

# City of Sequim 2019 Budget

## All City and General Fund Overview

*Providing for a safe, sustainable, and connected community*

### The Sequim Vision and Council Goals

#### A Connected Community

*Invest in transportation infrastructure, arts and culture programs, neighborhood improvements, expand available broadband...*

#### A Great Place to Live

*Economic development, youth programs...*

#### Friendly, Safe Neighborhoods

*Partner with non-profits, crime prevention, emergency preparedness...*

#### Stewards of the Environment

*Reduce carbon emissions, increase alternative energy sources, reduce recyclables & food waste...*

#### Heart of the Rural Valley

*User-friendly municipal code, ECO DEVO...*

# City Of Sequim Budget Overview

## Budget Development Process

### Policy Strategy Phase

Council Planning

Long Range Financial Plan

Public Input via Council Meetings & Community Survey

### Needs Assessment Phase

Department Program and Staff Requests

“Budget Scrub”

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

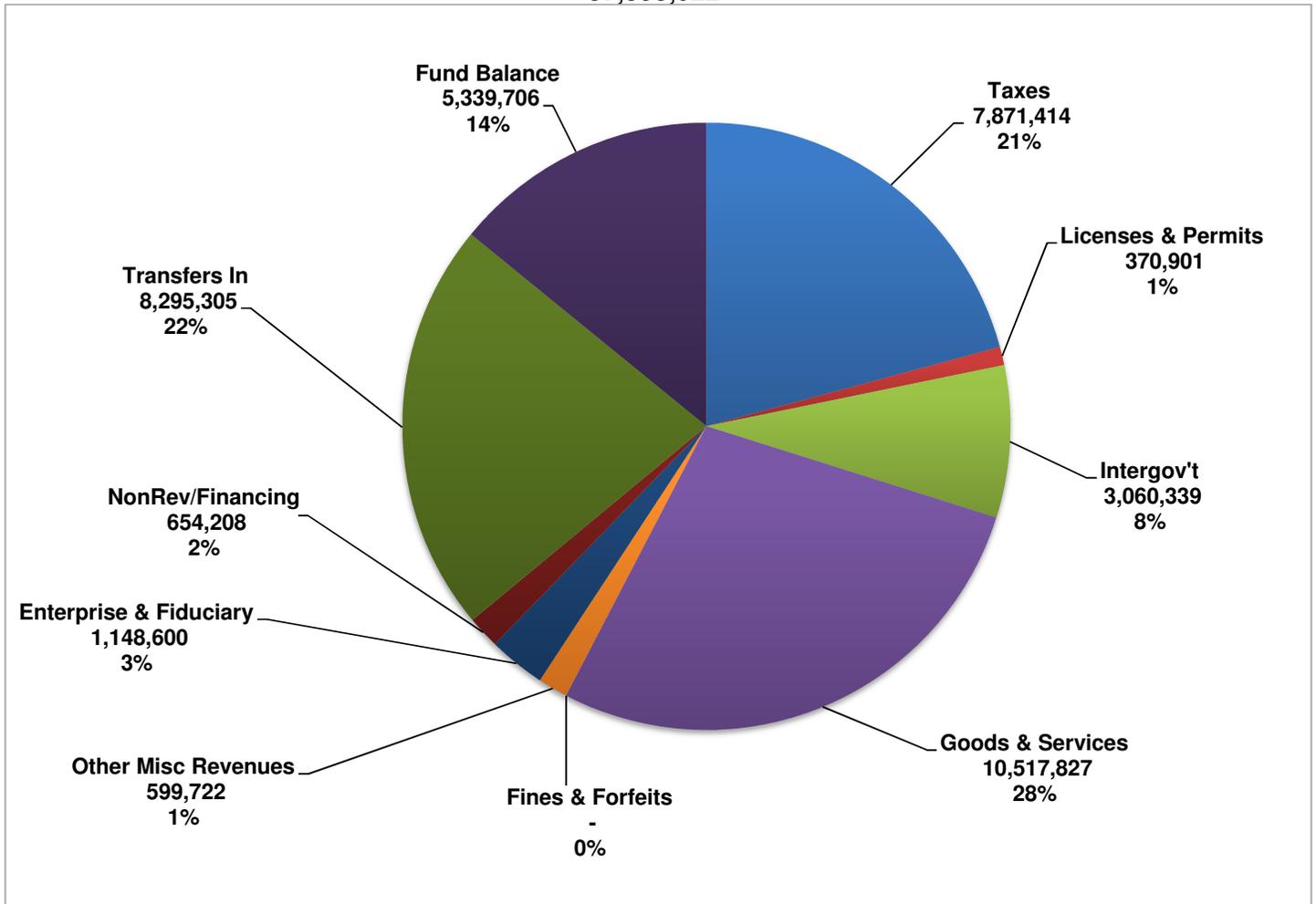


**City of Sequim  
2019 Budget**

|  | A<br>Beginning<br>Fund<br>Balance | B<br>Revenues     | C<br>Expenses     | D=B-C<br>Surplus /<br>(Deficit) | E=A+D<br>Ending<br>Fund<br>Balance |
|--|-----------------------------------|-------------------|-------------------|---------------------------------|------------------------------------|
| <b>General Fund</b>                        |                                   |                   |                   |                                 |                                    |
| 001 General Fund                           | 2,293,857                         | 10,459,001        | 10,450,141        | 8,860                           | 2,302,717                          |
| <b>Special Revenue Funds</b>               |                                   |                   |                   |                                 |                                    |
| 101 Street UnRestricted                    | 278,911                           | 870,735           | 856,388           | 14,347                          | 293,258                            |
| 111 Street Restricted                      | 1,380,362                         | 2,791,874         | 3,319,401         | (527,527)                       | 852,835                            |
| 107 StormWater UnRestricted                | 66,389                            | 160,475           | 117,983           | 42,492                          | 108,881                            |
| 117 StormWater Restricted                  | 399,919                           | 307,000           | 363,184           | (56,184)                        | 343,735                            |
| 115 Lodging Tax Hotel/Motel                | 480,451                           | 326,500           | 324,219           | 2,281                           | 482,732                            |
| 120 Police Restricted                      | 142,903                           | 362,128           | 382,381           | (20,254)                        | 122,649                            |
| 121 Police Asset Seizure                   | 31,534                            | 20,274            | 20,000            | 274                             | 31,808                             |
| 140 Parks Restricted                       | 744,267                           | 186,138           | 144,408           | 41,730                          | 785,997                            |
| 150 Real Estate Excise Tax                 | 548,535                           | 404,650           | 620,000           | (215,350)                       | 333,185                            |
| 160 Arts & Culture-Arts Commission Progr   | 5,044                             | 56,500            | 53,388            | 3,112                           | 8,156                              |
| 164 Equipment Reserve                      | 795,540                           | 405,800           | 284,700           | 121,100                         | 916,640                            |
| 199 Rainy Day                              | 700,000                           | 2,000             | 0                 | 2,000                           | 702,000                            |
| <b>Debt Service Funds</b>                  |                                   |                   |                   |                                 |                                    |
| 206 Debt Service Fund                      | 103,303                           | 755,000           | 657,625           | 97,375                          | 200,678                            |
| <b>Capital Funds</b>                       |                                   |                   |                   |                                 |                                    |
| 306 Capital Facilities Fund                | 38,315                            | 421,205           | 415,743           | 5,462                           | 43,777                             |
| <b>Enterprise Funds</b>                    |                                   |                   |                   |                                 |                                    |
| 402 Sewer UnRestricted                     | 1,558,975                         | 4,389,958         | 4,259,818         | 130,140                         | 1,689,115                          |
| 401 Water UnRestricted                     | 837,014                           | 2,357,706         | 2,367,645         | (9,939)                         | 827,075                            |
| 411 Water Restricted                       | 3,290,919                         | 1,146,500         | 1,960,150         | (813,650)                       | 2,477,269                          |
| 422 Sewer Restricted                       | 6,727,354                         | 6,399,805         | 10,539,520        | (4,139,715)                     | 2,587,639                          |
| <b>Trust, Agency &amp; Permanent Funds</b> |                                   |                   |                   |                                 |                                    |
| 500 Unemployment Compensation Reserve      | 63,080                            | 61,000            | 98,000            | (37,000)                        | 26,080                             |
| 611 Flex Benefits                          | 8,038                             | 45,000            | 45,000            | 0                               | 8,038                              |
| 621 Police Expendable Trust                | 0                                 | 20,000            | 20,000            | 0                               | 0                                  |
| 631 Construction Deposits                  | 78,963                            | 325,000           | 325,000           | 0                               | 78,963                             |
| 635 Intergovernmental Agency Fund          | 1,702                             | 178,627           | 168,328           | 10,299                          | 12,001                             |
| 645 Utility Security Deposits              | 163,360                           | 65,000            | 65,000            | 0                               | 163,360                            |
| 701 Haller Park Fund                       | 39,918                            | 440               | 0                 | 440                             | 40,358                             |
|  | <b>20,778,653</b>                 | <b>32,518,316</b> | <b>37,858,022</b> | <b>(5,339,707)</b>              | <b>15,438,946</b>                  |
|  |                                   | 8,295,305         | 8,295,305         | Transfers In / Out              |                                    |
|  |                                   | <b>24,223,011</b> | <b>29,562,717</b> | <b>Net of Transfers</b>         |                                    |
|  |                                   | 3,155,000         | 3,441,191         | InterFund Service Charges*      |                                    |
|  |                                   | <b>21,068,011</b> | <b>26,121,526</b> | <b>Net Revenues/Expenses</b>    |                                    |
|  |                                   |                   |                   | <b>w/o Transfers</b>            |                                    |
|  |                                   |                   |                   | <b>&amp; Interfund Services</b> |                                    |
|  |                                   | 14,269,122        | 14,207,900        | Operating Funds                 |                                    |
|  |                                   | 18,249,194        | 23,650,122        | Restricted/Project Funds        |                                    |
|  |                                   | <b>32,518,316</b> | <b>37,858,022</b> |                                 |                                    |

