

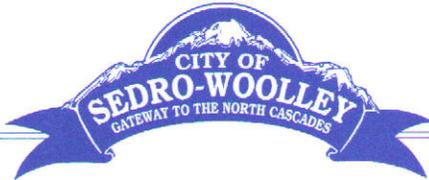
# CITY OF SEDRO-WOOLLEY



**Sedro-Woolley Municipal Building Dedicated May 28, 2008**

**Mike Anderson, Mayor**  
**Patsy Nelson, CPA, Finance Director**

## **Final Budget** **2008**



Mike Anderson  
Mayor

## 2008 Budget Message

To the Citizens of Sedro-Woolley:

As we witness the broader economy slow, it is imperative that our City budget focus on economic development and fiscal restraint for non-critical spending. I believe the 2008 budget provides a fiscally responsible approach to meeting the needs of the citizens as identified by the Council. We are making the best out of revenues that are low; we are also tightening the belt to reduce the risk of mid-year cuts due to the slowing economy. We must continue to roll out the red carpet for business and industry to attract new businesses that will provide enhanced revenues to allow us to better serve the needs of our community. This is my top objective for 2008.

In addition, the following are the other key objectives funded by this budget:

**Transportation:** the budget includes funds to support the F&S and SR 20 project; \$75,000 for sidewalks in the City and continued support for the McGarigle/Fruitdale reconstruction which is scheduled for 2009.

**Sewer:** the budget includes staff support and funding for continued maintenance at the plant and in the collection system (including \$200,000 for additional CIPP in 2008). A new fund is created for sewer operations reserves to address plant repairs, maintenance and small upgrades on an as-needed basis (Fund 402). The budget includes funding for construction of the SR 20 project in 2008, the Metcalf trenchless reconstruction in 2008, and the McGarigle CIPP in 2008; design money is included for the SR 9 extension. Construction is anticipated in 2008, but funding has yet to be identified. \$100,000 is budgeted for design of Ball Street sewer improvements; \$100,000 is budgeted for engineering on a new clarifier. \$25,000 is budgeted to add radio telemetry between the pump stations and the WWTP.

**Economic Development:** To increase revenues through increased commercial and industrial activity in the City, additional funds were added in the executive budget to support some limited marketing about the City (identified as communications in the amount of \$2,000). This line item will also support community recognition. An additional \$500 is included in the economic development section to allow the City to join economic development organizations in addition to EDASC (existing \$2,000). Also, the planning/building budgets include additional funding to revise the permit process and building permit application forms to make them more streamlined and competitive with our neighbors.

**Staff support/morale:** The budget includes cost of living adjustments for staff as well as targeted market adjustments. These costs are distributed throughout the budget. The budget makes meaningful progress on this issue.

**Public safety:** The budget includes \$80,000 to purchase two new police vehicles and one new code enforcement truck. It includes an additional \$11,000 to purchase tasers for the whole department. The fire department budget includes \$10,000 to maintain the quarters and \$10,000 to purchase mobile data terminals for fire rigs. Also, \$10,000 is included for hydrant maintenance in 2008.

**Facilities:** The budget includes funds to complete the City Hall construction project including \$100,000 for FF&E, \$100,000 for telecommunications and additional money to address change orders or modifications. The budget also includes \$5,000 to pay for fencing for a new dog park and \$10,000 for new playground equipment at Bingham Park. \$35,000 is budgeted for a new roof at the library (in the form of an interfund loan with repayment beginning in 2009).

**Solid Waste:** Funding is included for a new 1.0 FTE midyear and for a new vehicle (\$105,000 from ER&R fund).

While we are a growing community, Sedro-Woolley continues to face the challenge of a relatively small economic base. It is important as we grow in population to grow our commercial and industrial businesses for without them, the City will be unable to provide the level of service our citizens want and need. With that growth, it is my intent to focus on parks & recreation and the City's infrastructure as my top priorities.

This budget represents the City's policy objectives for the coming year; if it is missing something important to you, or if you have any questions about it, please feel free to come and see me at City Hall.

Sincerely,

CITY OF SEDRO-WOOLLEY

Mike Anderson, Mayor

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## **CITY OFFICIALS**

### **COUNCILMEMBERS**

Ted Meamber, Council Ward 1  
820 Trail Road, Sedro-Woolley  
(360) 856-0203 (H)  
Term Exp: December 31, 2011

Tony Splane, Council Ward 2  
714 Sapp Road, Sedro-Woolley  
(360) 856-4984 (H)  
Term Exp: December 31, 2009

Louis Requa, Council Ward 3  
310 W. Bennett St., Sedro-Woolley  
(360) 855-2121 (W)  
Term Exp: December 31, 2009

Pat Colgan, Council Ward 4  
415 State Street, Sedro-Woolley  
(360) 855-2811 (H) (360) 202-1338 (C)  
Term Exp: December 31, 2011

Hugh Galbraith, Council Ward 5  
941 Alderwood Lane, Sedro-Woolley  
(360) 856-5946 (H)  
Term Exp: December 31, 2011

Rick Lemley, Council Ward 6  
1208 Talcott Street, Sedro-Woolley  
(360) 855-1288 (W) (360) 856-1224 (H)  
Term Exp: December 31, 2009

Dennis London, Council At Large  
208 W. Nelson, Sedro-Woolley  
(360) 856-6135 (H) (360) 421-4521 (C)  
Term Exp: December 31, 2009

### **MAYOR**

Mike Anderson

### **City Supervisor/Attorney**

Eron Berg

### **DEPARTMENT DIRECTORS**

#### **Finance Director**

Patsy K. Nelson, CPA

#### **Director of Public Works/City Engineer**

Mark A. Frieberger, P.E.

#### **Planning Director & Building Official**

Jack R. Moore, BCO

#### **Police Chief**

Doug Wood

#### **Fire Chief**

Dean Klinger

#### **Library Director**

Debra Peterson

## **COMMITTEE ASSIGNMENTS**

In addition to serving on the City Council, Councilors also represent the citizens of Sedro-Woolley on various Council committees. Each year the Mayor appoints committee chair and membership positions and the Council confirms these appointments.

The committees handle numerous issues throughout the year, some of which will go on to the Council for consideration.

As the committees discuss issues, they generally make a recommendation to the Council for action. This recommendation is only a suggestion to the Council. The full Council will vote on issues brought before them and may or may not vote according to the Committee recommendation.

The City Supervisor generally attends Committee meetings as a liaison to Council Committees. Other Staff members attend as needed.

### **PUBLIC SAFETY COMMITTEE**

The Public Safety Committee addresses with law enforcement, fire services, animal control, code enforcement, emergency management, and other public safety concerns. Councilmembers serving on the Public Safety Committee are: Pat Colgan – Chair, Louis Requa and Tony Splane.

### **FINANCE COMMITTEE**

The Finance Committee addresses fiscal issues including appropriations, expenditures and budget adjustments committee. Councilmembers serving on

the Finance Committee are Chair – Rick Lemley, Pat Colgan and Hugh Galbraith.

### **UTILITY COMMITTEE**

The Utility Committee is responsible for addressing sewer, storm drainage and solid waste issues, related construction projects, and recommendations on rates and fees. Councilmembers serving on the Utility Committee are Ted Meamber – Chair, Tony Splane and Rick Lemley.

### **PARKS & RECREATION COMMITTEE**

The Parks and Recreation Committee addresses long-term and short-term issues relating to the City's parks. In 2008 this Committee will be instrumental in establishing vision and policies for new recreation programs. Councilmembers serving on the Parks & Recreation Committee are Hugh Galbraith – Chair, Louis Requa and Dennis London.

### **PERSONNEL COMMITTEE**

The Personnel Committee addresses human resource issues for the City, providing direction on personnel policies, negotiations and other significant issues. Councilmembers serving on the Personnel Committee are Dennis London – Chair, Tony Splane and Rick Lemley.

### **PLANNING COMMITTEE**

The Planning Committee is involved with permitting policies as well as long-term planning. This Committee also acts as a liaison to the Planning Commission. Councilmembers serving on the Planning Committee are Louis Requa – Chair, Ted Meamber and Dennis London.

## **CITIZENS ADVISORY**

### **CIVIL SERVICE COMMISSION**

Robbie Robinson, Chairman  
Brock Stiles, Chief Examiner  
Winnie Floyd, Secretary Examiner  
Michael Janicki  
Bill McCann

### **EMERGENCY SERVICES COMMITTEE**

Mike Anderson, Mayor  
Dean Klinger, Fire Chief  
Alva Lissner, School District  
Mike Riddle, School District  
Doug Wood, Police Chief

### **HOUSING AUTHORITY**

Fay Huggins  
Kacy Johnson  
Ken Rosencrantz  
Stan Sygitowicz  
VACANCY

### **LIBRARY BOARD**

Mick Boroughs  
Gloria Brown  
Dagni Cole  
Beverly Ringhouse  
Sharon Whiting

### **LODGING TAX ADVISORY COMMITTEE**

Tony Splane, Chairman  
James Montgomery, Skagit Motel  
Stacy Hicks, Three Rivers Inn  
David Bricka, Chamber of Commerce  
Dale Robertson, Sedro-Woolley Museum

### **PLANNING COMMISSION**

Patrick Huggins  
Kris Bulcroft  
Dan Lefeber  
VACANCY  
Brett Sandström  
Rick Judd  
Susie Williams

## **BUDGET OVERVIEW**

The City of Sedro-Woolley provides what are considered general governmental services authorized by state law, including public safety, streets, parks and recreation, planning and zoning, permits and inspections, general administration, sewer and storm services, garbage and library services.

Budgeting is an essential element of the financial planning, control and evaluation processes of government. The planning process involves determining the types and levels of services to be provided and allocating available resources among various departments, programs or functions.

Financial control and evaluation procedures typically focus upon assuring that fixed expenditure limitations (appropriations) are not exceeded, and on comparing estimated and actual revenues and expenditures.

The budget authorizes and provides control of financial operations during the fiscal year. Upon adoption, the expenditure estimate, as modified by the Council, are enacted into law through the passage of an appropriations ordinance.

The appropriations constitute maximum expenditure authorizations during the fiscal year, and cannot be exceeded unless approval by the Council in the form of a budget amendment. Expenditures are monitored through the accounting system to assure budgetary compliance.

The City of Sedro-Woolley's accounting and budgeting systems are organized and operated on a fund basis as required by state law. A fund is defined as a fiscal and

accounting entity with a self-balancing set of accounts recording cash and other financial resources.

The funds are segregated for the purpose of carrying on specific activities or attaining certain objectives. Funds are budgeted on a cash basis in accordance with the Revised Code of Washington (RCW) 36.33.

While typically thought of as a financial activity done to satisfy state law, budgeting is a process of planning. Fiscal planning involves all elements of government and should be considered one of the most important functions for city officials.

The process of budgeting will not only allocate fiscal resources to meet needs and provide services, but will set a direction for the future. The elements of good planning include indentifying community needs, city resources, the capability to meet community needs, and a plan to match such resources to the needs.

The planning for this document starts with the Council retreat in early summer. At that retreat Council discusses many issues including program priorities and capital project prioritization and timing.

The Mayor's budget is presented to the full Council in November. Two public hearings are scheduled with an adoption date in early December.

Related to this process is the City's Capital Facilities Plan as required by the Growth Management Act (GMA). This plan has significant requirements in the area of facilities planning and capital improvement financing.

The GMA exists to ensure that those public facilities and services necessary to support development are adequate to serve the development at the time the development is available for occupancy and use, without decreasing current levels of service below locally established minimum standards. The Capital Facilities Plan (CFP) is segregated into major categories: General Governmental, Transportation, Fire Protection, Police Protection, Solid Waste Management, Sewer, Storm Water and Parks and Recreation.

The City adopted a Capital Facilities Plan as part of its Comprehensive Plan. Subsequent Council policy decisions and amendments to the Comprehensive Plan require periodic review and amendments to the Capital Facilities Plan.

This budget document is developed in a manner to study and review the direction of the City of Sedro-Woolley. This document outlines the manner in which financial resources will be managed during the fiscal year.

The course the city is taking can be changed through the allocation of financial resources. The major groups who participate in the budget process are the Mayor, City Supervisor, City Council, department directors, city committees and commissions, city staff, and interested citizens.

A budget document is read by a diverse group of people. The budget must describe clearly and completely the nature and scope of policies, plans and programs for the year. It must communicate this information at different levels and for different purposes. One of the most important functions of the budget

document is to describe future implications and relationships of policies, plans and programs to members of the public. The budget document is an opportunity for the public to acquire background information necessary to provide meaningful comment and feedback to members of the City Council and City staff during the year.

The City of Sedro-Woolley's budget process is designed to provide essential structure for the financial planning, control and evaluation process of government, presenting a forecast of expected resources and the purposeful distribution of those revenues.

Once adopted, the budget is a formal expression of public policy on the City's objectives and priorities and on how resources will be provided to meet those objectives.

State law establishes the budget proves and time limits. The calendar of the City of Sedro-Woolley's budget can be found at the end of this document in the addendum section, at Addendum A.

The budget can be changed (amended) at any time after it is adopted, by the City Council passing another ordinance in an open public meeting. Normally, the budget is reviewed during the year to identify any adjustments.

In the City of Sedro-Woolley, policy begins with general direction provided by the City Council. The City budget process serves the function of creating a framework to implement the policies set forth by that body to administer the City organization and deliver the various services to the community.

Under the general guidance of the City Supervisor, department directors have primary responsibility for formulating budget proposals in line with Council priorities.

Budget policy begins with an understanding of the needs and issues important to the community that the government serves. General goals and priorities are identified in order to apply the available financial resources of the City for specific funding proposals. Previous budgets are considered in this process, thereby providing continuity with previous program goals.

The Finance Department is responsible for coordinating all aspects of the budget process on behalf of the City, analyzing department budget information, preparing budget revenue estimates, assembling the budget document and providing overview financial monitoring and reporting once the budget is adopted.

The Finance Department assists in identifying budget problems, formulating solutions and alternatives, and implementing corrective action approved by the City Supervisor, Mayor or City Council.

The City uses a line-item budget development approach and uses that level of detail as a backbone to the actual budget document. However, the budget is formally adopted at the fund level.

This budget seeks to achieve these four interrelated functions:

### **A POLICY TOOL**

The City's budget process is conducted in a manner that allows City officials an

opportunity to comprehensively review the direction of the City and to redirect its activities by means of the allocation of financial resources. On this basis, the budget sets policy for the following year. This budget also facilitates the evaluation of City programs by providing a means to measurably examine the financial activities of the City department over time.

### **AN OPERATIONS GUIDE**

The budget provides financial control by setting forth both legislative and administrative guidance to City employees regarding the character and scope of their activities. This direction is set forth in both summary and detail form in the various products of the budget process.

### **A FINANCIAL PLAN**

The budget outlines the manner in which the financial resources of the City will be managed during the budget period. This allocation of resources is based on understanding both the current year's needs and a long-term view of the development of the City's programs. The budget takes into account unforeseen contingencies and provides for the need for periodic adjustments.

### **AS A COMMUNICATION MEDIUM**

This budget provides management information as a comprehensive tabulation of information regarding both the character and scope of City activity. No budget can be effective unless it communicates. Since this budget has a diverse audience, it seeks to communicate at several levels and for several purposes. It seeks to communicate clear policy at a usable level of detail to City employees, to communicate significant policy issues and

options in a form that can be acted on by officials, and to communicate the plans of the City to its constituents in a manner which affords them an opportunity to provide meaningful comments to the elected officials.

## **BUDGET SUMMARY**

While the budget planning and adoption process is discussed above, there are many issues that are important to discuss in order to understand the dynamics of this document. For financial and accounting purposes, municipal operations are divided into two broad categories; general governmental and proprietary. Budgets are established for all funds. There are 27 budgeted funds in the city of Sedro-Woolley and they are classified within seven basic fund groups, as described below.

General governmental funds include three funds. The first is the **General Fund** which provides basic City services such as city administration, legislative, legal, personnel services, public safety, planning, building, zoning, facilities and associated support functions. The resources to support these activities are primarily taxes and user fees.

**Special Revenue** funds account for the proceeds of specific revenue sources other than special assessments, expendable trusts or major capital projects. These revenues finance particular activities or functions as required by law or administrative regulations.

**Debt Services** funds accumulate resources and account for the payment of principal and interest for the City's general obligation long-term debt and special assessment debt. The City pledges its full

faith and credit for payment of these obligations.

