

City of Sequim 2018 Budget

Transfers and Interfund Charges

Providing funding for Core Services, Council Priorities and Goals.



**City Of Sequim
Budget Overview
Transfers between Funds**

Key Goals

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

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

Transfer Report: The top of this Report identifies the receiving fund of the transfer (the use or revenue). The bottom of the report identifies the fund incurring the expense for the transfer out (the source). Significant transfers include: transfers from General Fund to Street Operations, LTGO Debt Service and Equipment Reserves, from Water and Sewer Operations to Replacement Reserves, debt service and Street Restricted for utility related road repairs, and from REET to Parks and Streets Restricted.

DESCRIPTION	Transfer In	Transfer Description
101 Street Operations	680,000	From General Fund and TBD for operations
107 Stormwater Operations	160,000	From Water and Sewer for operations
111 Street Restricted	950,000	From Water and Sewer for utility related road repairs, from Street Operations, TBD and REET for projects
117 Stormwater Restricted	80,000	From Water and Sewer Restricted for future projects
121 Police Asset Seizure	20,000	From Police Expendable Trust for Equipment
140 Parks Restricted	555,000	From Sewer Restricted, Hotel/Motel and REET for projects
164 Equipment Reserve	611,080	From General Fund, Streets, Water and Sewer for equipment
206 Debt Service Fund	665,000	From General Fund, REET and Police Restricted (Public Safety Tax) for debt
306 Capital Facilities Fund	101,000	From Streets, Water, Sewer and REET for Projects
411 Water Restricted	1,033,000	From Water Operations to Replacement Reserve and from Water Restricted for projects and debt
422 Sewer Restricted	1,200,818	From Sewer Operations and Restricted for debt, projects and reserves
500 Unemployment Reserve	61,000	From General Fund, Streets, Water and Sewer Operations for potential unemployment claims
Totals Transfers In	6,116,898	
DESCRIPTION	Transfer Out	Transfer Description
001 General Fund	1,328,600	To Street Operations, LTGO Debt Service and Equipment Reserve
101 Street Operations	93,000	To Equipment Reserve for equipment and to Unemployment Reserve
111 Street Restricted	600,000	To Streets for Utility Related road repairs, Street Operations and projects
115 Lodging Tax Hotel/Motel	17,000	To Equipment Reserve for Tourism App, to Parks Restricted for project
120 Police Restricted	255,000	To LTGO Debt Service for debt payments
150 Real Estate Excise Tax	450,000	To Parks and Streets for projects, to LTGO debt service for debt
401 Water Operations	731,040	To Water Restricted for Debt, to Water Replacement Reserve for Projects, to Stormwater for Operations and Unemployment Reserve
402 Sewer Operations	1,242,258	To Sewer Restricted for Debt, to Sewer Replacement Reserve for Projects, to Stormwater for Operations and Unemployment Reserve
411 Water Restricted	740,400	To Streets for Utility Related road repairs, to Stormwater Projects, to Capital Facilities for Shop Upgrades, to other Water Restricted for projects and reserves
422 Sewer Restricted	639,600	To Streets for Utility Related road repairs, to Stormwater Projects, to Capital Facilities for Shop Upgrades, to Sewer for Debt, to Sewer Restricted for projects and reserves
621 Police Expendable Trust	20,000	To Police Asset Seizure for Equipment
Total Transfers Out	6,116,898	

City Of Sequim Budget Overview

Cost Allocations for Interfund Services

Key Goals

- ❖ Apportion administrative costs to operating funds that are supported by central services
- ❖ Apportion Public Works central services costs to Public Works operating funds and capital projects
- ❖ Acceptable audit documentation

Cost Allocation Method

The City provides support services to operating units (funds and departments) through the following Central Service Departments (cost centers).

- ❖ City Council (allocations not allowed on Federal Programs)
- ❖ City Administration (City Manager, City Clerk, City Attorney, Communications, Human Resources and Information Technology)
- ❖ Administrative Services (Finance and Non-Departmental – City-wide Expenses)
- ❖ Public Works Administration (Engineering/GIS, PW Admin, Admin. Pool and Facilities Maintenance)
 - The costs in Public Works administration is a mixture of overhead and direct costs of providing services. Since the City is small and employees serve multiple functions, it was easiest to centralize costs and services instead of trying to directly charge them to each public works function or capital project.

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

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

2018 Budget Summary

- ❖ The allocation model reflects increased distributions of the Central Services. The anticipated revenue and expenses reflect a renewed focus on City Capital projects, as evidenced with the temporary change in the engineering project staff. The model has been appropriately updated to reflect equipment purchases, square footage, and FTE counts. With continued focus on city business, increasing costs and increasing fund activity (capital projects), we anticipate a reciprocal increase in Overhead revenues to the general fund by \$250k.

	Streets		Storm Water		Parks	Capital	Water		Sewer		Totals
	Ops	R	Ops	R	R	Facilities	Ops	R	Ops	R	
EXPENSES											
Streets	255,168	396,394	-	-	-	-	-	-	-	-	651,562
Storm Water	-	-	55,438	20,430	-	-	-	-	-	-	75,868
Parks					90,355						90,355
Capital Facilities	-	-	-	-	-	11,390	-	-	-	-	11,390
Water	-	-	-	-	-	-	541,560	263,013	-	-	804,573
Sewer	-	-	-	-	-	-	-	-	1,329,282	285,109	1,614,391
Total Expenses	255,168	396,394	55,438	20,430	90,355	11,390	541,560	263,013	1,329,282	285,109	3,248,139

