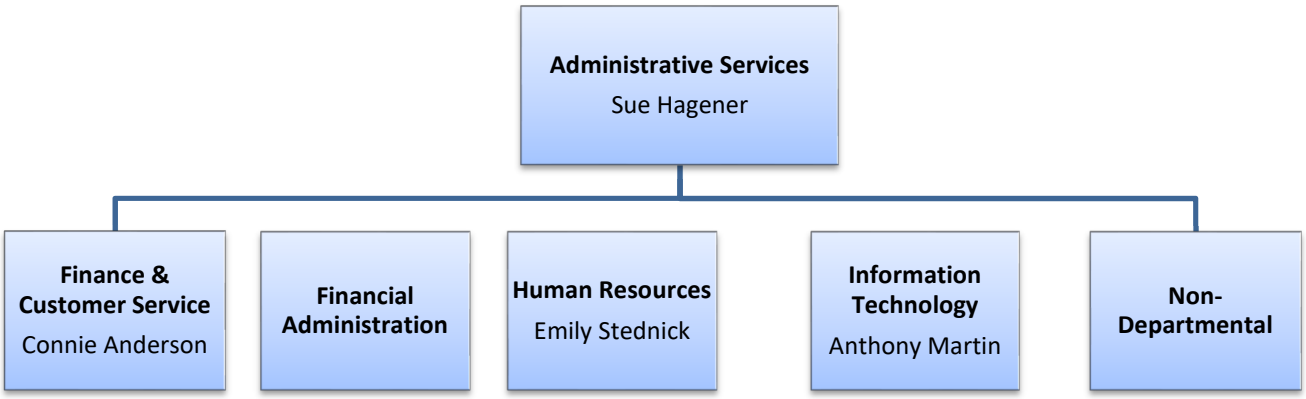
City of Sequim
2020 Budget

Administrative Services Department

City of Sequim
Department Description
Administrative Services Department
And Non-Departmental



- Utility Billing/Customer Service
- Receipting/Cashier
- Accounting
- Accounts Payable
- Payroll
- Grants/Contracts
- Financial Reporting
- Budgets
- Cost Allocation
- Financial Analysis

- Cash Management
- REET
- Equipment Reserve
- Debt Service
- Capital Facilities
- Trust and Agency Funds

- Compensation and Benefits
- Training and Compliance
- Recruitment and Selection
- Employee Relations
- Labor Relations
- Policy Administration
- Civil Service Commission

- IT Help Desk
- Enterprise Infrastructure (servers/data storage/network communications/back-up and recovery)
- Cyber Security for Users, Devices and Systems
- Disaster Recovery and Continuity of Business Operations

- City-wide Indirect Expenses
- Community Service Contracts
- Contingency Budget
- Transfers
- Risk Management and Insurance
- Other Shared Costs

The **Administrative Services Department** is responsible for all financial aspects of the City and related customer service as well as the Financial Administration of city-wide Non-Departmental costs, REET, Equipment Reserve, Debt Service and Capital Facilities.

The **Finance** function oversees all financial functions of the City, the integrity of the City's financial records and ensures that public dollars are spent according to the approved budget. Staff assists other departments in budgeting and financial reporting, financial planning and analysis of projects, purchasing and bidding regulations, complying with grant requirements, and financing capital projects. The City is audited by the State Auditor and has had a clean audit for over 27 years (based on available documents going back to 1992). This function provides customer service for the City's Water and Sewer utilities, serves as the central reception for the City, and responds to a wide variety of citizen inquiries.

Non-Departmental shared costs are those that benefit city-wide operations. Also included are Community Service contracts, General Fund contingencies, and Street Operation Transfers. Additionally, managed are Real Estate Excise Taxes, Equipment Reserve, Debt Service, Capital Facilities and Trust and Agency Funds. All accounts and activities are managed by Finance and Budget personnel.

Human Resources provides strategic advice to operational management to enhance the performance of the City staff. The HR department covers a broad range of responsibilities including: staff recruiting/selection, employee compensation and benefits, strategic planning and analysis, Equal Employment Opportunity compliance, employee development and career planning, performance review management, labor/management relations, coordination of workers compensation, and policy development. This function also serves as the Civil Service Chief Examiner for the Police Department.

The **Information Technology** Department is responsible for supporting the operational needs of City staff by effectively managing Enterprise Information Technology assets. Core departmental services include providing IT Service Desk Support, managing Enterprise Infrastructure Resources, enhancing our Cybersecurity Profile, and facilitating Continuity of Operations.

Administrative Services
Finance, Human Resources and Information Technology

Sue Hagener, Administrative Services Director
Emily Stednick – Human Resources Manager
Anthony Martin – Information Technology Program Manager

Mission
Finance
To provide the foundation for the City's fiscal health.

2020 Key Goals
Finance
- Continue implementation of Key Performance Indicators
- Continue community outreach on the Budget Process – "The People's Project!"
- Continue refinement of the financial systems
- Continue development of the capital equipment, IT and vehicle replacement/financing plans
- Continue to ensure prompt debt service payments and responsible reporting to rating agencies
- Continue support of key Council Goals
- Implement new technology supporting Budget, Capital Improvement, Transportation Improvement, and Long-Range Financial Planning, including community engagement

2020 Budget Summary
Finance
Operating expenses increased by $35k (5%): The increase in salaries and benefits of $32k represents cost of living increases for non-represented staff, bargaining unit contract increases, PERS and medical insurance requirements. There was also an increase in intergovernmental expenses of $10k with the expected completion of the 2-year Accountability Audit in 2020. Reductions in service charges of $7k round out the 2020 budget.

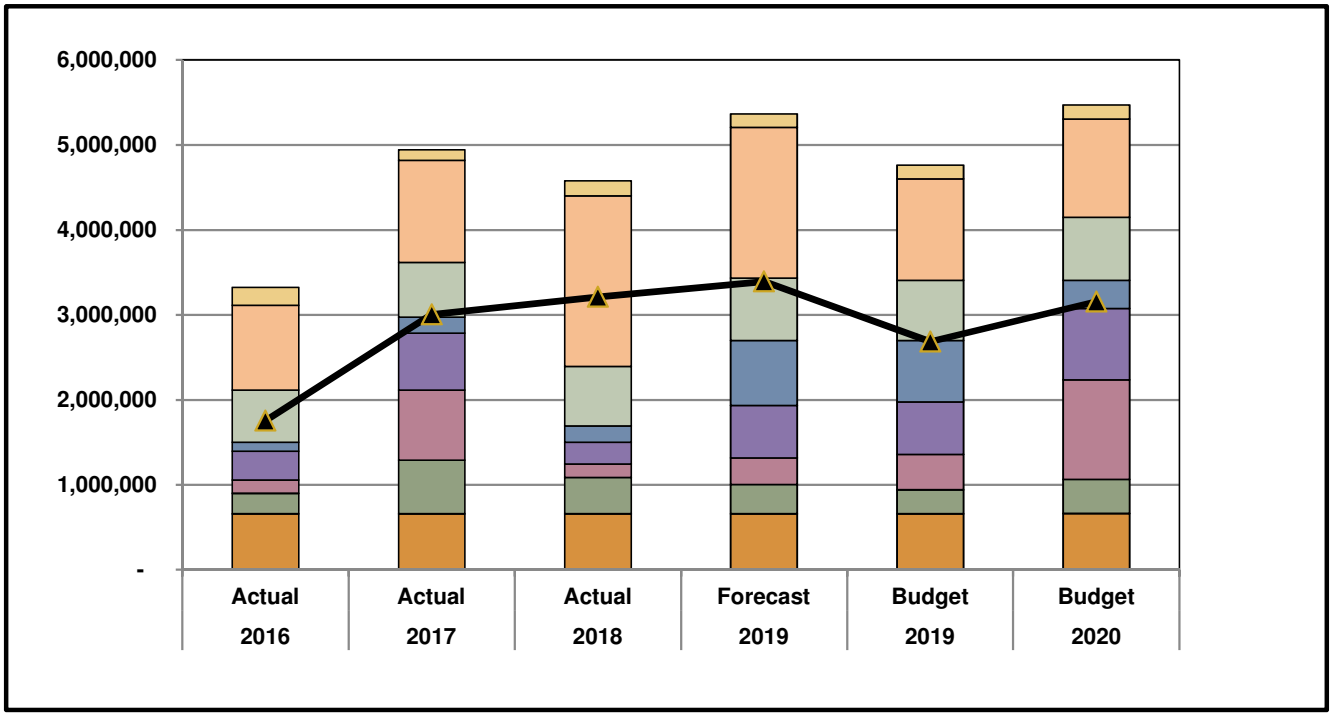
Mission
Human Resources
To empower an engaged and productive culture.