- Resources for redemption of Council –approved (limited) issues are usually from the general property tax levy.
- Resources for payment of special assessment debt are from assessments levied against benefited properties.
- Resources for redemption of revenue bonds are from the sales of goods and services.

The debt service funds are the General Obligation Debt Service Funds, and the Sewer Revenue Bond Funds.

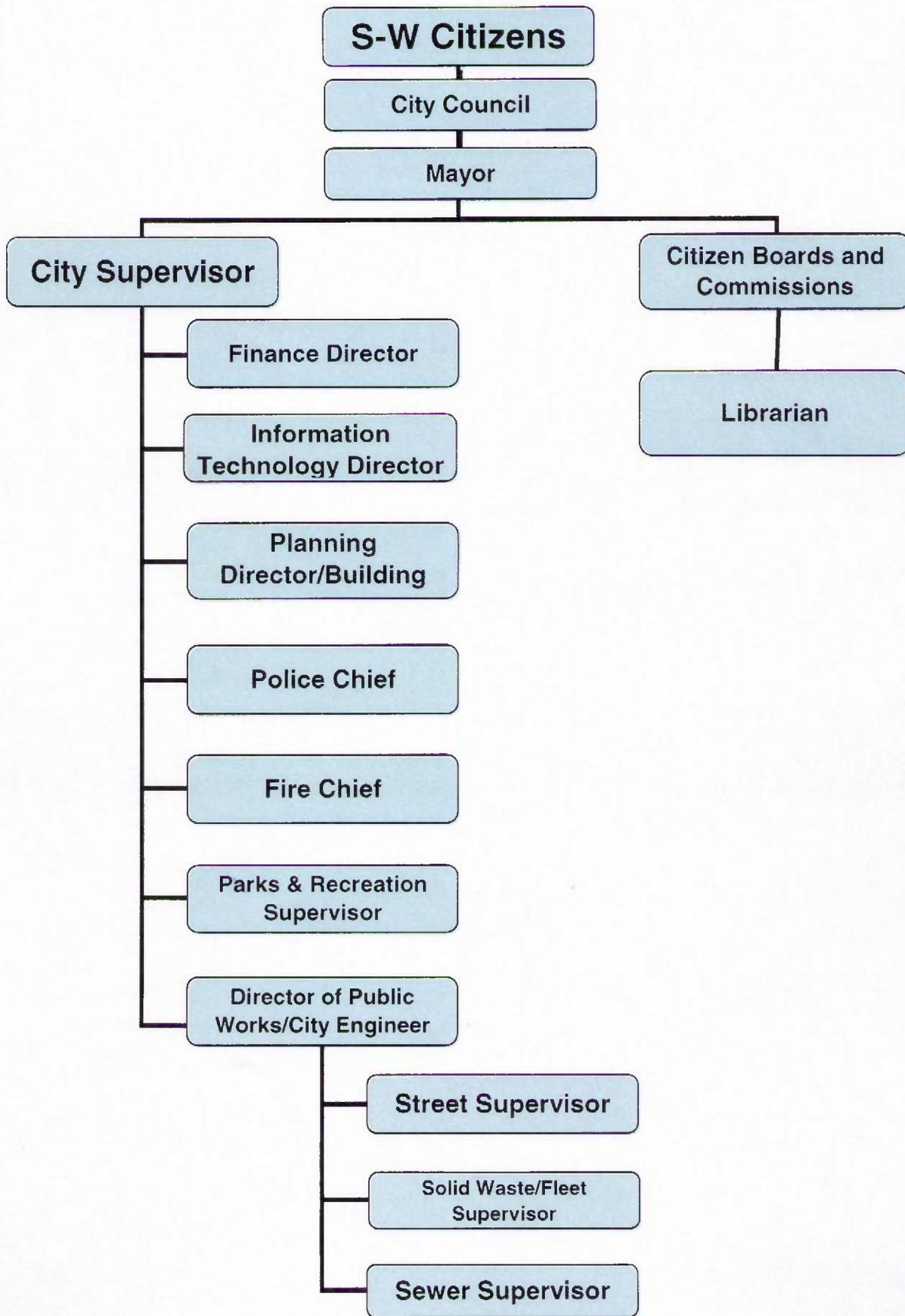
**Capital Project** funds account for the acquisition or development of major capital facilities, except those projects financed by the enterprise funds. Sources of revenue for these funds can include bond proceeds, federal/state grants, general property taxes, interest earnings, and transfers from other funds.

**Enterprise** funds are established for government activities that are financed and operate in a manner similar to private business. The user primarily finances costs of providing services to the general public. There are three types of enterprise funds. They are the Sewer Fund, Storm Water Fund and Solid Waste Fund.

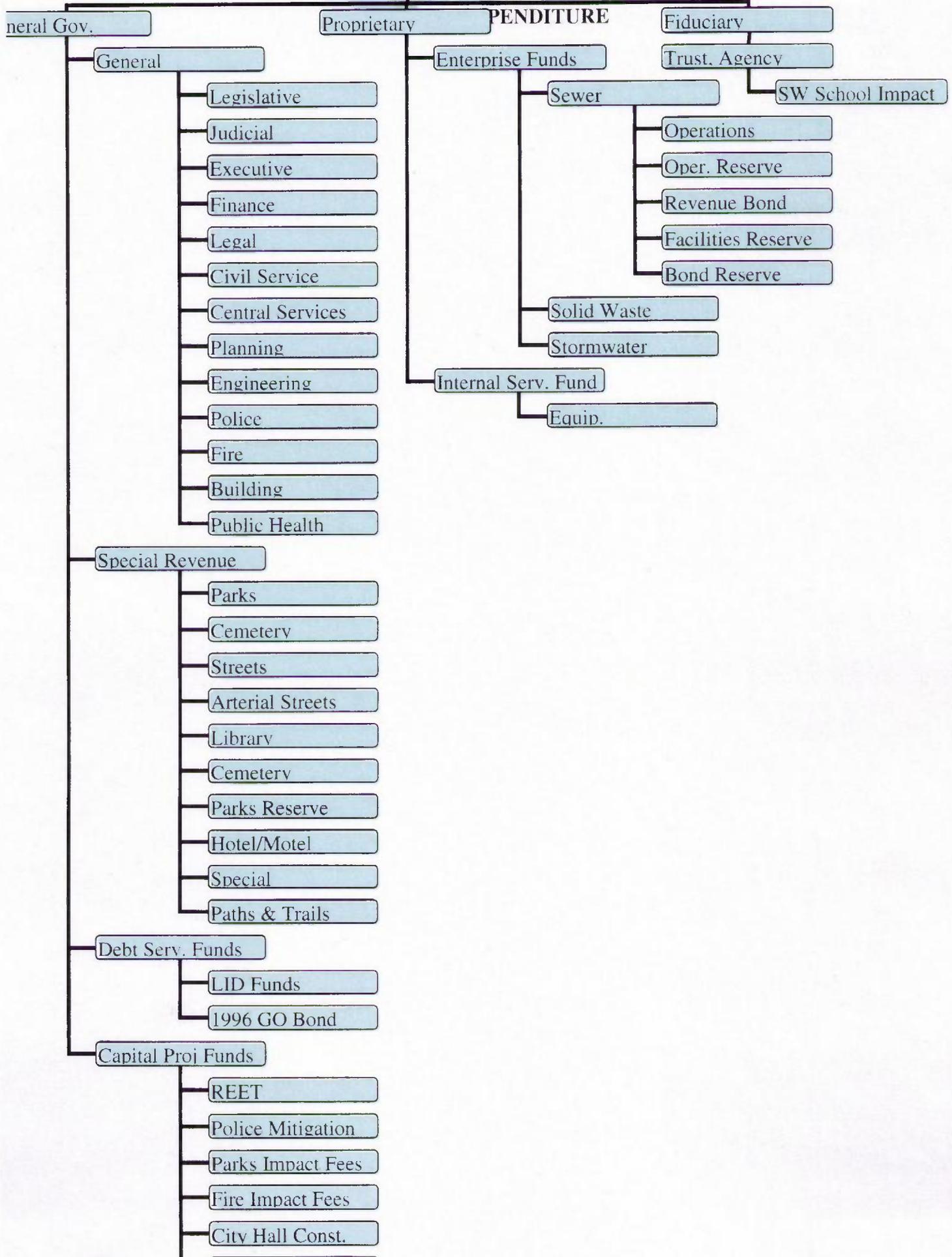
**Internal Service** funds account for the financing of goods and services provided by one department or agency to other departments or agencies in the City. The City's internal services fund is the Equipment Replacement Fund.

Fiduciary funds include Pension Trust, Expendable Trust, and Agency Funds, which are used to account for assets held

By the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The city has one of these funds, which accounts for impact fees on behalf of the Sedro-Woolley School District.

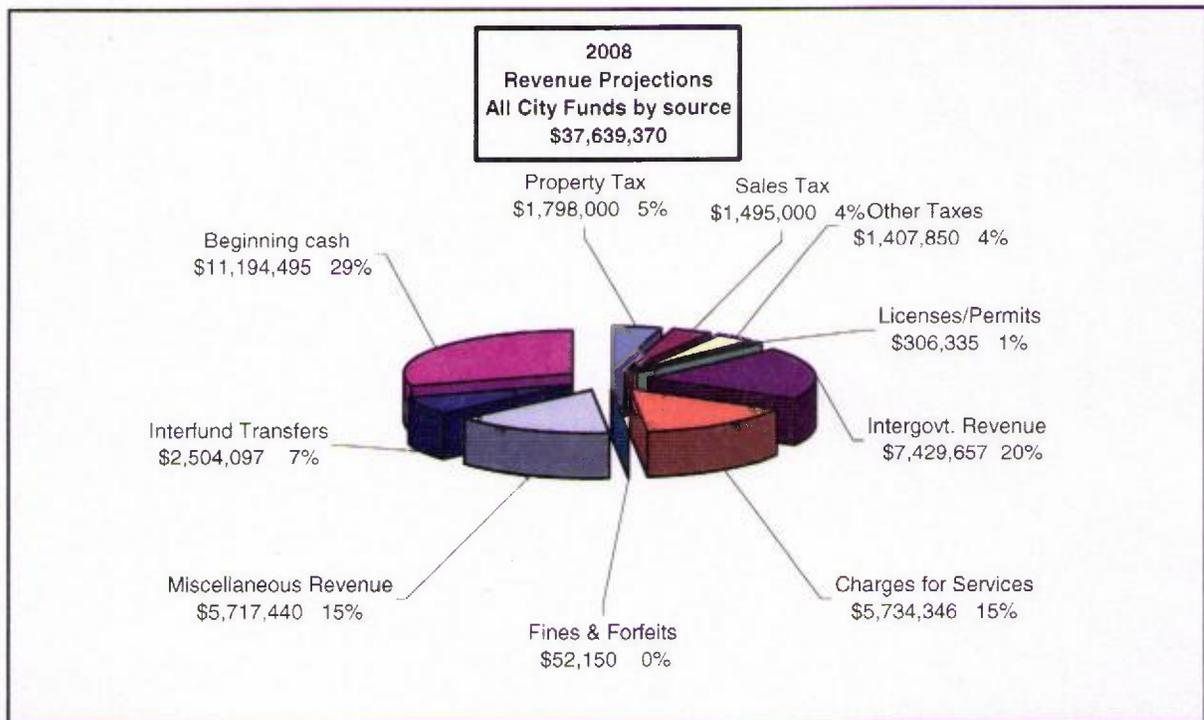


FUND TYPES SUMMARY



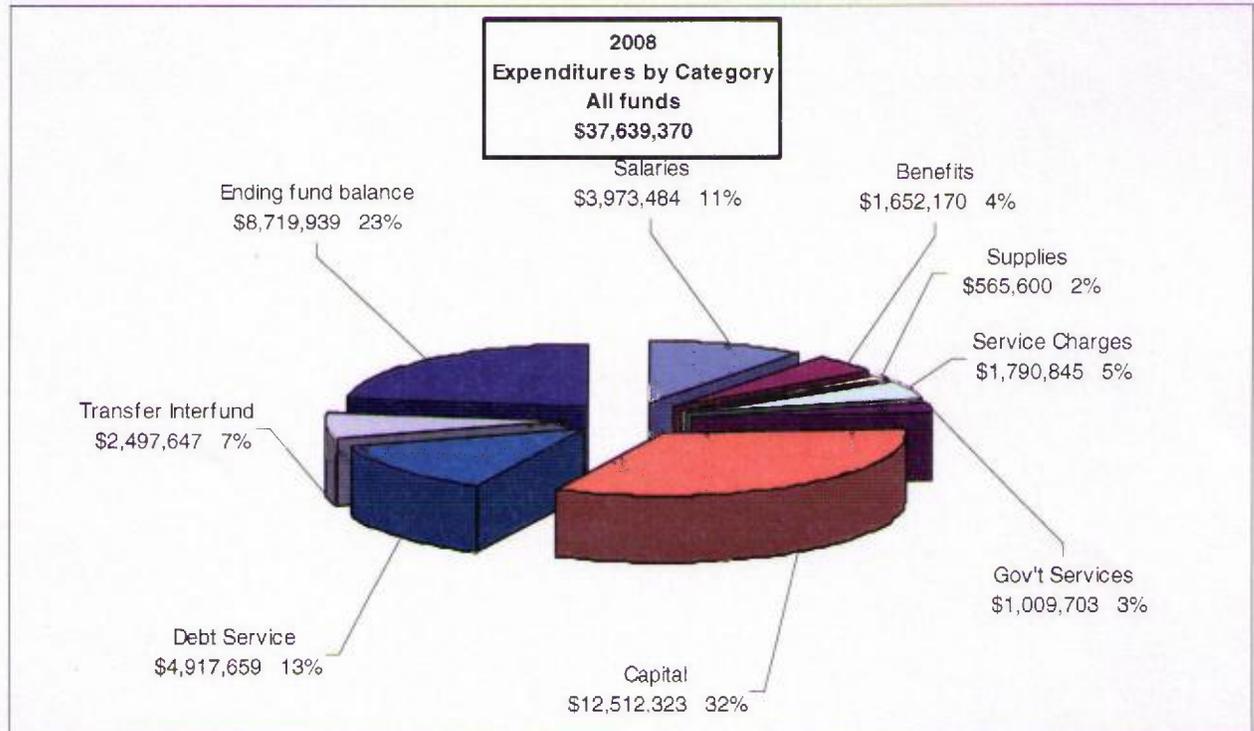
## BUDGET SUMMARY 2008 REVENUE

City of Sedro-Woolley 2008 Budget											
Revenue Projections - All City Funds (by source)											
Fund Name	Property Tax	Sales Tax	Other Taxes	Licenses/Permits	Intergovt. Revenue	Charges for Services	Fines Forfeits	Misc. Revenue	Interfund Transfers	Beginning Cash	Total
General	550,000	1,350,000	922,850	306,335	328,885	274,650	48,150	80,050	349,450	1,157,415	5,367,785
Parks	478,000	-	-	-	-	84,800	-	5,000	55,000	49,693	672,493
Cemetery	42,500	-	-	-	-	72,000	-	5,000	18,000	49,693	187,193
Streets	248,000	145,000	-	-	248,000	-	-	5,000	168,000	49,693	883,693
Arterial Streets	-	-	-	-	1,874,947	150,000	-	100,000	-	1,294,822	3,419,769
Library	275,000	-	-	-	-	6,100	4,000	1,100	35,000	30,431	351,631
Cemetery Endowment	-	-	-	-	-	2,500	-	-	-	121,196	123,696
Cumulative Reserve - Parks	-	-	-	-	-	-	-	3,300	-	5,769	9,069
Lodging Tax (Tourism)	-	-	25,000	-	-	-	-	1,000	-	11,733	37,733
Special Investigations	-	-	-	-	-	-	-	200	-	4,013	4,213
Paths & Trails	-	-	-	-	1,200	-	-	1,850	-	37,905	40,955
1991-1 LID Debt Service	-	-	-	-	-	-	-	-	-	19,273	19,273
1996 GO Bond	200,000	-	-	-	-	-	-	5,500	-	67,121	272,621
Current Expense Reserve	-	-	460,000	-	-	-	-	45,000	-	1,588,709	2,093,709
Police Mitigation Reserve	-	-	-	-	-	30,000	-	4,800	-	105,777	140,577
Parks Impact Fees	-	-	-	-	-	55,000	-	5,000	-	118,849	178,849
Fire Impact Fees	-	-	-	-	-	25,000	-	4,500	-	105,424	134,924
City Hall Construction	-	-	-	-	-	-	-	5,100,040	102,398	62	5,202,500
Sewer Construction - PWTF	-	-	-	-	4,976,625	-	-	20,000	-	1,304,315	6,300,940
Sewer Operations	-	-	-	-	-	2,500,800	-	88,600	375,000	615,099	3,579,499
Sewer Operations Reserve	-	-	-	-	-	-	-	5,000	225,000	-	230,000
Sewer Debt Service	-	-	-	-	-	9,450	-	12,000	500,000	180,776	702,226
Sewer Facilities Reserve	-	-	-	-	-	879,426	-	158,000	316,159	3,157,440	4,511,025
Sewer Bond Reserve	-	-	-	-	-	-	-	-	-	519,239	519,239
Solid Waste	-	-	-	-	-	1,434,500	-	42,600	-	312,606	1,789,706
Stormwater	4,500	-	-	-	-	210,120	-	3,900	-	24,510	243,030
Equipment Replacement & Fleet	-	-	-	-	-	-	-	20,000	360,090	262,932	643,022
TOTAL	1,798,000	1,495,000	1,407,850	306,335	7,429,657	5,734,346	52,150	5,717,440	2,504,097	11,194,495	37,639,370



