,000**

Internal Service Allocations

Internal Service Allocations	General Fund	Charges for Services
Internal Employee Services	**-260,000**	
001-013 - City Attorney	-77,000	
001-014 - Finance	-70,000	
001-016 - Human Resources	-113,000	
101-000 - Street Operations		40,000
107-000 - Storm Water Operations		5,200
401-001 - Water Administration		70,000
402-001 - Sewer Administration		144,800
Internal Project Engineering	**-390,000**	
001-035 - GIS/Engineering	-390,000	
111-103 - Streets R - Transportation Capital Projects		25,000
111-104 - Streets R - Impact Fees		32,000
111-112 - Streets R - TBD Projects		85,000
117-107 - Stormwater Restricted		11,000
140-000 - Parks Restricted		5,000
306-000 - Capital Facilities Fund		45,000
411-411 - Water Restricted GFCs		46,000
411-413 - Water Replacement Reserve		25,000
422-422 - Sewer Restricted GFCs		85,000
422-424 - Sewer Replacement Reserve		31,000
Utility Billing Services	**-330,000**	
001-014 - Finance	-330,000	
401-001 - Water Administration		100,000
402-001 - Sewer Administration		230,000
Grand Total	**-980,000**	**980,000**