2020 Key Goals
Human Resources
- Manage recruitments and succession planning for key positions
- Continue to provide legal compliance and employee training support
- Continue to develop a more robust Organizational and Leadership Development Program
- Partner with Finance to monitor all employee benefit plans and costs
- Partner with Finance in supporting safety efforts and records, workers compensation claims and several other city-wide programs
- Partner with Finance and the City Attorney's Office in negotiating expiring bargaining union contracts
- Continue implementation of the Gallup Poll on employee engagement

2020 Budget Summary
Human Resources
Operating expenses increased by $3k (2%): The increase in salaries and benefits of $11k (9%) represent cost of living increases for non-represented staff, PERS and medical insurance requirements. This increase is somewhat offset by decreases in professional services and supplies of 8k (20%).

City of Sequim
2020 Budget

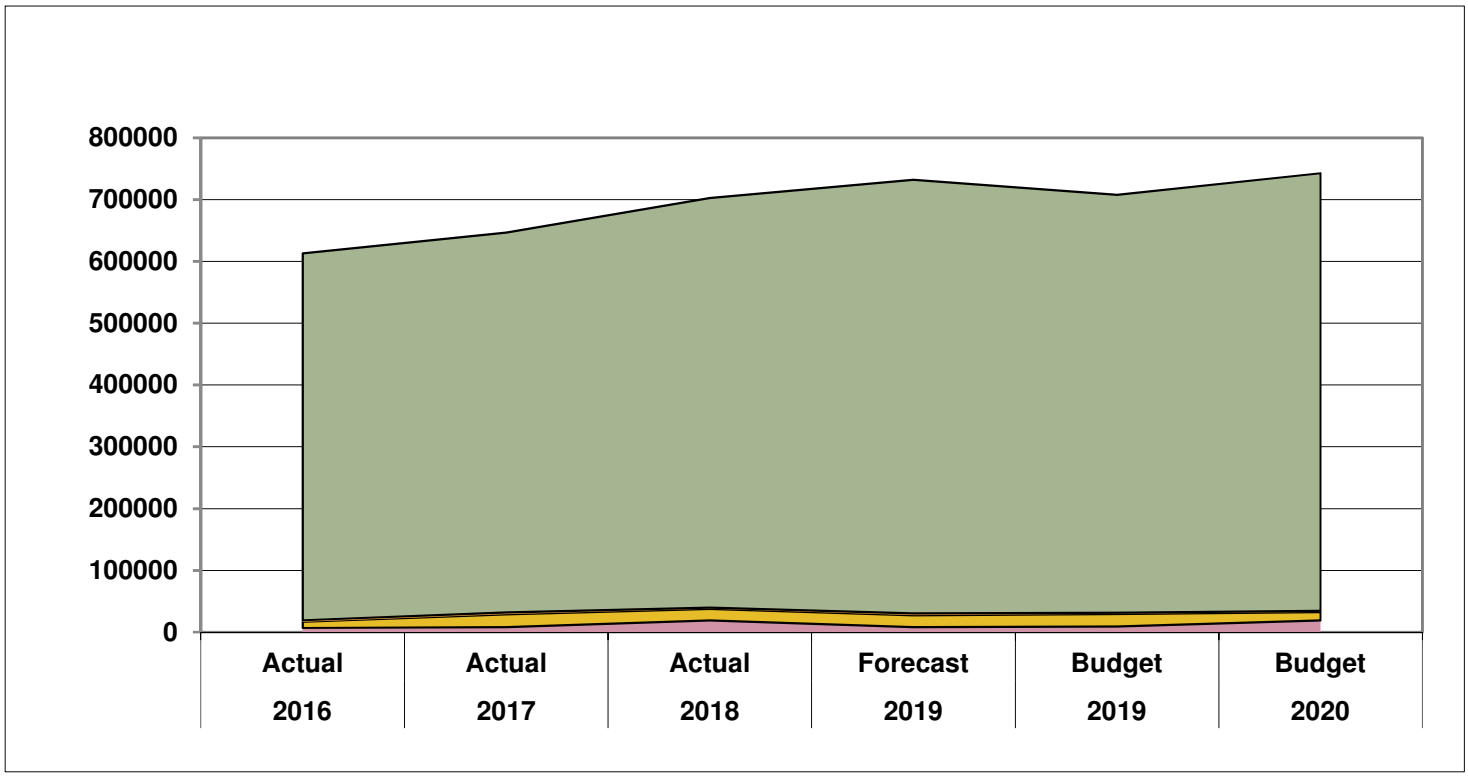
Administrative Services



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
Revenues								
Equipment Reserves	399,523	771,961	657,552	431,571	405,800	464,100	58,300	14%
Rainy Day			825,835	780,111	2,000	6,000	4,000	200%
Debt Service	706,319	705,939	706,846	755,651	755,000	695,000	(60,000)	-8%
Capital Facilities	87,778	709,561	224,409	421,839	421,205	1,176,205	755,000	179%
Real Estate Tax	405,019	538,217	539,593	425,385	404,650	505,450	100,800	25%
Trust & Agency Funds	155,283	277,670	256,900	577,262	695,067	309,067	(386,000)	-56%
Miscellanous Revenue	50	96	-	867	800	800	-	0%
Total Revenues	**1,753,972**	**3,003,444**	**3,211,135**	**3,392,686**	**2,684,522**	**3,156,622**	**472,100**	18%
Expenses								
Finance	612,928	646,489	702,422	732,092	707,757	742,858	35,101	5%
Human Resources	209,897	125,565	176,110	158,746	160,785	163,362	2,577	2%
Information Technology	660,939	743,513	755,657	651,102	729,500	726,860	(2,640)	0%
Non Departmental	1,000,506	1,199,796	2,005,405	1,774,952	1,194,300	1,154,685	(39,615)	-3%
Equipment Reserves	243,127	631,546	428,083	347,234	284,700	406,200	121,500	43%
Debt Service	656,740	659,190	659,302	657,125	657,625	660,426	2,801	0%
Capital Facilities	157,507	823,744	158,331	311,759	415,743	1,170,522	754,779	182%
Real Estate Tax	340,000	670,000	255,000	620,000	620,000	839,500	219,500	35%
Trust & Agency Funds	103,453	188,191	192,823	764,442	721,328	331,328	(390,000)	-54%
Total Expenses	**3,985,097**	**5,688,034**	**5,333,133**	**6,017,452**	**5,491,738**	**6,195,741**	**704,003**	13%