**City of Sequim  
2019 Budget**

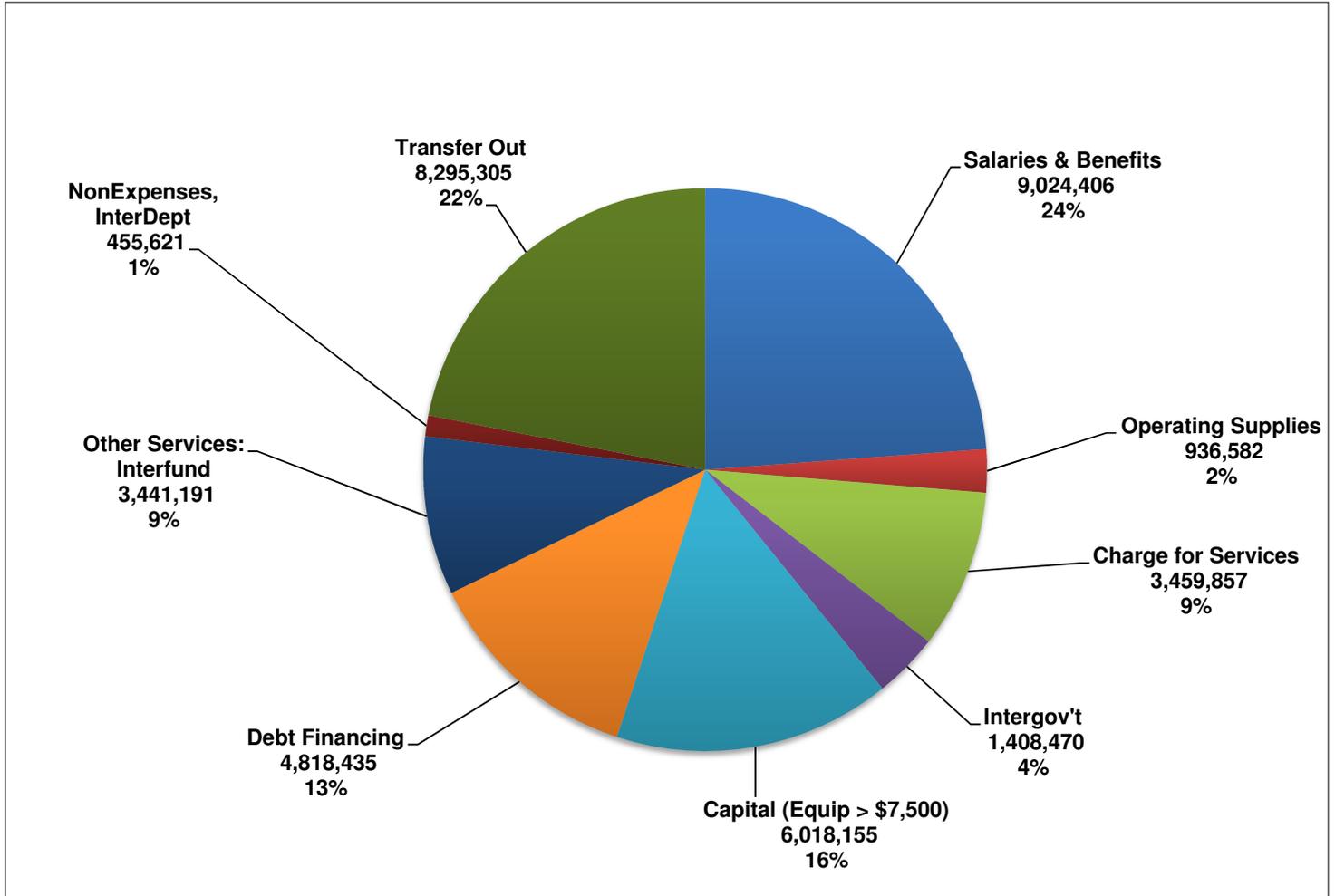
**Where Will the Money Come From?  
Total Revenue / Resources  
37,858,022**



|                                  | 2015<br>Actual    | 2016<br>Actual    | 2017<br>Actual    | 2018<br>Forecast  | 2018<br>Budget    | 2019<br>Budget    | 2019-2018<br>Amount | %            |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|--------------|
| Taxes                            | 6,370,241         | 6,685,600         | 7,213,627         | 8,253,686         | 7,537,963         | 7,871,414         | 333,451             | 4.4%         |
| Licenses & Permits               | 264,296           | 310,333           | 501,374           | 398,566           | 395,961           | 370,901           | (25,060)            | -6.3%        |
| Intergov't                       | 666,954           | 640,502           | 935,068           | 933,911           | 2,407,489         | 3,060,339         | 652,850             | 27.1%        |
| Goods & Services                 | 8,840,752         | 9,588,642         | 10,806,191        | 10,275,572        | 10,207,933        | 10,517,827        | 309,894             | 3.0%         |
| Fines & Forfeits                 | 68,424            | 4,931             | 526               | 36                | -                 | -                 | -                   | 0.0%         |
| Other Misc Revenues              | 369,213           | 564,313           | 537,598           | 399,224           | 537,953           | 599,722           | 61,769              | 11.5%        |
| Enterprise & Fiduciary           | 2,240,234         | 1,222,483         | 1,860,538         | 1,715,959         | 1,029,000         | 1,148,600         | 119,600             | 11.6%        |
| NonRev/Financing                 | 186,973           | 1,304,948         | (679,638)         | 833,629           | 664,631           | 654,208           | (10,423)            | -1.6%        |
| <b>Net Revenues</b>              | <b>19,007,087</b> | <b>20,321,752</b> | <b>21,175,284</b> | <b>22,810,583</b> | <b>22,780,930</b> | <b>24,223,011</b> | <b>1,442,081</b>    | <b>6.3%</b>  |
| Transfers In                     | 10,088,183        | 5,378,960         | 6,911,421         | 6,663,898         | 6,116,898         | 8,295,305         | 2,178,407           | 35.6%        |
| <b>Revenues</b>                  | <b>29,095,270</b> | <b>25,700,712</b> | <b>28,086,705</b> | <b>29,474,481</b> | <b>28,897,828</b> | <b>32,518,316</b> | <b>3,620,488</b>    | <b>12.5%</b> |
| Use of Beginning<br>Fund Balance | 4,763,044         | (1,928,487)       | (2,650,868)       | (483,812)         | 3,808,329         | 5,339,706         | 1,531,377           | 40.2%        |
| <b>Total Use of Revenue</b>      | <b>33,858,314</b> | <b>23,772,225</b> | <b>25,435,837</b> | <b>28,990,669</b> | <b>32,706,157</b> | <b>37,858,022</b> | <b>5,151,865</b>    | <b>15.8%</b> |

**City of Sequim  
2019 Budget**

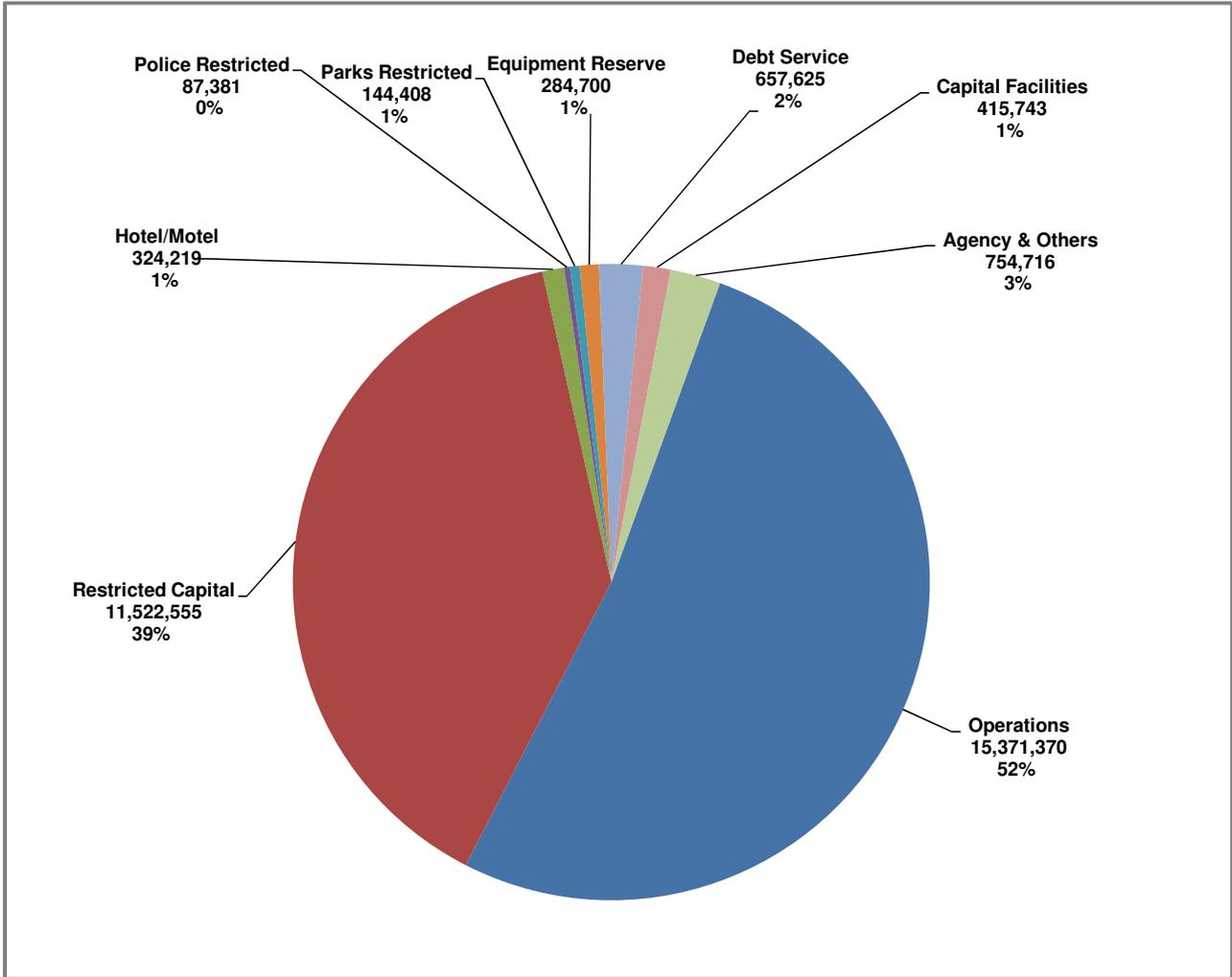
**Where Will the Money Go?  
Total Expenses  
37,858,022**



|                           | 2015<br>Actuals   | 2016<br>Actuals   | 2017<br>Actuals   | 2018<br>Forecast  | 2018<br>Budget    | 2019<br>Budget    | 2019-2018<br>Amount | %            |
|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|--------------|
| Salaries & Benefits       | 7,111,483         | 7,511,626         | 7,642,497         | 8,136,715         | 8,225,023         | 9,024,406         | 799,383             | 9.7%         |
| Operating Supplies        | 759,877           | 885,194           | 905,841           | 937,597           | 941,994           | 936,582           | (5,412)             | -0.6%        |
| Charge for Services       | 2,815,738         | 2,340,136         | 2,985,633         | 3,649,324         | 3,337,736         | 3,459,857         | 122,121             | 3.7%         |
| Intergov't                | 1,154,226         | 1,173,710         | 1,160,371         | 1,403,594         | 1,482,574         | 1,408,470         | (74,104)            | -5.0%        |
| Capital (Equip > \$7,500) | 8,320,066         | 2,408,397         | 3,183,217         | 2,966,007         | 7,338,904         | 6,018,155         | (1,320,749)         | -18.0%       |
| Debt Financing            | 1,597,622         | 1,570,616         | 1,608,416         | 1,556,839         | 1,556,844         | 4,818,435         | 3,261,591           | 209.5%       |
| Other Services: Interfund | 1,889,639         | 2,421,773         | 2,682,906         | 3,181,801         | 3,248,139         | 3,441,191         | 193,052             | 5.9%         |
| NonExpenses, InterDept    | 121,480           | 81,814            | 145,534           | 469,895           | 458,046           | 455,621           | (2,425)             | -0.5%        |
| <b>Net Expenses</b>       | <b>23,770,131</b> | <b>18,393,266</b> | <b>20,314,415</b> | <b>22,301,772</b> | <b>26,589,260</b> | <b>29,562,717</b> | <b>2,973,457</b>    | <b>11.2%</b> |
| Transfer Out              | 10,088,183        | 5,378,960         | 5,121,422         | 6,688,898         | 6,116,898         | 8,295,305         | 2,178,407           | 35.6%        |
| <b>Total Expenses</b>     | <b>33,858,314</b> | <b>23,772,226</b> | <b>25,435,837</b> | <b>28,990,670</b> | <b>32,706,158</b> | <b>37,858,022</b> | <b>5,151,864</b>    | <b>15.8%</b> |

