

City of Sequim 2017 Budget

All City and General Fund Overview

*Providing for a Safe, Sustainable, and
Connected Community*

The Sequim 120 Vision and Council Goals

A Connected Community

*Fund and Carry Out the Transportation
Plan, Arts & Culture Programs,
Neighborhood Improvements, Renew the
TBD...*

A Great Place to Live

*Economic
Development Plan,
Guy Cole
Improvements...*

Friendly, Safe Neighborhoods

*Partner with Non-
Profits, Crime
Prevention,
Emergency
Preparedness...*

Stewards of the Environment

*Solid Waste Plan,
Maintain and
Improve Utility
Infrastructure...*

Heart of the Rural Valley

*Transportation
Plan, Regional
Partnerships,
ECO-DEVO, Guy
Cole Center...*

City Of Sequim Budget Overview

Budget Development Process

Policy Strategy Phase

Council Planning Retreat

Long Range Financial Plan

Public Input via Council Meetings & Community Survey

Needs Assessment Phase

Department Program and Staff Requests

City Manager Review of Requests

City Manager Proposed Budget

Public Hearing

Public Hearing on Revenue Sources
(Property Tax Levy, Rates and Fees Schedule)

Public Hearing on Budget

Adoption & Implementation

Council Adopts Budget

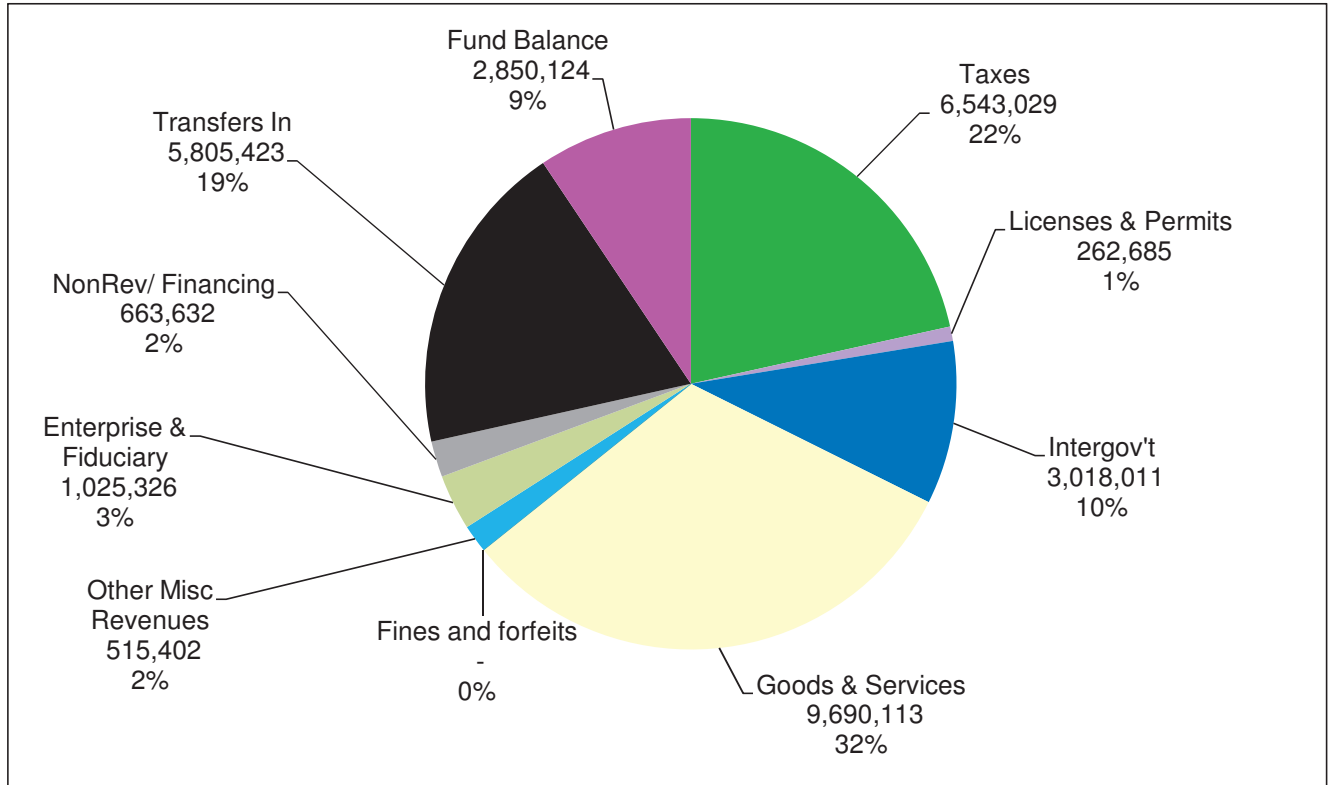


**City of Sequim
2017 Budget**

	A Beginning Fund Balance	B Revenues	C Expenses	D=B-C Surplus / (Deficit)	E=A+D Ending Fund Balance
General Fund					
001 General Fund	1,871,829	9,281,017	9,280,473	544	1,872,373
Special Revenue Funds					
101 Street UnRestricted	159,138	914,519	905,010	9,509	168,647
111 Street Restricted	916,700	1,939,059	2,122,351	(183,292)	733,408
107 StormWater UnRestricted	40,893	240,475	240,475	0'	40,893
117 StormWater Restricted	28,706	80,000	0	80,000	108,706
115 Lodging Tax Hotel/Motel	268,438	284,460	276,789	7,671	276,109
120 Police Restricted	73,345	348,263	331,181	17,082	90,427
121 Police Asset Seizure	20,014	20,274	30,000	(9,726)	10,288
140 Parks Restricted	147,354	688,472	671,647	16,825	164,179
150 Real Estate Excise Tax	272,283	319,200	495,000	(175,800)	96,483
160 Arts & Culture-Arts Commission Progr	37,555	15,000	49,480	(34,480)	3,075
164 Equipment Reserve	317,504	533,591	432,038	101,553	419,057
Debt Service Funds					
206 Debt Service Fund	49,742	665,000	659,390	5,610	55,352
Capital Funds					
306 Capital Facilities Fund	53,248	90,205	124,947	(34,742)	18,506
Enterprise Funds					
401 Water UnRestricted	942,515	2,071,984	2,100,230	(28,246)	914,269
411 Water Restricted	2,579,390	2,274,000	3,562,027	(1,288,027)	1,291,363
402 Sewer UnRestricted	1,649,602	3,979,574	3,983,797	(4,223)	1,645,379
422 Sewer Restricted	6,053,133	3,143,962	4,470,583	(1,326,621)	4,726,512
Trust, Agency & Permanent Funds					
500 Unemployment Compensation Reserve	43,419	7,500	27,000	(19,500)	23,919
611 Flex Benefits	1,318	45,000	45,000	0	1,318
621 Police Expendable Trust	0	20,000	20,000	0	0
631 Construction Deposits	0	325,000	324,999	1	0
635 Intergovernmental Agency Fund	12,976	178,627	168,328	10,299	23,275
645 Utility Security Deposits	141,945	58,000	43,000	15,000	156,945
701 Haller Park Fund	38,402	440	10,000	(9,560)	28,842
	15,719,449	27,523,622	30,373,745	(2,850,123)	12,869,325
	0	(1)	1	1	0
		5,805,423	5,805,422	Transfers In / Out	
		21,718,199	24,568,323	Net of Transfers	
		2,672,287	2,672,287	InterFund Service Charges*	
		19,045,912	21,896,036	Net Revenues/Expenses w/o Transfers & Interfund Services	
		16,487,569	16,509,985	Operating Funds	
		11,036,053	13,863,760	Restricted/Project Funds	
		27,523,622	30,373,745		

**City of Sequim
2017 Budget**

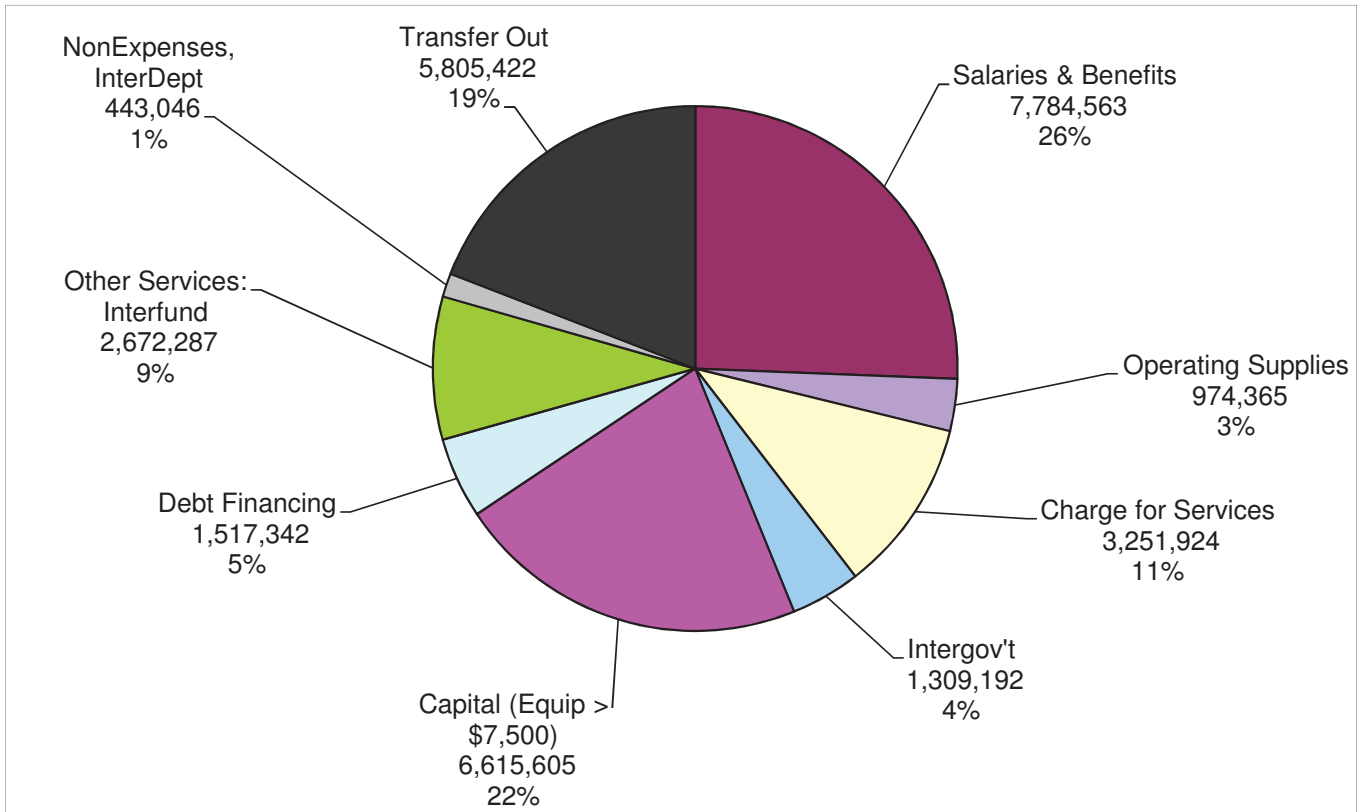
**Where will the Money Come From?
Total Revenue
30,373,745**