City of Sequim
2019 Budget
5-Year Summary

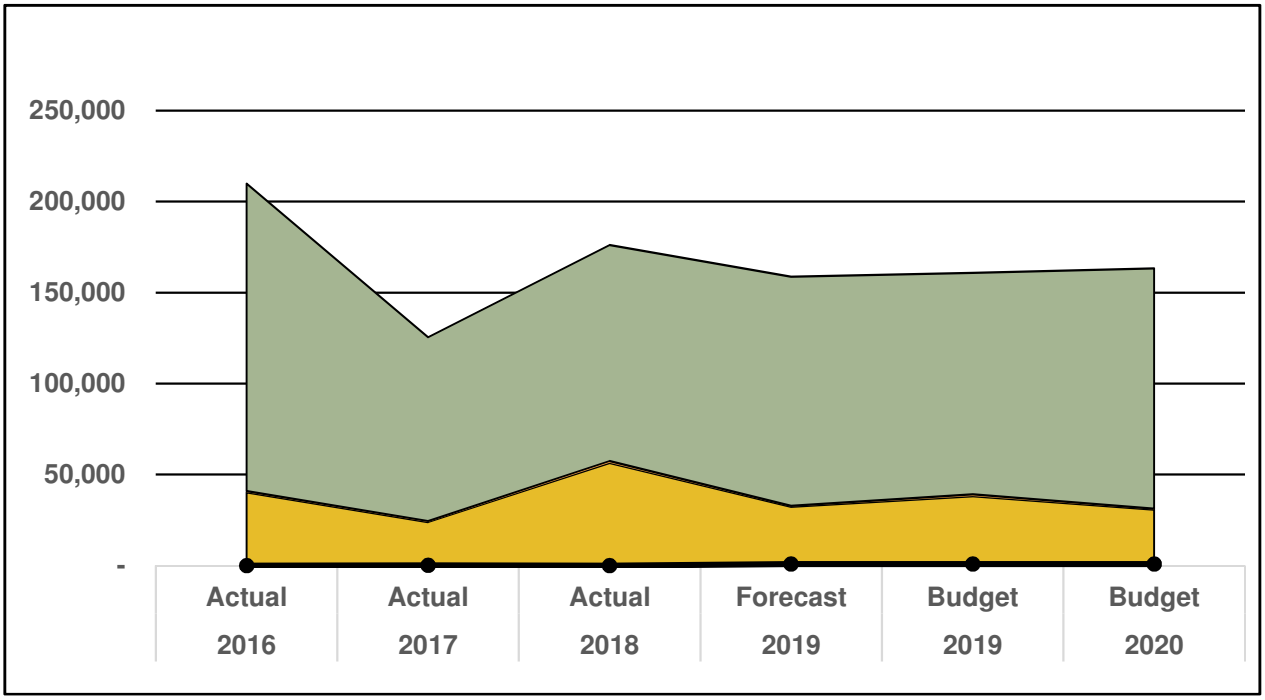
Administrative Services
Finance



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
Salaries & Benefits	593,547	614,573	662,684	701,776	676,323	708,294	31,971	5%
Operating Supplies	2,618	3,224	2,029	3,194	1,995	2,238	243	12%
Charges for Services	9,789	20,339	18,902	19,122	20,440	13,325	(7,115)	-35%
Intergovernmental	6,974	8,353	18,807	8,000	9,000	19,000	10,000	111%
Total Expenses	**612,928**	**646,489**	**702,422**	**732,092**	**707,758**	**742,857**	**35,099**	5%

City of Sequim
2020 Budget
5-Year Summary

Human Resources



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
Revenues								
Miscellaneous Revenue	50	96	-	867	800	800	-	
Total Revenues	**50**	**96**	**-**	**867**	**800**	**800**	**-**	**0%**
Expenses								
Salaries & Benefits	168,906	101,119	118,636	125,887	121,635	132,162	10,527	**9%**
Supplies	784	565	1,107	603	1,000	550	(450)	**-45%**
Service Charges	40,207	23,881	56,367	32,257	38,150	30,650	(7,500)	**-20%**
Total Expenses	**209,897**	**125,565**	**176,110**	**158,747**	**160,785**	**163,362**	**2,577**	**2%**

City of Sequim
Budget Overview

Mission
Information Technology
To enable business operations to support effective government

Department Description
Information Technology
The Information Technology Department is responsible for supporting the operational needs of City staff by effectively managing Enterprise Information Technology assets. Core departmental services include providing IT Service Desk Support, managing Enterprise Infrastructure Resources, enhancing our Cybersecurity Profile, and facilitating Continuity of Operations.

Services are provided for three staffed sites (City Hall, City Shop, WRF) and for several satellite sites (Guy Cole, EOC/Transit and Port Williams Pump Station, etc.). Services include email and collaboration, file storage, print services, data backup and recovery, telecommunications, network connectivity and security, off-the-shelf application support, mobile devices, audio/visual systems, camera and physical security (shared), records requests, training, and project management. The Department is challenged to manage this diverse portfolio of technology assets across the Enterprise from both a knowledge and bandwidth perspective.

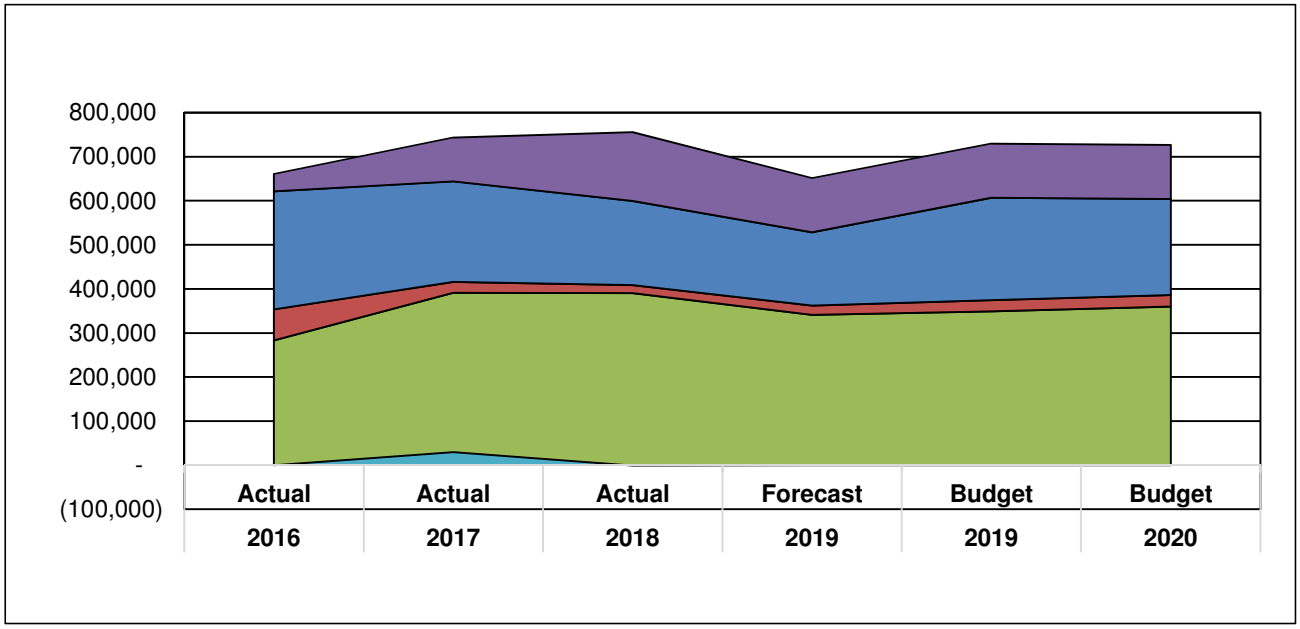
There are significant future opportunities to improve the efficiency of City staff and the services provided to the citizenry. As the City sets out to employ additional technologies, careful management of expectations and resources will be required to ensure that support for current business operations is maintained.