**City of Sequim  
2019 Budget**

**Total All City Programs Expenses - Excluding Transfers  
Operations and Capital Projects  
29,562,717**



|                       | 2015<br>Actual | 2016<br>Actual | 2017<br>Actual | 2017<br>Forecast | 2018<br>Budget | 2019<br>Budget | 2019-2018%<br>Amount | %   |
|-----------------------|----------------|----------------|----------------|------------------|----------------|----------------|----------------------|-----|
| <b>All City</b>       |                |                |                |                  |                |                |                      |     |
| <b>Total Expenses</b> | 23,770,132     | 18,393,266     | 20,314,415     | 22,301,772       | 26,589,259     | 29,562,717     | 2,973,458            | 11% |

**City of Sequim  
2019 Budget**

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

|                                  | 2015<br>Actual    | 2016<br>Actual    | 2017<br>Actual    | 2018<br>Forecast  | 2018<br>Budget    | 2019<br>Budget    | 2019-2018<br>Amount | %          |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|------------|
| <b>All City Program</b>          |                   |                   |                   |                   |                   |                   |                     |            |
| <b>Total Expenses</b>            | <b>23,770,132</b> | <b>18,393,266</b> | <b>20,314,415</b> | <b>22,301,772</b> | <b>26,589,259</b> | <b>29,562,717</b> | <b>2,973,458</b>    | <b>0</b>   |
| <b>Operations</b>                |                   |                   |                   |                   |                   |                   |                     |            |
| General Fund                     | 7,525,513         | 7,589,168         | 7,965,729         | 8,539,480         | 8,611,540         | 9,172,841         | 561,301             | 0          |
| Street Ops                       | 670,764           | 794,177           | 784,277           | 807,598           | 810,445           | 793,388           | (17,057)            | (0)        |
| Stormwater Ops                   | 92,825            | 107,676           | 221,117           | 155,840           | 155,988           | 117,983           | (38,005)            | (0)        |
| Water Ops                        | 1,402,310         | 1,518,421         | 1,568,928         | 1,707,043         | 1,724,069         | 1,684,845         | (39,224)            | (0)        |
| Sewer Ops                        | 2,739,388         | 3,155,723         | 2,910,943         | 3,613,574         | 3,621,861         | 3,602,313         | (19,548)            | (0)        |
| <b>Total Operations</b>          | <b>12,430,800</b> | <b>13,165,165</b> | <b>13,450,994</b> | <b>14,823,535</b> | <b>14,923,903</b> | <b>15,371,370</b> | <b>447,467</b>      | <b>0</b>   |
| <b>Capital Restricted</b>        |                   |                   |                   |                   |                   |                   |                     |            |
| Streets                          | 973,447           | 537,228           | 1,333,899         | 1,716,288         | 3,304,394         | 2,964,401         | (339,993)           | (0)        |
| Stormwater                       | 296,373           | 61,142            | -                 | 13,620            | 175,430           | 363,184           | 187,754             | 1          |
| Water                            | 337,822           | 348,235           | 914,495           | 953,504           | 2,296,260         | 1,644,950         | (651,310)           | (0)        |
| Sewer                            | 1,134,561         | 2,279,544         | 1,362,515         | 2,068,429         | 2,824,895         | 6,550,020         | 3,725,125           | 1          |
| <b>Total Restricted Capital</b>  | <b>2,742,203</b>  | <b>3,226,149</b>  | <b>3,610,909</b>  | <b>4,751,841</b>  | <b>8,600,979</b>  | <b>11,522,555</b> | <b>2,921,576</b>    | <b>0</b>   |
| <b>Hotel/Motel</b>               | <b>224,369</b>    | <b>237,315</b>    | <b>251,205</b>    | <b>280,852</b>    | <b>291,314</b>    | <b>324,219</b>    | <b>32,905</b>       | <b>0</b>   |
| <b>Police Restricted</b>         |                   |                   |                   |                   |                   |                   |                     |            |
| Police Restricted                | 123,914           | 115,296           | 48,946            | 64,779            | 66,684            | 67,381            | 697                 | 0          |
| Police Asset Seizure             | -                 | -                 | -                 | 20,000            | 30,000            | 20,000            | (10,000)            | (0)        |
| Police Expendable Trust          | 643               | 123               | 0                 | 0                 | 0                 | 0                 | 0                   | 0          |
| <b>Total Police</b>              | <b>124,557</b>    | <b>115,419</b>    | <b>48,946</b>     | <b>84,779</b>     | <b>96,684</b>     | <b>87,381</b>     | <b>(9,303)</b>      | <b>(0)</b> |
| <b>Parks Restricted</b>          | <b>159,037</b>    | <b>561,071</b>    | <b>626,887</b>    | <b>370,656</b>    | <b>727,355</b>    | <b>144,408</b>    | <b>(582,947)</b>    | <b>(1)</b> |
| <b>Equipment Reserve</b>         | <b>325,901</b>    | <b>243,127</b>    | <b>627,108</b>    | <b>450,792</b>    | <b>465,800</b>    | <b>284,700</b>    | <b>(181,100)</b>    | <b>(0)</b> |
| <b>Debt Service</b>              | <b>659,837</b>    | <b>656,740</b>    | <b>659,190</b>    | <b>659,302</b>    | <b>659,675</b>    | <b>657,625</b>    | <b>(2,050)</b>      | <b>(0)</b> |
| <b>Capital Facilities</b>        | <b>6,929,743</b>  | <b>79,506</b>     | <b>823,744</b>    | <b>239,096</b>    | <b>104,391</b>    | <b>415,743</b>    | <b>311,352</b>      | <b>3</b>   |
| <b>Agency &amp; Others</b>       |                   |                   |                   |                   |                   |                   |                     |            |
| Arts & Culture                   | 3,770             | 21,299            | 27,241            | 31,171            | 39,830            | 53,388            | 13,558              | 0          |
| Unemployment Reserve             | 6,731             | 3,354             | 37,991            | 48,094            | 83,000            | 98,000            | 15,000              | 0          |
| Flex Benefits                    | 11,173            | 12,864            | 13,966            | 41,564            | 45,000            | 45,000            | -                   | -          |
| Construction Deposits            | 38,300            | 27,902            | 49,743            | 323,960           | 325,000           | 325,000           | -                   | -          |
| Intergovernmental                |                   |                   |                   |                   |                   |                   |                     | 0          |
| Agency Fund                      | 71,295            | 33,443            | 44,192            | 138,055           | 168,328           | 168,328           | 0                   | 0          |
| Utility Security Deposits        | 42,416            | 9,912             | 42,299            | 58,075            | 58,000            | 65,000            | 7,000               | 0          |
| Haller Park                      |                   |                   |                   |                   |                   |                   |                     | -          |
| <b>Total Agency &amp; Others</b> | <b>173,685</b>    | <b>108,774</b>    | <b>215,432</b>    | <b>640,919</b>    | <b>719,158</b>    | <b>754,716</b>    | <b>35,558</b>       | <b>0</b>   |



# City Of Sequim Budget Overview

## General Fund Revenues

### 2019 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 is 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

### 2019 Budget Summary

- ❖ Overall General Fund revenues are up \$507k or 5%
  - Sales Tax revenues reflect baseline revenues, plus \$106k to support one-time expenses
  - License & Permits revenues reflect baseline revenues
  - Utility Taxes are increased based on projected rate changes of Citywide 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

### 2019 Key Goals

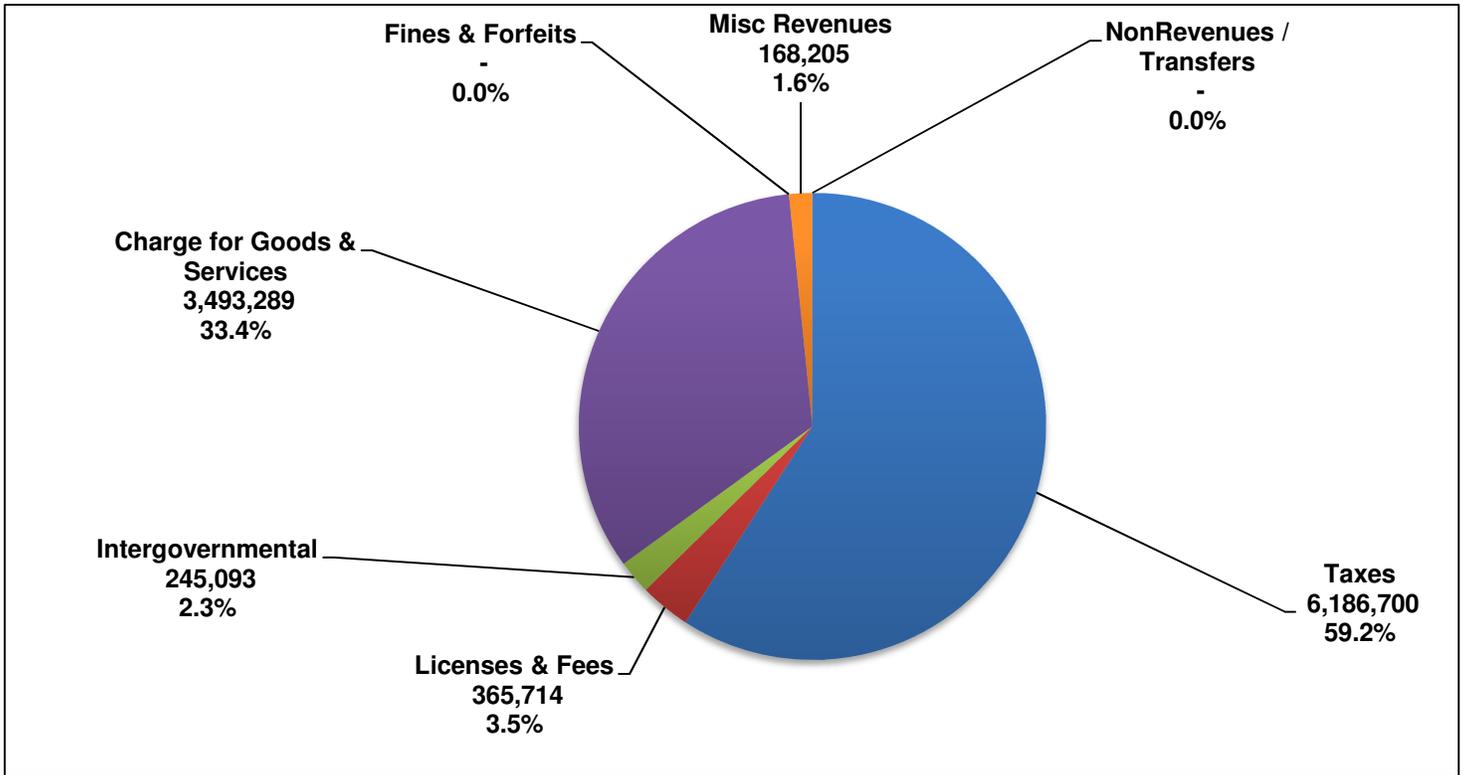
- ❖ Balance ongoing expenditures with ongoing revenues
- ❖ Full cost recovery for rates and fees and interfund support
- ❖ Support opportunities to enhance service delivery through intergovernmental cooperation
- ❖ Allocation of resources toward Council priorities