## BUDGET SUMMARY 2008 EXPENDITURE

City of Sedro-Woolley 2008 Budget Expenditures by Category - All Funds										
Fund Name	Service			Gov't	Capital	Debt Service	Transfers Interfund	End. Fund Balance	Total	
	Salaries	Benefits	Supplies	Charges						Services
General	2,272,809	937,835	169,600	763,095	246,093	526,237	-	10,730	441,386	5,367,785
Parks	247,200	96,780	53,400	100,950	1,000	74,100	-	44,600	54,463	672,493
Cemetery	74,000	34,450	14,600	16,200	-	18,000	-	14,900	15,043	187,193
Streets	198,225	100,175	50,500	249,400	-	93,000	-	102,800	69,593	863,693
Arterial Streets	-	-	-	-	3,722	2,829,868	-	-	586,179	3,419,769
Library	160,000	38,995	5,000	55,750	150	63,500	-	-	28,236	351,631
Cemetery Endowment	-	-	-	-	-	100,000	-	18,000	5,696	123,696
Cummulative Reserve - Parks	-	-	-	-	-	4,000	-	-	5,069	9,069
Lodging Tax (Tourism)	-	-	-	24,650	-	-	-	-	13,083	37,733
Special Investigations	-	-	-	1,000	-	-	-	-	3,213	4,213
Paths & Trails	-	-	-	-	-	10,000	-	-	30,955	40,955
1991-1 LID Debt Service	-	-	-	-	-	-	-	-	19,273	19,273
1996 GO Bond	-	-	-	-	-	-	200,000	-	72,621	272,621
Current Expense Reserve	-	-	-	-	-	-	-	270,398	1,823,311	2,093,709
Police Mitigation Reserve	-	-	-	-	-	-	-	40,000	100,577	140,577
Parks Impact Fees	-	-	-	-	-	-	-	55,000	123,849	178,849
Fire Impact Fees	-	-	-	-	-	-	-	20,000	114,924	134,924
City Hall Construction	-	-	-	-	-	1,402,500	3,800,000	-	-	5,202,500
Sewer Construction - PWTF	-	-	-	-	-	6,269,818	-	-	31,122	6,300,940
Sewer Operations	543,625	233,750	125,000	436,000	63,500	809,500	-	1,079,689	288,435	3,579,499
Sewer Operations Reserve	-	-	-	20,000	-	130,000	-	-	80,000	230,000
Sewer Debt Service	-	-	-	-	-	-	501,500	-	200,726	702,226
Sewer Facilities Reserve	-	-	-	-	-	-	416,159	660,000	3,434,866	4,511,025
Sewer Bond Reserve	-	-	-	-	-	-	-	-	519,239	519,239
Solid Waste	296,700	132,485	140,000	123,800	682,738	31,800	-	181,530	200,653	1,789,706
Stormwater	141,725	64,310	5,000	-	12,500	-	-	-	19,495	243,030
Equipment Replacement & Fleet	39,200	13,390	2,500	-	-	150,000	-	-	437,932	643,022
<b>TOTAL</b>	<b>3,973,484</b>	<b>1,652,170</b>	<b>565,600</b>	<b>1,790,845</b>	<b>1,008,703</b>	<b>12,512,323</b>	<b>4,917,659</b>	<b>2,497,647</b>	<b>8,719,939</b>	<b>37,639,370</b>



## GENERAL FUND REVENUES

The City's General Fund receives the greatest amount of its operating revenues from a variety of taxes. State law limits those taxes.

### PROPERTY TAX

Property Taxes are collected on 100 percent of assessed valuation (A.V.) as determined by the Skagit County Assessor's Office in accordance with state law. The maximum that the City can levy is 101 percent of the highest of the three (3) most recent years' levies, plus the impact of new construction at the previous year's levy rate, plus miscellaneous adjustments.

The new construction assessed value amount for 2008 is estimated at \$19,000,000 as compared to \$40,000,000 in 2007. State statutes do not allow the city to levy more than \$3.375 per \$1,000 of assessed valuation. The City of Sedro-Woolley is well below the statutory limit, and it is estimated at \$2.14241 per \$1,000 of assessed valuation for 2008.

In November 2001, the voters of the state approved Initiative 747, which sets limits for annual increases in property taxes to 1% without a vote of the people.

In November of 1997, the voters of the state approved Referendum 47, which sets limits in three areas for property tax:

- 1) The State tax levy increases now annually limited to the lesser of the I.P.D. inflation factor or 1%.
- 2) The 1997 temporary tax reduction was made permanent; and

- 3) A new limit factor for the local jurisdictions on property tax.

As previously stated cities still are limited to 101%, but now there is an inflation factor called an implicit price deflator (IPD). The IPD for personal consumption in the United States is published for the most recent twelve-month period by the Bureau of Economic Analysis of the Federal Department of Commerce in September of the year before the taxes are due.

As the referendum provides, cities may go above the IPD to any percentage up to the 101 percent. In order to levy the full 101 percent, a substantial need must exist, and a resolution or ordinance must be adopted by a supermajority of the City Council. Those provisions of Referendum 47 do not limit Cities under a population of 10,000.

### Property Tax Levy Rate by Taxing Entities

District	2008	2007	2006	2005	2004
Skagit County	\$ 1.2097	\$ 1.3206	\$ 1.5201	\$ 1.5526	\$ 1.5671
Medic 1	\$ 0.2290	\$ 0.2500	\$ 0.2134	\$ 0.2306	\$ 0.2328
Conservation	\$ 0.0429	\$ 0.0469	\$ 0.0533	\$ 0.0576	\$ 0.0581
State	\$ 2.0118	\$ 2.1725	\$ 2.5116	\$ 2.7088	\$ 2.7847
City General	\$ 2.1444	\$ 2.2598	\$ 2.5356	\$ 2.4496	\$ 2.7939
City Bond	\$ 0.2743	\$ 0.2743	\$ 0.3306	\$ 0.4054	\$ 0.4292
Schools General	\$ 2.4852	\$ 2.6018	\$ 2.9994	\$ 2.8707	\$ 3.2648
School Bond	\$ 0.8084	\$ 0.8955	\$ 1.0591	\$ 1.0791	\$ 1.2713
Hospital 304	\$ 0.1406	\$ 0.1512	\$ 0.1759	\$ 0.1800	\$ 0.4418
Port #2	\$ 0.1196	\$ 0.0999	\$ 0.1000	\$ 0.1001	\$ 0.1168
Totals	\$ 9.4659	\$ 10.0725	\$ 11.4990	\$ 11.6345	\$ 12.9605

**City Regular Levy**

	Assessed <u>Valuation</u>	Property <u>Tax</u>	Rate Per <u>\$1,000</u>
1999	\$ 329,038,224	\$ 901,993	\$ 2.7413
2000	\$ 396,626,551	\$ 929,018	\$ 2.3423
2001	\$ 404,374,295	\$ 1,096,218	\$ 2.7109
2002	\$ 425,982,646	\$ 1,186,788	\$ 2.7860
2003	\$ 453,524,658	\$ 1,255,674	\$ 2.7687
2004	\$ 472,465,429	\$ 1,320,021	\$ 2.7939
2005	\$ 556,551,581	\$ 1,363,329	\$ 2.4496
2006	\$ 589,957,949	\$ 1,495,897	\$ 2.5356
2007	\$ 711,332,593	\$ 1,607,469	\$ 2.2598
2008	\$ 778,278,230	\$ 1,668,939	\$ 2.1444

The City remains highly dependent on property tax revenues, as other revenue sources are not increasing sufficiently to meet the basic needs in providing necessary services.

**City Bond Levy (Public Safety Bldg.)**

	Assessed <u>Valuation</u>	Property <u>Tax</u>	Rate Per <u>\$1,000</u>
1999	\$ 319,189,719	\$ 179,991	\$ 0.5639
2000	\$ 385,636,071	\$ 175,002	\$ 0.4538
2001	\$ 393,574,160	\$ 164,986	\$ 0.4192
2002	\$ 415,424,831	\$ 197,991	\$ 0.4766
2003	\$ 442,734,218	\$ 197,991	\$ 0.4472
2004	\$ 461,308,584	\$ 197,994	\$ 0.4292
2005	\$ 550,023,681	\$ 222,980	\$ 0.4054
2006	\$ 580,714,084	\$ 191,984	\$ 0.3306
2007	\$ 699,986,348	\$ 191,923	\$ 0.2743
2008	\$ 765,517,905	\$ 209,982	\$ 0.2743

**RETAIL SALES & USE TAX**

Retail Sales and Use Tax consists of two city portions. The first portion is a local tax of one-half of one percent less fifteen percent paid to the county. The second portion includes an “optional” one-half of one percent, less the fifteen percent county share. This provides a combined

city portion of 0.0085 from each dollar of local sales. This was authorized by the State Legislature in 1982 and further authorized by the city and provided for in Sedro-Woolley’s Municipal Code Title 3, Chapter 3.12. The sales tax was adopted in 1935 as an integral part of the Washington State Revenue Act.

**City Sales Tax Collections**

<u>Year</u>	<u>Amount</u>
1998	\$ 896,368
1999	\$ 992,269
2000	\$ 905,292
2001	\$ 895,382
2002	\$ 994,203
2003	\$ 1,017,025
2004	\$ 1,057,128
2005	\$ 1,135,459
2006	\$ 1,308,946
2007	\$ 1,335,930
2008*	\$ 1,295,000

\* = estimated

**STATE SHARED REVENUES**

State shared revenues are derived from gasoline taxes, liquor receipts (from profits and excise taxes) and motor vehicle fuel excise taxes. These taxes are collected by the State of Washington and shared with local governments based on population. The Office of Financial Management determines the population figures used for the distribution of state-shared revenues. Sedro-Woolley’s 2008 estimated population is 9,945.

**LIQUOR PROFITS AND TAXES**

Cities and towns are responsible for the policing of liquor establishments located within their limits but are precluded from taxing them because of the state liquor monopoly. The law provides that a share of the state-collected profits and taxes be returned to cities and towns to

help defray the cost of policing liquor establishments.

Liquor Board profits consist of the difference between revenue from state liquor stores, taxes on wine and beer, license fees, penalties and forfeitures and board expenditures. Except for monies from administrative fees and those attributable to Class H licenses, the profits are divided among the state, counties, cities and towns.

Cities and towns receive a 40 percent share. An additional amount is distributed to border area cities and towns. Cities and towns also receive 28 percent of the liquor excise tax receipts. To be eligible to receive liquor taxes and profits, a city or town must devote at least 2 percent of its distribution to support an approved alcoholism or drug addition program.

### **UTILITY TAX**

The City imposes a utility tax on cable, telecommunications, electricity, and natural gas at the rate of 6 percent. The City also imposes a utility tax of 2 percent on city provided utilities.

### **LEASEHOLD EXCISE TAX**

Most leases of publicly-owned real and personal property in the state are subject to a leasehold excise tax in lieu of a property tax. The State Legislature in 1976 established a 12 percent tax to be levied on the contract rent.

In 1987, the State Legislature increased the rate to a total of 12.84 percent. Cities and counties may collectively levy up to 6 percent of the 12.84 percent. The maximum rate for cities is 4 percent and, if a city levies this amount, the county can levy only 2 percent on leaseholds in the incorporated areas. If a city chooses

not to levy its maximum, the county captures the difference to the 6 percent lid.

The City of Sedro-Woolley imposes the leasehold excise tax at the rate of 4 percent. Doing so does not affect the rate that leaseholders must pay; it simply determines who receives the money.

### **MUNICIPAL COURT FINES**

Although the State Supreme Court establishes the schedule of fines for traffic infractions in the Washington Model Traffic Ordinance RCW Chapter 46.90, cities and towns share in the revenue for infractions committed within their boundaries. After the fines are collected, 35 percent is sent to the state. The remainder is deposited in the General Fund to pay for law enforcement services.

### **LICENSES, PERMITS & FEES**

The City collects license fees, building permit fees and miscellaneous user fees.

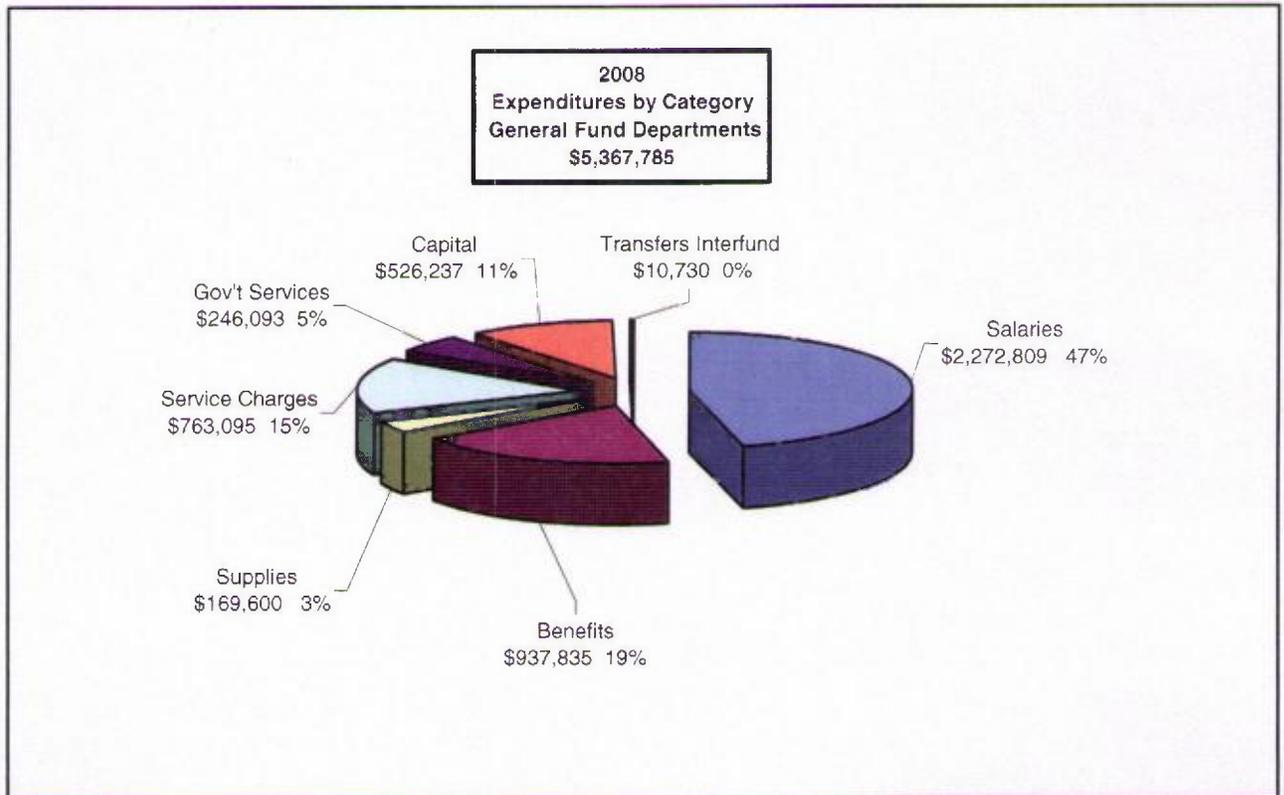
### **EMERGENCY SERVICES**

The City Fire Department provides fire and emergency services, through a governmental contract with Skagit County Fire District No. 8, Monday through Friday, 6:00 am to 6:00 pm. In 2007 the City received \$119,938 from this program and anticipates about the same in 2008.