	2013 Actual	2014 Actual	2015 Actual	2016 Forecast	2016 Budget	2017 Budget	2017-2016 Amount	%
Taxes	5,699,615	5,935,499	6,370,241	6,271,404	6,243,197	6,543,029	299,832	4.8%
Licenses & Permits	187,919	226,790	264,296	264,498	255,518	262,685	7,167	2.8%
Intergov't	924,358	510,447	666,954	2,148,084	1,175,640	3,018,011	1,842,371	156.7%
Goods & Services	8,714,356	8,208,111	8,840,752	9,369,897	9,306,503	9,690,113	383,610	4.1%
Fines and forfeits	68,249	60,799	68,424	3,291	63,431	-	(63,431)	-100.0%
Other Misc Revenues	589,197	411,673	369,213	1,103,138	1,297,527	515,402	(782,125)	-60.3%
Enterprise & Fiduciary	460,086	511,489	2,240,234	904,957	1,038,917	1,025,326	(13,591)	-1.3%
NonRev/ Financing	10,956,470	3,642,060	186,973	1,154,232	629,460	663,632	34,172	5.4%
Net Revenues	27,600,250	19,506,868	19,007,087	21,219,501	20,010,193	21,718,198	1,708,005	8.5%
Transfers In	3,855,268	11,254,162	10,088,183	6,358,508	6,576,005	5,805,423	(770,582)	-11.7%
Revenues	31,455,518	30,761,030	29,095,270	27,578,009	26,586,198	27,523,621	937,423	3.5%
Use of Beginning Fund Balance	(10,238,437)	4,550,204	4,763,044	(3,856)	2,926,006	2,850,124	(75,882)	-2.6%
Total Use of Revenue	21,217,081	35,311,234	33,858,314	27,574,153	29,512,204	30,373,745	861,541	2.9%

**City of Sequim
2017 Budget**

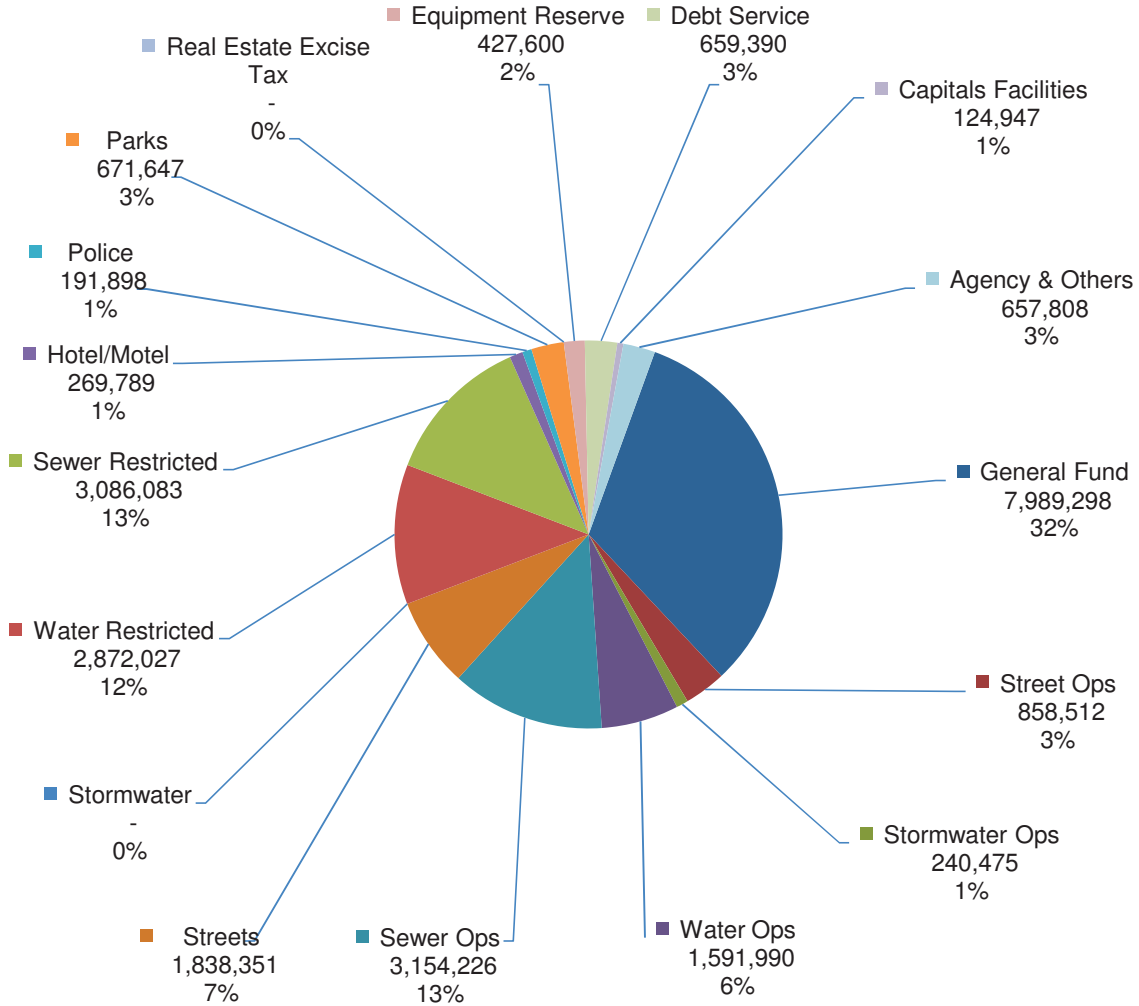
**Where will the Money Go?
Total Expenses
30,373,746**



	2013 Actual	2014 Actual	2015 Actuals	2016 Forecast	2016 Budget	2017 Budget	2017-2016 Amount	%
Salaries & Benefits	6,660,755	7,058,456	7,111,483	7,547,163	7,627,058	7,784,563	157,505	2.1%
Operating Supplies	830,612	673,777	759,877	1,024,906	1,018,601	974,365	(44,236)	-4.3%
Charge for Services	2,796,088	2,667,127	2,815,738	2,645,818	3,495,959	3,251,924	(244,035)	-7.0%
Intergov't	1,107,278	1,106,613	1,154,226	1,234,112	1,235,197	1,309,192	73,995	6.0%
Capital (Equip > \$7,500)	2,460,091	9,163,840	8,320,066	4,309,996	5,030,004	6,615,605	1,585,601	31.5%
Debt Financing	964,419	1,348,867	1,597,622	1,570,311	1,570,190	1,517,342	(52,848)	-3.4%
Other Services: Interfund	2,379,013	1,972,388	1,889,639	2,586,216	2,517,147	2,672,287	155,140	6.2%
NonExpenses, InterDept	163,556	66,005	121,480	311,872	442,046	443,046	1,000	0.2%
Net Expenses	17,361,812	24,057,073	23,770,131	21,230,394	22,936,202	24,568,324	1,632,122	7.1%
Transfer Out	3,855,268	11,254,162	10,088,183	6,343,758	6,576,004	5,805,422	(770,582)	-11.7%
Total Expenses	21,217,080	35,311,235	33,858,314	27,574,152	29,512,206	30,373,746	861,540	2.9%

**City of Sequim
2017 Budget**

**Total All City Programs Expenses - Excluding Transfers
Operations and Capital Projects
24,568,324**



	2013 Actuals	2014 Actual	2015 Actual	2016 Forecast	2016 Budget	2017 Budget	2017-2016 Amount	%
All City Total Expenses	17,316,613	24,057,073	23,770,132	21,230,394	22,936,200	24,568,324	1,632,124	7%

**City of Sequim
2017 Budget**

**All City Programs Expenses - Excluding Transfers
Operations and Capital Projects**

	2013 Actuals	2014 Actual	2015 Actual	2016 Forecast	2016 Budget	2017 Budget	2017-2016 Amount	%
All City Program Total Expenses	17,316,613	24,057,073	23,770,132	21,230,394	22,936,200	24,568,324	1,632,124	7%
Operations								
General Fund	7,377,261	7,502,428	7,525,513	7,649,396	7,744,473	7,989,298	244,825	3%
Street Ops	764,616	690,035	670,764	818,802	810,798	858,512	47,714	6%
Stormwater Ops	101,014	96,639	92,825	108,865	108,072	240,475	132,403	123%
Water Ops	1,322,300	1,227,753	1,402,310	1,562,118	1,512,955	1,591,990	79,035	5%
Sewer Ops	2,753,625	2,596,721	2,739,388	3,233,112	3,258,158	3,154,226	(103,932)	-3%
Total Operations	12,318,816	12,113,576	12,430,800	13,372,293	13,434,456	13,834,501	400,045	3%
Restricted								
Streets	1,390,013	760,294	973,447	988,694	941,775	1,838,351	896,576	95%
Stormwater	45,504	134,109	296,373	111,104	111,104	-	(111,104)	-100%
Water	290,731	1,056,992	331,222	897,512	1,906,912	2,872,027	965,115	51%
Sewer	1,328,019	1,350,449	1,134,561	2,409,211	2,732,329	3,086,083	353,754	13%
Total Restricted Capital	3,054,267	3,301,844	2,735,603	4,406,521	5,692,120	7,796,461	2,104,341	37%
Hotel/Motel	262,729	219,216	224,369	247,797	249,485	269,789	20,304	8%
Police								
Police	19,976	40,019	123,914	145,643	161,898	86,181	(75,717)	-47%
Police Asset Seizure	-	-	-	30,000	30,000	30,000	0	0%
Police Expendable Trust	3,244	8,520	643	-	-	-	-	0%
Total Police	23,220	48,539	124,557	175,643	191,898	116,181	(75,717)	-39%
Parks	101,765	161,930	159,037	586,955	674,365	671,647	(2,718)	0%
Real Estate Excise Tax	-	-	-	-	-	-	-	0%
Equipment Reserve	230,807	106,902	325,901	430,954	440,001	427,600	(12,401)	-3%
Debt Service	245,530	579,677	659,837	656,740	656,740	659,390	2,650	0%
Capitals Facilities	940,246	7,418,984	6,929,743	939,426	987,237	124,947	(862,290)	-87%
Agency & Others								
Arts & Culture	5,976	4,686	3,770	19,372	22,570	49,480	26,910	119%
Unemployment	-	-	-	-	-	-	-	-
Compensation Reserve	-	4,015	13,331	5,785	10,000	27,000	17,000	170%
Flex Benefits	-	-	11,173	72,317	45,000	45,000	0	0%
Construction Deposits	39,072	-	38,300	162,500	325,000	325,000	-	0%
Intergovernmental	-	-	-	-	-	-	-	0%
Agency Fund	73,759	65,630	71,295	108,638	168,328	168,328	-	0%
Utility Security Deposits	20,426	32,074	42,416	45,453	39,000	43,000	4,000	10%
Haller Park	-	-	-	-	-	10,000	10,000	100%
Total Agency & Others	139,233	106,405	180,285	414,065	609,898	667,808	57,910	9%



City Of Sequim Budget Overview

Providing for a Safe, Sustainable and Connected Community...