2020 Budget Goals
Information Technology
- Continue with the Technology Refresh Program (TRP) to proactively replace devices that are at end of life rather than risk disruption associated with device failure
- Implement policy and technology changes to address Criminal Justice Information Systems (CJIS) audit findings. Initiatives include encrypting “files at rest”, automating network event monitoring and actively managing security (encryption, remote wipe) of mobile devices
- In alignment with the ICMA (International City/County Management Association) Capstone Project, evaluate/select/implement a software environment to effectively manage information related to Code Enforcement processes
- Support technology improvements to the Emergency Operations Center
- Support implementation of new budget, CIP and LRFP technology

2020 Budget Summary
Information Technology
- The overall budget request decreased by $3k (0%) due to decreases in salaries and benefits (department reorganization), and increases in training, software licenses and subscriptions.

City of Sequim
2020 Budget
5-Year Summary

Information Technology



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
Salaries & Benefits	267,277	228,324	190,835	165,859	231,811	218,270	(13,541)	-6%
Operating Supplies	70,573	24,881	18,162	21,153	25,700	25,700	-	0%
Charges for Services	283,216	361,079	391,857	341,291	349,189	360,089	10,900	3%
Capital (Equip > $7,500)	-	29,854	(1,196)	-	1	1	-	0%
Total Expenses	**621,065**	**644,138**	**599,658**	**528,303**	**606,701**	**604,060**	**(2,641)**	0%
Transfers								
Capital Projects	39,874	99,375	156,000	122,800	122,800	122,800	-	0%
Total Transfers	**39,874**	**99,375**	**156,000**	**122,800**	**122,800**	**122,800**	**-**	0%

City of Sequim
Budget Overview

Administrative Services
Non-Departmental

2020 Key Goals

- Continue transition to a new Risk Pool, the Washington Cities Insurance Authority (WCIA)
  - Support City-wide compliance efforts with new requirements
- Review and coordinate community investments
- Manage the use of contingency funds
- Manage transfers

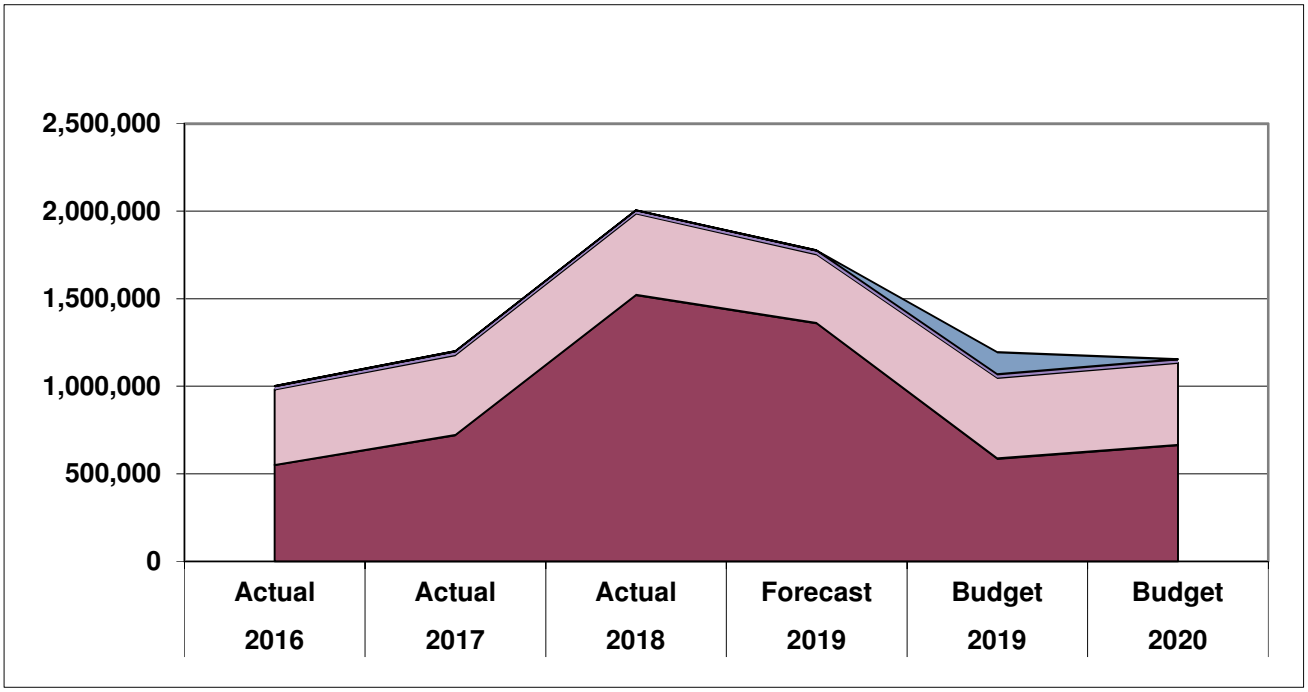
2019 Budget Summary

The overall budget decrease of $40k (3%) is due to the following:

- The City has transitioned to a new insurance pool, WCIA, in 2019. We have estimated an annual premium of $300k, which is flat with the 2019 estimate.
- Transfers out to the unemployment compensation reserve of $26k is flat with 2019.
- Funding Health & Human Services and Community Service Contracts are based on the City's financial condition as these are discretionary investments for community/public benefit. In 2020, we've budgeted $105k which is flat with 2019.
- Contingency money of $40k is increased from the 2019 budget by $10k.
- Transfers out to Street Operations increased by $40k from 2019 because of an increase in Street expenses.
- Transfers out to "The Peoples Project" 2nd Place project of $30k are new this year and support implementation of a pilot of BigBelly Smart Recycling and Solid Waste bins. (Additional money for "The People's Project" is coming out of the Parks Operations budget.)
- Transfers out to the Arts & Culture Fund of $34k are reduced by $6k. These transfers are reevaluated annually.
- Contingency money for General Fund wage and benefit increases of $126k has been removed, as these increases are reflected in departmental budget line items.