### 2019 Budget Summary

- ❖ Overall General Fund expenditures increased \$510k or 5%
  - Salary and Benefits increased by \$637k or 11%
  - Supplies increased \$12k or 4%
  - Services decreased by \$76k or 4%
  - Transfers out decreased by \$51k or 4%

**City of Sequim  
2019 Budget**

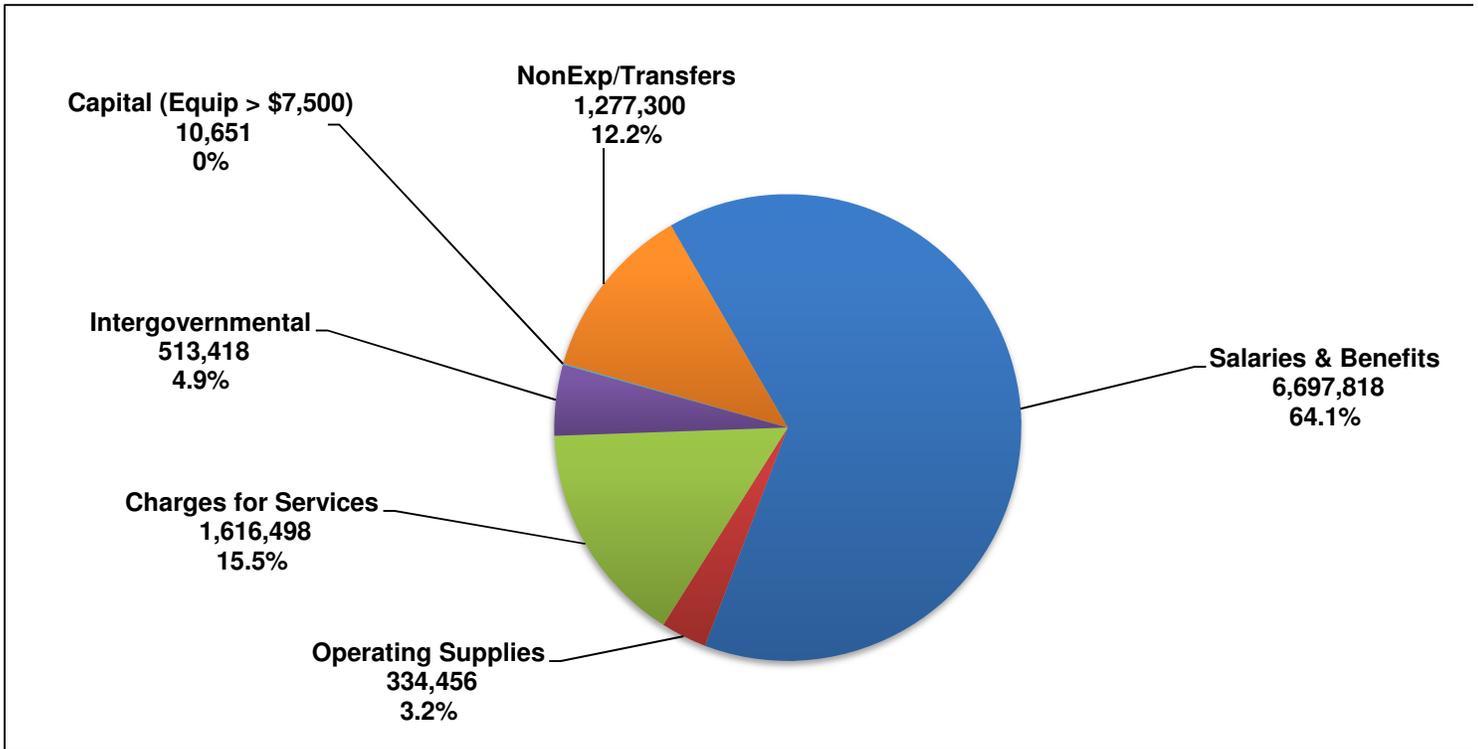
**General Fund Revenues  
Total Revenues  
10,459,001**



|                               | 2015<br>Actual   | 2016<br>Actual   | 2017<br>Actual   | 2018<br>Forecast  | 2018<br>Budget   | 2019<br>Budget    | 2019-2018<br>Amount | 2019-2018<br>% |
|-------------------------------|------------------|------------------|------------------|-------------------|------------------|-------------------|---------------------|----------------|
| <b>Beginning Fund Balance</b> | <b>1,820,544</b> | <b>1,811,635</b> | <b>2,155,443</b> | <b>2,421,742</b>  | <b>1,899,192</b> | <b>2,293,857</b>  | <b>394,665</b>      | <b>21%</b>     |
| Taxes                         | 5,457,944        | 5,706,099        | 6,036,523        | 6,378,296         | 5,941,250        | 6,186,700         | 245,450             | 4%             |
| Licenses & Fees               | 263,301          | 304,496          | 496,527          | 392,797           | 390,774          | 365,714           | (25,060)            | -6%            |
| Intergovernmental             | 214,021          | 217,030          | 238,385          | 265,708           | 216,479          | 245,093           | 28,614              | 13%            |
| Charge for Goods & Services   | 2,212,579        | 2,809,715        | 3,067,074        | 3,251,008         | 3,281,496        | 3,493,289         | 211,793             | 6%             |
| Fines & Forfeits              | 68,424           | 4,931            | 526              | 36                | -                | -                 | -                   | -              |
| Misc Revenues                 | 109,492          | 117,999          | 141,381          | 124,181           | 119,218          | 168,205           | 48,987              | 41%            |
| NonRevenues / Transfers       | 5,146            | 21,380           | 7,787            | 10,168            | 2,998            | -                 | (2,998)             | -100%          |
| <b>TOTAL Revenues</b>         | <b>8,330,907</b> | <b>9,181,650</b> | <b>9,988,203</b> | <b>10,422,194</b> | <b>9,952,215</b> | <b>10,459,001</b> | <b>506,786</b>      | <b>5%</b>      |
| <b>Total Expenses</b>         | <b>8,339,818</b> | <b>8,837,842</b> | <b>9,721,905</b> | <b>10,550,080</b> | <b>9,940,140</b> | <b>10,450,141</b> | <b>510,001</b>      | <b>5%</b>      |
| Net Surplus/(Deficit)         | (8,910)          | 343,808          | 266,298          | (127,886)         | 12,075           | 8,860             | (3,215)             | -27%           |
| <b>Ending Fund Balance</b>    | <b>1,811,634</b> | <b>2,155,443</b> | <b>2,421,741</b> | <b>2,293,856</b>  | <b>1,911,267</b> | <b>2,302,717</b>  | <b>391,450</b>      | <b>20%</b>     |

**City of Sequim  
2019 Budget**

**General Fund Expenses  
Total Expenses  
10,450,141**

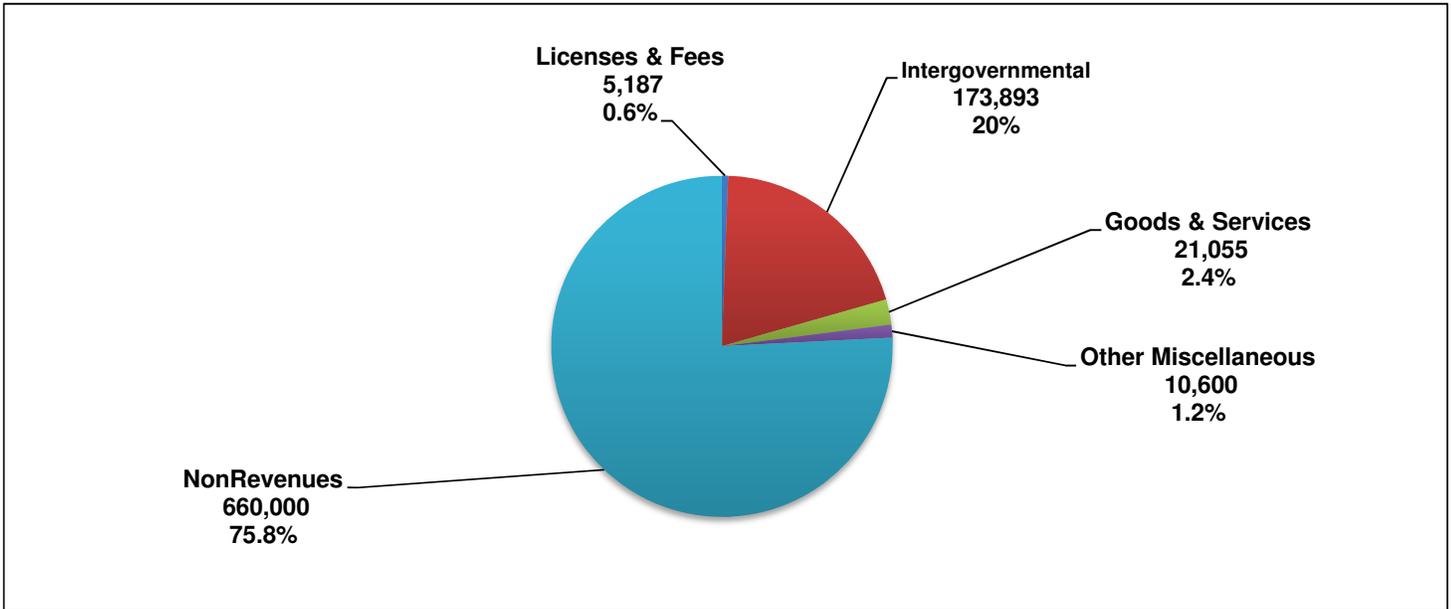


|                               | 2015<br>Actual   | 2016<br>Actual   | 2017<br>Actual   | 2018<br>Forecast  | 2018<br>Budget   | 2019<br>Budget    | 2019-2018<br>Amount | %          |
|-------------------------------|------------------|------------------|------------------|-------------------|------------------|-------------------|---------------------|------------|
| <b>Beginning Fund Balance</b> | 1,820,544        | 1,811,635        | 2,155,443        | 2,421,742         | 1,899,192        | 2,293,857         | 394,665             | 21%        |
| <b>Total Revenues</b>         | 8,330,908        | 9,181,650        | 9,988,203        | 10,422,194        | 9,952,215        | 10,459,001        | 506,786             | 5%         |
| Salaries & Benefits           | 5,299,729        | 5,544,036        | 5,664,362        | 6,042,892         | 6,061,241        | 6,697,818         | 636,577             | 11%        |
| Operating Supplies            | 332,414          | 331,547          | 347,658          | 324,601           | 322,189          | 334,456           | 12,267              | 4%         |
| Charges for Services          | 1,430,835        | 1,233,144        | 1,411,062        | 1,637,009         | 1,692,447        | 1,616,498         | (75,949)            | -4%        |
| Intergovernmental             | 432,549          | 478,956          | 482,663          | 531,124           | 530,662          | 513,418           | (17,244)            | -3%        |
| Capital (Equip > \$7,500)     | 29,536           | -                | 57,587           | 2,804             | 5,001            | 10,651            | 5,650               | 53%        |
| NonExp/Transfers              | 814,755          | 1,250,159        | 1,758,573        | 2,011,650         | 1,328,600        | 1,277,300         | (51,300)            | -4%        |
| <b>Total Expenses</b>         | <b>8,339,818</b> | <b>8,837,842</b> | <b>9,721,905</b> | <b>10,550,080</b> | <b>9,940,140</b> | <b>10,450,141</b> | <b>510,001</b>      | <b>5%</b>  |
| Net Surplus/(Deficit)         | (8,910)          | 343,808          | 266,298          | (127,886)         | 12,075           | 8,860             | (3,215)             | -27%       |
| <b>Ending Fund Balance</b>    | <b>1,811,634</b> | <b>2,155,443</b> | <b>2,421,741</b> | <b>2,293,856</b>  | <b>1,911,267</b> | <b>2,302,717</b>  | <b>391,450</b>      | <b>20%</b> |