General Fund Revenue

2017 Key Goals

- ❖ Conservatively forecast and budget revenues
- ❖ Maintain a diversified mix of revenues to handle fluctuations and appropriately distribute costs of services.
- ❖ Identify ongoing revenues that can be matched with ongoing expenses.
- ❖ Support opportunities to enhance service delivery through intergovernmental cooperation, shared revenues and grants. This revenue will be treated as one-time revenue.
- ❖ Minimize impact of any tax and fee increases on residents and ratepayers, especially low income.
- ❖ Annually review service fees to help ensure fees are cost based for City services that provide private benefit or serve limited interests.

2017 Budget Summary

- ❖ Overall General Fund revenues are up \$239k or 2.6%
 - Sales Tax revenues are consistent with 2016 trends
 - License & Permits revenues are estimated to grow consistent with 2016 trends
 - Utility Taxes are increased based on projected rate changes of City wide utilities
 - Property Taxes will increase based only on new construction plus 1% as allowed by state statute
 - Interfund charges are based on non-General Fund activities where applicable – up due to increases in service costs and capital projects

General Fund Expenses

2017 Key Goals

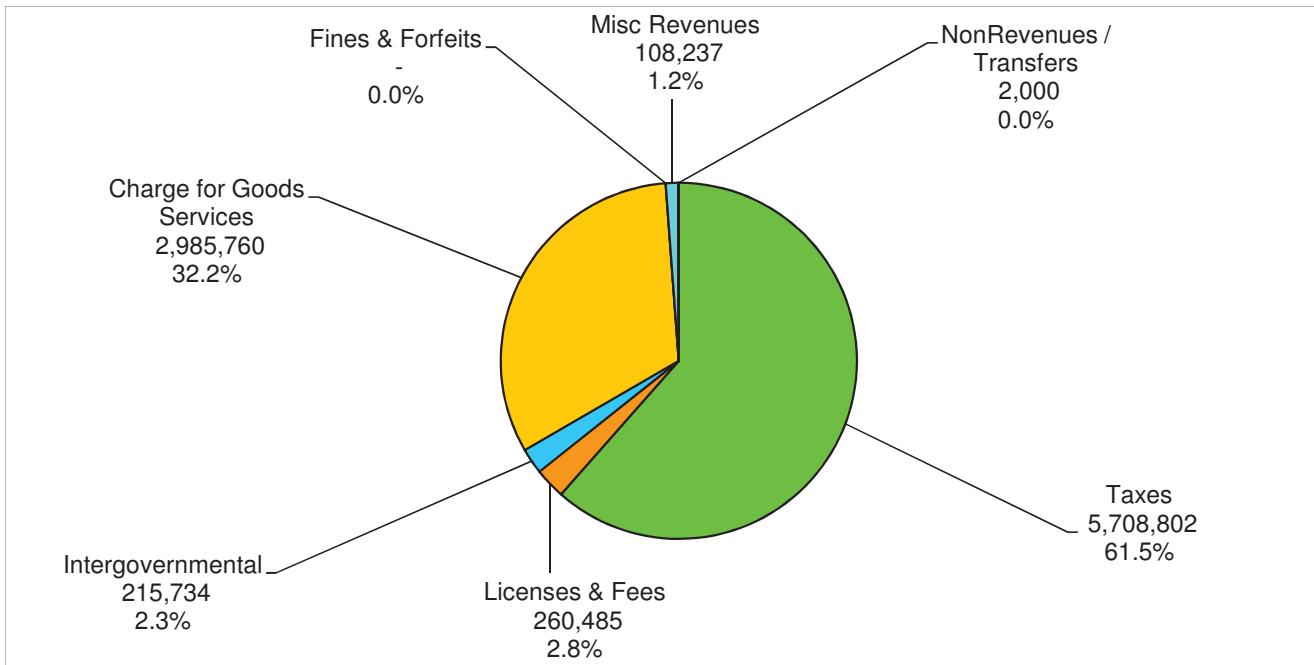
- ❖ Balance ongoing expenditures with ongoing revenues
- ❖ Full cost recovery for rates and fees and interfund support
- ❖ Support opportunities to enhance service delivery through intergovernmental cooperation
- ❖ Reallocation of resources toward Council priorities

2017 Budget Summary

- ❖ Overall General Fund expenditures are up \$287k or 3.2%
 - Salary and Benefits increased by \$128k
 - Supplies, travel and training up \$35k
 - Transfers out increased by \$42.5k for street operations and equipment reserve

**City of Sequim
2017 Budget**

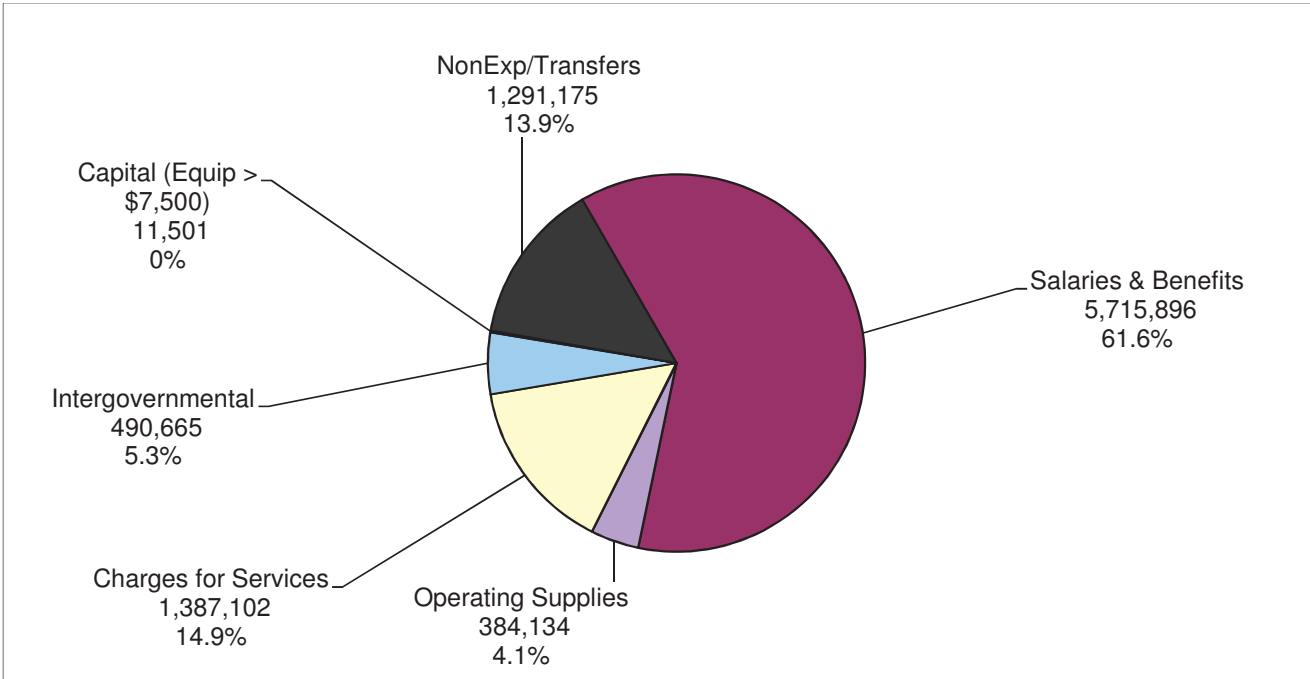
**General Fund Revenues
Total Revenues
9,281,018**



	2013 Actual	2014 Actual	2015 Actuals	2016 Forecast	2016 Budget	2017 Budget	2017-2016 Amount	%
Beginning Fund Balance	1,756,105	1,868,524	1,820,544	1,811,635	1,685,370	1,871,829	186,459	11.1%
Taxes	5,066,320	5,207,139	5,457,944	5,483,313	5,500,967	5,708,802	207,835	3.8%
Licenses & Fees	187,519	224,274	263,301	261,214	253,318	260,485	7,167	2.8%
Intergovernmental	197,342	216,366	214,021	241,648	255,752	215,734	(40,018)	-15.6%
Charge for Goods Services	2,595,394	2,273,708	2,212,579	2,804,274	2,840,449	2,985,760	145,311	5.1%
Fines & Forfeits	68,249	60,799	68,424	3,291	63,431	-	(63,431)	-100.0%
Misc Revenues	132,960	108,588	109,492	116,676	110,824	108,237	(2,587)	-2.3%
NonRevenues / Transfers	5,144	2,628	5,146	17,851	17,578	2,000	(15,578)	-88.6%
TOTAL Revenues	8,252,928	8,093,502	8,330,907	8,928,267	9,042,319	9,281,018	238,699	2.6%
Total Expenses	8,138,861	8,141,536	8,339,818	8,868,074	8,993,148	9,280,473	287,325	3.2%
Net Surplus/(Deficit)	114,067	(48,032)	(8,910)	60,193	49,171	545	(48,626)	-98.9%
Ending Fund Balance	1,870,172	1,820,492	1,811,634	1,871,828	1,734,541	1,872,374	137,833	7.9%