City of Sequim
2020 Budget
5-Year Summary

Administrative Services
Non-Departmental



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
Salaries & Benefits			-	-	125,776	-	(125,776)	
Operating Supplies	18,989	22,750	19,222	20,278	21,000	21,000	-	0%
Charges for Services	431,485	456,861	463,950	393,375	460,925	469,085	8,160	2%
Intergovernmental	32	185	1,234	303	600	600	-	0%
Capital (Equip > $7,500)		-	-	-	-	-	-	0%
NonExpense/Financing	550,000	720,000	1,521,000	1,360,996	586,000	664,000	78,000	13%
Total Expenses	**1,000,506**	**1,199,796**	**2,005,406**	**1,774,952**	**1,194,301**	**1,154,685**	**(39,616)**	-3%

Transfers

Equipment Reserves			Equipment Reserve Transfers made direct from Department Budgets					
Street Operations	550,000	610,000	560,000	519,996	520,000	560,000	40,000	8%
Capital Projects		60,000	115,000	-	-	-	-	0%
Other		50,000	846,000	841,000	66,000	104,000	38,000	58%
Total Transfers	**550,000**	**720,000**	**1,521,000**	**1,360,996**	**586,000**	**664,000**	**78,000**	13%
	-	-	-	-	-	-		

City of Sequim
Department Description
& Budget Overview

Real Estate Excise Tax
REET 1 & REET 2

Department Description
Revenues of the **REET Fund** are based on the selling price of real estate sold within the City limits of Sequim and are collected and distributed by the Clallam County Treasurer. They are restricted as to the first and second ¼% of Real Estate Excise Taxes (REET1 and REET2) and are recorded separately according to RCW Title 82 – Excise Taxes.

The revenues generated by the first ¼% (REET1)[1] of these assessments shall be used solely for financing capital projects specified in a capital facilities plan element of the comprehensive plan and housing relocation assistance under RCW 59.18.440 and 59.18.450. Capital projects include public works projects for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, stormwater systems, sanitary sewer systems, parks, recreational facilities, law enforcement facilities, fire protection facilities, trails, libraries, administrative and/or judicial facilities, river and/or waterway flood control projects.

The second ¼% (REET2)[2] is restricted to use for street, water and sewer acquisitions. Capital projects include public works projects for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, stormwater systems, and sanitary sewer systems. It excludes facilities. The definition continues: "*and planning, construction, reconstruction, repair, rehabilitation, or improvement of parks*". It excludes acquisition and replacement. Recent legislation adds certain eligible projects related to facilities for those experiencing homelessness and affordable housing, with some limitations and reporting requirements (expires January 1, 2026).

Finally, interest earned by REET1 and REET2 must be used on the same basis as the underlying funds.

2020 Budget Overview
REET funds are being used for Capital Facility, Streets, and Parks projects and will help pay the debt service on the LTGO bonds issued for the Civic Center. Use of beginning fund balance is budgeted.

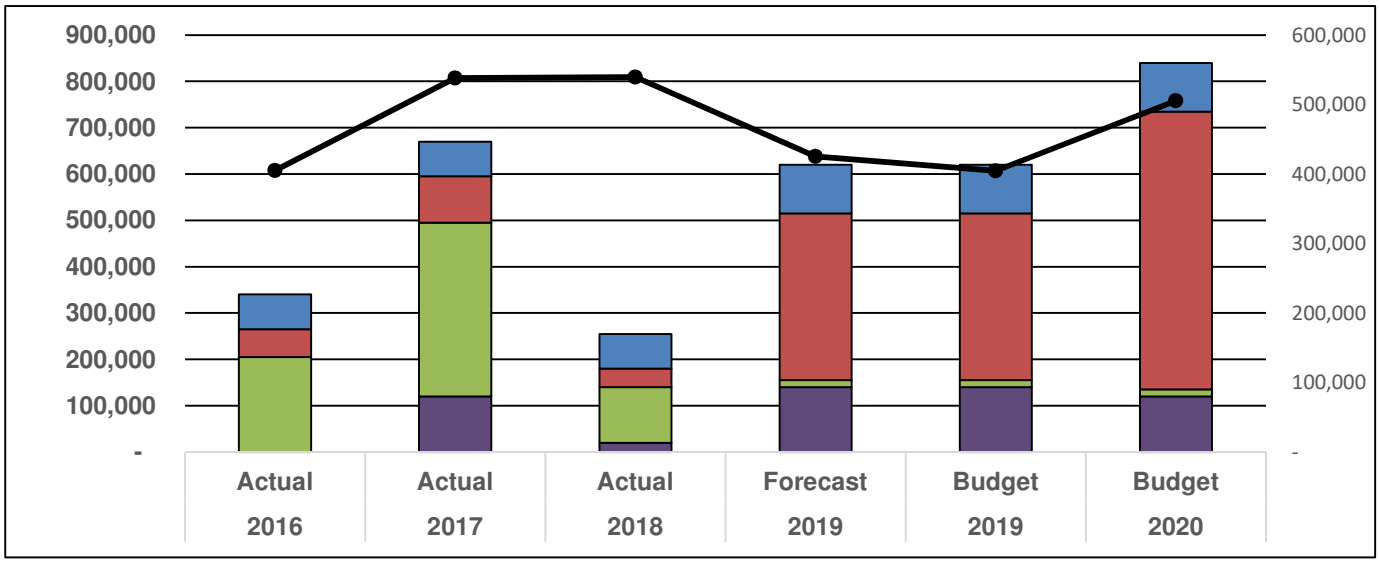
2020 Key Goals
- Record and manage Real Estate Excise Taxes as required by RCW 82

2020 Budget Summary
Revenues for 2020 are budgeted at $505k based on reasonable assumptions for development and $100k or 25% higher than 2019 Budget. Expenses are budgeted at $840k, use existing fund balance, and consist of transfers to other funds to support budgeted or future projects as follows:
- $ 15k for future parks projects
- $105k to Civic Center LTGO Debt Service
- $120k to Capital Facility projects for Civic Center improvements (if needed) and the Guy Cole Break-out Rooms project
- $600k to Streets projects for W. Fir Street, the Sequim Avenue Roundabout, City-wide sidewalk repairs and savings for an emergency street or sidewalk repair

[1] REET1 – 82.46.010 (6)
[2] REET2 – 82.46.035 (5)

City of Sequim
2020 Budget
5-Year Summary

Real Estate Excise Tax (Restricted Fund)



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
Beginning Fund Balance								
REET 1	186,011	314,098	140,450	230,548	168,203	78,379	(89,824)	-53%
REET 2	129,453	66,385	108,250	302,745	380,332	260,299	(120,033)	-32%
Beginning Fund Balance	**315,464**	**380,483**	**248,700**	**533,293**	**548,535**	**338,678**	**(209,857)**	-38%
Revenues								
Taxes	400,355	535,379	533,844	419,605	400,000	500,000	100,000	25%
Other Miscellaneous	4,664	2,838	5,748	5,780	4,650	5,450	800	17%
NonRevenues		-	-	-	-	-	-	0%
Revenues	**405,019**	**538,217**	**539,592**	**425,385**	**404,650**	**505,450**	**100,800**	25%
Expenses								
Transfers To:								
Civic Center/Debt Service	75,000	75,000	75,000	105,000	105,000	105,000	-	0%
101 Streets Ops/111 Streets R	60,000	100,000	40,000	360,000	360,000	599,500	239,500	67%
140 Parks R	205,000	375,000	120,000	15,000	15,000	15,000	-	0%
306 Capital Facilities		120,000	20,000	140,000	140,000	120,000	(20,000)	-14%
Total Expenses	**340,000**	**670,000**	**255,000**	**620,000**	**620,000**	**839,500**	**219,500**	35%
Surplus/(Deficit)	**65,019**	**(131,783)**	**284,592**	**(194,615)**	**(215,350)**	**(334,050)**	**(118,700)**	-55%
Ending Fund Balance								
REET 1	314,097	140,450	230,548	78,379	6,053	6,229	176	3%
REET 2	66,385	108,250	302,745	260,299	327,132	-1,601	(328,733)	-100%
Ending Fund Balance	**380,483**	**248,700**	**533,293**	**338,678**	**333,185**	**4,628**	**(328,557)**	-99%