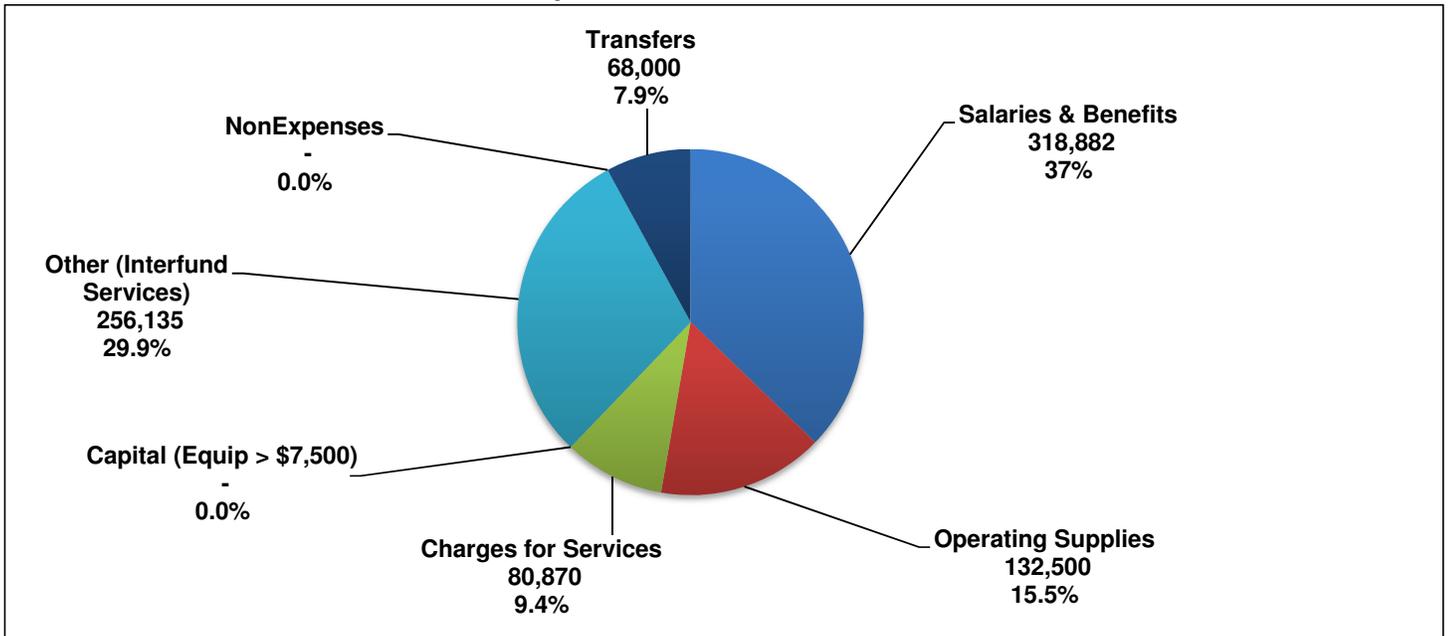
**City of Sequim  
2019 Budget**

**Street Operating Revenues & Expenses**

**Total Revenues \$ 870,735**



**Total Expenses \$ 856,387**



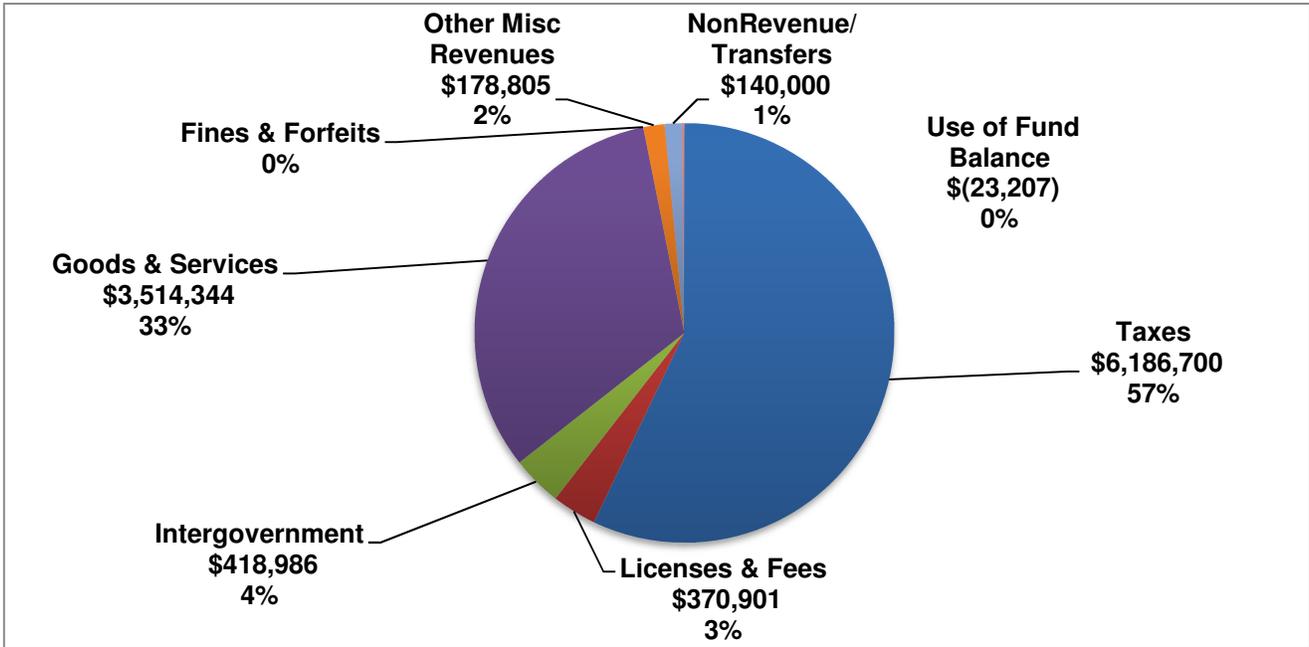
**2019 Budget**

|                        |    |               |
|------------------------|----|---------------|
| Beginning Fund Balance | \$ | 278,911       |
| Total Revenues         |    | 870,735       |
| Total Expenses         |    | 856,387       |
| Surplus/(Deficit)      |    | <u>14,348</u> |
| Ending Fund Balance    | \$ | 293,259       |