**City of Sequim
2017 Budget**

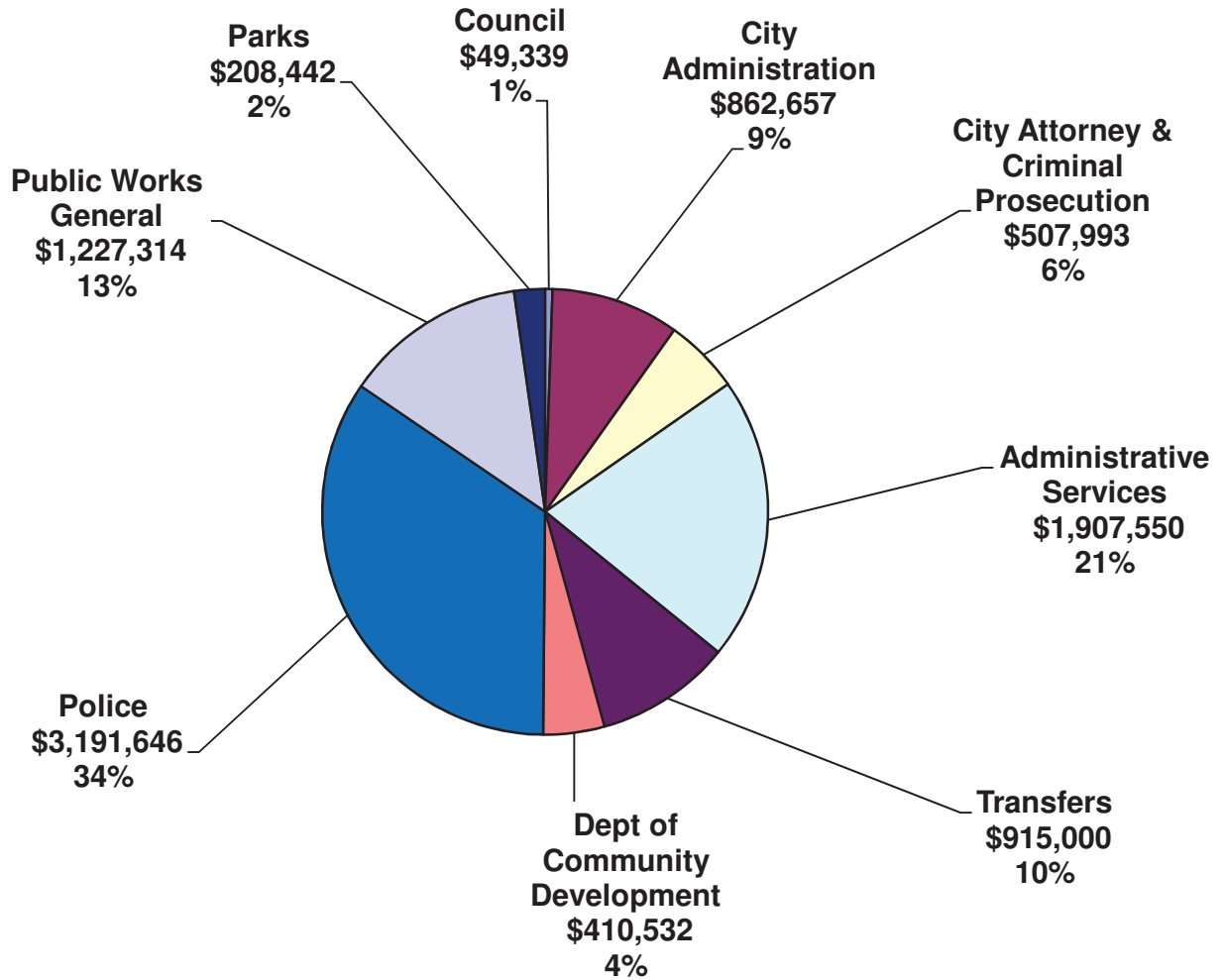
**General Fund Expenses
Total Expenses
9,280,473**



	2013 Actual	2014 Actual	2015 Actual	2016 Forecast	2016 Budget	2017 Budget	2017-2016 Amount	%
Beginning Fund Balance	1,756,105	1,868,524	1,820,544	1,811,635	1,685,370	1,871,829	186,459	11.1%
Total Revenues	8,252,928	8,093,504	8,330,908	8,928,267	9,042,319	9,281,018	238,699	2.6%
Salaries & Benefits	5,173,914	5,388,068	5,299,729	5,547,641	5,588,137	5,715,896	127,759	2.3%
Operating Supplies	393,752	299,993	332,414	401,542	394,956	384,134	(10,822)	-2.7%
Charges for Services	1,342,005	1,336,842	1,430,835	1,217,834	1,341,187	1,387,102	45,915	3.4%
Intergovernmental	467,590	451,425	432,549	481,779	420,192	490,665	70,473	16.8%
Capital (Equip > \$7,500)		25,999	29,536	-	1	11,501	11,500	100.0%
Interfund Services				-	-	-	-	0.0%
InterDepartment				-	-	-	-	0.0%
NonExp/Transfers	761,600	639,208	814,755	1,219,278	1,248,675	1,291,175	42,500	3.4%
Total Expenses	8,138,861	8,141,535	8,339,818	8,868,074	8,993,148	9,280,473	287,325	3.2%
Net Surplus/(Deficit)	114,067	(48,032)	(8,910)	60,193	49,171	545	(48,626)	-98.9%
Ending Fund Balance	1,870,172	1,820,492	1,811,634	1,871,828	1,734,541	1,872,374	137,833	7.9%

**City of Sequim
2017 Budget**

**Total General Fund Expenses
by Department
9,280,473**



	2013 Actuals	2014 Actual	2015 Actual	2016 Forecast	2016 Budget	2017 Budget	2017-2016 Amount	2017-2016 %
General Fund Total Expenses	8,138,861	8,141,536	8,339,817	8,868,075	8,993,146	9,280,473	287,327	3%

**City of Sequim
2017 Budget**

General Fund Expenses by Department

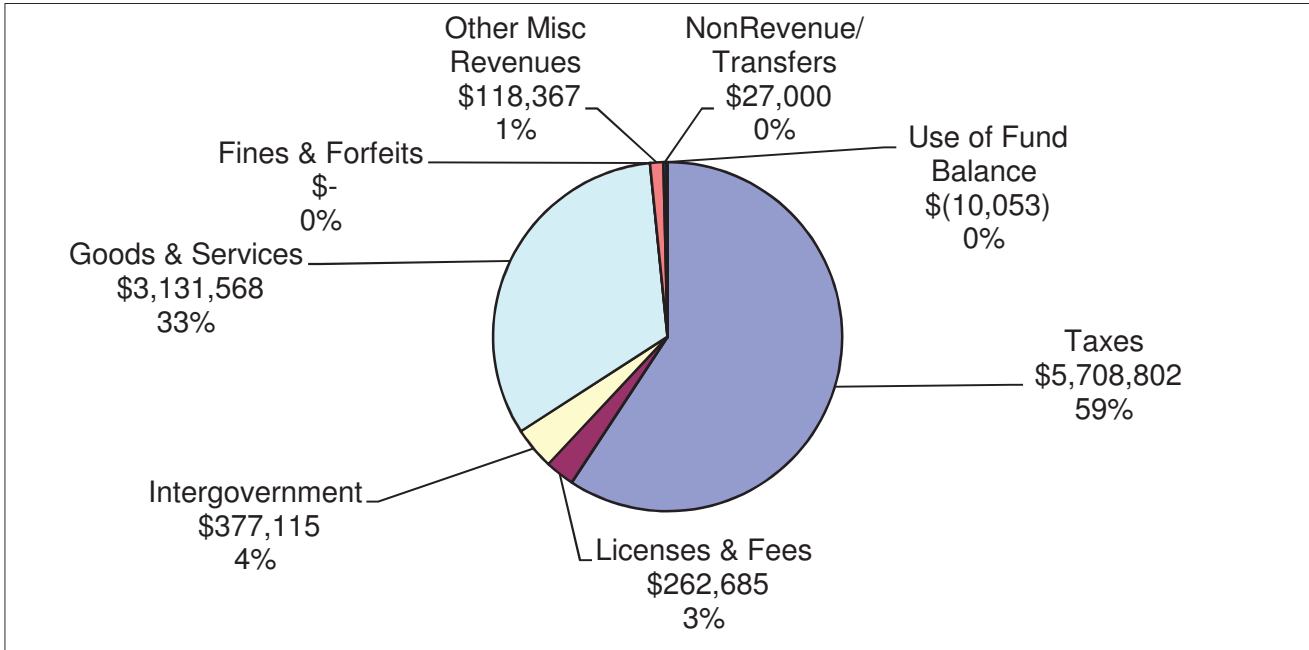
	2013 Actuals	2014 Actual	2015 Actual	2016 Forecast	2016 Budget	2017 Budget	2017-2016 Amount	%
General Fund								
Total Expenses	8,138,861	8,141,536	8,339,817	8,868,075	8,993,146	9,280,473	287,327	3%
Council	47,511	39,816	65,448	52,285	52,959	49,339	(3,620)	-7%
City Administration								
City Manager	183,482	188,238	247,855	240,909	244,004	328,080	84,076	34%
City Clerk	239,351	210,299	218,477	222,387	224,109	208,810	(15,299)	-7%
Communications	49,791	52,204	46,971	58,903	59,602	74,224	14,622	25%
Human Resources	176,450	199,974	201,165	219,653	210,249	136,673	(73,576)	-35%
Administrative Pool				effective 2017		114,870	114,870	100%
	649,074	650,715	714,468	741,852	737,964	862,657	124,693	17%
City Attorney & Criminal Prosecution								
City Attorney	151,068	163,555	165,861	193,457	164,855	181,593	16,738	10%
Criminal Prosecution	524,986	492,239	478,826	389,554	443,609	326,400	(117,209)	-26%
	676,054	655,794	644,687	583,011	608,464	507,993	(100,471)	-17%
Administrative Services								
Finance & IT	1,105,270	1,211,723	1,247,903	1,279,595	1,255,928	1,348,803	92,875	7%
NonDepartmental	425,473	384,552	848,861	447,212	491,772	558,747	66,975	14%
	1,530,743	1,596,275	2,096,764	1,726,807	1,747,700	1,907,550	159,850	9%
Public Works General								
Public Works Admin	592,675	670,242	509,823	611,112	616,239	637,163	20,924	3%
Facilities	452,048	452,629	660,053	262,865	242,599	265,432	22,833	9%
Engineering	281,493	282,491	261,440	308,477	316,009	324,719	8,710	3%
	1,326,216	1,405,362	1,431,316	1,182,454	1,174,847	1,227,314	52,467	4%
Parks	173,486	226,605	278,451	248,932	263,935	208,442	(55,493)	-21%
Dept of Community Development								
Growth Development	163,178	174,785	168,601	155,423	154,509	141,903	(12,606)	-8%
Building Development & Code Compliance*	342,107	352,873	353,204	385,152	389,274	268,629	(120,645)	-31%
	505,285	527,658	521,805	540,575	543,783	410,532	(133,251)	-25%
Police	2,530,492	2,609,313	2,586,878	2,817,156	2,858,494	3,191,646	333,152	12%
Transfers								
Street Ops	400,000	399,999	340,000	550,003	550,000	570,000	20,000	4%
Street/Parks Capital	60,000	-	-	40,000	70,000	-	(70,000)	-100%
Cap Facilities/Debt Service	240,000	-	391,926	385,000	385,000	345,000	(40,000)	-10%
Solid Waste/Other		30,000	450	-	-	-	-	0%
	700,000	429,999	732,376	975,003	1,005,000	915,000	(90,000)	-9%
Transfer to Equipment Reserves Included in Department Budgets								
Transfers to 164	61,600	209,109	82,379	243,675	243,675	376,175	132,500	54%