This list is not meant to cover every General Fund Revenue, but it is intended to assist in understanding how and where much of the money comes from in the support of general services of the City.

## BUDGET SUMMARY 2008 EXPENDITURE

<b>City of Sedro-Woolley 2008 Budget Expenditures by Category - General Fund Departments</b>									
Department Name	Salaries	Benefits	Supplies	Service Charges	Gov't Services	Capital	Transfers Interfund	Total	%
Legislative	37,200	2,996	5,000	5,000	5,000		-	55,196	1.03%
Judicial	21,550	19,775	4,000	115,676	8,500	1,000	-	170,501	3.18%
Executive	73,600	16,355	1,000	13,500	-	2,500	-	106,955	1.99%
Finance	50,634	23,544	11,000	74,550	-	10,000	-	169,728	3.16%
Legal	21,600	8,185	500	18,750	1,400	500	-	50,935	0.95%
Civil Service	-	-	500	6,000	-	-	-	6,500	0.12%
Central Services	-	-	2,500	79,850	50	316,100	10,730	409,230	7.62%
Planning	145,300	57,475	4,000	29,300	4,973	3,000	-	244,048	4.55%
Engineering	124,100	54,675	4,000	96,600	-	3,500	-	282,875	5.27%
Police	1,309,275	613,120	57,600	163,199	157,228	105,000	-	2,405,422	44.81%
Fire	427,050	118,185	76,500	135,500	-	83,637	-	840,872	15.67%
Building	62,500	23,525	3,000	25,170	-	1,000	-	115,195	2.15%
Emergency Services	-	-	-	-	21,118	-	-	21,118	0.39%
Pollution Control	-	-	-	-	3,414	-	-	3,414	0.06%
Economic Development	-	-	-	-	2,500	-	-	2,500	0.05%
Aging	-	-	-	-	19,468	-	-	19,468	0.36%
Public Health	-	-	-	-	22,442	-	-	22,442	0.42%
Ending Fund Balance								441,386	8.22%
<b>TOTAL</b>	<b>2,272,809</b>	<b>937,835</b>	<b>169,600</b>	<b>763,095</b>	<b>246,093</b>	<b>526,237</b>	<b>10,730</b>	<b>5,367,785</b>	<b>100.00%</b>



# GENERAL FUND

## LEGISLATIVE

The City council is the legislative branch of the city government within the City of Sedro-Woolley. Policy-making is the most important responsibility of the City Council.

The general powers and duties of this body are provided in the Revised Code of Washington Chapter 35A.12.

As a comprehensive policy setting directive, the council develops various master plans. These plans are the foundation for developing the annual final budget. These plans are also opportunities for citizens to have direct input into the major policies affecting the community. City master plans include the GMA Comprehensive Plan, Capital Improvement Plan, Transportation Improvement Plan, Stormwater Management Plan, Comprehensive Solid Waste Management Plan, Comprehensive Sewer System Plan, Design Standards and Guidelines, Police Mitigation Fee Analysis and Proposal, Fire Strategic Review and Impact Fee Plan, Sedro-Woolley School District #101 Capital Facilities Plan.

In developing the master plans, the City Council holds public hearings to allow public input and testimony. This represents hundreds and hundreds of hours of testimony and debate. These master plans are comprehensive and provide fiscal guidance both in the annual budget and the long-term strategic budget development.

After master plans are adopted by the Council, the City's department directors

develop annual budget requests to implement the master plans. Each director develops budget requests for the City Supervisor to review. This process results in the city council debate and passage of the final annual budget in December of each year.

## MISSION STATEMENT

The mission of the Sedro-Woolley city government is to provide selected services that are not traditionally offered by the private sector. This will be achieved through providing the highest quality services we can within the resources with which we're provided; involving residents in all aspects of planning and operations; serving as a clearinghouse for public information and operating facilities which meet the legitimate, identified concerns of the residents of and visitors to our community.

We believe in being community-centered, consistently contributing to the quality of life in our area and as fully deserving of the public's trust through the consistent expression of positive values and acceptance of accountability for producing meaningful results.

<b>Legislative</b>					
			Budget	Budget	
			Year	Year	Increase
			2008	2007	<Decrease>
<u>Expenditures by Category</u>					
Salaries			37,200	28,800	8,400
Benefits			2,996	2,500	496
Supplies			5,000	7,000	-2,000
Service Charges			5,000	8,000	-3,000
Government Services			5,000	7,000	-2,000
Total Expenditures			55,196	53,300	1,896

## JUDICIAL

The Municipal Court of Sedro-Woolley is a court of limited jurisdiction, presiding over infractions, and misdemeanor and gross misdemeanor criminal matters. Other matters such as felonies are held in Skagit County Superior Court.

The Court personnel manage the court's caseload, record proceedings and collect all fines, forfeiture and costs that are initiated by the Sedro-Woolley Police Department. The Judge is provided through a professional services contract.

<b>Judicial</b>				
		Budget	Budget	
		Year	Year	Increase
		2008	2007	<Decrease>
<b>Expenditures by Category</b>				
Salaries		21,550	21,000	550
Benefits		19,775	17,470	2,305
Supplies		4,000	3,500	500
Service Charges		115,676	115,426	250
Government Services		8,500	8,500	0
Capital		1,000	1,000	0
<b>Total Expenditures</b>		<b>170,501</b>	<b>166,896</b>	<b>3,605</b>

## EXECUTIVE

The Mayor of a code-city Mayor-Council municipality is the Chief Executive and, as such, is responsible for carrying out the policies of the Council. The City Supervisor is tasked with carrying out the day-to-day duties.

The Executive Department provides overall administration of the affairs of the City. This includes enacting the Council's policies, officially representing the City for the public and other Governmental entities, and providing City department overview and liaison.

<b>Executive</b>				
		Budget	Budget	
		Year	Year	Increase
		2008	2007	<Decrease>
<b>Expenditures by Category</b>				
Salaries		73,600	24,000	49,600
Benefits		16,355	3,450	12,905
Supplies		1,000	250	750
Service Charges		13,500	1,100	12,400
Capital		2,500	1,800	700
<b>Total Expenditures</b>		<b>106,955</b>	<b>30,600</b>	<b>76,355</b>

## FINANCE DEPARTMENT

The Finance Department provides a variety of financial and administrative services for the City, which includes:

- Cashiering services;
- Cash and investment portfolio management;
- Debt management;
- Budget preparation and administration;
- Annual financial report preparation;
- Business license issuance and monitoring
- Utility Tax reporting;
- Grant revenue and expenditure reporting;
- Local Improvement District assessment collections;
- Utility billing for sewer, solid waste and storm;
- Accounts receivable and collections;
- Payroll and employee benefits;
- Federal and State payroll tax reporting;
- Accounts payable and audit of vendor claims;
- Monthly and annual financial reporting of all revenues and expenditures;
- Prepares for and facilitates the City's annual audit;

- Custodian of the City's legislative history;
- Production of Council agendas, packets and minutes;
- Publish required legal notices;
- Notary services (City related documents only);
- Archival and destruction responsibilities of the City's official public records;
- Process all incidents and claims in a timely manner;
- City-wide mail processing;
- Manage the City's inventory system;
- Assist the City Supervisor in risk management and personnel issues.

- Ordinance and resolution drafting

The City Attorney's Office prioritizes aggressive and prompt response to lawsuits, and focuses on early pre-litigation involvement and intervention, thereby minimizing the City's litigation exposure and limiting our dependence on outside legal counsel.

Good risk management, active legal consultation with City Departments and the City Council, open channels of communication with citizens, and early legal intervention reduce the risk of litigation and limit our taxpayer's exposure to the financial liabilities associated with lawsuits against the City.

<b>Finance</b>				
		Budget	Budget	
		Year	Year	Increase
		2008	2007	<Decrease>
<b>Expenditures by Category</b>				
Salaries		50,634	58,600	-7,966
Benefits		23,544	29,420	-5,876
Supplies		11,000	10,000	1,000
Service Charges		74,550	107,550	-33,000
Capital		10,000	6,500	3,500
<b>Total Expenditures</b>		<b>169,728</b>	<b>212,070</b>	<b>-42,342</b>

<b>Legal</b>				
		Budget	Budget	
		Year	Year	Increase
		2008	2007	<Decrease>
<b>Expenditures by Category</b>				
Salaries		21,600	41,580	-19,980
Benefits		8,185	16,295	-8,110
Supplies		500	1,500	-1,000
Service Charges		18,750	10,275	8,475
Government Services		1,400	1,400	0
Capital		500	500	0
<b>Total Expenditures</b>		<b>50,935</b>	<b>71,550</b>	<b>-20,615</b>

## **LEGAL**

The City Attorney's Office provides legal advice, opinions and representation to the Mayor, City Council, and staff on a broad range of matters:

- General civil litigation
- Law enforcement/prosecution
- Labor law, employment, personnel issues
- Land use/environmental issues
- Risk management
- Utility and water law
- Contract drafting and negotiation
- Real Estate transactions

## **PLANNING**

The Planning Department assists the community in their consideration of alternative future directions and implementation of policies regarding long-term development of the city. Facilitates all long-range land use planning activities, including, but not limited to, those relating to comprehensive planning and critical area regulation; processes all current planning permits.

- Serve's the public interest as it has been identified through continuous and open community discussion.
- Provide's timely, adequate, clear and accurate information on planning issues to all affected persons and to governmental decision makers.
- Ensure's that community members have a meaningful impact on the development of plans and programs that may affect them.
- Promote's excellence of design and endeavor to preserve and enhance the integrity and heritage of the natural and built environment.
- Strive's for a high standard of professional integrity, proficiency and knowledge.

<b>Planning</b>				
		Budget	Budget	
		Year	Year	Increase
		2008	2007	<Decrease>
<b>Expenditures by Category</b>				
Salaries		145,300	132,574	12,726
Benefits		57,475	52,450	5,025
Supplies		4,000	5,300	-1,300
Service Charges		29,300	46,780	-17,480
Government Services		4,973	4,878	95
Capital		3,000	7,000	-4,000
Total Expenditures		244,048	248,982	-4,934

## **POLICE DEPARTMENT**

The Department is currently organized into three divisions: 1) Administration and Support Services; 2) Patrol; and 3) Investigations.

### **Administration**

The Chief of Police provides overall management and direction, planning, budgeting, scheduling, inspections, and

training for the Department, with the assistance of the Police Lieutenant.

### **Support Services**

Support Services handles telephone and in-person requests for service from the public; processes and maintains all reports generated by Police Department Officers and staff; performs data entry in department database and regional/national law enforcement telecommunications systems; conducts background checks on arrested persons, processes all citations, and prepares all report packages for dissemination; produces mandated State and Federal statistical reports. The Evidence Technician is responsible for the records management, maintenance, and security of the Police Department's evidence/property room. (SWPD contracts with Skagit County for Jail and Dispatch services.)

### **Patrol**

The Patrol Division is the "backbone" of the police operation. This program provides 24 hour-a-day, seven-days-a-week law enforcement coverage. The officers perform all facets of law enforcement, including responding to emergency situations and service calls. Other primary responsibilities are ensuring safety and protection of persons and property through proactive and directed patrol, conducting criminal investigations, collecting evidence, recovering lost or stolen property, and apprehending violators. Patrol also facilitates the safe, expeditious movement of vehicle, bicycle, and pedestrian traffic, and renders services of problem solving and community oriented policing to promote the peace and enhance the quality of life for residents and visitors.

**Investigations**

The Investigations Division conducts professional and comprehensive follow-up investigations of reported major crimes and manages self-initiated investigations, criminal intelligence gathering, and crime trend analysis. The Investigations Division enhances contact with victims of major crimes and maintains an effective relationship with the Prosecutor, Courts, and other local, state, and national law enforcement agencies.

<b>Police</b>					
			Budget	Budget	
			Year	Year	Increase
			2008	2007	<Decrease>
<b>Expenditures by Category</b>					
Salaries		1,309,275	1,203,100	106,175	
Benefits		613,120	555,650	57,470	
Supplies		57,600	53,100	4,500	
Service Charges		163,199	153,128	10,071	
Government Services		157,228	153,922	3,306	
Capital		105,000	72,565	32,435	
<b>Total Expenditures</b>		<b>2,405,422</b>	<b>2,191,465</b>	<b>213,957</b>	

**FIRE DEPARTMENT**

**Fire Department Mission Statement**

The Department is dedicated to providing service to protect the public from loss of life, health and property arising from natural and man made events... This department is committed to develop and implement a response system that reduced the danger to human life and keeps the damage to property at a minimum.

**Volunteer Association Mission Statement**

It is the association’s mission to support the Sedro-Woolley Fire Department in providing service to protect the public from loss of life, health, and property by

providing members that actively participate in our community, serve as role models, and promote camaraderie through social events, fund raising, and recognizing individual achievements.

**Major Service and Programs**

The Fire Department provided Emergency response for fire and medical emergencies; we also provide fire prevention programs for the general public, Sedro-Woolley School District and the Upper Skagit Reservation. We conduct life safety inspections for our businesses within the city limits. We provide for the citizens of Sedro-Woolley and Skagit County free CPR and First Aid classes.

**Administration**

The administration consists of the Fire Chief, Assistant Chief and Battalion Chief. The Chief provides the overall management and direction, planning, budgeting, scheduling and maintenance. The Assistant Chief provides for training, fire prevention and inspections. The Battalion Chief, which is a volunteer position, provides for volunteer operations and fire ground operations and investigations.

**Department Make Up**

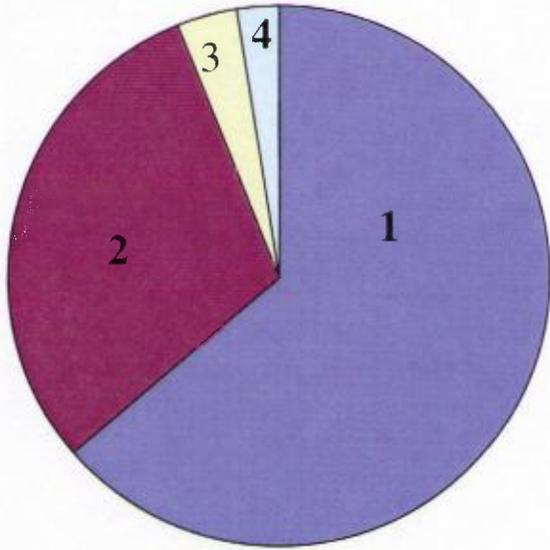
The department is made up of both career staff and volunteer staff. Currently the City employs on the career side: 1 Chief, 1 Assistant Chief and 2 Firefighters. The volunteers provide the bulk of staffing for the department which consists of 1 Battalion Chief, 2 Captains, 4 Lieutenants, 1 Safety Officer, 1 Support Officer/Chaplin and 20 plus Volunteers/Firefighters/EMT’s.