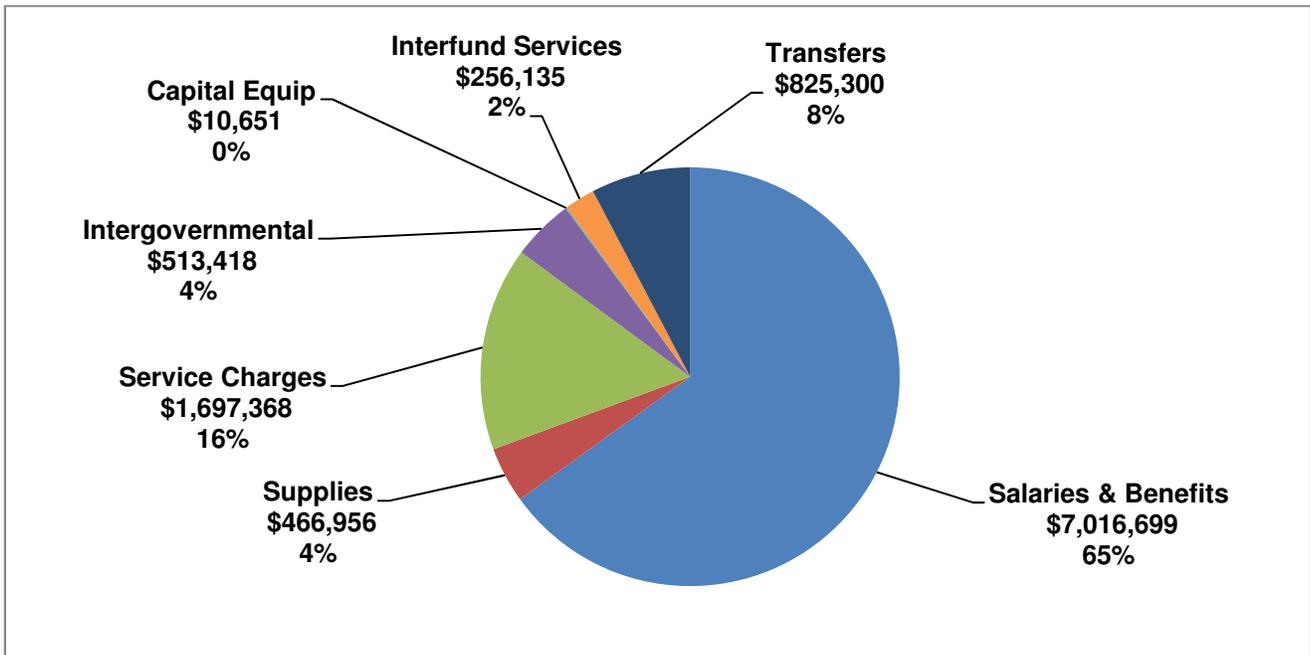
**City of Sequim  
2019 Budget**

**General Fund & Streets Operating Revenues & Expenses**

**Total Resources/Revenues \$ 10,786,529**

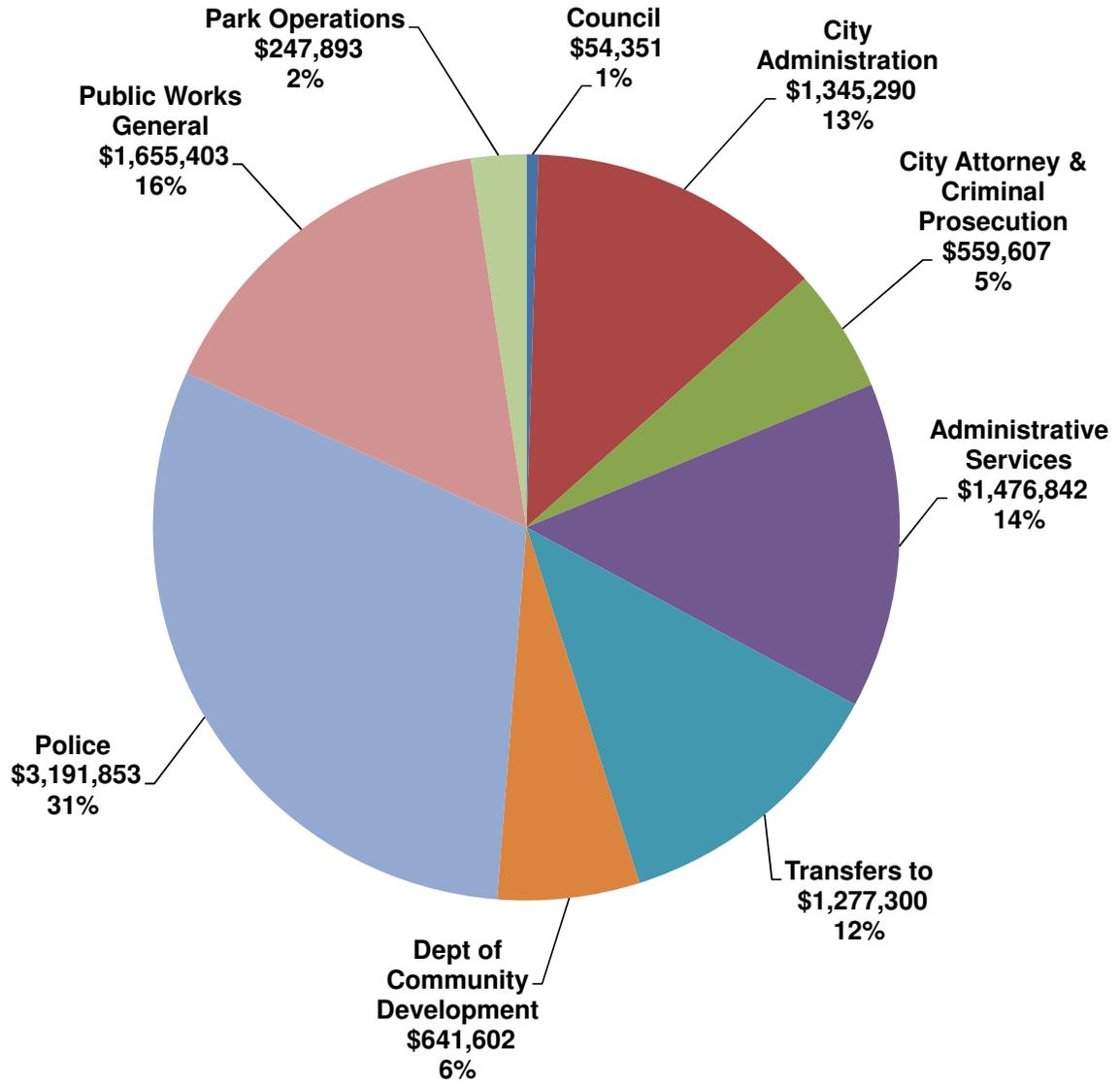


**Total Expenses \$ 10,786,527**



**City of Sequim  
2019 Budget**

**Total General Fund Expenses  
by Department  
10,450,141**

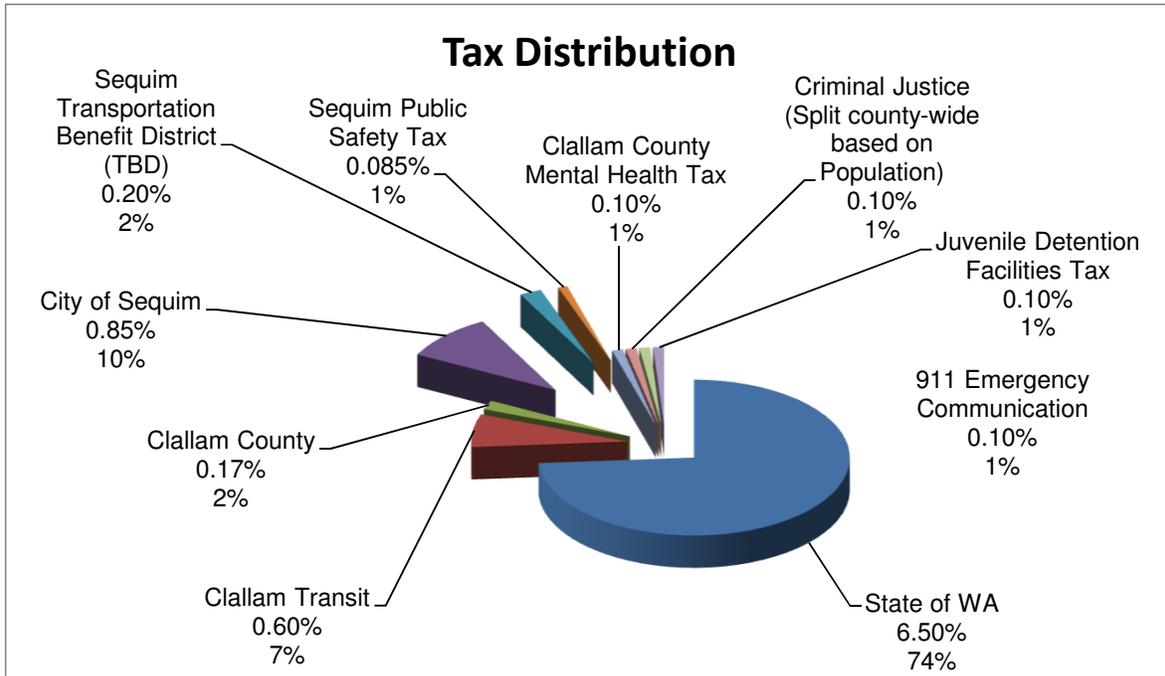


|  | 2015<br>Actual | 2016<br>Actual | 2017<br>Actual | 2018<br>Forecast | 2018<br>Budget | 2019<br>Budget | 2019-2018<br>Amount | %  |
|--|----------------|----------------|----------------|------------------|----------------|----------------|---------------------|----|
| <b>General Fund<br/>Total Expenses</b> | 8,339,818      | 8,837,842      | 9,721,904      | 10,550,080       | 9,940,140      | 10,450,141     | 510,001             | 5% |



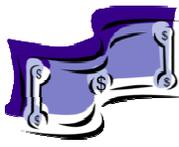
**CITY OF SEQUIM  
2019 Budget**

**8.80% 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> |
| <b>Total Tax %</b>                                       | <b>8.80%</b> | <b>\$346,633,529</b>       | <b>\$30,503,751</b>          |
| State of WA  | 6.50%        |                            | 22,531,179                   |
| Clallam Transit  | 0.60%        |                            | 2,079,801                    |
| Clallam County   | 0.17%        |                            | 571,945                      |
| <b>City of Sequim</b>                                    | <b>0.85%</b> |                            | <b>2,946,385</b>             |
| Sequim Transportation Benefit District (TBD)             | 0.20%        |                            | 693,267                      |
| Sequim Public Safety Tax                                 | 0.085%       |                            | 294,639                      |
| Clallam County Mental Health Tax                         | 0.10%        |                            | 346,634                      |
| Criminal Justice (Split county-wide based on Population) | 0.10%        |                            | 346,634                      |
| 911 Emergency Communication                              | 0.10%        |                            | 346,634                      |
| Juvenile Detention Facilities Tax                        | 0.10%        |                            | 346,634                      |

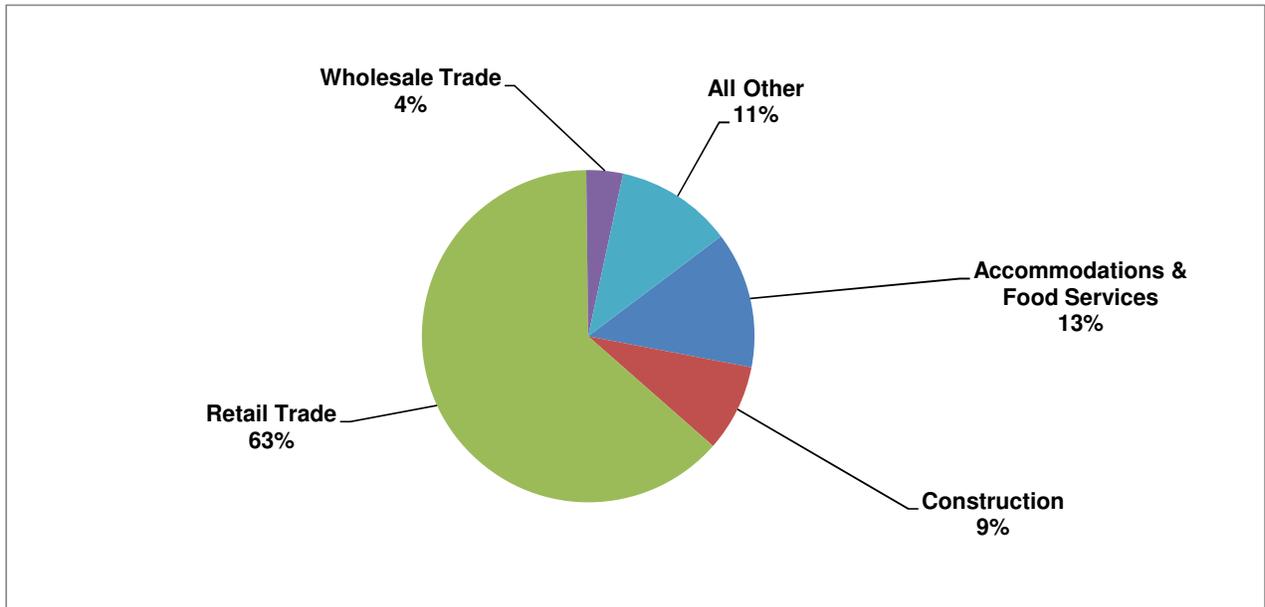
**2019 Example of Sales Tax Collection**

|   | <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            | \$88                   | \$65               | \$12                   | \$11                        |
|   | \$5,000            | \$440                  | \$325              | \$58                   | \$57                        |
|   | \$10,000           | \$880                  | \$650              | \$117                  | \$114                       |
|   | \$25,000           | \$2,200                | \$1,625            | \$291                  | \$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  
2019 Budget**

**Annual Sales Tax by Industry  
Estimate based on 2018 Forecast**



|   | 2015<br>Actual      | 2016<br>Actual      | 2017<br>Actual      | 2018<br>Forecast    | 2019<br>Budget      | 2018-2017<br>Amount | %             |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------|
| <b>Accommodations &amp; Food Services</b> | 330,682             | 365,711             | 386,478             | 422,764             |                     |                     |               |
| <b>Construction</b>                       | 209,030             | 182,795             | 249,432             | 271,086             |                     |                     |               |
| <b>Retail Trade</b>                       | 1,619,665           | 1,748,493           | 1,847,468           | 2,017,006           |                     |                     |               |
| <b>Wholesale Trade</b>                    | 79,273              | 89,809              | 103,570             | 112,952             |                     |                     |               |
| <b>All Other</b>                          | 274,152             | 335,966             | 331,431             | 361,447             |                     |                     |               |
| <b>State Adjustments</b>                  | 59,695              | 15,580              | 36,283              | 41,954              |                     |                     |               |
| <b>Total</b>                              | <b>\$ 2,572,497</b> | <b>\$ 2,738,354</b> | <b>\$ 2,954,662</b> | <b>\$ 3,227,209</b> | <b>\$ 2,946,385</b> | <b>\$ (8,277)</b>   | <b>-0.28%</b> |