*Code Compliance moved to Police, eff 2017

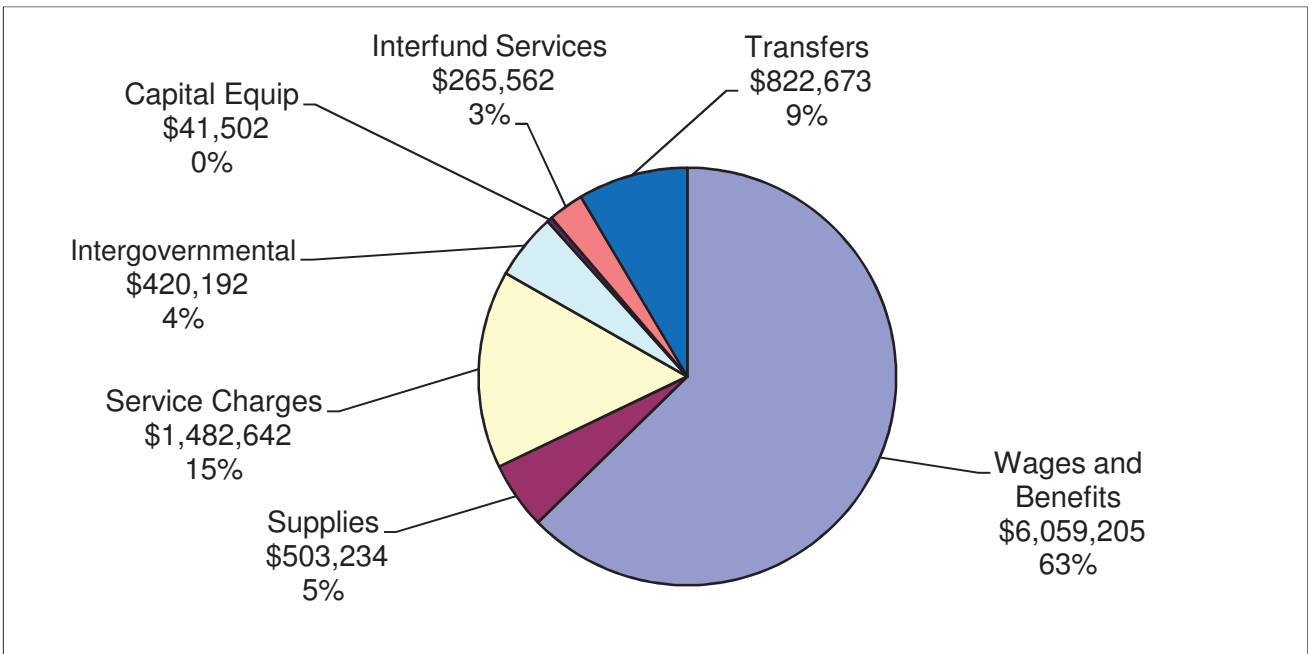
**City of Sequim
2017 Budget**

General Fund & Streets Operating Revenues & Expenses

Total Revenues \$ 9,615,484



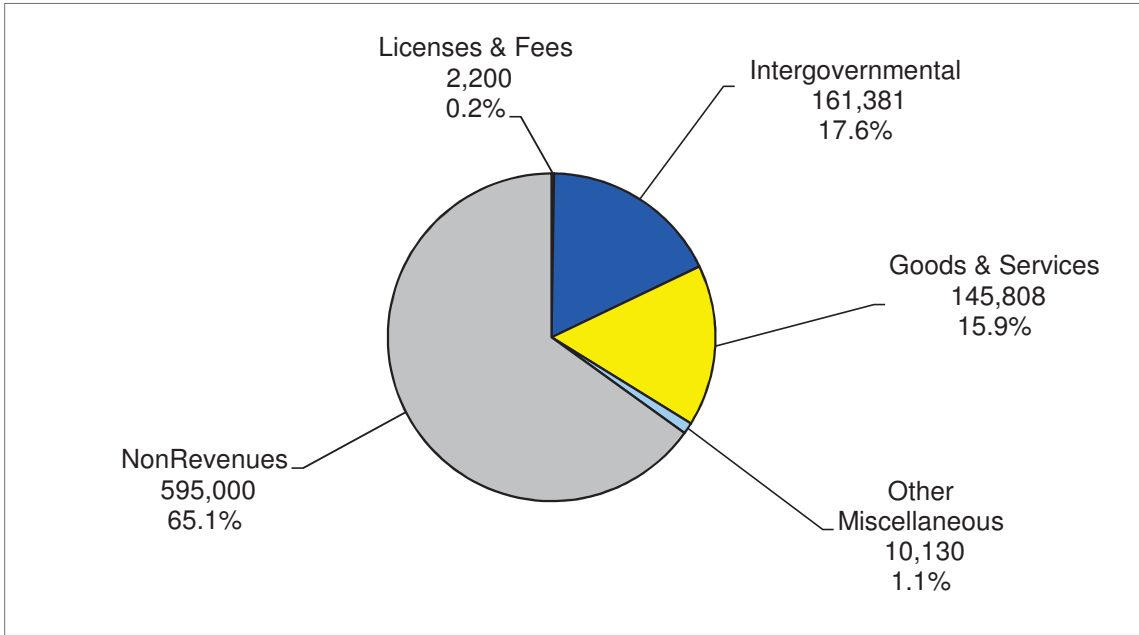
Total Expenses \$ 9,665,483



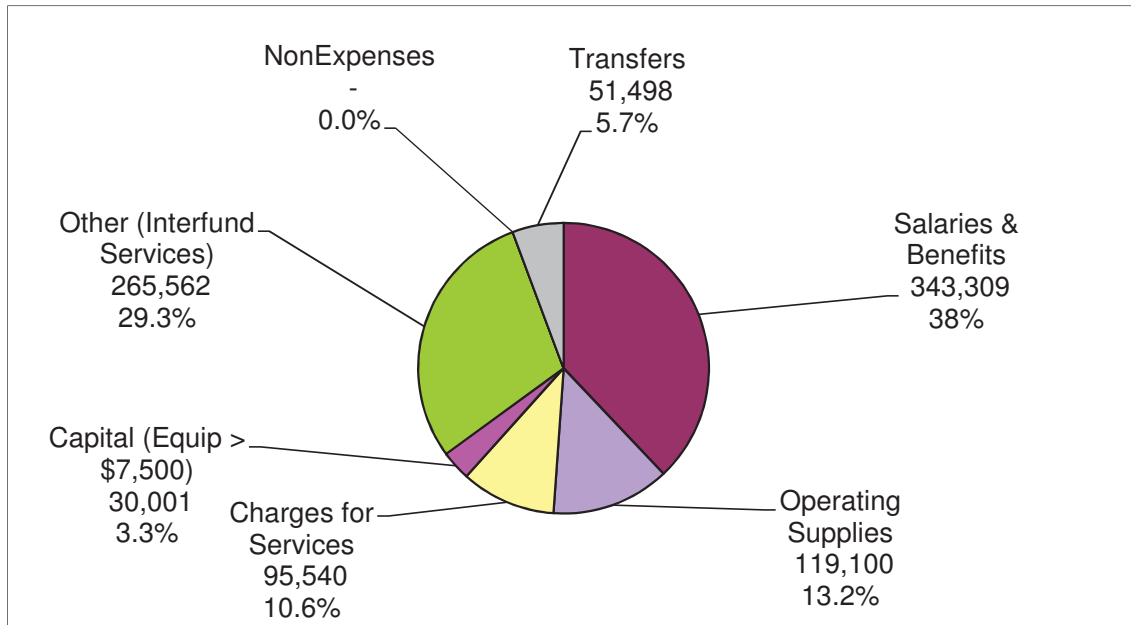
**City of Sequim
2017 Budget**

Street Operating Revenues & Expenses

Total Revenues \$ 914,519



Total Expenses \$ 905,010

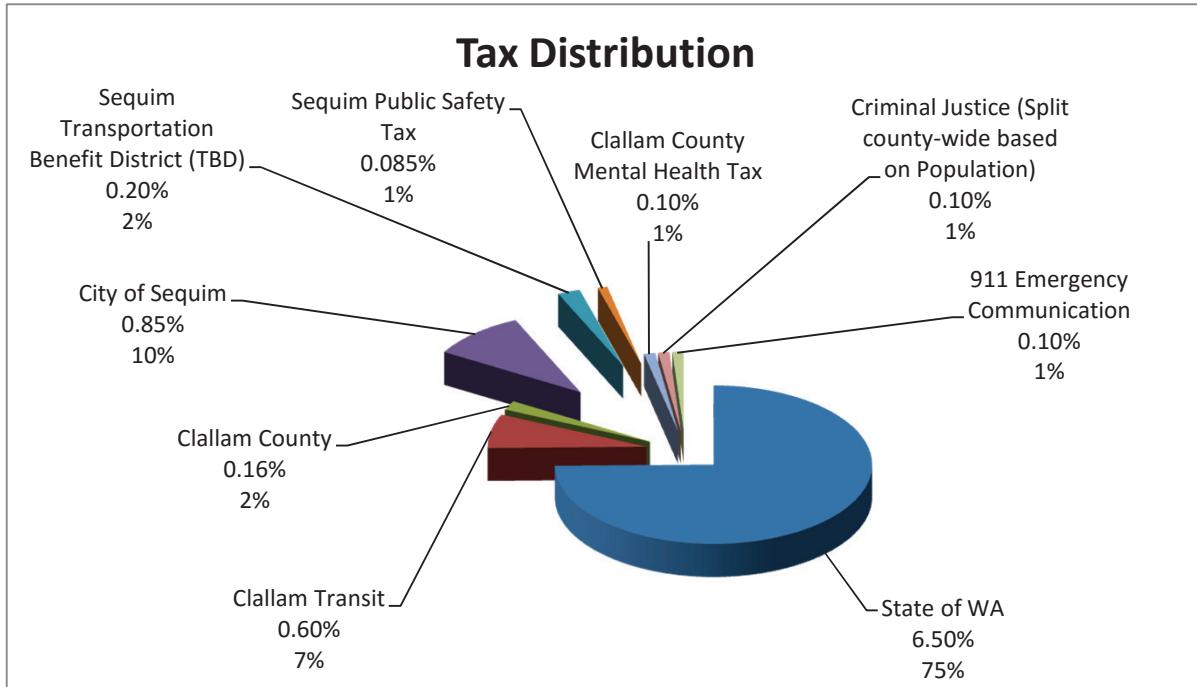


2017 Budget


Beginning Fund Balance	\$	159,138
Total Revenues		914,519
Total Expenses		905,010
Surplus/(Deficit)		9,509
Ending Fund Balance	\$	<u>168,647</u>