## Department's 2008 Budgeting Goals

- Continue to provide the high quality service to the citizens of Sedro-Woolley that they have come to expect from their Fire Department.
- Complete the hiring process for career staffing levels.
- Receive and place into service a new rescue vehicle.
- Purchas and install MDT (mobile data terminals).
- Apply to the Department of Homeland Security for a grant for bunker gear.
- Develop revenue plan for acquisition of new ladder truck.
- Plan for and design Station 2

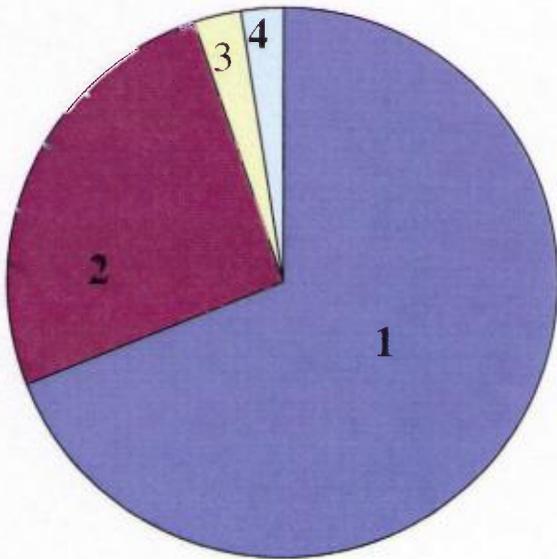
<b>Fire</b>				
		Budget	Budget	
		Year	Year	Increase
		2008	2007	<Decrease>
<b>Expenditures by Category</b>				
Salaries		427,050	413,000	14,050
Benefits		118,185	98,005	20,180
Supplies		76,500	77,700	-1,200
Service Charges		135,500	174,100	-38,600
Capital		83,637	235,000	-151,363
<b>Total Expenditures</b>		<b>840,872</b>	<b>997,805</b>	<b>-156,933</b>

# Sedro-Woolley Fire Department Call Volume 2005-2007



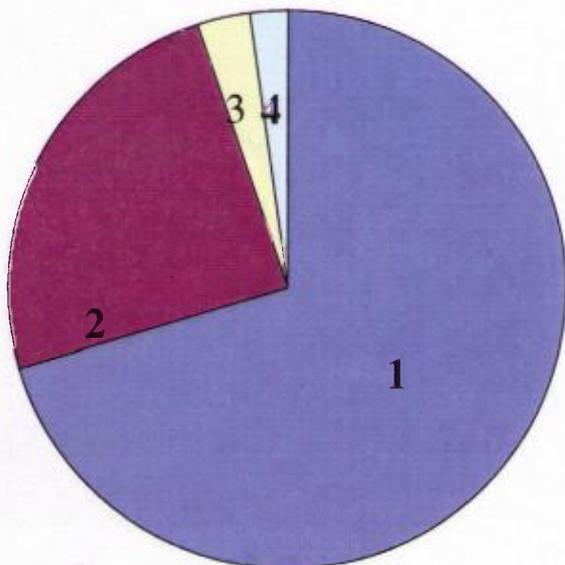
1	Inside City Limits	989
2	Outside City Limits South	470
3	Outside City Limits North	56
4	Outside City Limits East	38

2005



1	Inside City Limits	1135
2	Outside City Limits South	424
3	Outside City Limits North	43
4	Outside City Limits East	43

2006



1	Inside City Limits	1215
2	Outside City Limits South	420
3	Outside City Limits North	52
4	Outside City Limits East	39

2007

## **BUILDING**

The role of the Building Department is to assist proposed private developments to comply with building, environmental, and utility engineering requirements of City of Sedro-Woolley development regulations and related elements of state and federal laws; to inspect resulting improvements to assure compliance; and generally to enforce land use and development regulations within the City of Sedro-Woolley.

- Reviewing project submittals for compliance with development codes.
- Issuing permits for buildings, plumbing, mechanical, sign, grading, sanitary and storm sewer and street improvements.
- Conduction inspections of new and remodeled residential and commercial structures for compliance with state and local building, mechanical, plumbing, disability access and energy code regulations.

<b>Building</b>				
		Budget	Budget	
		Year	Year	Increase
		2008	2007	<Decrease>
<u>Expenditures by Category</u>				
Salaries		62,500	54,100	8,400
Benefits		23,525	20,835	2,690
Supplies		3,000	2,500	500
Service Charges		25,170	91,660	-66,490
Capital		1,000	4,000	-3,000
<b>Total Expenditures</b>		<b>115,195</b>	<b>173,095</b>	<b>-57,900</b>

## ENGINEERING AND PUBLIC WORKS DEPARTMENT

### Mission Statement

To provide overall leadership, management, administration, and support for all the divisions of the Public Works Department. To provide safe, reliable, efficient Public Works services to the community. To provide sound technical advice to the Mayor, City Supervisor, City Council, City staff, and the public. To ensure the effective and efficient integration of Public Works efforts into the overall operation of the City as well as appropriate County/State plans.

### 2008 Goals and Objectives

**Goal: Develop and manage plans and execute programs that aid in the informed decision making by Public Works divisions, other City Departments, Mayor, City Supervisor, and Council.**

Update and complete the Sedro-Woolley Public Works Department Standards.

Manage utility system upgrades to ensure regulatory compliance and the safe, reliable provision of essential City services including improvements to the wastewater collection system, sewer trunk line improvements, and wastewater treatment in accordance with the 2005 Comprehensive Sewer Plan. Complete Critical Interceptor Sewer Projects in order to lift remaining moratorium.

Manage implementation and compliance activities for the NPDES Phase II Stormwater Permit, including an update

to the 1997 Stormwater Management Plan, implementation of the 2007 Regional Stormwater Pond plan, and implementation of Stormwater Utility provisions.

Increase emphasis on transportation planning and street maintenance and improvement operations. Implement the 2005 Transportation Plan and the Pavement Management System.

Support the activities of all Public Works elements and other City departments by providing current, accurate GIS data to fullest extent possible.

Create a City Mapping System and Data Storage System to store and archive infrastructure mapping and Public Works project information in a retrievable format.

**Goal: Oversee the development and timely, cost-efficient administration of capital projects.**

Provide project management and technical support for the development, bidding, contract compliance, and project close out for municipal capital facilities projects.

Construct funded street projects including the SR20/F&S Grade Road & Skagit Industrial Park Project and the Township Sidewalk Project. Complete the design for the Fruitdale-McGarigle Road Project for construction in 2009. Complete 2008 Critical Sewer Infrastructure Projects in order to lift the remaining Sewer Moratoriums.

**Goal: Secure the means to finance capital projects necessary to a healthy infrastructure by careful management of current resources and a continuing vigilance for favorable financing.**

Complete the Sewer System rate analysis with the goal of recommending the lowest possible utility rates that will support the City's adopted plans for sewer system capital projects.

Continue search for grant funding opportunities and low interest loans in conjunction with the City's capacity to finance the loans.

Recommend a financing system to fund maintenance and improvements to Local Access streets.

Provide assistance in grant and loan preparation to all Public Works divisions and City departments.

**Goal: Create administrative systems to increase efficiencies and save tax- and rate-payers money.**

Implement procurement policies and methods that assure the best value at the best price while maintaining strict compliance with state and city bidding and procurement laws.

Continue working towards full compliance on budget and bidding processes on an ongoing basis.

Provide updates and training on the latest procurement methods, laws, and policies.

Finalize staffing levels for Public Works Department to add an Assistant Engineer

and a Technician/Public Works Inspector.

**Goal: Work toward increased customer satisfaction with Public Works services.**

Continue to support and improve the Customer Request Program using IworQ Asset Management Software, responding to citizen complaints, requests for information and etc.

Provide timely notifications to citizens of Public Works activities impacting travel and access for residents via the media outreach and personal contacts.

Engineering				
		Budget	Budget	
		Year	Year	Increase
		2008	2007	<Decrease>
<b>Expenditures by Category</b>				
Salaries		124,100	158,500	-34,400
Benefits		54,875	60,650	-5,975
Supplies		4,000	3,500	500
Service Charges		96,600	187,510	-90,910
Capital		3,500	2,000	1,500
Total Expenditures		282,875	412,160	-129,285

Note: additional Public Works budgets identified by department (i.e., Sewer, Street and Solid Waste).

## **SPECIAL REVENUE FUNDS**

Special revenue fund types are used to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes. The city presently has ten special revenue funds:

- Parks Funds
- Cemetery Fund
- Streets Fund
- Arterial Streets Fund
- Library Fund
- Cemetery Endowment Fund
- Parks Reserve Fund
- Hotel/Motel Fund
- Special Investigations Fund
- Paths and Trails Fund

### **PARKS FUND**

The Parks Department oversees the City's parks, 9-hole leased golf course, flower basket program, city mowing and City building maintenance. The department supervises the rental of park shelters, RV Park, Community Center and Hammer Heritage Square. During 2008 the Parks Department will be developing a recreation program which will be implemented in 2009. It is the department's intent to provide recreation and leisure programs that are comprehensive, enriching and affordable for all citizens while creating a balance between active and passive recreation opportunities for all ages.

### **CEMETERY FUND**

The City of Sedro-Woolley operates Union Cemetery which was formerly the

IOOF Cemetery and Wicker's Cemetery. The Cemetery Department is responsible for inurnments, burials, upkeep of memorials, mowing and landscaping and assisting citizens as needed.

### **STREET FUND**

The street fund is responsible for the administration and maintenance of the city's transportation network, which includes approximately 55 miles of public roadways together with roadside improvements, sidewalks, bicycle facilities, signalization and illumination systems. The duties associated with this responsibility include:

- Street sweeping
- Roadside vegetation management and mowing
- Landscape maintenance
- Pavement and shoulder repair
- Snow and ice control
- Traffic signal and illumination system maintenance
- Signage
- Traffic counts
- Transportation planning
- Street tree maintenance

The street fund receives revenues from state distributions of motor vehicle fuel taxes.

These state distributions are not sufficient resources to maintain city streets. The city's general fund provides subsidies in order for the street fund to operate.

### **ARTERIAL STREETS FUND**

The arterial street fund is responsible for administration, maintenance and improvement of the City's arterial street system. This fund receives revenues

from GMA Transportation Impact Fees, grants and developer agreements.

### **LIBRARY FUND**

The Sedro-Woolley Public Library exists to provide books, materials, & information - in a variety of formats. We encourage everyone in our community to develop a lifelong love of reading & learning. We strive to make the world of ideas & knowledge open to all in our community who wish to enter.

The Library maintains a current collection of nearly 50,000 items. This includes: books; audio; video/DVD; magazines (140+ titles); newspapers (7 daily/weekly); & several computerized subscription databases. In addition, we are developing a large local/Washington history reference section; as well as an extensive early learning/literacy collection.

The Sedro-Woolley Library has multiple partnerships with other libraries in Washington State. We are part of a local Skagit County coalition, with which we share ideas, & some programming (particularly for our mutual Summer Reading Programs); we have joined up for 2008 with OCLC, to participate in a statewide Shared Library Catalog portal (wherein we will again be able to offer interlibrary loans for patrons); we have joined an statewide Early Literacy Coalition to improve the lives of our children & families; we are an original partner in a new northwest Washington Consortium to deliver downloadable audio (Overdrive) to our patrons.

We offer 5 public access computers to the public (4 of which also have Word, Excel, Publisher, etc); 1 database

computer; & 1 children's/early literacy computer. Our Internet access is currently offered on a partial T-1 line. Our computerized databases include: ProQuest & InfoTrac (for instant magazine/newspaper access to over 5,000+ titles); Ebsco's Auto Repair; plus Health/Wellness; Business Access; History; Literature; (2) for Genealogy; & in 2008 – BookFlix for Early Literacy. Downloadable audio, from Overdrive, will be available in early spring to those patrons who wish to access this new collection of 700 titles (approx), with an MP3 player.

The Library has multiple programs for children & families, including our Toddler Times, Story Times, & our extensive Summer Reading Programs. In 2008, we will be having some new programs, including our upcoming Ready! for Kindergarten classes - for parents of preschoolers. The Library is also host to MotherRead/FatherRead programs provided by ESD 189. We have occasionally also held special events, as author visits, lectures, book talks, etc.

Our circulation has been steadily increasing over the past year, especially since the new TLC System became active in September of 2007. We anticipate exceeding 85,000 items in check-out transactions for 2007 (we have not yet started combining statistics from our previous EOSI System & our new TLC System). New patron cards have been holding steady for several years now, with some 750 to 800 new cards made out each year. Our total library cards exceed some 5,000 accounts active (children under 5 do not receive a library card – their parent checks out for them). Our annual

visits total some 50,000 people entering our Library. We will need to develop some measurement for virtual transactions – using our databases & website, for instance.

The Sedro-Woolley Library implemented a major overhaul of our computer catalog system – a project that took intense staff focus, & concentrated efforts, for some 10 months of the year. The result is a beautiful new online catalog, complete with patron ability to check for materials, place holds, & do renewals – all from their home computer. Most of our materials also have cover art, reviews, & brief excerpts, available within our computer catalog. Our earlier computer catalog was slated for soon becoming obsolete, & was unable to meet our need to be online.

LSTA Connecting Learner’s Grant (partnering with several local elementary school librarians) - for adding new non-fiction titles at the elementary school age level (primarily science, history, current events, geography, & homework help).

Gates Computer Upgrade Grant - to replace an aging computer.

Sedro-Woolley Soroptimists – to purchase an upgraded server for our new online catalog.

LSTA Competitive Grant (from the WA State Library/Federal) – to begin an extensive new program for early literacy. We will be building, & checking out, 50+ themed Discovery Boxes for young children – with books, puppets, puzzles, & tools for parents to help their child learn.

Skagit Community Foundation – to purchase items that help us focus on

continuing and building upon, our expanding early literacy efforts.

Washington Department of Early Learning – to support parents & young families. Along with the Sedro-Woolley School District #101, we will begin offering classes to parents with preschool age children. Ours is the first effort in Skagit County to use the highly regarded Ready! For Kindergarten program pioneered by the Kennewick School District.

The Library is committed to expanding our community partnerships – this includes our current efforts for downloadable audio; early literacy; statewide Library catalog; & local library activities.

Our new TLC catalog is stable, as is our website – now we need to commence with the improvements. A major emphasis will be to add our databases for remote access – so that even when the Library is not open, a patron will be able to check on our Auto Repair site, access our genealogy databases, or download a novel to their MP3 player. For the first time in our history, the Library will be possibly loaning out books to libraries across Washington State – as well as receiving books from them, for our patrons to borrow.

This summer, the Library will be working on putting up a new roof on the building, as the old one is deteriorating.

Staff would like to begin looking at new projects for 2008/09 – including expanding some adult services (an active book discussion group); activities for older children (i.e. book clubs); strengthening our young adult advisory group; & new grant possibilities –

including a computer upgrade project, & looking at potential services for baby boomers & retirees.

The Washington State Library, as well as other state & local agencies, are anticipating new initiatives as well. The Sedro-Woolley Library definitely plans to be participating in some of those projects – as details become available. A Grant process will, hopefully, accompany most of these projects.

Library				
		Budget	Budget	
		Year	Year	Increase
		2008	2007	<Decrease>
<b>Expenditures by Category</b>				
Salaries		160,000	150,100	9,900
Benefits		38,995	32,320	6,675
Supplies		5,000	6,100	-1,100
Service Charges		55,750	47,000	8,750
Government Services		150	150	0
Capital		63,500	49,423	14,077
Total Expenditures		323,395	285,093	38,302

**CEMETERY ENDOWMENT FUND**

The Cemetery Endowment fund collects a fee for each burial space sold in the Sedro-Woolley Union Cemetery. Interest earnings on the fund are transferred to the Cemetery fund for maintenance of Union Cemetery.

**PARKS RESERVE FUND**

The Parks Reserve Fund receives receipts for the sale of pavers at Hammer Heritage Square and pays for the installation and maintenance of the pavers.

**HOTEL/MOTEL FUND**

A lodging tax is imposed upon recommendation of the city’s Lodging Tax Advisory Committee, in accordance with Sedro-Woolley’s Municipal Code Chapter 3.06.

All such taxes collected in this fund are for the purpose of paying all or part of the cost of tourism promotion, acquisition of tourism, related facilities, operation and maintenance of tourism, related facilities and for such other purposes as authorized in RCW Chapter 67.28.

Lodging tax funds may be used to pay for tourism promotion and any engineering, planning, financial, legal and professional services incident to the development and operation of tourism related facilities to secure the payment of all or any portion of general obligation bonds or revenue bonds issued for such purpose as specified.

The sole source of revenue is the lodging tax. This tax is derived by taking 2 percent of the state’s 6.5 percent sales tax and rebating it back to the community for local programs to promote and accommodate tourism.

**SPECIAL INVESTIGATIONS FUND**

The Special Investigations Fund receives all monies and proceeds of the sale of property seized during drug investigations and forfeitures pursuant to RCW 69.50.050.

The monies received shall be used solely for the purposes of drug enforcement, drug awareness education, and the purchase, lease and maintenance of equipment and other items necessary for drug enforcement. There is no staff assigned to operate this fund. It is used

primarily to account for earmarked monies.

**PATHS AND TRAILS FUND**

The Paths and Trails Fund receives 0.05% of the Motor Vehicle Fuel Tax. Proceeds are to be used for the development of paths or trails for the pedestrians of the City.