Equipment Reserve (Restricted Fund)

2020 Key Goals

- Support the City Manager's goal of improving technology for a more efficient workforce
- Support the Organization Goal of improving employee engagement by providing the tools and resources needed to do their jobs
- Manage and fund the equipment replacement function of the organization (excluding enterprise funds)
  - Policy minimum fund balance is 2.5 years of replacement and maximum is 6 years of replacement

2020 Budget Summary

Transfers into this reserve have generally increased over the last five years in response to funding requirements for equipment and to move toward complying with fund balance requirements. The City is continuing its savings efforts (funding the reserve in excess of expenses) ending 2020 with a fund balance just short of minimum policy requirements. (This calculation is based upon current needs scheduled out through 2026. This schedule of needs is updated annually.)

2020 Transfer In / Revenues	Vehicles	Equipment	Total
Facilities Maintenance	4,400		4,400
GIS/Engineering	2,400		2,400
Parks	4,000	3,000	7,000
PW Admin	50,000	13,000	63,000
Police	140,000		140,000
IT		122,800	122,800
General Fund Subtotal	**200,800**	**138,800**	**339,600**
Streets	20,000	14,000	44,000
Water and Sewer		85,000	85,000
Total	**220,800**	**237,800**	**458,600**

2020 Expenses – Significant Changes

Expenses budgeted for 2020 of $406k are $121k or 43% higher than 2019 and include:

- Two police cars ($120k): Staffing levels increased substantially in 2006 and 2007 for a variety of reasons, including grant funding. With the new officers came the need to outfit those officers with marked and unmarked cars in those years. (Few cars were purchased in the years after.) As such, there are currently a significant number of police cars in use that are over 10 years old. The City intends to replace 2 of these cars in 2020, consistent with the PD's vehicle repair and replacement program.

- IT Systems ($95.7k): IT Capital items include regular replacement of older computers and several items associated with a recent tri-annual Criminal Justice Information System (CJIS) audit.
  - Technology Refresh Program (TRP) - $12.5k: Replace technology components that are at end of life. Proactive replacement of selected components will reduce the risk of hardware failures and provide updated technology to support business operations. Items include desktops, laptops, printers and monitors.
  - Encrypted Disk Storage - $37.5K: A CJIS audit finding requires encryption of "files at rest" on storage systems. Encryption and performance standards have changed over time so it

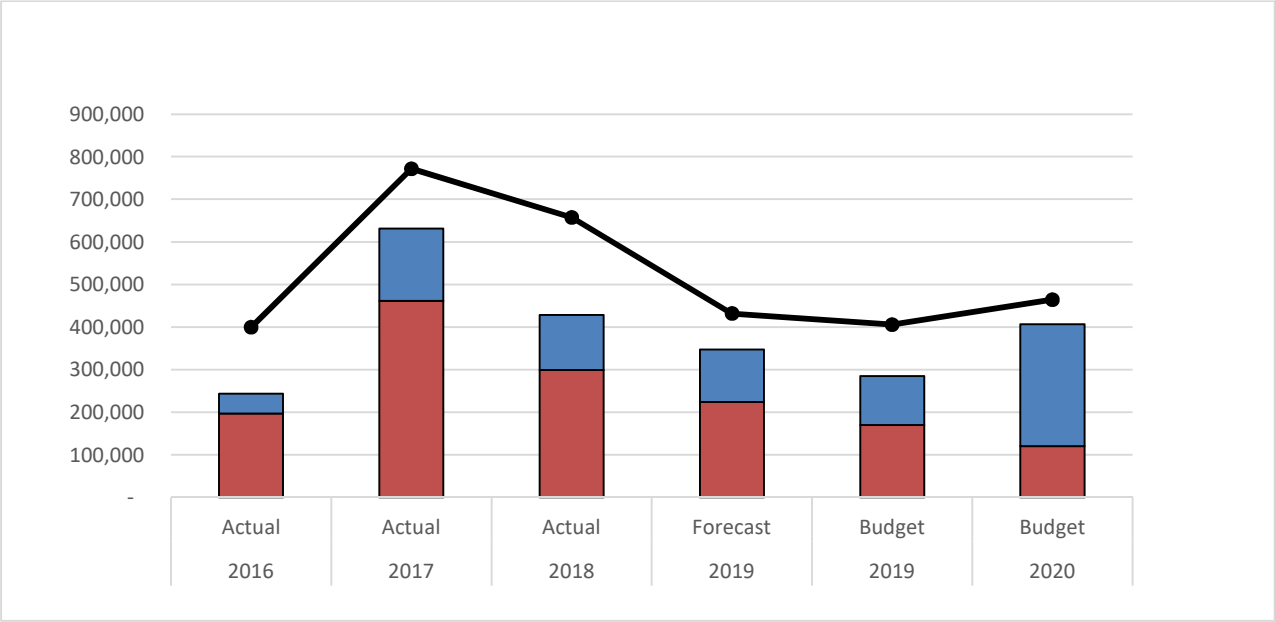
is recommended that we replace the existing device and introduce encryption at the same time.

- Network Event Monitoring - $7.5k: A CJIS audit finding requires regular monitoring of system events/notifications. A centralized dashboard is planned to consolidate the diverse types of alerts created. Tools and processes will need to be put in place to manage to the audit finding.
- Mobile Device Management - $15k: Many city wireless devices are currently managed/registered with the Meraki System. As part of the CJIS audit, all devices will need to be under one policy – Mobile Device Management. This budget item is to support purchasing additional licenses and for CJIS security policy implementation assistance.
- Professional Services – 23.2k: Professional services are needed to design and implement the above-mentioned technologies related to the CJIS audit.

- Replace PW-34 Cadet - $20k: The 2005 mower has become unusable.
- CAT Skidsteer 229D2 - $120k: A new small multi-function machine to be used on utility repairs.
- Blade for Skidsteer - $7.5k: An attachment for the Skidsteer.
- Replace PK-60 Cadet - $20k: Mower repair costs and down time are beginning to exceed expectations.
- Snow plow for Streets Truck - $9k: Snow plow for new 2019 streets truck.
- Salt Spreader - $14k: To be used in place of the Salt Dogg which is a small insufficient salt/sand spreader during snow and ice storms.