**CITY OF SEQUIM
2017 Budget**

**8.70% Sales Tax Distribution
Within the City Limits of Sequim**



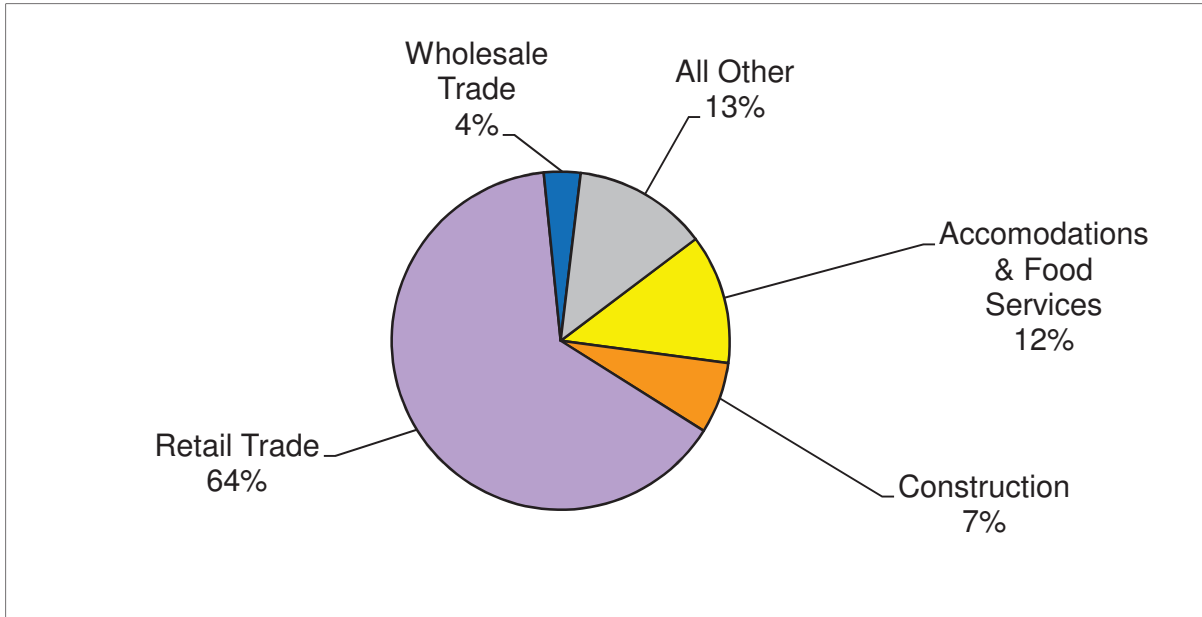
Distribution of Sales Tax Dollars		<i>Estimated</i>	
		<i>Annual Sequim Sales</i>	<i>Tax Revenue Generated</i>
Total Tax %	8.70%	\$314,487,176	\$27,349,377
State of WA	6.50%		20,441,666
Clallam Transit	0.60%		1,886,923
Clallam County	0.16%		507,897
City of Sequim	0.85%		2,673,141
Sequim Transportation Benefit District (TBD)	0.20%		628,974
Sequim Public Safety Tax	0.085%		267,314
Clallam County Mental Health Tax	0.10%		314,487
Criminal Justice (Split county-wide based on Population)	0.10%		314,487
911 Emergency Communication	0.10%		314,487

2017 Example of Sales Tax Collection					
	<i>Sequim Sale</i>	<i>Total Sales Tax</i>	<i>State Share</i>	<i>All Other Share</i>	<i>City Of Sequim Share</i>
	\$1,000	\$87	\$65	\$11	\$11
	\$5,000	\$435	\$325	\$53	\$57
	\$10,000	\$870	\$650	\$106	\$114
	\$25,000	\$2,174	\$1,625	\$265	\$284

The taxable base includes all retail sales of personal property to state residents and some types of professional services. Exclusions are food products consumed off the premises and prescription services drugs. Sales taxes are remitted by the retailers to the WA State Department of Revenue by the 25th of the month following sales (for most taxpayers). The Department of Revenue distributes the local government's share (less administrative fees) on the last day of the month following remittance to the State.

**CITY OF SEQUIM
2017 Budget**

**Annual Sales Tax by Industry
Estimate based on 2016 Forecast**



	2013 Actual	2014 Actual	2015 Actual	2016 Forecast	2017 Budget	2017-2016 Amount	%
Accommodations & Food Services	296,390	305,573	330,682	303,990			
Construction	142,777	154,637	209,030	167,194			
Retail Trade	1,498,410	1,516,369	1,619,665	1,580,746			
Wholesale Trade	72,944	84,377	79,273	86,130			
All Other	243,457	267,010	274,152	314,123			
State Adjustments	22,709	32,675	59,695	81,064			
Total	\$ 2,276,687	\$ 2,360,641	\$ 2,572,497	\$ 2,533,247	\$ 2,673,141	\$ 139,894	5.52%

Estimated Annual

Sequim Sales \$ 267,845,529 \$ 277,722,527 \$ 302,646,706 \$ 298,029,059 \$ 314,487,176

**City of Sequim
2017 Budget
Property Tax**

Clallam County Levy

	2013	2014	2015	2016
Clallam County Total Valuation	\$ 7,173,041,376	\$ 7,002,941,388	\$ 7,054,903,078	\$ 7,318,181,962
Total County Property Tax Levied	\$ 9,950,654	\$ 8,863,771	\$ 8,281,675	\$ 8,281,675
City of Sequim Valuation	\$ 828,293,553	\$ 813,614,967	\$ 807,498,734	\$ 835,517,579
Total Sequim Property Tax Levied	\$ 1,343,705	\$ 1,360,360	\$ 1,342,327	\$ 1,371,065
Distribution per \$1,000 Assessed Value	10.99	10.89	10.26	9.81

Distribution of Sequim Property Tax Dollars

Taxing District	2013			2014			2015			2016		
	Levy Rate per \$1,000 Valuation	Percent of Levy	Cost for a \$200k Home	Levy Rate per \$1,000 Valuation	Percent of Levy	Cost for a \$200k Home	Levy Rate per \$1,000 Valuation	Percent of Levy	Cost for a \$200k Home	Levy Rate per \$1,000 Valuation	Percent of Levy	Cost for a \$200k Home
State	2.548	23%	510	2.402	22%	480	2.309	23%	462	2.097	20%	419
Schools	2.298	21%	460	2.157	20%	431	1.600	16%	320	1.517	15%	303
City of Sequim	1.626	15%	325	1.674	15%	335	1.662	16%	332	1.641	16%	328
County	1.387	13%	277	1.442	13%	288	1.443	14%	289	1.404	14%	281
Fire Dist 3-General	1.375	12%	275	1.426	13%	285	1.438	14%	288	1.393	14%	279
Fire Dist 3-EMS	0.500	5%	100	0.500	5%	100	0.500	5%	100	0.486	5%	97
Hospital	0.572	5%	114	0.595	5%	119	0.601	6%	120	0.587	6%	117
Library	0.500	5%	100	0.500	5%	100	0.500	5%	100	0.491	5%	98
Port	0.194	2%	39	0.200	2%	40	0.202	2%	40	0.199	2%	40
Parks & Rec	-	0%	-	-	0%	-	-	0%	-	-	0%	-
	11.000	100%	2,200	10.894	100%	2,179	10.256	100%	2,051	9.814	96%	1,963

Property Taxes (RCW 84.52)

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied in November on the property value listed as of the prior May 31, and becomes a lien as of January 1. Assessed values are established by the County Assessor at 100% of the fair market value and are adjusted each year by the County Assessor based on market value changes. A physical verification of each property is made at least once every six years and the estimated assessed value is then changed to reflect the physical verification.

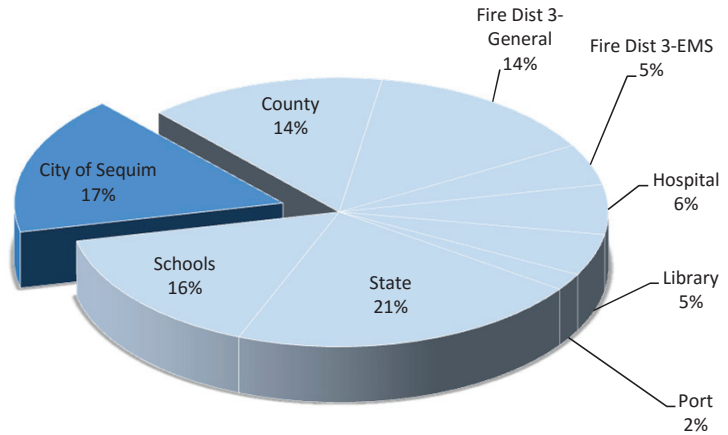
Taxes are due in two equal installments on April 30th and October 31st. Collections are remitted the month following collection to the appropriate taxing district by the County Treasurer.

A City is permitted by law to levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services. This amount does not include voter approved special levies, and may be reduced for any of the following reasons:

- A. The Washington State Constitution limits the total regular property taxes to 1% of assessed value, of which a city may levy up to \$3.60 per \$1,000 of assessed value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1% limit.
- B. Growth of the regular property tax levy before new construction and annexations is currently limited to 1% for cities with a population of less than 10,000. Prior to 2001, Washington State law (RCW 84.55.010) limited the growth of regular property taxes to 6% per year, before adjustments for new construction and annexations.
- C. The City may levy taxes below the legal limit. Special levies approved by the voters are not subject to the above limitations.
- D. Library Districts (North Olympic Library System) are entitled to \$.50 per \$1,000 of assessed valuation. Fire Districts (Fire District 3-General) are entitled to \$1.50 per \$1,000 of assessed valuation.

The Library and Fire District levies are deducted from the \$3.60 maximum available to cities. Any year in which the Library or the Fire District do not utilize their full levy, a city may assess the unused portion subject to the limitations listed above.