## GENERAL GOVERNMENT DEBT SERVICE

The City issues long term debt instruments to finance large capital projects. These are typically for items that have long useful lives for which this financing method will reduce the annual debt service burden on its citizens. Since local governments are permitted to issue tax-exempt bonds, this financing option helps reduce the cost of borrowing.

State law limits general obligation bond issues. These bonds may be issued in two different methods: voted bonds and non-voted bonds. Washington State law limits the voted bond indebtedness to two and one-half percent (2.5%), including non-voted debt, of the city's current assessed valuation (A.V.)

Cities are also authorized to issue general obligation bonds for an additional two and one-half percent (2.5%) of the city's current assessed valuation for parks and open spaces and utilities. Both of these bond issues must be voted and approved by a 60 percent majority vote of the registered voters.

Bonds of this type are unlimited tax obligations of the City, and are backed by the full faith and credit of the City. The City presently has one voted bond outstanding.

In 1996 the citizens approved issuance of \$2,355,000 general obligation for the construction of a new Public Safety Building. In 2005, the outstanding bonds were refunded at a lower rate of interest. The source of monies to repay this debt

comes from property taxes earmarked for this purpose.

Non-voted bonds are called "Councilmanic" bonds and are limited by state law to one and one-half percent (1.5%) of the city's current assessed valuation. The city currently has one general government Councilmanic bond outstanding, and one bond anticipation note.

In 2003 the City issued \$324,471 general obligation bonds for the purpose of purchasing a fire truck. The source of monies to repay the debt comes from a portion of the City's general fund revenues.

In 2007 the City issued a bond anticipation note not to exceed \$3,800,000 for the construction of the new City Hall. Upon project completion, a USDA bond will be used to repay the bond anticipation note. The source of monies to repay the USDA will come from a utility tax on cell phone usage as well as a portion of general fund revenue.

### Summary of General Government Obligation Bonds (Voted and Non-Voted Bonds)

<u>Year</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Debt Service</u>
2008	185,217	68,007	253,224
2009	202,396	57,716	260,112
2010	150,000	51,600	201,600
2011	165,000	46,350	211,350
2012	175,000	40,000	215,000
2013	190,000	33,200	223,200
2014	200,000	25,600	225,600
2015	210,000	17,600	227,600
2016	230,000	9,200	239,200
2017	0	0	0
<b>Totals</b>	<b>1,707,613</b>	<b>349,273</b>	<b>2,056,886</b>

## **CAPITAL PROJECT FUNDS**

Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The City has five non-utility capital project funds called the Current Expense Capital Fund, Mitigation Reserve for Police, Parks Impact Fee Reserve Fund, Fire Impact Fee Reserve Fund and the City Hall Construction Fund. The City has one utility capital improvement fund called the Public Works Trust Fund Sewer Construction Fund.

### **CURRENT EXPENSE CAPITAL FUND**

Revenues come from several different sources for this fund. The real estate excise tax, and the City's utility tax on cell phones, are major sources of revenue for this fund.

The real estate excise tax (R.E.E.T.) that is levied by the State is deposited into this fund. This tax is levied on all sales of real estate, measured by the full selling price, including any liens, mortgages and other debts given to secure the purchase.

The state levies this tax at the rate of 1.28 percent. A locally imposed tax is also authorized. In 1990 and 1992, the State Legislature made a number of changes in the locally imposed R.E.E.T.

As Sedro-Woolley is required to plan under the Growth Management Act (GMA), new language was enacted regarding the first quarter (.025) percent of the tax. Based on the GMA,

Sedro-Woolley was given the option of levying a second quarter percent to help defray the costs of implementing the Growth Management Act. The city receives the second quarter of R.E.E.T., which results in a combined rate of 1.78%.

The first quarter percent of the R.E.E.T. receipts must be spent solely on capital projects that are listed in the Capital Facilities Plan element of the comprehensive plan. Capital projects are defined as:

“Those public works projects of a local government 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; storm and parks recreational facilities; fire/protection facilities; trails; libraries; administrative judicial facilities; and river and/or waterway flood control.” The second quarter percent of the R.E.E.T. that is levied and is part of this budget can only be levied by those cities that are required to plan under GMA. In this quarter percent of R.E.E.T. “capital projects” mean:

“Those public works projects of a local government 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; storm and sanitary sewer systems and planning, construction reconstruction, repair, rehabilitation or improvement to parks.”

When other operating divisions or funds expend monies for qualified projects, transfers-out of the R.E.E.T. Fund are used to reimburse the operating division. The interest income is based on prudent investing with the inclusion of construction project scheduling and cash flow analysis.

R.E.E.T. monies were used as the City's match for the City Hall Construction Project.

#### **MITIGATION RESERVE FOR POLICE FUND**

The Mitigation Reserve for Police Fund receives contributions from area developers to mitigate the impact of their development on the Police Department. Monies are transferred to the General Fund for eligible expenditures.

#### **PARKS IMPACT FEE RESERVE FUND**

This fund receives payment from area developers as authorized by the Sedro-Woolley Comprehensive Plan under GMA. Monies are transferred from this fund to the Parks Funds for eligible projects.

#### **FIRE IMPACT FEE RESERVE FUND**

The Fire Impact Fee Reserve Fund receives payment from area developers as authorized by the Sedro-Woolley Comprehensive Plan under GMS. Monies are transferred from this fund to the General Fund for eligible projects.

#### **CITY HALL CONSTRUCTION FUND**

In 2007, a new fund was established to account for all revenues and expenditures for the construction of the City Hall. Bond Anticipation Note proceeds received for city construction projects are deposited into this fund. Also, any grants obtained for city hall projects will be accounted for in this fund. The City will be closing out this project and fund during 2008.

#### **PUBLIC WORKS TRUST FUND SEWER**

The Public Works Trust Fund Sewer Construction Fund is a capital project fund restricted to expenditures for approved sewer collection system improvements. The interest earnings on this fund are also restricted to the approved utility improvement.

## **ENTERPRISE FUNDS**

### **SEWER FUNDS**

The sewer funds are Enterprise funds. Receipts come from fees collected for service instead of by taxation.

The sewer funds consist of Sewer Operating Fund, Waste Water Treatment Plant Reserve Fund, Sewer Revenue Bond Fund, Cumulative Reserve for Sewer Facilities Fund and 1998 Revenue Bond Reserve Fund.

### **SEWER OPERATING FUND**

#### **Collection Division Function**

To maintain the Wastewater Collection System in order to provide for the safe transmission of wastewater from the source to the Wastewater Treatment Plant (WWTP).

#### **Goals**

- Perform preventive maintenance duties of the collection system in order to reduce liability and prevent sewer overflows and back-ups; reduce the number of emergency calls; maintain an accurate inventory of the wastewater system.

#### **Objectives**

- Clean and Closed Circuit Television (CCTV) inspect three complete sewer basins as established in the Collection System Maintenance Plan. This is to clean and inspect all sewer lines throughout the collection system over a four-year schedule.

This effort is in addition to cleaning problem lines.

- Perform maintenance and treatment of known grease and root problem sewer lines.
- Continue working towards the identification and removal of infiltration and inflow from the collection system through smoke testing, dye testing and CCTV inspections.
- Continue repairing broken and plugged side sewers in the City right-of-way using Wastewater staff and equipment.
- Perform maintenance on all pump station wet wells once per quarter.
- Collect GPS and field data on new manholes; update Wastewater Collection maps as new sewer lines are added.
- Work cooperatively with businesses on reducing the discharge of fats, oils and grease (FOG) into the wastewater collection system. This will be done by enforcement of the City's Pretreatment Ordinance and working with businesses on the installation and maintenance of grease traps. Also working with businesses on the installation and maintenance of oil/water separators, sand traps and amalgam separators to reduce grit, gravel and heavy metals discharged to the collection system.

## 2007 Collection Accomplishments

- Cleaned and CCTV inspected 20% of the twelve basins as identified on the collection system maintenance plan.
- Performed maintenance of known grease and root problem sewer lines. Program included cleaning lines, root cutting, adding grease eating bacteria to the collection system and occasionally adding root killing product.
- Handled sewer complaints professionally and rapidly to assure excellent customer service.
- Repaired sewer lines in City right-of-way using Wastewater staff and equipment.
- Installed radio telemetry at the Klinger Street and State Street Pump Stations. This gives Operators direct access to pump station controls and pumping data via the plant Supervisor Control and Data Acquisition (SCADA) system. The remaining five stations and two new pump stations will have radio telemetry installed in 2008.
- Rehabilitated 3,311 feet of existing sanitary sewer line using the Cured-in-Place lining method.

Performance Indicators	2006	2007	2008 Estimate
Number of Sewer Locates	773	581	700
Length of sewer lines (miles) in the City		42.9	44
Length of sewer lines cleaned (feet)	90,000	50,000	55,000
Length of sewer lines CCTV inspected (feet)	83,346	45,706	50,000
Number of sewer concerns/requests received and investigated	33	41	30
Number of sewer line repairs made by Wastewater Staff	19	21	30
Grit removed from Collection System (Tons)	51.23	52.92	53
Vactor Grit disposal Cost	\$ 4,405.16	\$ 4,550.48	\$ 5,000.00

## Wastewater Treatment Division Function

To provide for the treatment of wastewater and the operating, monitoring and maintenance of the facilities in compliance with Federal and State Laws and Regulations and in agreement with the City's concerns for public safety, health and environmental quality.

The Wastewater Treatment Division is responsible for the operation and maintenance of seven wastewater pump stations that support the City's wastewater collection system.

## Goals

- Operate the Wastewater Treatment Plant within all limits required by our National Pollutant Discharge Elimination System (NPDES) Permit, Washington State Laboratory Accreditation and Washington State Biosolids Management Permit.
- Operate and maintain all pump stations to assure optimal performance and reliability.

## Objectives

- Continue to operate the Wastewater Treatment Plant to prevent violations of the NPDES permit by providing monitoring and maintenance of the facility and by enforcement of the City's sewer use ordinance (Sedro-Woolley Municipal Code, Title 13).
- Continue to operate and maintain the pump stations to provide optimal performance and reliability by performing regular and scheduled maintenance on all of the equipment.
- Continue to operate the facilities as efficiently and economically as possible to produce the best effluent and biosolids quality possible within the available resources.
- Continue to implement the approved capital improvement program (CIP) and work towards removal of the moratorium.
- Maintain the existing facility and grounds to ensure prolonged life of the capital investment; continue site improvements on new City property.
- Continue to improve WWTP energy efficiency and security.
- Continue working with the wastewater collection division on the removal of infiltration and inflow (rain) from the collection system. This buys back treatment capacity in the system and delays plant upgrades.

## 2007 Accomplishments

- Operated the Wastewater Treatment Plant within all of the NPDES permit limits.
- Successfully passed both (2/year) lab accreditation performance evaluation studies in order to maintain laboratory accreditation.
- All maintenance activities were performed on the WWTP equipment and pump station equipment with no failures in our system.
- Received Department of Ecology's 2006 Outstanding Performance Award for exemplary operation of the City's Wastewater Treatment and Collection system. This award only goes to approximately 10% of the 300 plus Wastewater Treatment Plants in Washington State. This is the eighth award the Sedro-Woolley Plant has received.
- Continued producing excellent effluent by making operation improvements using ORP technology and chemical dosing to control filamentous bacteria and by utilizing the nitrification cycle.
- Improved Biosolids Quality by implementing Environmental Management System strategies.
- Backfilled around southwest side of Oxidation Ditch to stabilize structure and add flood

protection. Secured site with fence; built access road for maintenance activities; added flood gauge to monitor flood waters at the WWTP.

- Rehabilitated old shops by adding concrete floors, roll up doors and gutters.
- Purchased Lemley property for future Wastewater Treatment expansion. Began cleaning site and secured property with fence along north property line.
- Installed security system on the wastewater office, shop and emergency generator building. Installed one security camera on the Sterling Street gate.
- Began using B20 Biodiesel in all diesel vehicles newer than 1994.
- Found additional ways to utilize reuse water which supports recycling and reduces operating costs. Also replaced part of the outdoor lighting with energy efficient lighting.
- Completed John Liner pump station building and installed emergency generator. This project added reliability during power outages, provided site security, removed a safety issue and improved curb side appeal for the neighborhood.

Performance Indicators	2006	2007	2008 Estimate
Oversee the Treatment Plant within the NPDES Permit limits	100%	100%	100%
WWTP % Flow Capacity Used (% Used until design)	97% (44%)	99% (45%)	41% (47%)
WWTP % BOD Capacity Used (% Used until design)	34% (39%)	37% (43%)	40% (44%)
WWTP % TSS Capacity Used (% Used until design)	28% (33%)	30% (35%)	32% (37%)
Total Gallons Treated	270,877,000	291,089,000	300,000,000
Average Flow Rate per Day (Million Gallons)	0.772	0.798	0.8
Cost to treat Wastewater (Per gallon)	\$0.0034	\$0.0006	\$ 0.00
Grit removed from headworks (yards)		9	9
Bags removed from headworks (pounds)	2,558,449	666	670
Treated Biosolids (Gallons)	145.99	2,393,421	2,500,000
Biosolids to Boulder Park (Dry Tons)	4.73	126	125
Biosolids to Local Pastures (Dry Tons)		24.75	30
Reuse water used at WWTP and in Collection activities (gallons)		54,850,632	55,535,555
% Reuse water used at WWTP and in Collection activities		18.90%	18%
Savings to Rate payers by using Reuse Water		\$ 133,282.54	\$ 135,000.00

Sewer Operations				
		Budget	Budget	
		Year	Year	Increase
		2008	2007	<Decrease>
<b>Expenditures by Category</b>				
Salaries		543,625	484,800	58,825
Benefits		233,750	197,650	36,100
Supplies		125,000	130,000	-5,000
Service Charges		436,000	460,000	-24,000
Government Services		63,500	58,000	5,500
Capital		809,500	999,500	-190,000
Transfers - internal		1,079,689	898,176	181,513
<b>Total Expenditures</b>		<b>3,291,064</b>	<b>3,228,126</b>	<b>62,938</b>

### WASTEWATER TREATMENT PLANT RESERVE FUND

This fund was created in 2008 for the purpose of creating a reserve for future plant equipment replacement. Monies are transferred to this fund from the Sewer Operating Fund.

### SEWER DEBT SERVICE

The city's utility funds may also issue long-term debt instruments to finance large capital projects. These are typically for utility plant or collection system improvements that have long useful lives for which this financing method will reduce the annual debt service burden on its utility customers (ratepayers). Since local governments are permitted to issue tax-exempt bonds, this financing option

helps reduce the cost of borrowing. These debt instruments are usually issued as revenue bonds.

The source of monies to repay the revenue bond debt service comes from utility revenues, not property taxes.

In addition to revenue bonds, cities may apply to Washington State for low interest and/or interest-free loans. This is a competitive process that involves city staff presenting a proposal in Olympia for an application for Public Works Trust Fund Loans and State Revolving Fund Loans. Because of the low interest and interest-free loans, this method of financing public works is very beneficial to the city's ratepayers. The application process is competitive. Those cities scoring highest in the State's evaluation process receive the favorable loans. The more significant qualifying criteria requires cities to:

- Impose the ¼ of one percent real estate excise tax
- Develop a long-term plan for financing public works needs
- Use all local revenue sources which are reasonably available for funding public works
- Adopt a comprehensive plan
- Demonstrate a history of maintaining the city's utility system
- Demonstrate a commitment to professional management

The evaluating criteria are weighted 60% professional management and 40% city need.

The city has received two Public Works Trust Fund (PWTF) low interest State Loans. The sewer projects relating to these loans are currently under construction. One is a PWTF loan for

pre-construction of sewer projects totaling \$706,500 for 20 years at an interest rate of 0.5%. Another is a PWTF loan for constructing sewer projects totaling \$7,000,000 at an interest rate of 0.5%.

In 1998, the city utility issued \$6,410,000 in revenue bonds for a new Waste Water Treatment Plan. The source of monies to repay the debt service for this issue comes from the revenues of the utility.