City of Sequim
2020 Budget
5-Year Summary

Equipment Reserve Fund (Restricted Fund)



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
Beginning Fund Balance								
164-0xx Equipment	75,081	176,911	241,790	390,866	314,952	444,549	129,597	41%
164-1xx Vehicles	267,727	322,292	397,828	478,222	480,588	508,875	28,287	6%
Beginning Fund Balance	**342,808**	**499,203**	**639,618**	**869,088**	**795,540**	**953,424**	**157,884**	20%
				-		-		
Revenues								
164-0xx Equipment	143,372	232,495	270,000	169,500	169,500	237,800	68,300	40%
164-1xx Vehicles	251,800	531,596	359,206	231,971	230,800	220,800	(10,000)	-4%
Other Revenues	4,351	7,870	28,346	30,100	5,500	5,500	-	0%
Total Revenues	**399,523**	**771,961**	**657,552**	**431,571**	**405,800**	**464,100**	**58,300**	14%
Expenses								
164-0xx Equipment	46,030	170,182	129,156	123,189	114,700	286,200	171,500	150%
164-1xx Vehicles	197,097	461,364	298,927	224,045	170,000	120,000	(50,000)	-29%
Total Expenses	**243,127**	**631,546**	**428,083**	**347,234**	**284,700**	**406,200**	**121,500**	43%
Surplus/(Deficit)	**156,396**	**140,415**	**229,469**	**84,337**	**121,100**	**57,900**	**(63,200)**	-52%
Ending Fund Balance								
164-0xx Equipment	176,911	241,790	390,866	444,548	375,252	401,649	26,397	7%
164-1xx Vehicles	322,292	397,828	478,222	508,876	541,388	609,675	68,287	13%
Ending Fund Balance	**499,203**	**639,618**	**869,088**	**953,424**	**916,640**	**1,011,324**	**94,684**	10%
				1				

Expenses by Program

IT	32,679	88,154	87,631	105,700	105,700	95,700	(10,000)	-9%
Police	96,758	152,096	226,938	120,000	120,000	120,000	-	0%
Streets	19,105	1,813	19,368	53,998	9,000	23,000	14,000	156%
DCD		-	28,733	-	-	-	-	0%
PW Admin	94,585	389,483	65,413	67,536	50,000	167,500	117,500	235%
Total Expenses	**243,127**	**631,546**	**428,083**	**347,234**	**284,700**	**406,200**	**121,500**	43%

Debt Service Fund

Description
This fund was created for the purpose of recording bond proceeds and the cost of issuance plus paying principal and interest related to the Civic Center (LTGO) bonds.

2020 Key Goals
- Administer the ongoing debt service requirements of the LTGO bonds supporting the Civic Center project, including transfers from the General Fund, the Police Restricted Funds (Public Safety Tax) and Real Estate Excise Tax.

2020 Budget Summary
- Debt Service payments of the bonds supporting the Civic Center project are approximately $660k in 2020 and thereafter. (We will be paying down our principal balance in 2020 by $250k.) Funding for this debt service is as follows: $335k from General Fund, $255k from Public Safety Tax, $105k from REET. When feasible, the City increases transfers into this fund in order to save for possible prepayment of debt by 2023.

Capital Facilities Fund

Description
This Fund was created for the purpose of paying and tracking the costs associated with Facility projects.

2020 Key Goals
- Account for and monitor Facility Capital projects

2020 Budget Summary
The 2020 budget of $1.171ml includes the following projects (excluding overhead allocations):
- $ 20k for possible Civic Center improvements - used only as needed.
- $100k for Guy Cole meeting room improvements. This project aims to provide space to used by the community for meetings, classrooms and other group events. It is a roll forward of delayed projects from 2019.
- $816k for a Fuel Station at the Shop Property. This project aims to reduce City fueling costs as well as provide fuel storage and reserves during an emergency.
- Addition of $100k in possible Construction Retention (moved from Agency Funds per SAO).

City OF Sequim
Budget Overview
5-Year Summary

Debt Service (Restricted Fund)

	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
Beginning Fund Balance	**890**	**50,469**	**97,218**	**144,763**	**103,303**	**243,289**	**139,986**	
Revenues								
LTGO Bond Proceeds					-	-	-	0%
Other Miscellaneous	1,319	939	1,846	651	-	-	-	0%
NonRevenues	705,000	705,000	705,000	755,000	755,000	695,000	(60,000)	-8%
Revenues	**706,319**	**705,939**	**706,846**	**755,651**	**755,000**	**695,000**	**(60,000)**	**-8%**
Expenses								
Issuance Costs & Debt Service	656,740	659,190	657,125	657,125	657,625	660,426	2,801	0%
Transfers to Capital Facilities	-	-	-		-	-	-	0%
Total Expenses	**656,740**	**659,190**	**657,125**	**657,125**	**657,625**	**660,426**	**2,801**	**0%**
Surplus/(Deficit)	**49,579**	**46,749**	**49,721**	**98,526**	**-97,375**	**34,574**	**(62,801)**	**-64%**
Ending Fund Balance	**50,469**	**97,218**	**146,939**	**243,289**	**200,678**	**277,863**	**77,185**	**38%**
			-96350		-501322	-1334083		

Capital Facilities (Restricted Fund)

	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
Beginning Fund Balance	**271,064**	**201,336**	**153,201**	**153,201**	**38,315**	**263,281**	**224,966**	**587%**
Revenues								
Other Miscellaneous	2,778	349,531	89,409	200,839	200,205	205	(200,000)	-100%
NonRevenues	85,000	360,000	135,000	221,000	221,000	1,176,000	955,000	432%
Revenues	**87,778**	**709,531**	**224,409**	**421,839**	**421,205**	**1,176,205**	**755,000**	**179%**
Expenses								
Civic Center	52,717	185,018	15,429	240,001	240,001	20,000	(220,001)	-92%
Other Capital Projects	21,449	494,047	105,677	56,746	150,000	916,000	766,000	511%
Administrative Overhead	5,341	144,678	37,225	15,012	25,742	134,522	108,780	423%
Construction Retention (new)						100,000		
Transfers	78,000	-	-		-	-	-	0%
Total Expenses	**157,507**	**823,743**	**158,331**	**311,759**	**415,743**	**1,170,522**	**754,779**	**182%**
Surplus/(Deficit)	**(69,729)**	**(114,212)**	**66,078**	**110,080**	**-5,462**	**5,683**	**221**	**4%**
Ending Fund Balance	**201,335**	**87,124**	**219,279**	**263,281**	**43,777**	**268,964**	**225,187**	**514%**

City of Sequim
Department Description
& Budget Overview

Trust, Agency and Internal Services Funds

Department Description

- **Unemployment Compensation Reserve** is an internal services fund used to pay unemployment claims and to reserve for future unemployment claims (based upon historical activity).
- **Police Expendable Trust Fund** is used to temporarily hold seized assets until the case is resolved and the Court system declares the rightful property owner. Once declared as a City asset the money is transferred to special revenue Fund 121, Police Seized Asset Fund, where the funds are spent according to state law.
- **Construction Deposits Fund** *WAS* used to hold funds in lieu of a performance bond from a developer or retainage for a large project. New Washington State Auditor Office (SAO) requirements provide that we move these monies to the relevant project fund.
- **Intergovernmental Agency Fund** is used to receipt various monies received from the County and remitted to other government agencies.
- **Flexible Spending Account Fund** is used to account for incoming/outgoing employee benefit money that is collected pre-tax and expended on behalf of the employee for medical related expenses based on IRS guidelines.
- **Utility Security Deposits Fund** WAS used to account for incoming/outgoing security deposits held for the Water and Sewer Utilities. New Washington SAO requirements provide that we move these monies to the relevant utility fund.
- **Haller Park Fund** is needed to account for a non-expendable trust of the City provided by the Haller Family.