2016 Property Tax Levy

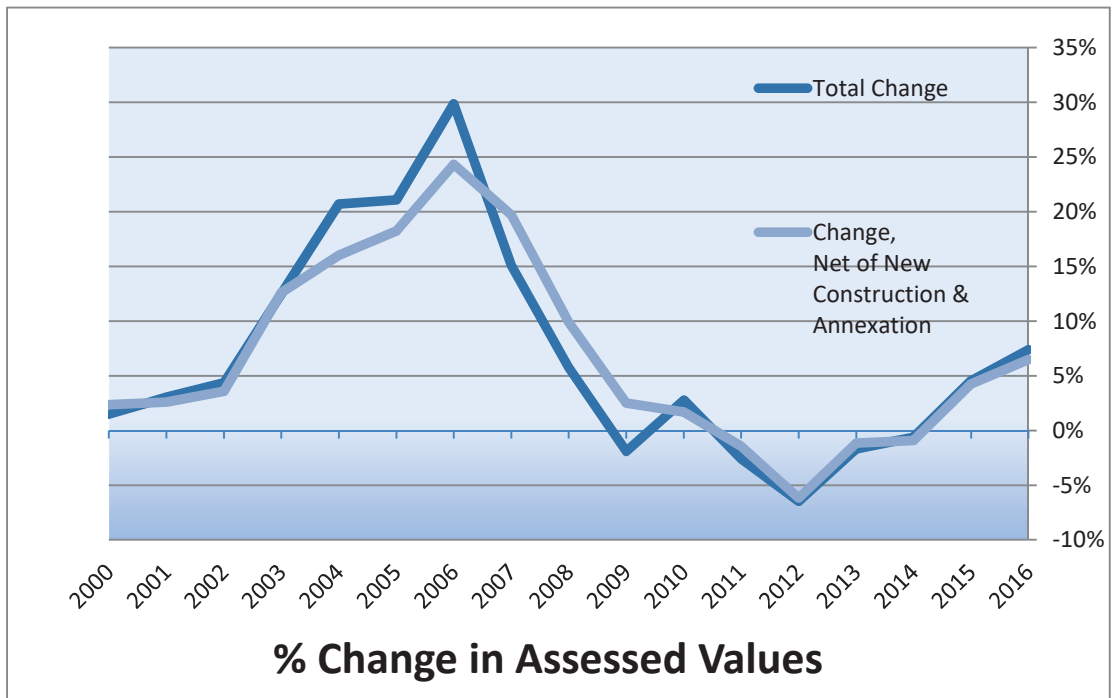


**City of Sequim
2017 Budget**

Property Tax							
Assessment Yr.	Collection Yr.	Total Tax Collections	Total Assessed Valuation (incl. New Construction & Annexation)	New Construction	Annexation	Total Change	Change, Net of New Construction & Annexation
2016	2017 est	1,413,000	906,615,854	16,864,954	-	7.39%	6.49%
2015	2016	1,379,800	844,245,082	8,524,443	201,044	4.55%	4.26%
2014	2015	1,354,031	807,498,734	6,118,573	-	-0.63%	-0.92%
2013	2014	1,359,320	812,601,422	3,760,106	-	-1.66%	-1.16%
2012	2013	1,342,846	826,359,277	8,030,406	-	-6.48%	-6.20%
2011	2012	1,338,578	883,664,857	11,284,939	-	-2.60%	-1.45%
2010	2011	1,385,322	907,241,564	20,457,733	1,585,754	2.75%	1.69%
2009	2010	1,233,066	882,919,973	11,496,585	970,739	-1.91%	2.51%
2008	2009	1,160,061	900,145,266	46,458,065	4,529,465	5.75%	9.89%
2007	2008	1,096,381	851,183,997	66,253,363	12,228,125	15.07%	19.70%
2006	2007	1,039,810	739,682,945	84,711,905	9,418,060	29.85%	24.32%
2005	2006	876,384	569,637,795	48,311,540	2,050,930	21.07%	18.24%
2004	2005	793,783	470,495,733	29,855,770	1,475,195	20.70%	16.03%
2003	2004	774,707	389,806,532	11,312,760	-	12.48%	12.59%
2002	2003		346,554,900	8,022,745	2,358,590	4.36%	3.58%
2001	2002		332,077,932	7,521,730	-	3.03%	2.59%
2000	2001		322,322,567	5,324,205	636,155	1.48%	2.36%
1999	2000		317,636,346	8,142,335	422,570		

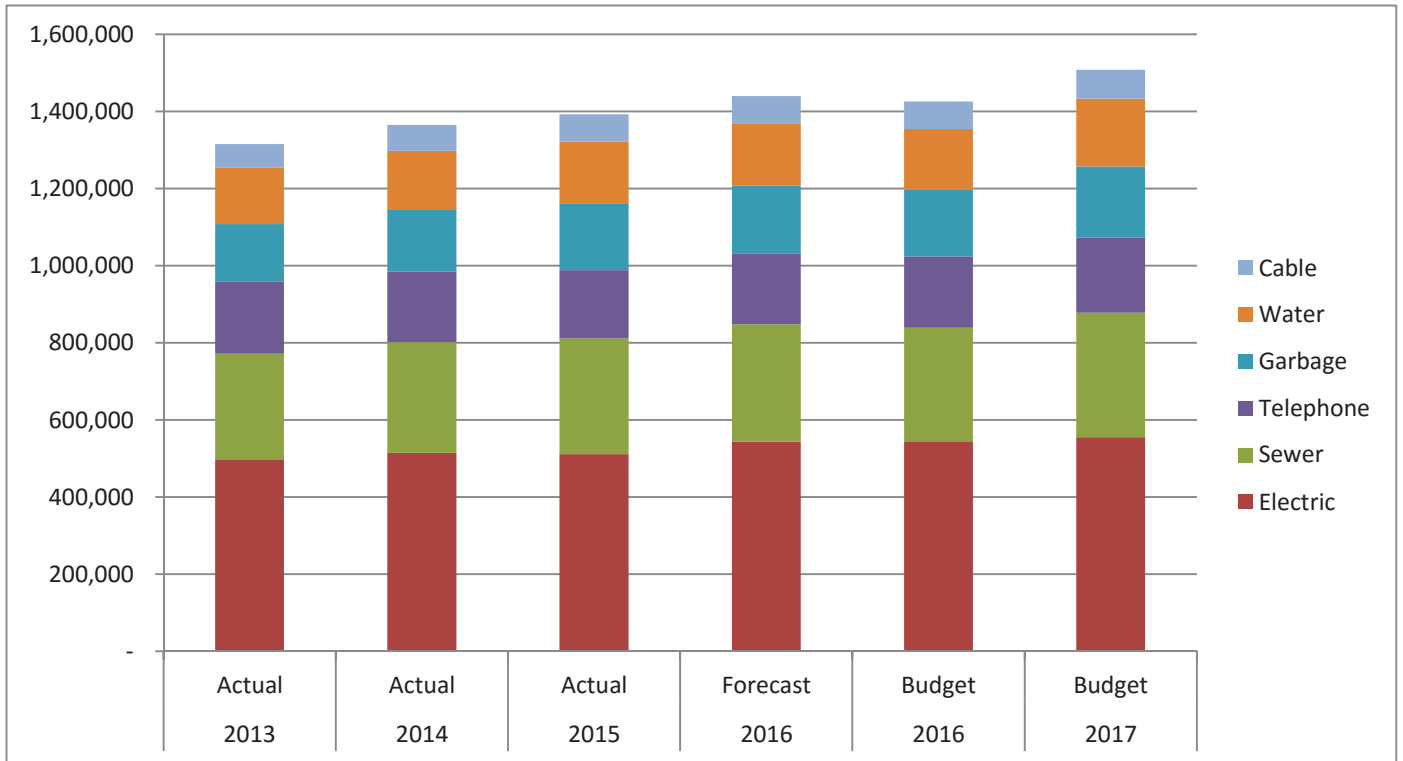
Property Tax

The statutory maximum increase of the tax levy without voter approval is 1% plus the taxable value of new construction and improvements, annexations and increases in State of Washington assessed utility values.



**CITY OF SEQUIM
2017 Budget**

**Public Utility Tax
by Public Utility**



Tax Rate*	Public Utility	2013 Actual	2014 Actual	2015 Actual	2016 Forecast	2016 Budget	2017 Budget	2017-2016 Amount	2017-2016 %
6%	Electric	497,542	514,785	511,018	543,496	542,768	555,484	12,716	2%
8%	Sewer	273,821	286,766	300,084	304,752	296,186	322,639	26,453	9%
6%	Telephone	187,749	183,703	177,369	182,452	185,315	194,609	9,294	5%
8%	Garbage	148,472	159,005	172,768	176,236	172,488	184,179	11,691	7%
8%	Water	146,182	153,749	160,719	160,258	157,587	175,759	18,172	12%
5%	Cable	61,745	67,182	70,289	72,213	71,177	74,534	3,357	5%
	Total	\$ 1,315,511	\$ 1,365,190	\$ 1,392,247	\$ 1,439,407	\$ 1,425,521	\$ 1,507,204	\$ 81,683	6%

*The tax rate is imposed upon the public utility's gross receipts.

City Of Sequim Department Description

Municipal Debt Capacity & Type of Debt

General Obligation Debt¹

According to Washington State law, voters may approve general obligation debt issues of up to 7.5% of the City's assessed valuation. This 7.5% debt capacity is allocated evenly between general government purposes, utilities and open space, park facilities & capital facilities associated with economic development, resulting in a 2.5% limit for each. All voted bonds require a 60% majority approval. To validate the election, the total votes cast must equal at least 40% of the total votes cast in the last general election.

Under RCW 39.36.020(2), the public may vote to approve **Unlimited Tax General Obligation (UTGO)** bond issues for general government in an amount not to exceed 2.5% of the assessed valuation. UTGO Bonds represent debt that was approved by voters for a specific purpose. In this case, citizens have agreed to levy property taxes to repay the debt generally over a thirty-year period. Within the 2.5% limit, the City Council may approve **Limited Tax General Obligation (LTGO)** bond issues (also called Councilmanic Bonds) not to exceed 1.5% of the City's assessed valuation. LTGO Bonds can be issued with approval of the City Council. The 1.5% can be used for any municipal purpose, including using the entire amount for bonds. This non-voted debt is repaid from general revenues of the City.

Under RCW 39.36.020(4), the public may vote to approve **Parks, Open Space and Capital Facilities associated with Economic Development** bond issues and **Utility Purpose** bond issues. Each of which is also limited to 2.5% of the City's assessed valuation.

Although the City can legally issue up to 7.5% of its assessed valuation, bond-rating agencies have a lower threshold for an acceptable debt load. Bond rating agencies use several criteria for determining the level of debt a city can maintain. The two most important are debt as a percent of assessed valuation and debt per capita. As a general rule, debt in excess of 4.5% of assessed valuation is viewed as a cause for concern.

Other Long Term Debt

Revenue bonds are used to finance construction or improvements to facilities of enterprise systems operated by the City and are generally payable from the revenues of the enterprise. No taxing power or general fund pledge is provided as security. Unlike general obligation bonds, revenue bonds are not subject to the City's statutory debt limitation and voter approval is not required.