Budget detail  
by Industry not  
available

*Estimated Annual Sequim Sales* \$ 302,646,706 \$322,159,335 \$347,607,294 \$379,671,647 \$ 346,633,529

**City of Sequim  
2019 Budget  
Property Tax**

**Clallam County Levy**

|   | 2016             |  | 2017             |  | 2018             |
|---|------------------|--|------------------|--|------------------|
| Clallam County Total Valuation          | \$ 7,318,181,962 |  | \$ 7,697,314,552 |  | \$ 8,321,650,465 |
| Total County Property Tax Levied        | \$ 10,271,663    |  | \$ 10,491,188    |  | \$ 10,732,513    |
| City of Sequim Valuation                | \$ 835,517,579   |  | \$ 906,086,629   |  | \$ 973,941,010   |
| Total Sequim Property Tax Levied        | \$ 1,371,065     |  | \$ 1,413,614     |  | \$ 1,049,952     |
| Distribution per \$1,000 Assessed Value | 9.81             |  | 9.54             |  | 10.32            |

**Distribution of Sequim Property Tax Dollars**

| Taxing District             | 2016                            |                 |                        | 2017                            |                 |                        | 2018                            |                 |                        |
|-----------------------------|---------------------------------|-----------------|------------------------|---------------------------------|-----------------|------------------------|---------------------------------|-----------------|------------------------|
|                             | 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-Part 1                | 2.097                           | 21%             | 419                    | 2.093                           | 22%             | 419                    | 1.942                           | 19%             | 388                    |
| State-Part 2 (NEW 2018)     |                                 |                 |                        |                                 |                 |                        | 1.060                           | 10%             | 212                    |
| Schools-Special             | 1.517                           | 15%             | 303                    | 1.427                           | 15%             | 285                    | 1.437                           | 14%             | 287                    |
| Schools-CP/Bonds (NEW 2018) |                                 |                 |                        |                                 |                 |                        | 0.154                           | 1%              | 31                     |
| <b>City of Sequim</b>       | <b>1.641</b>                    | <b>17%</b>      | <b>328</b>             | <b>1.560</b>                    | <b>16%</b>      | <b>312</b>             | <b>1.502</b>                    | <b>15%</b>      | <b>300</b>             |
| County                      | 1.404                           | 14%             | 281                    | 1.363                           | 14%             | 273                    | 1.290                           | 12%             | 258                    |
| Fire Dist 3-General         | 1.393                           | 14%             | 279                    | 1.336                           | 14%             | 267                    | 1.256                           | 12%             | 251                    |
| Fire Dist 3-EMS             | 0.486                           | 5%              | 97                     | 0.500                           | 5%              | 100                    | 0.471                           | 5%              | 94                     |
| Hospital                    | 0.587                           | 6%              | 117                    | 0.568                           | 6%              | 114                    | 0.535                           | 5%              | 107                    |
| Library                     | 0.491                           | 5%              | 98                     | 0.500                           | 5%              | 100                    | 0.493                           | 5%              | 99                     |
| LCFA                        |                                 | -               | -                      |                                 | -               | -                      |                                 |                 |                        |
| Port                        | 0.199                           | 2%              | 40                     | 0.191                           | 2%              | 38                     | 0.179                           | 2%              | 36                     |
| <b>Total Levy</b>           | <b>9.814</b>                    | <b>100%</b>     | <b>1,963</b>           | <b>9.538</b>                    | <b>100%</b>     | <b>1,908</b>           | <b>10.319</b>                   | <b>100%</b>     | <b>2,064</b>           |

**Property Taxes (RCW 84.52)**

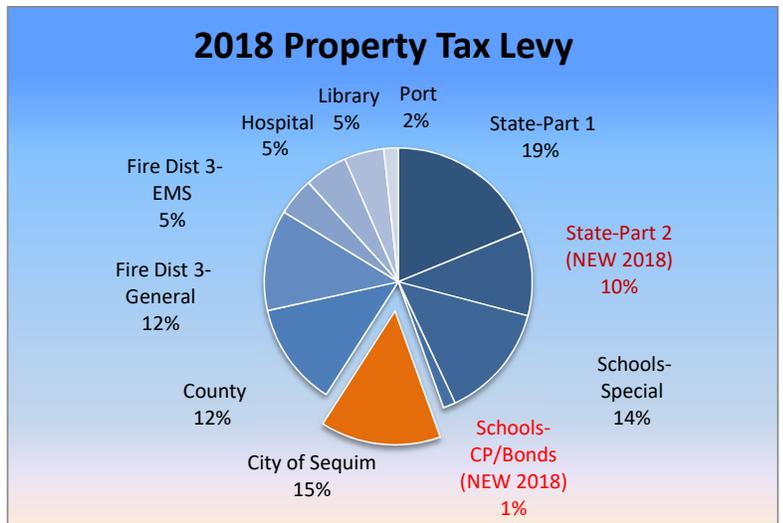
The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied in November on the property value listed as of the prior May 31, and becomes a lien as of January 1. Assessed values are established by the County Assessor at 100% of the 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.



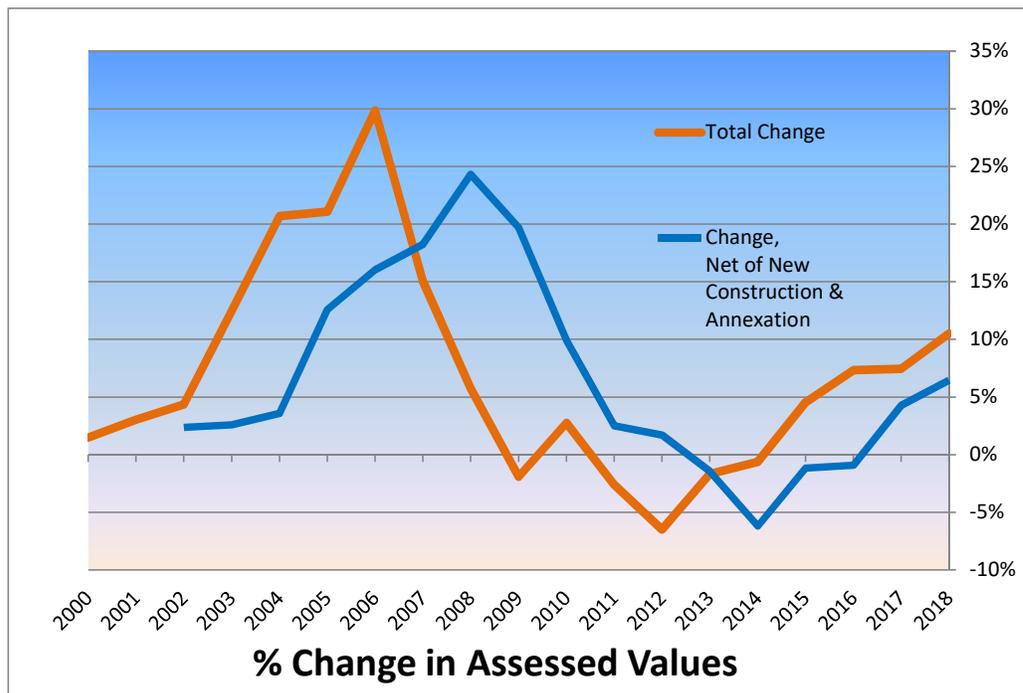
**City of Sequim  
2019 Budget**

**Assessed Values**

| 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 |
| 2018           | 2019 est       | 1,502,281             | 1,075,833,442  | 29,600,000       | -          | 10.50%       | 9.85%  |
| 2017           | 2018 est       | 1,462,655             | 973,641,686  | 21,181,704       | -          | 7.46%        | 7.09%  |
| 2016           | 2017           | 1,413,614             | 906,086,629  | 16,658,560       | -          | 7.33%        | 6.45%  |
| 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**

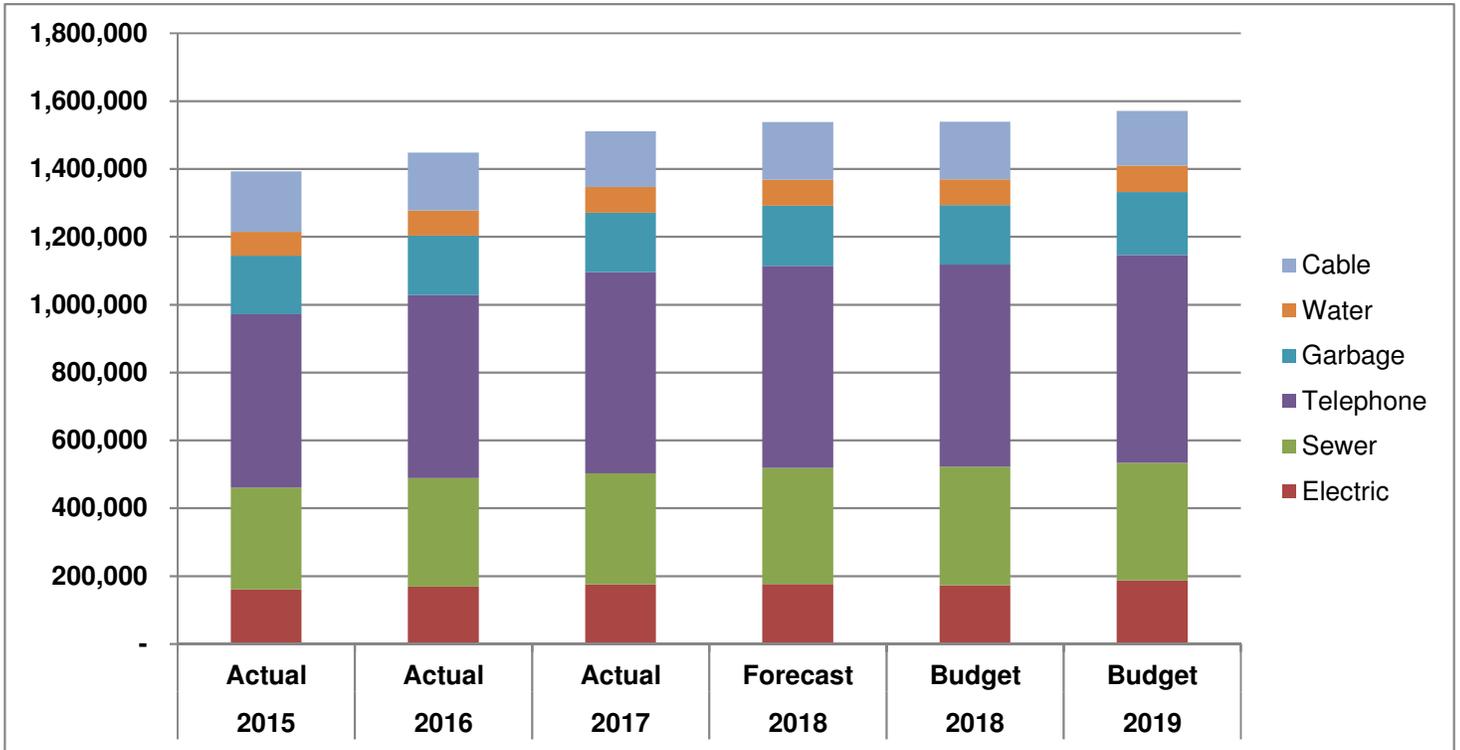
The statutory maximum increase of the tax levy without voter approval is 1% *plus* the taxable value of new construction and improvements, annexations and increases in State of Washington assessed utility values.