2020 Key Goals

- To appropriately account for trust, agency and internal services funds according to regulations.

2020 Budget Summary

Revenues and expenses for all funds fluctuate based on external factors. **Revenues** are budgeted basically the same from year to year because these funds are budgeted to account for volatility of revenues and costs. Actual revenues can vary significantly from budget. **Expenses** are the same.

Unemployment Compensation Reserve

- Revenues consist of transfers in from General Fund, streets and sewer and expenses consist of $98k for potential claims.

Police Expendable Trust Fund

- Revenues and expenses are budgeted at $20k but are dependent on activity.

Construction Deposits

- All monies have been moved to the relevant capital project fund (new SAO requirement).

Intergovernmental Agency Fund

- These are funds held in a fiduciary capacity by the City and cannot be used for general operations. A budget amount was selected that will cover the costs of disbursements. The revenue and expenses are based on tax assessments and the sale of bus passes.

Flexible Spending Account Fund

- Revenues and expenses are budgeted at $45k and based upon expected benefit activity.

Utility Security Deposits

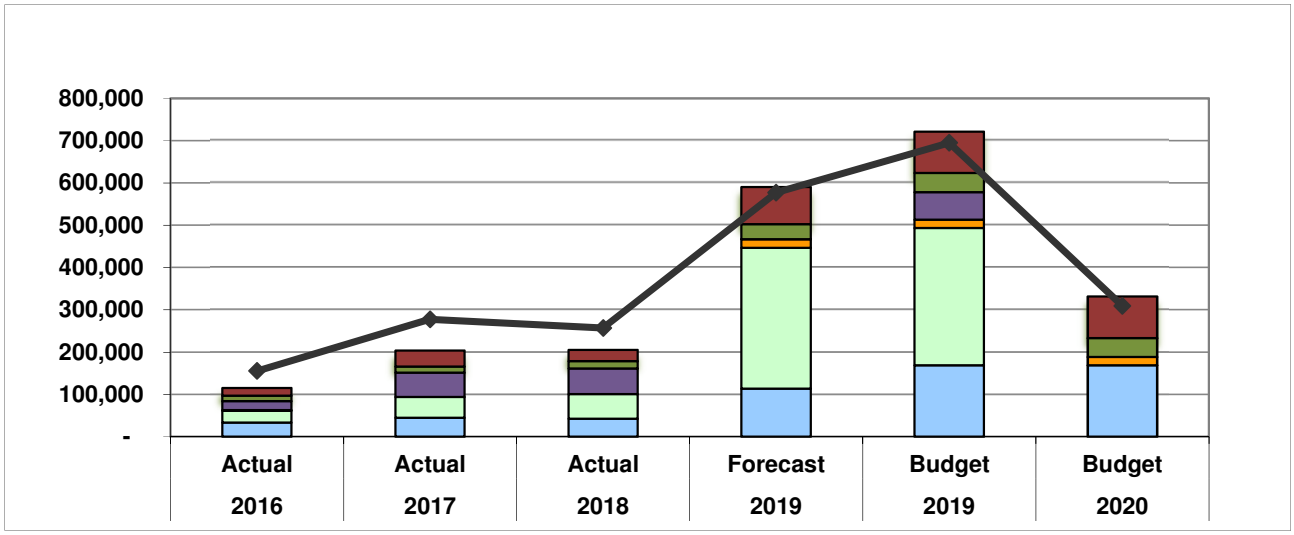
- All monies have been moved to the relevant utility fund (new SAO requirement).

Haller Park Fund

- Monies expendable in the fund are limited to interest only.

City of Sequim
2020 Budget
5-Year Summary

Trust & Agency Funds (Restricted Funds)



	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2019 Budget	2020 Budget	2020-2019 Amount	%
Beginning Fund Balance								
Unemployment Compensation	32,520	30,666	50,175	84,272	63,080	57,316	(5,764)	-9%
Flexible Benefits	455	2,733	4,602	2,460	8,038	5,293	(2,745)	-34%
Police Expendable Trust	-	-	-	-	-	-	-	0%
Construction Deposits/Retainage	-	35,735	89,945	106,965	78,963	106,965	28,002	35%
Utility Deposits	136,478	148,166	164,141	176,478	163,360	2,176	(161,184)	-99%
Haller Park Fund	37,904	38,332	39,468	39,958	39,918	40,405	487	1%
Intergovernmental Agency Fund	5	3,558	1,101	3,375	1,702	14,174	12,472	733%
Beginning Fund Balance	**207,362**	**259,190**	**349,432**	**413,508**	**355,061**	**226,329**	**(128,732)**	-36%
Revenues								
Unemployment Compensation	16,250	57,500	61,000	61,000	61,000	65,000	4,000	7%
Flexible Benefits	15,143	15,835	15,218	38,251	45,000	45,000	-	0%
Police Expendable Trust	1,228	-	-	20,000	20,000	20,000	-	0%
Construction Deposits/Retainage	63,637	103,953	75,494	333,348	325,000	-	(325,000)	-100%
Utility Deposits	21,600	57,512	60,542	2	65,000	-	(65,000)	-100%
Haller Park Fund	428	1,136	490	447	440	440	-	0%
Intergovernmental Agency Fund	36,997	41,734	44,156	124,214	178,627	178,627	-	0%
Revenues	**155,283**	**277,670**	**256,900**	**577,262**	**695,067**	**309,067**	**(386,000)**	-56%
Total Expenses								
Unemployment Compensation	18,104	37,991	26,902	87,956	98,000	98,000	-	0%
Flexible Benefits	12,864	13,966	17,359	35,418	45,000	45,000	-	0%
Police Expendable Trust	1,228	-	-	20,000	20,000	20,000	-	0%
Construction Deposits/Retainage	27,902	49,743	58,475	333,348	325,000	-	(325,000)	-100%
Utility Deposits	9,912	42,299	48,205	174,305	65,000	-	(65,000)	-100%
Haller Park Fund	-	-	-	-	-	-	-	0%
Intergovernmental Agency Fund	33,443	44,192	41,882	113,415	168,328	168,328	-	0%
Total Expenses	**103,453**	**188,191**	**192,823**	**764,442**	**721,328**	**331,328**	**(390,000)**	-54%
Ending Fund Balance								
Unemployment Compensation	30,666	50,175	84,272	57,316	26,080	24,316	(1,764)	-7%
Flexible Benefits	2,733	4,602	2,460	5,293	8,038	5,293	(2,745)	-34%
Police Expendable Trust	-	-	-	-	-	-	-	0%
Construction Deposits/Retainage	35,735	89,945	106,965	106,965	78,963	106,965	28,002	35%
Utility Deposits	148,166	163,379	176,478	2,176	163,360	2,176	(161,184)	-99%
Haller Park Fund	38,332	39,468	39,958	40,405	40,358	40,845	487	1%
Intergovernmental Agency Fund	3,558	1,101	3,375	14,174	12,001	24,473	12,472	104%
Ending Fund Balance	**259,192**	**348,669**	**413,509**	**226,328**	**328,800**	**204,068**	**(124,732)**	-38%