Public Works Trust Fund Loans			
Repayment Based Upon Current Draws			
	Total	Total	Total
Year	Principal	Interest	Debt Service
2008	285,783	29,520	315,303
2009	285,783	27,952	313,734
2010	285,783	26,383	312,166
2011	285,783	24,815	310,598
2012	285,783	23,246	309,029
2013	285,783	21,678	307,461
2014	285,783	20,110	305,893
2015	285,783	18,541	304,324
2016	285,783	16,973	302,756
2017	285,783	15,405	301,188
2018	285,783	13,836	299,619
2019	285,783	12,268	298,051
2020	285,783	10,700	296,482
2021	285,783	9,131	294,914
2022	285,783	7,563	293,346
2023	285,783	5,995	291,777
2024	285,783	4,426	290,209
2025	285,783	2,858	288,641
2026	257,895	1,289	259,184
Totals	5,401,987	292,689	5,694,676

Sewer Utility Revenue Bonds			
	Total	Total	Total
Year	Principal	Interest	Debt Service
2008	315,000	185,643	500,643
2009	320,000	171,513	491,513
2010	335,000	156,691	491,691
2011	355,000	140,905	495,905
2012	360,000	124,280	484,280
2013	350,000	107,508	457,508
2014	365,000	90,435	455,435
2015	385,000	72,146	457,146
2016	405,000	52,594	457,594
2017	420,000	32,175	452,175
2018	440,000	10,890	450,890
Totals	4,050,000	1,144,779	5,194,779

**SOLID WASTE UTILITY**

**Function:** To provide efficient collection of garbage and recycling services to residential and commercial customers in the City of Sedro-Woolley. This service is provided to preserve the health and safety of our community. The utility collects and bills for such services. Fees are collected to cover cost of the services and operating the utility.

**Goals and Objectives**

**Goal:** To provide an efficient and cost effective solid waste collection system that meets health department standards and to keep the City clean. The department will promote recycling, to lower costs to the customers in the City and to reduce landfill costs.

**2007 Accomplishments**

- Continued Updating of piece of property next door to Solid Waste department.
- We have shared our part time mechanic with other departments and this has saved money in most if not all of our departments.
- We created a new area to manage other wastes such as street sweepings, asphalt, and concrete.
- We implemented a rate increase to keep up with continued escalating costs.
- We have continued to separate the brush from the grass at our yard waste facility, which has expanded our disposal options. This in turn lets us dispose of the

grass for free in some cases (grass is heavy and costly to dispose of).

- 401 Murdock was demolished and graveled to make way for the new City Hall.

**Goals 2008**

- Prepare a site plan for new shop and property
- Start prepping new property site for multiple uses
- Purchase new containers for anticipated commercial roll offs.
- CPI Rate increase for Recycling to ensure that garbage rates do subsidize recycling rates.
- Add one additional driver collector for added residential on Portobello street.
- Increased hours of operation at free recycle facility.
- Community clean-up program.

<b>Solid Waste</b>				
		Budget	Budget	
		Year	Year	Increase
		2008	2007	<Decrease>
<u>Expenditures by Category</u>				
Salaries		296,700	257,000	39,700
Benefits		132,485	112,570	19,915
Supplies		140,000	138,000	2,000
Service Charges		123,800	121,275	2,525
Government Services		682,738	633,700	49,038
Capital		31,800	9,000	22,800
Transfers - Internal		181,530	155,000	26,530
<b>Total Expenditures</b>		<b>1,589,053</b>	<b>1,426,545</b>	<b>162,508</b>

## ADDENDUM A 2008 BUDGET CALENDAR

07/31/07	2008 Dept goals to City Supervisor/City Attorney
08/07/07	Council Worksession – Council establishes City goals for 2008
09/04/07	Council Worksession – Council refines City goals for 2008
09/06/07	Call letter (including Council goals) issued to Departments
09/24/07	Budget requests from Departments due to Finance Director
10/02/07	Council Worksession - Mayor informs Council of status of preliminary revenues & expenditures
October	City Supervisor meets with Departments to review budget requests and compare to Council stated goals
10/03/07	Publish notice of property tax public hearing
10/10/07	Public Hearing on Property Tax Levy for 2008 - first read of ordinance
10/24/07	Adoption of Property Tax Ordinance – second read
10/31/07	Publish notice of budget public hearing
11/06/07	Council Worksession – distribute Mayor’s 2008 Preliminary Budget
11/14/07	Council schedules budget public hearing - first read of ordinance
11/14/07	Copies of Proposed budget available for the public
11/28/07	Public Hearing on 2008 Budget
11/28/07	Adopt budget ordinance (must be adopted before 12/31/07)

## Statutory Legal Debt Margin

Total Taxable Property Value	\$778,278,230	
		<u>Remaining Debt Capacity</u>
General Purpose Indebtedness (Legal Limit 2.5% of Taxable Property Value)	\$ 19,456,956	
General Purpose Indebtedness <u>Without</u> A Vote (Legal Limit 1.5%)	\$ 11,674,173	
Less: Outstanding Debt	\$ (3,407,373)	
Less: Contracts Payable		
Less: Excess of Debt with a Vote		
Add: Assets Available	<u>1,177,659</u>	
Subtotal	<u>(2,229,714)</u>	
Equals Remaining Debt Capacity Without a Vote		<u>\$ 9,444,458</u>
General Purpose Indebtedness <u>With</u> A Vote (Legal Limit 1%)	\$ 7,782,782	
Less: Outstanding Debt	\$ (1,605,000)	
Less: Contracts Payable		
Add: Assets Available	<u>73,787</u>	
Subtotal	<u>(1,531,213)</u>	
Equals remaining Dept Capacity With a Vote		<u>\$ 6,251,569</u>
Utility Purpose Indebtedness <u>With</u> a Vote (Legal Limit 2.5%)	\$ 19,456,956	
Less: Outstanding Dept	\$ -	
Less: Contracts Payable	-	
Add: Assets Available	<u>-</u>	
Subtotal	<u>-</u>	
Equals Remaining Dept Capacity - Utility Purpose, Voted		<u>\$ 19,456,956</u>
Open Space, Park & Capital Facilities Indebtedness <u>With</u> a Vote (Legal Limit 2.5%)	\$ 19,456,956	
Less: Outstanding Debt	\$ -	
Less: Contracts Payable	-	
Add: Assets Available	<u>-</u>	
Subtotal	<u>-</u>	
Equals Remaining Debt Capacity - Open Space, Park and Capital Facilities With a Vote		<u>\$ 19,456,956</u>

## PERSONNEL SERVICES

The City of Sedro-Woolley provides quality services and programs for its citizens with a responsive staff of 61 full-time and 8 part-time budgeted positions for 2008. Sedro-Woolley has competitive market-based salaries and benefits. Salary and benefits make up a major portion of the operating budgets.

The Police Department commissioned employees received a COLA increase in January 2008 of 3.51% plus a market adjustment of 1%. The Firefighters and Police Department support employees received a 3.51% COLA. The general bargaining unit employees received a COLA of 3.16%.

Non-represented employees received a COLA increase in January 2008 of 3.9% plus market adjustments depending upon position.

Benefits for regular status full-time employees include vacation and sick leave and paid holidays. Employees may qualify for additional types of leave such as jury, emergency, bereavement, military and family medical leave.

The City provides medical and dental benefits to its retired LEOFF I employees. City employees participate in the Social Security program and the city matches their contributions (7.65%).

Substantially all City full-time and qualifying part-time employees participate in either the Public Employees Retirement System (PERS) or the Law Enforcement Officer's and Firefighters Retirement System (LEOFF). PERS and LEOFF are statewide local government retirement

systems administered by the Department of Retirement Systems.

### Pension Rate of Contribution

Plan	City	Employee	Total
LEOFF II	5.35%	8.60%	13.95%
PERS I	6.13%	6.00%	12.13%
PERS II	6.13%	4.15%	10.28%
PERS III	6.13%	Variable	Variable

The City of Sedro-Woolley pays \$1,442 per month for medical, dental and vision coverage for a family of 4 persons on behalf of employees in the general government and \$1,524 per month for police/fire bargaining unit. Police employees and General government employees pay a percentage of their medical costs for dependents.

The City funds positions at their full annual cost for budgetary purposes even if it is projected that vacancies might occur. It is the city council's objective to provide sufficient funding for recruiting and maintaining highly qualified personnel.

### BARGAINING UNITS

- General Government AFSCME Local 176 SW (29 members, contract expires December 31, 2008)
- Sedro-Woolley Public Safety Guild (18 members, contract expires December 31, 2009)

### LABOR RELATIONS

The City employees who are eligible under state law to be represented by a Labor organization are employed under provisions on such matters as salaries,

vacation, sick leave, medical and dental insurance, working conditions and grievance procedures.

The city strives to complete these agreements in a timely manner, consistent with all applicable state laws and promote labor relations policies mutually beneficial to administrative management and employees.

<b>Personnel Status Report</b>			
<b>Full-Time Equivalents (Non-Seasonal)</b>			
<b>Department</b>		<b>2007</b>	<b>2008</b>
Judicial		0.5	0.5
Executive			1.1
Legal		1	0.4
Finance		5	5
Central Services		1	1
Planning & Commun. Dev.		2.3	2.3
Engineering		2.3	3.3
Building		1.3	1.3
Police		20.5	21.5
Fire		4	4
Parks		3	4
Cemetary		1	1
Street		5	3.5
Library		4	4
Sewer		8	8
Sanitation		4	4.5
Stormwater			1.5
Fleet		0.3	0.3
<b>TOTAL</b>		<b>63</b>	<b>67</b>

## **GLOSSARY**

**ACCOUNTING SYSTEM:** The total set of records and procedures that are used to record, classify, and report information on the financial status and operations of an entity.

### **ACCURAL BASIS OF ACCOUNTING:**

The method of accounting under which revenues are recorded when they are earned (whether or not cash is received (whether cash disbursements are made at that time or not).

**AD VALOREM TAXES:** A tax levied on the assessed value of real property.

**AGENCY FUND:** A fund used to account for assets held by a government as an agent for individuals, private organizations, other governments and/or other funds.

**ALLOCATIONS:** To set aside or designate funds for specific purposes. An allocation does not authorize the expenditure of funds.

**AMORTIZATION:** (1) The portion of the cost of a limited life or intangible asset charged as an expense during a particular period. (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

**ANNUAL DEBT SERVICE:** the amount required to be paid in a calendar year for (1) interest on all Parity Bonds then outstanding; (2) principal of all Parity Bonds then outstanding, but excluding any outstanding Term Bonds, and (3) payments into any Sinking Fund Account for the amortization of outstanding Parity Bonds divided by the number of calendar

years to the last maturity or mandatory redemption date thereof.

**ANNUAL FINANCIAL REPORT:** The official annual report of a government. IT includes (a) the five combined financial statements – overview and their related notes and (b) combined statements by fund type and individual fund and account group financial statements prepared in conformity with GAAP and organized into a financial reporting pyramid. It also includes supporting schedules necessary to demonstrate compliance with finance-regulated legal and contractual provisions, required supplementary information, extensive introductory material and a detailed statistical section.

**APPROPRIATION:** An authorization made by the City Council, which permits officials to incur obligations against and to make expenditures of governmental resources. Appropriations are usually made for fixed amounts and are typically granted for a one-year period.

**APPROPRIATION ORDINANCE:** The official enactment by the City Council establishing the legal authority for City officials to obligate and expend resources.

**ASSESSED VALUATION:** The estimated value placed upon real and personal property by the Skagit County Assessor as the basis for levying property taxes.

**ASSETS:** Property owned by a government, which has monetary value.

**AUDIT:** A systematic examination of resource utilization concluding in a written report. It is a test of management's internal accounting controls and is intended to be:

- Ascertain whether financial statements fairly present financial position and result of operations;
- Test whether transactions have been legally performed;
- Identify areas for possible improvements in accounting practices and procedures,
- Ascertain whether transactions have been recorded accurately and consistently; and
- Ascertain the stewardship of officials responsible for governmental resources.

**AUDITOR'S REPORT:** In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with generally accepted accounting practices or some other comprehensive basis system of accounting.

**BARS:** The State of Washington prescribed Budgeting, Accounting and Reporting System Manual required for all governmental entities in the state of Washington.

**BASE BUDGET:** Ongoing expense for personnel, contractual services, and the replacement of supplies and equipment required to maintain service levels previously authorized by the City Council.

**BASIC FINANCIAL STATEMENTS:** Those financial statements, including notes thereto, necessary for the fair presentation of the financial position and results of operations of an entity in conformity with GAAP. The basic financial statements include a balance

sheet, an "all-inclusive" operating statement, a budget comparison statement (for all government funds for which annual appropriated budgets are adopted), and a statement of changes in financial position ), and a statement of changes in financial position (for proprietary funds, pension trust funds and non-expendable trust funds).

**BASIS OF ACCOUNTING:** A term used to refer to when revenues, expenditures, expenses and transfers – and the related assets and liabilities – are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement, on either the cash or accrual method.

**BOND: (Debt Instrument)** A written promise to pay (debt) a specified sum of money (called principal or face value) at a specified future date (called the maturity date) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically used for long-term debt to pay for specific capital expenditures.

**BOND ANTICIPATION NOTES:** (BANS) Short-term interest-bearing notes issued in anticipation of bonds to be issued at a later date. The notes are retired from proceeds of the bond issue from which they are related.

**BOND REGISTRAR:** The fiscal agency of the State of Washington in either Seattle, Washington, or New York, New York, for the purposes of registering and authenticating the bonds, maintaining the bonds, maintaining the bond register, effecting transfer of ownership of the bonds and paying interest on the principal

of (and any premium pursuant to call on) the bonds.

**BUDGET (Operating):** A plan of financial operation embodying and estimate of proposed expenditures for a given period (typically a fiscal year) and the proposed means of financing them (revenue estimates). The term is also sometimes used to denote the officially approved expenditure ceilings under which the City and its departments operate.

**BUDGET CALENDAR:** The schedule of key dates or milestones, which the City follows in the preparation and adoption of the budget.

**CAPITAL ASSETS:** Assets of significant value and having a useful life of several years. Capital assets are also called fixed assets.

**CAPITAL BUDGET:** A plan of proposed capital expenditures and the means of financing them. The capital budget may be enacted as part of the complete annual budget including both operating and capital outlays. The capital budget is based on the Capital Improvement Plan (CIP).

**CAPITAL IMPROVEMENT PLAN:** A plan of proposed capital expenditures to be incurred each year over a period of six future years setting forth each capital project, identifying the expected beginning and ending date for each project, the amount to be expended in each year, and the method of financing those expenditures.

**CAPITAL PROGRAM:** A plan for capital expenditures to be incurred each year over a fixed period of years to meet capital needs arising from the long-term work program or otherwise. It sets forth

each project or other contemplated expenditure in which the government is to have a part and specifies the full resources estimated to be available to finance the projected public facilities.

**CAPITAL OUTLAY:** Expenditures, which result in the acquisition of or additions to fixed assets. Examples include land, buildings, machinery and equipment, and construction projects.

**CAPITAL PROJECTS:** Projects, which purchase or construct capital assets. Typically, a capital project encompasses a purchase of land or construction of a building or facility, with a life expectancy of more than 10 years.

**CASH BASIS:** The method of accounting under which revenues are recorded when received in cash and expenditures are recorded when paid.

**CASH FLOW BUDGET: (CASH BUDGET)** A projection of the cash receipts and disbursements anticipated during a given time period.

**CDBG:** Community Development Block Grants – grant funds administered through Department of Community Trade and Economic Development (CTED) of the State of Washington.

**CENTENNIAL CLEAN WATER PROGRAM: (CCWP)** In 1986, legislation was passed which provides grants to public entities for financing water pollution control activities and facilities to protect surface and underground water from pollution. In addition, a state revolving loan program was established to provide loans or combinations of grants/loans to finance public facilities.

**CERTIFICATE OF DEPOSIT:** A negotiable or non-negotiable receipt for monies deposited in a bank or other financial institution for a specified period for a specified rate of interest.

**CIWA:** The Cities Insurance Association of Washington is a group of cities across the state that provides pooled and self-insurance services for liability, auto, property, and all other insurance coverage.

**COLA:** Cost of Living Allowance.

**COMMUNITY PARK:** Those parks so designated in the City of Sedro-Woolley Parks and Recreation Element of the Comprehensive Plan.

**CONCURRENT OR CONCURRENCY:** The improvements that are in place at the time the impacts of development occur, or that the necessary financial commitments are in place. Public facilities and services shall be adequate to serve the development at the time the development is available for occupancy and use without decreasing current services levels below locally established minimum standards.

