# City of Sequim
# Adopted Budget 2025



Last updated 11/26/24

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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<br>Identifies the Receiving Fund and the Revenue Use | | |
|---|---|---|
| **DESCRIPTION** | **Amount** | **Transfer Description** |
| 001 General Fund | 50,000 | From Public Safety Tax for Emergency Management |
| 101 Street Operations | 945,000 | 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 | 876,500 | From REET for and TBD Tax for Street Master Plan and Projects |
| 117 Storm Water Restricted | 240,000 | From Water and Sewer GFCs for Stormwater Projects |
| 121 Police Asset Seizure | 20,000 | From Police Expendable Trust for Equipment |
| 140 Parks Restricted | 270,000 | From REET for Park Bridge Replacement and from Rainy Day for Memorial |
| 160 Arts & Culture | 55,000 | From General Fund for Arts Programing |
| 164 Equipment Reserve | 544,800 | From General Fund, Water, and Sewer for Equipment and Vehicles |
| 206 Debt Service Fund | 650,000 | From General Fund, REET and Police Restricted (Public Safety Tax) for LTGO Debt Service |
| 306 Capital Facilities Fund | 1,164,000 | From ARPA, Public Safety Tax, Water/Sewer, and REET for City Shop Improvements, HVAC Maintenance, and Civic Center Parking and Upkeep |
| 411 Water Restricted | 895,000 | From Water Operations for Projects and Debt Service |
| 422 Sewer Restricted | 1,100,000 | From Sewer Operations for Projects and Debt Service |
| Total Transfers In | 6,980,300 | |

| Transfers Out<br>Identifies the Fund Incurring the Expense | | |
|---|---|---|
| **DESCRIPTION** | **Amount** | **Transfer Description** |
| 001 General Fund | 1,224,800 | To Street Operations, Equipment Reserve and Arts Programs |
| 111 Street Restricted | 760,000 | To Street Operations for Safety and Maintenance and to Street Projects |
| 120 Police Restricted | 700,000 | To LTGO Debt Service, City Shop Improvements and Emergency Management Operations |
| 150 Real Estate Excise Tax | 591,500 | 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 | 614,000 | To Capital Facility Projects for Shop Improvements and Civic Center Remodel (2nd floor) |
| 199 Rainy Day Fund | 5,000 | To Parks for Gold Star Memorial |
| 401 Water Operations | 655,000 | To Water Restricted for Debt and Projects, and to Stormwater for Operations |
| 402 Sewer Operations | 660,000 | To Sewer Restricted for Projects and to Stormwater for Operations |
| 411 Water Restricted | 692,500 | To Equipment Reserve, Water Projects, Debt Service and Stormwater Projects |
| 422 Sewer Restricted | 1,057,500 | 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 | 6,980,300 | |

# 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, Communications and Information Technology)
- Administrative Services (Finance 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 2025.

Key Goals

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

2025 Budget Summary

The allocation model reflects flat Central Services distributions.

# Interfund Allocations

| Interfund Allocations | 300 Revenues | 500 Expenses |
|---|---|---|
| **001 - General Fund** | **2,832,000** | |
| 001 - General Fund | 2,832,000 | |
| **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** | **2,832,000** | **2,896,000** |

# Internal Service Allocations

| Internal Service Allocations | General Fund | Charges for Services |
|---|---|---|
| **Internal Employee Services** | **-468,000** | |
| 001-013 - City Attorney | -153,000 | |
| 001-014 - Finance | -163,000 | |
| 001-016 - Human Resources | -152,000 | |
| 101-000 - Street Operations | | 72,000 |
| 107-000 - Storm Water Operations | | 9,000 |
| 401-001 - Water Administration | | 126,000 |
| 402-001 - Sewer Administration | | 261,000 |
| **Internal Project Engineering** | **-500,000** | |
| 001-035 - GIS/Engineering | -500,000 | |
| 111-103 - Streets R - Transportation Capital Projects | | 32,000 |
| 111-104 - Streets R - Impact Fees | | 41,000 |
| 111-112 - Streets R - TBD Projects | | 109,000 |
| 117-107 - Stormwater Restricted | | 14,000 |
| 140-000 - Parks Restricted | | 6,000 |
| 306-000 - Capital Facilities Fund | | 58,000 |
| 411-411 - Water Restricted GFCs | | 59,000 |
| 411-413 - Water Replacement Reserve | | 32,000 |
| 422-422 - Sewer Restricted GFCs | | 109,000 |
| 422-424 - Sewer Replacement Reserve | | 40,000 |
| **Utility Billing Services** | **-280,000** | |
| 001-014 - Finance | -280,000 | |
| 401-001 - Water Administration | | 85,000 |
| 402-001 - Sewer Administration | | 195,000 |
| **Grand Total** | **-1,248,000** | **1,248,000** |