**CITY OF SEQUIM  
2019 Budget**

**Public Utility Tax  
by Public Utility**



| Tax Rate* | Public Utility | 2015 Actual         | 2016 Actual         | 2017 Actual         | 2018 Forecast       | 2018 Budget         | 2019 Budget         | 2018-2017 Amount | 2018-2017 % |
|-----------|----------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------------------|-------------|
| 6%        | Electric       | 160,718             | 168,373             | 175,147             | 175,821             | 173,000             | 187,000             | 14,000           | 8%          |
| 8%        | Sewer          | 300,084             | 320,200             | 327,181             | 342,337             | 349,377             | 347,000             | (2,377)          | -1%         |
| 6%        | Telephone      | 511,018             | 539,479             | 592,795             | 596,100             | 595,623             | 612,227             | 16,604           | 3%          |
| 8%        | Garbage        | 172,768             | 175,041             | 175,811             | 177,263             | 174,813             | 185,857             | 11,044           | 6%          |
| 8%        | Water          | 70,289              | 74,526              | 75,415              | 76,434              | 76,561              | 77,555              | 994              | 1%          |
| 5%        | Cable          | 177,369             | 170,562             | 164,633             | 169,613             | 169,609             | 161,683             | (7,926)          | -5%         |
|           | <b>Total</b>   | <b>\$ 1,392,246</b> | <b>\$ 1,448,181</b> | <b>\$ 1,510,982</b> | <b>\$ 1,537,568</b> | <b>\$ 1,538,983</b> | <b>\$ 1,571,322</b> | <b>\$ 32,339</b> | <b>2%</b>   |

\*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 Debt<sup>1</sup>**

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 and 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 studies 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.<sup>2</sup>

<sup>1</sup> RCW 39.36 – Public Contract & Indebtedness – Limitation of Indebtedness of taxing districts

<sup>2</sup> MRSC Financing Public Infrastructure: Generational Equity and Municipal Debt

# City Of Sequim Budget Overview

## 2019 Debt Summary

### 2019 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 with financial policies for Council and Rating Agencies

### 2019 Budget

- ❖ \$10.68ml in LTGO debt was issued in August 2013 for the Civic Center project with total debt service in 2019 of \$660k
  - A total of \$755k is being transferred into this fund to service the debt and save for possible future pre-payment of debt.
  - \$335k from the General Fund, \$315k from the Public Safety Tax, and \$105k from REET
- ❖ 2019 Utility Debt payments continue as in prior years and are funded by Utility Rates and regional contracts. 2019 begins the year with the following outstanding debt:
  - Water and sewer revenue bonds totaling approximately \$2.8m to fund the utility portion of the Civic Center project, and related debt service of \$113k per utility
  - State Revolving Funds - \$4.9ml 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 \$10.68ml 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 \$10.68ml 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.

#### **2018 Public Works Board Loan - Prairie Street Pre-Construction**

In 2018, City Council approved a \$1ml loan application to the Public Works Loan Board for pre-construction work for Prairie Street. The application was approved by the Board. Payment on the \$1ml, 20 year loan at 1.56% approximates \$60k per year. The City expects to begin collection of loan proceeds in 2019.

#### **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 on the debt was made 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.

### Utility Debt

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

The City received a \$5.324ml 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 continued at 0% interest. Final payment was made in March 2018.

## City Of Sequim Budget Overview

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

The City received a \$5.540ml 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 but the City intends to pay off this loan in early 2019.

### **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. Ten annual payments of principal and interest (\$60k) commence in 2019. The loan matures in 2027.

### **2014 WA State Revolving Fund (SRF) – WRF Aerobic Digester and Headworks Upgrade**

In 2014, Council approved a loan for \$720k, paid over 5 years at 1.4%, with an annual payment of \$168k in 2019. This loan matures in 2021.

### **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 \$3.3ml. 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: \$178k for Aerobic Digester Capacity Upgrades (PE) with a 20 year term, 2.0% interest and \$89k in forgivable principal, \$514k for Sunnyside Sanitary Sewer Improvement, with a 20 year term, 1.8% interest and \$25k in forgivable principal, \$589k for Doe Run Lift Station Improvements, with a 20 year term, 1.8% interest and \$41k in forgivable principal.

Drinking Water State Revolving Fund (DWSRF) loans include \$732k for 5<sup>th</sup> and McCurdy Booster Station Improvements, with a 20 year term and a 1.0% interest rate, \$641k 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.

### **2019 WA State Revolving Fund Loan – West Fir Street Sewer Improvements**

The City will receive reimbursements for sewer construction and improvements on West Fir Street in the form of a \$770k, 20 year loan, at 1.4% beginning in 2019. \$67k is forgivable principal. Annual payment should approximate \$40k per year and will be paid for with sewer revenues.

**City of Sequim  
2019 Budget**

**Debt Capacity**

Based on Prior Year Assessed Value

| <i>Amount at End of Year</i>                                | <u>2015</u><br><u>Actual</u> | <u>2016</u><br><u>Actual</u> | <u>2017</u><br><u>Actual</u> | <u>2018</u><br><u>Forecast</u> | <u>2019</u><br><u>Budget</u>  |
|---|------------------------------|------------------------------|------------------------------|--------------------------------|---|
| <b>Prior Year Assessed Property Value</b>                   | 807,498,734                  | 835,517,579                  | 973,941,010                  | 973,941,010                    | 1,075,833,442<br><small>2019 estimated, with new construction</small> |
| <b>General Purpose Debt Limit</b>                           |                              |                              |                              |                                |   |
| NonVoted Debt Limit 1.5% (councilmanic)                     | 12,112,481                   | 12,532,764                   | 14,609,115                   | 14,609,115                     | 16,137,502  |
| Voted Debt Limit 1.0%                                       | 8,074,987                    | 8,355,176                    | 9,739,410                    | 9,739,410                      | 10,758,334  |
| <b>Debt Limit 2.5%</b>                                      | <b>20,187,468</b>            | <b>20,887,939</b>            | <b>24,348,525</b>            | <b>24,348,525</b>              | <b>26,895,836</b>   |
| <b>Utility Purpose Debt Limit</b>                           |                              |                              |                              |                                |   |
| Voted Debt Limit 2.5%                                       | 20,187,468                   | 20,887,939                   | 24,348,525                   | 24,348,525                     | 26,895,836  |
| <b>Open Space, Park &amp; Capital Facilities Debt Limit</b> |                              |                              |                              |                                |   |
| Voted Debt Limit 2.5%                                       | 20,187,468                   | 20,887,939                   | 24,348,525                   | 24,348,525                     | 26,895,836  |
| <b>Total General Obligation Debt Capacity</b>               | <b>60,562,405</b>            | <b>62,663,818</b>            | <b>73,045,576</b>            | <b>73,045,576</b>              | <b>80,687,508</b>   |
| <b>NonVoted General Obligation Debt Outstanding</b>         |                              |                              |                              |                                |   |
| City Hall/Police Facility LTGO                              | 10,455,000                   | 10,230,000                   | 10,000,000                   | 9,765,000                      | 9,525,000   |
| W Prairie Street TIB Loan                                   |                              |                              |                              |                                | 500,000   |
| Keeler Park Note/Bond                                       | 55,243                       | -                            | -                            | -                              | -   |
| <b>NonVoted GO Debt Outstanding</b>                         | <b>10,510,243</b>            | <b>10,230,000</b>            | <b>10,000,000</b>            | <b>9,765,000</b>               | <b>10,025,000</b>   |
| NonVoted Debt Capacity                                      | 1,602,238                    | 2,302,764                    | 4,609,115                    | 4,844,115                      | 6,112,502   |
| Voted Debt Capacity   | 48,449,924                   | 50,131,055                   | 58,436,461                   | 58,436,461                     | 64,550,007  |
| <b>Available GO Debt Capacity</b>                           | <b>50,052,162</b>            | <b>52,433,818</b>            | <b>63,045,576</b>            | <b>63,280,576</b>              | <b>70,662,508</b>   |
| <b>GO Debt as % of Assessed Value</b>                       | <b>1.30%</b>                 | <b>1.22%</b>                 | <b>1.03%</b>                 | <b>1.00%</b>                   | <b>0.93%</b>  |
| Industry Standard not to exceed                             | 4.5%                         |                              |                              |                                | 48,412,505  |
| <b>GO Debt per Capita</b>                                   | 1,520                        | 1,446                        | 1,374                        | 1,309                          | 1,305   |
| Population  | 6,915                        | 7,075                        | 7,280                        | 7,460                          | 7,684   |

OFM est for 2018

est based upon 3%  
growth

**Revenue Debt Outstanding (excluded from General Purpose Debt limits)**

| <i>Amount Outstanding at End of Year</i>       | <u>2015</u><br><u>Actuals</u> | <u>2016</u><br><u>Actual</u> | <u>2017</u><br><u>Actual</u> | <u>2018</u><br><u>Forecast</u> | <u>2019</u><br><u>Budget</u> |
|--|-------------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|
| SRF 2010: DOE State Revolving Fund             | 4,438,201                     | 4,173,555                    | 3,903,297                    | 3,627,309                      | -                            |
| SRF 1997: DOE State Revolving Fund             | 682,564                       | 409,538                      | 136,513                      | -                              | -                            |
| PWTF 2013: Aerobic Digester Loan               | 84,510                        | 520,000                      | 520,000                      | 520,000                        | 462,223                      |
| 2014 Water & Sewer Revenue Bond                | 3,025,000                     | 2,910,000                    | 2,790,000                    | 2,670,000                      | 2,545,000                    |
| CWSRF W Fir Sewer                              |                               |                              |                              |                                | 538,650                      |
| CWSRF Headworks Project \$720k                 |                               | -                            | 650,846                      | 491,533                        | 329,976                      |
| CWSRF Aerobic Digester Capacity                |                               |                              |                              |                                | 203,000                      |
| CWSRF Sunnyside Sewer \$513k                   |                               |                              | 30,478                       | 488,763                        | 471,861                      |
| CWSRF Doe Run Lift Station                     |                               |                              | 33,481                       | 547,930                        | 528,982                      |
| DWSRF 028 5th & McCurdy Booster Station \$732k |                               |                              | 81,757                       | 762,099                        | 732,099                      |
| DWSRF 036 Sunnyside Water Main \$641k          |                               |                              | 34,242                       | 641,249                        | 641,249                      |
| <b>Revenue Debt Outstanding</b>                | <b>8,230,275</b>              | <b>8,013,094</b>             | <b>8,180,614</b>             | <b>9,748,883</b>               | <b>6,453,040</b>             |

<sup>1</sup> 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  
2018 Budget**

**Debt Capacity**