Public Works Trust Fund loans and State Revolving Fund loans are low interest and/or interest-free loans granted to Washington cities based on a competitive and comprehensive loan application process. Those cities scoring highest in the State's evaluation process receive the favorable loans. The more significant qualifying criteria require cities to, among other things:

- Have rate study's supporting fee adoption
- Adopt a Comprehensive Plan and long term plan for financing public works needs
- Demonstrate a history of maintaining the city's utility system
- Demonstrate ability to complete the proposed project
- Demonstrate financial health and ability to repay the loan
- Have the technical and managerial capacity

The City accepts the concept that utility infrastructure users change over the useful life of those assets and fairness requires that the cost of that infrastructure be spread to those who will use it over time. Long term financing is often more equitable than using currently available funds because the users/beneficiaries/ratepayers of the system pay for the related debt. This "pay-as-you-use" concept also takes into account the negative carry costs of cash funding. Finally, our City Council will determine what is best for the community, with available and limited resources.²

¹ RCW 39.36 – Public Contract & Indebtedness – Limitation of Indebtedness of taxing districts

² MRSC Financing Public Infrastructure: Generational Equity and Municipal Debt

City Of Sequim Budget Overview

Debt Management

Compliance, tracking, funding our future...

2017 Debt Summary

2017 Key Goal

- ❖ Manage the City's Municipal Debt and protect the City's credit rating (AA- for LTGO and A+ for Revenue Bonds)
 - Conservatively manage funding sources
 - Make timely debt payments
 - Prepare timely and accurate financial information that demonstrates compliance the a myriad of financial policies for Council and Rating Agencies

2017 Budget

- ❖ \$10.68m in LTGO debt was issued in August 2013 for the Civic Center project with total debt service in 2017 of \$660k
 - Funded with \$345k General Fund, \$245k from the Public Safety Tax, and \$75k from REET
- ❖ Current Utility Debt payments continue as in prior years and are funded by Utility Rates
 - Water and sewer revenue bonds totaling approximately \$3m to fund the utility portion of the Civic Center project, and related debt service of \$115k per utility
 - State Revolving Funds - \$5.8ml in outstanding principal
 - Public Works Trust Fund - \$520k in outstanding principal

General Obligation Debt

2013 Limited Tax General Obligation (LTGO) Bond – Civic Center Project

In 2013, the City issued \$10.68m in LTGO debt to provide funds for a portion of the City's Civic Center Project as well as to pay the costs of issuance and sale of the bonds (\$241k). Payment on the \$10.68m 30 year bond at 4.53% began in 2014, with interest only payments required in the first year and a half. Payments thereafter are \$660k annually. The bond matures in December 2043.

2009 LTGO Bond - Keeler Property Acquisition

In 2008, the City entered into an agreement to purchase park lands known as Keeler Park. In 2009, the City issued \$675k in debt to finance the purchase. The 10 year debt at 3.95% interest began repayment in June 2009 and the final payment was scheduled for December 2019. In June 2010, Ducks Unlimited contributed a \$200k North American Wetlands Conservation Act Grant to the City to put towards the purchase of the property, a habitat protected for birds, elk, and deer. The grant proceeds were used to pay down the 2009 debt. The final payment of the debt was paid in December 2016.

Compensated Absences

The City is obligated to pay accrued vacation and sick-leave to its employees in accordance with union contracts and internal personnel policies. Although Compensated Absences are not payable to employees on a particular schedule, like loans and bonds, they can become a sizable liability to agencies. Rating agencies exclude this particular obligation when calculating debt capacity.

City Of Sequim Budget Overview

Utility Debt

1998 WA State Revolving Fund (SRF) Loan – Sewer Reclaimed Water Facility

The City received a \$5.324 million loan from the Washington Water Pollution Control – State Revolving Fund (SRF) Loan. This award was used to assist in the construction of a new “Class A” sewer reclamation facility at the City’s sewer treatment plant and to extend the sewer outfall if grant funds were insufficient. Repayment commenced March 1, 1999 and continues at 0% interest, but interest is subject to change. Final payment is scheduled for March 2018.

2009 WA State Revolving Fund (SRF) Loan – Sewer Water Reclamation Facility Upgrade & Expansion

The City received a \$5.540 million loan from the Centennial Clean Water Program, Washington State Water Pollution Control Revolving Fund, WA State Department of Ecology. This award was used for the upgrade and expansion of a Water Pollution Control Facility. Repayment commenced on January 2011 at 2.1% interest. Final payment is scheduled for January 2030.

2013 WA State Public Works Trust Fund Loan (PWTF) for Aerobic Digester Upgrade

City Council approved a loan of \$520k with an interest rate of 1% for a project to upgrade the current digesters and aeration system to allow greater control by the operators as well as improve energy efficiency. The City collected the remaining \$450k of the proceeds in 2016, as the project deadline for completion is December 2016. Ten annual payments of principal and interest on the loan balance commence one year after completion of the project.

2015 Water and Sewer Revenue Bonds

In 2014, Council approved a revenue bond proposal to fund the utility portion of the Civic Center project. Total proceeds were \$3.3m. Debt service for each of the utilities does not exceed \$115k per year, per utility. This obligation is reflected in the budget (the 411 Water Restricted and 422 Sewer Restricted funds).

2016 WA State Revolving Fund Loans – For Water Pollution Control and Safe Drinking Water

In 2016, Council authorized the City Manager to enter into 5 separate loan agreements as the actual loan documents become available. These loans are repayable with utility revenues.

Water Pollution Control Revolving Fund (CWSRF) loans include: \$178,050 for Aerobic Digester Capacity Upgrades (PE) with a 20 year term, 2.0% interest and \$89,025 in forgivable principal, \$513,800 for Sunnyside Sanitary Sewer Improvement, with a 20 year term, 1.8% interest and \$25,037 in forgivable principal, \$589,000 for Doe Run Lift Station Improvements, with a 20 year term, 1.8% interest and \$41,070 in forgivable principal.

Drinking Water State Revolving Fund (DWSRF) loans include \$732,099 for 5th and McCurdy Booster Station Improvements, with a 20 year term and a 1.0% interest rate, \$641,249 for Sunnyside Water Main Replacement with a 20 year term and a 1.0% interest rate.

The amount of outstanding principal reflected on the next schedule is consistent with the CIP’s prediction of progress on these projects and are only estimations.

2015 Water and Sewer Loans - Other

In 2013, Water and Sewer Capital Improvement Plans were adopted by Council and a Utility Rate Study was accepted. In 2016, the Capital Improvement Program (CIP) was updated and adopted. The plans/programs identified capital projects required to maintain the systems as well as meet the demands of growth in the area. The Rate Study provided information on revenue requirements of both enterprise funds over a 20 year period. Staff analyzed various alternative financial strategies and determined that a combination of rate increases and new debt in both water and sewer funds would be required to maintain satisfactory cash flow and reserves. The rate study is updated on a regular basis as well as the CIP. New debt will depend upon the capital projects the City is capable of initiating and managing.

**City of Sequim
2017 Budget**

Debt Capacity

Based on Prior Year Assessed Value

<i>Amount at End of Year</i>	<u>2013</u> <u>Actuals</u>	<u>2014</u> <u>Actuals</u>	<u>2015</u> <u>Actuals</u>	<u>2016</u> <u>Forecast</u>	<u>2017</u> <u>Budget</u>
Prior Year Assessed Property Value	826,359,277	812,601,422	807,498,734	835,517,579	906,615,854
				<small>per 2015 annual report</small>	<small>2017 estimates from Assessor</small>
General Purpose Debt Limit					
NonVoted Debt Limit 1.5% (councilmanic)	12,395,389	12,189,021	12,112,481	12,532,764	13,599,238
Voted Debt Limit 1.0%	8,263,593	8,126,014	8,074,987	8,355,176	9,066,159
Debt Limit 2.5%	20,658,982	20,315,036	20,187,468	20,887,939	22,665,396
Utility Purpose Debt Limit					
Voted Debt Limit 2.5%	20,658,982	20,315,036	20,187,468	20,887,939	22,665,396
Open Space, Park & Capital Facilities Debt Limit					
Voted Debt Limit 2.5%	20,658,982	20,315,036	20,187,468	20,887,939	22,665,396
Total General Obligation Debt Capacity	61,976,946	60,945,107	60,562,405	62,663,818	67,996,189
NonVoted General Obligation Debt Outstanding					
City Hall/Police Facility LTGO	10,680,000	10,680,000	10,455,000	10,230,000	10,000,000
Keeler Park Note/Bond	207,926	133,038	51,169	-	-
NonVoted GO Debt Outstanding	10,887,926	10,813,038	10,506,169	10,230,000	10,000,000
NonVoted Debt Capacity	1,507,464	1,375,983	1,606,312	2,302,764	3,599,238
Voted Debt Capacity	49,581,557	48,756,085	48,449,924	50,131,055	54,396,951
Available GO Debt Capacity	51,089,020	50,132,069	50,056,236	52,433,818	57,996,189
GO Debt as % of Assessed Value	1.32%	1.33%	1.30%	1.22%	1.10%
Industry Standard not to exceed					4.5%
GO Debt per Capita	1,588	1,566	1,519	1,446	1,380
Population	6,855	6,905	6,915	7,075	7,245
				<small>est based upon 2.4% growth</small>	

Revenue Debt Outstanding (excluded from General Purpose Debt limits)

<i>Amount Outstanding at End of Year</i>	<u>2013</u> <u>Actuals</u>	<u>2014</u> <u>Actuals</u>	<u>2015</u> <u>Actuals</u>	<u>2016</u> <u>Forecast</u>	<u>2017</u> <u>Budget</u>
SRF 2010: DOE State Revolving Fund	4,951,124	4,697,353	4,438,201	4,173,555	3,903,297
SRF 1997: DOE State Revolving Fund	1,228,615	955,590	682,564	409,538	136,513
PWTF 2013: Aerobic Digester Loan	9,675	70,067	84,510	520,000	520,000
2014 Water & Sewer Revenue Bond		3,145,000	3,025,000	2,910,000	2,795,000
¹ CWSRF Aerobic Digester Capacity				40,000	138,000
¹ CWSRF Sunnyside Sewer				203,000	312,000
¹ CWSRF Doe Run Lift Station				365,000	223,000
¹ DWSRF 5th & McCurdy Booster Station				50,000	682,000
¹ DWSRF Sunnyside Water Main				200,000	440,000
Revenue Debt Outstanding	6,189,414	8,868,010	8,230,275	8,871,094	9,149,810

¹ Estimated use of loan proceeds based upon Capital Improvement Plan

Per amortization Schedule Principal outstanding (cash basis: interest not recorded until due)

**City of Sequim
2017 Budget**

Debt Capacity