**CONTINGENCY:** A budgetary reserve set-aside for emergencies or unforeseen expenditures not otherwise budgeted for.

**COST ACCOUNTING:** Accounting that assembles and records all costs incurred to carry out a particular activity or to deliver a particular service.

**COUNCILMANIC BONDS:** Councilmanic bonds refer to bonds issued with the approval of the Council, as opposed to voted bonds that must be approved by vote of the public. Councilmanic bonds must not exceed 1.50

percent of the assessed valuation, or voted bonds 2.50 percent.

**CPI:** Consumer Price Index is a measure of the change in prices over time for a fixed market basket of goods and services.

**DEBT:** An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants and notes.

**DEBT LIMITS:** The maximum amount of gross or net debt, which is legally permitted.

**DEBT SERVICE:** Payment of interest and repayment of principal to holders of the City's debt instruments.

**DEBT SERVICE FUND:** A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**DEFICIT:** (1) The excess of an entity's liabilities over its assets (See Fund Balances). (2) The excess of expenditures or expenses over revenues during a single accounting period.

**DELINQUENT TAXES:** Taxes remaining unpaid on and after the date to which a penalty for nonpayment is attached. Even though the penalty may be subsequently waived and a portion of the taxes may be abated or canceled, the unpaid balances continue to be delinquent taxes until abated, canceled, paid or converted into tax liens.

**DEMAND DEPOSIT:** A bank deposit of monies that are payable by the bank upon demand to the depositor.

**DEVELOPMENT ACTIVITY:** Any construction or expansion of a building, structure, or use, any change in use of a building or structure, or any change in the use of land, that creates additional demand and need for public facilities.

**DOUBLE BUDGETING:** The result of having funds or departments within a government purchase services from one another rather than from outside vendors, When internal purchasing occurs, both funds must budget the expenditure (one to buy the services and the other to add the resources to its budget so they have something to sell). This type of transaction results in inflated budget values because the same expenditure dollar is budgeted twice: once in each fund's budget. The revenue side of both funds is similarly inflated.

**DUE FROM OTHER FUNDS:** An asset account used to indicate amounts owed to a particular fund by another fund for goods or services rendered. This account includes only short-term obligations on open account, not interfund loans.

**ENCUMBRANCES:** Obligations in the form of purchase orders, contracts or salary commitments that are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or when an actual liability is set up.

**ENDING FUND BALANCE:** The cash balance remaining at the end of the fiscal year available for appropriation in future years.

**ENTERPRISE FUND:** Separate financial accounting used for government operations that are financed and operate in a manner similar to business enterprises,

and for which preparation of an income statement is desirable.

**EQUIPMENT REPLACEMENT:** The Equipment Replacement Fund operates as a self-sufficient motor and equipment pool. Customer departments pay for the equipment through charges billed monthly. These charges include a form of depreciation, which is accumulated as a sinking fund for future asset replacement.

**EXPENDITURES:** Where accounts are kept on the accrual or modified accrual basis of accounting, the cost of goods received or services rendered whether cash payments have been made or not. Where accounts are kept on a cash basis, expenditures are recognized only when the cash payments for the above purposes are made.

**FEDERAL AID URBAN SYSTEM:** (FAUS) Provides funds for the construction, reconstruction, and improvement of urban streets and roads. A local match of 16.6 percent is required.

**FEE IN LIEU OF:** (FILO) Charges are contributions made by developers toward future improvements of City facilities resulting from the additional demand on the City's facilities generated from the development.

**FISCAL YEAR:** A twelve (12) month period designated as the operating year by an entity. For Sedro-Woolley, the fiscal year is the same as the calendar year (also called budget year).

**FIXED ASSETS:** Long-lived tangible assets obtained or controlled as a result of past transactions, events or circumstances. Fixed assets include buildings, equipment,

improvements other than buildings and land.

**FLOAT:** The amount of money represented by warrants outstanding and in the process of collection.

**FULL FAITH AND CREDIT:** A pledge of the general taxing power of a government to repay debt obligations (typically used in reference to bonds).

**FTE:** Full-time equivalent employee.

**FUND:** An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

**FUND BALANCE:** The excess of an entity's assets over its liabilities. A negative fund balance is sometimes called a deficit.

**GAAFR:** Governmental Accounting, Auditing and Financial Reporting. The "blue book" published by the Government Finance Officers Association to provide guidance for the application of accounting principals for governments.

**GAAP:** Generally Accepted Accounting Principles are standards used for accounting and reporting used for both private industry and government.

**GASB:** Government Accounting Standards Board, established in 1985, to regulate the rules and standards for all governmental units.

**GENERAL FIXED ASSETS:** Capital assets that are not a part of any fund, but of the government unit as a whole. Most often these assets arise from the expenditure of the financial resources of governmental funds.

**GENERAL FUND:** The fund supported by taxes, fees and other revenues that may be used for any lawful purpose.

**GENERAL OBLIGATION BONDS:** Bonds for which the full faith and credit of the insuring government are pledged for payment.

**GOALS:** The objective of specific tasks and endeavors.

**GRANT:** A contribution of assets (usually cash) by one governmental unit or other organization to another. Typically, these contributions are made to local governments from the State and Federal governments. Grants are usually made for specified purposes.

**GUARANTY FUND:** A fund established by a bond issuer, which is pledged, as security for the payment of one or more bond issues. Normally used for local improvement districts (LID).

**IAC:** Interagency Committee for Outdoor Recreation.

**ISTEA:** Inter-modal Surface Transportation Efficiency Act.

**IMPACT FEES:** A fee assessed on new development that creates additional demand and need for public facilities.

**INFRASTRUCTURE:** Assets that are the underlying foundation especially the basic installations and facilities on which the

continuance and growth of a jurisdiction depends (streets, roads, and sewer).

**INTERFUND PAYMENTS:**

Expenditures made to other funds for services rendered. This category includes interfund repairs and maintenance.

**INTERGOVERNMENTAL COSTS:**

Costs or expenses paid from one government to another government for services. These costs include but are not limited to such things as: dispatch and jail services, animal control services, audit and voter costs.

**INTERGOVERNMENTAL**

**SERVICES:** Intergovernmental purchases of those specialized services typically performed by local governments.

**INTERNAL CONTROL:** A plan of organization for purchasing, accounting, and other financial activities, which, among other things, provides that:

- The duties of employees are subdivided so that no single employee handles financial action from beginning to end,
- Proper authorization from specific responsible officials are obtained before key steps in the processing of a transaction are completed.
- Records and procedures are arranged appropriately to facilitate effective control.

**INTERNAL SERVICE FUND:** Funds used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

**INVESTMENT:** Securities and real estate purchased and held for the production of income in the form of interest, dividends, rentals and base payments.

**IPD:** Implicit Price Deflator.

**LATECOMERS FEES:** Fees paid by developers or future service users for their share of past improvements financed by others.

**LEASING:** A financial technique whereby ownership of the project of equipment remains with the financing entity, and where title may or may not transfer to the City at the end of the lease.

**LEOFF:** Law Enforcement Officers and Firefighters Retirement System provided in the State of Washington.

**LEVY:** (1) To impose taxes, special assessments or services charges for the support of government activities. (2) The total amount of taxes, special assessments or service charges imposed by a government.

**LEVY LID:** A statutory restriction on the annual increase in the amount of property tax a given public jurisdiction can assess on regular or excess levies.

**LIABILITY:** Debt or other legal obligations arising out of transactions in the past that must be liquidated, renewed or refunded at some future date.

**LID:** Local Improvement District or Special Assessments made against certain properties to defray part or all of the cost of a specific improvement or services deemed to primarily benefit those properties.

**MATURITIES:** The dates on which the principal or stated values of investments or debt obligations mature and may be reclaimed.

**MILL:** The property tax rate, which is based on the valuation of property. A tax rate of one mill produces one dollar of taxes on each \$1,000 of property valuation.

**MITIGATION FEES:** Contributions made by developers toward future improvements of city facilities resulting from the additional demand on the city's facilities generated from the development.

**MODIFIED ACCRUAL BASIS:** The basis of accounting under which expenditures, other than accrued interest on general long-term debt, are recorded at the time liabilities are incurred and revenues are recorded when received in cash except for material and/or available revenues, which should be accrued to reflect properly the taxes levied and revenue earned.

**NET REVENUE:** The revenue of the system less the cost of maintenance and operation of the system.

**NOTES TO THE FINANCIAL STATEMENTS:** The disclosures required for a fair presentation of the financial statements of government in conformity with GAAP and not included on the face of the financial statements themselves.

**OBJECT:** As used in expenditure classification, this term applies to the type of item purchased or the service obtained (as distinguished from the results obtained from expenditures).

**OPERATING FUNDS:** Resources derived from recurring revenue sources used to finance ongoing operating expenditures and pay-as-you-go capital projects.

**OPERATING TRANSFER:** Routine and/or recurring transfers of assets between funds.

**ORDINANCE:** A statute or regulation enacted by City Council.

**OTHER SERVICES AND CHARGES:** A basic classification for services, other than personnel services, which are needed by the City. This item includes professional services, communication, travel, advertising, training, dues and subscriptions, printing, equipment rental and costs (ER&R), insurance, public utility services, repairs and maintenance.

**PARITY BOND:** Any and all sewer revenue bonds of the City the payment of which, both principal and interest, constitutes a lien and charge upon the revenue of the system and upon assessments equal in rank with the lien and charge on such revenue of the system and assessments for payments required to pay and secure the payment of the bonds.

**PERS:** Public Employees Retirement System provided for, other than Police and Fire, by the State of Washington.

**PERSONNEL BENEFITS:** Those benefits paid by the City as part of the conditions of employment. Examples include insurance & retirement benefits.

**PERSONNEL COSTS:** Costs that include all salaries, wages, and benefits for all part-time, full-time, seasonal and temporary employee costs.

**PROCLAMATION:** An official act by the Mayor or Executive Officer made through a public forum.

**PROGRAM:** A specific and distinguishable unit of work or service performed.

**PROGRAM ENHANCEMENT:** Programs, activities or personnel requested to improve or add to the current baseline services.

**PROGRAM MEASURES:** A unit of standard used for the quantitative comparison in the manner of functioning to capacity or quantity as determined.

**PROGRAM REVENUE:** These are revenues that are produced as a result of an activity of a program and are subject to quantity of services provided to the public or governmental units (i.e. permits, charges for fire services, recreational activities), or revenues dedicated to a specific use (i.e. grants, taxes or debt funds).

**PROPRIETARY FUND TYPES:** Sometimes referred to as income determination or commercial-type funds, the classification used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector. The GAAP used are generally those applicable to similar businesses in the private sector and the measurement focus is on determination of net income, financial position and changes in financial position.

**PUBLIC FACILITIES:** The capital owned or operated by the City or other governmental entities.

**PUBLIC WORKS TRUST FUNDS:** (PWTF) Is a low-interest revolving loan fund which helps local governments finance critical public works needs. To be eligible for trust fund financing, the applicant must be a local government entity, with a long-term plan for financing public works needs. If the applicant is a city or county, it must be imposing the options one-quarter percent real estate excise tax for capital purposes. Eligible projects include streets and roads, bridges, storm sewers, sanitary sewers, and water systems. Loans will only be made for the purpose of repair, replacement, reconstruction, or improvement of existing eligible public works systems to meet current standards and to adequately serve the needs of the existing populations. New capital improvement projects are not eligible. The maximum loan amount has been seven million with a minimum local match of ten percent. Interest rates vary from one-half to three percent, depending on the match.

**RCW:** Revised Code of Washington. Laws of the State of Washington enacted by the State Legislature.

**REET:** (Real Estate Excise Tax) A tax upon the sale of real property from one person or company to another.

**RESERVE:** An account used to indicate that a portion of fund equity is legally restricted for a specific purpose.

**RESOLUTION:** A formal statement of a decision or expression of an opinion of the City Council.

**RESOURCES:** Total dollars available for appropriations including estimated revenues, fund transfers, and beginning fund balances.

**REVENUE:** Income received by the City in support of a program of services to the community. It includes such items as property taxes, fees, user charges, grants, fines and forfeits, interest income and miscellaneous revenue.

**REVENUE BONDS:** Bond issue pledging future revenues, usually water, sewer or drainage charges, to cover debt payments.

**REVENUE ESTIMATE:** A formal estimate of how much revenue will be earned from a specific revenue source for some future period, typically, a future fiscal year.

**STP:** Surface Transportation Program.

**STPE:** Surface Transportation Program – Enhancement.

**STPH:** Surface Transportation Program – Hazard Elimination.

**STPUS:** Surface Transportation Program – Urban Small.

**SALARIES AND WAGES:** Amounts paid for personal services rendered by employees in accordance with rates, hours, terms and conditions authorized by law or stated in employment contracts.

**SERVICE MEASURES:** Specific quantitative measures of work performed within an activity or program (e.g., total miles of street cleaned). Also, a specific quantitative measure of results obtained through a program or activity (e.g., reduced incidence of vandalism due to new street lighting program).

**SINGLE AUDIT:** An audit performed in accordance with the Single Audit Act of

1984 and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. The Single Audit Act allows or requires governments (depending on the amount of federal assistance received) to have one audit performed to meet the needs of all federal grantor agencies.

**SINKING FUND ACCOUNT:** An account created in the bond fund to amortize the principal of term bonds.

**SPECIAL ASSESSMENT:** A compulsory levy made against certain properties from earnings of enterprise funds. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

**SPECIAL REVENUE FUND:** A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditure or specified purposes.

**SUPPLEMENTAL APPROPRIATION:** An appropriation approved by the Council after the initial budget appropriation.

**SUPPLIES:** A basic classification of expenditures for articles and commodities purchased for consumption or resale. Examples include office and operating supplies, fuel, power, water, gas, inventory or resale items, and small tools and equipment.

**SURETY BOND:** Any letter of credit, insurance policy, surety bond or other equivalent credit facility or any combination thereof issued to the City to satisfy all or part of the amount required to be maintained in the Reserve Account to make such payment of principal and

interest as the same become due at maturity or on any mandatory redemption date.

**TIA:** Transportation Improvement Account.

**TAX:** Charge levied by a government to finance services performed for the common benefit.

**TAX ANTICIPATION NOTES:** (TANS) Notes issued in anticipation of taxes, which are retired usually from taxes collected (typically by school by school districts).

**TAX LEVY ORDINANCE:** An ordinance through which taxes are levied.

**TAX RATE LIMIT:** The maximum legal rate at which a municipality may levy a tax. The limit may apply to taxes raised for a particular purpose or for general purposes.

**TERM BONDS:** Any parity bonds designated by the Council as "term bonds" pursuant to an ordinance which authorizes the issuance of parity bonds and provides for mandatory payments into a sinking fund account established for the term bonds so designated and provides for mandatory redemption of such term bonds from such sinking fund account.

**THIRTEENTH MONTH:** This is the month (January) following the end of the fiscal year in which prior expenditures shall be charged against the prior year's budget. This is a budgetary provision in state law (35A.33.150 RCW). It requires cities to charge the previous budget for items purchased before yearend, but not yet invoiced to the city up to the twentieth day in January. This provision is similar to

accounts payable accruals in the private business community.

**TRANSPORTATION IMPROVEMENT ACCOUNT (TIA):** Provides funding for transportation projects through two urban programs. Urban projects must be attributable to congestion caused by economic growth. They must be consistent with state, regional and local selection processes. The TIB requires multi-agency planning and coordination and public/private cooperation to further the goal of achieving a balanced transportation system in Washington State.

**TRANSPORTATION IMPROVEMENT BOARD (TIB):** The purpose of the TIB is to administer funding for local governments for transportation projects. This is accomplished through the Transportation Improvement Account Program and the Urban Arterial Trust Account Program. Revenues are from the state fuel tax, local matching funds, and private sector contributions.

**TRUST FUND:** Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, and/or other funds.

**UATA:** Urban Arterial Trust Account.

**UTILITY LOCAL IMPROVEMENT DISTRICTS: (ULID)** Created only for improvements to sewer, water, and other utilities and differs from a LID in that all assessment revenues must be pledged for payment of debt service of bonds issued to finance the improvements.

**WAC:** Washington Administrative Code.

**WARRANT:** An order drawn by a municipal officer(s) directing the treasurer

of the municipality to pay a specified amount to the bearer, either after the current or some future date.

**YIELD:** The rate earned on an investment based on the price paid for the investment, the interest earned during the period, held and the selling price or redemption value of the investment.

