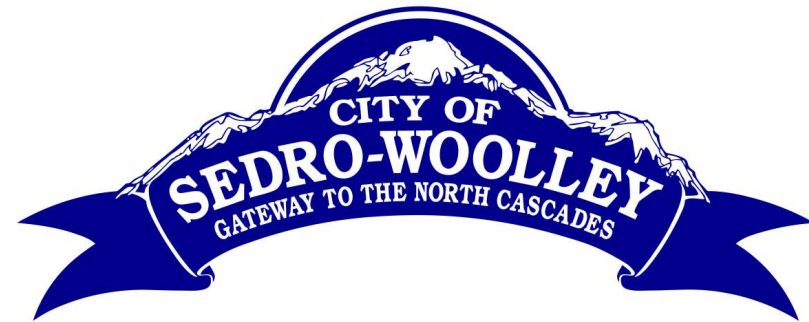


September 7, 2022
Kelly Kohnken, MBA
Finance Director and City Clerk



Study Session General Fund 2023+2024



Things to Remember

- A high level view of the 2023-2024 biennial budget, focusing on the General Fund
- This information is preliminary
- Only represents the first round of the budget process
- Dollar amount are likely to change including
 - Indirect cost allocation
 - Transfers to Equipment Replacement Fund
 - Other

General Fund

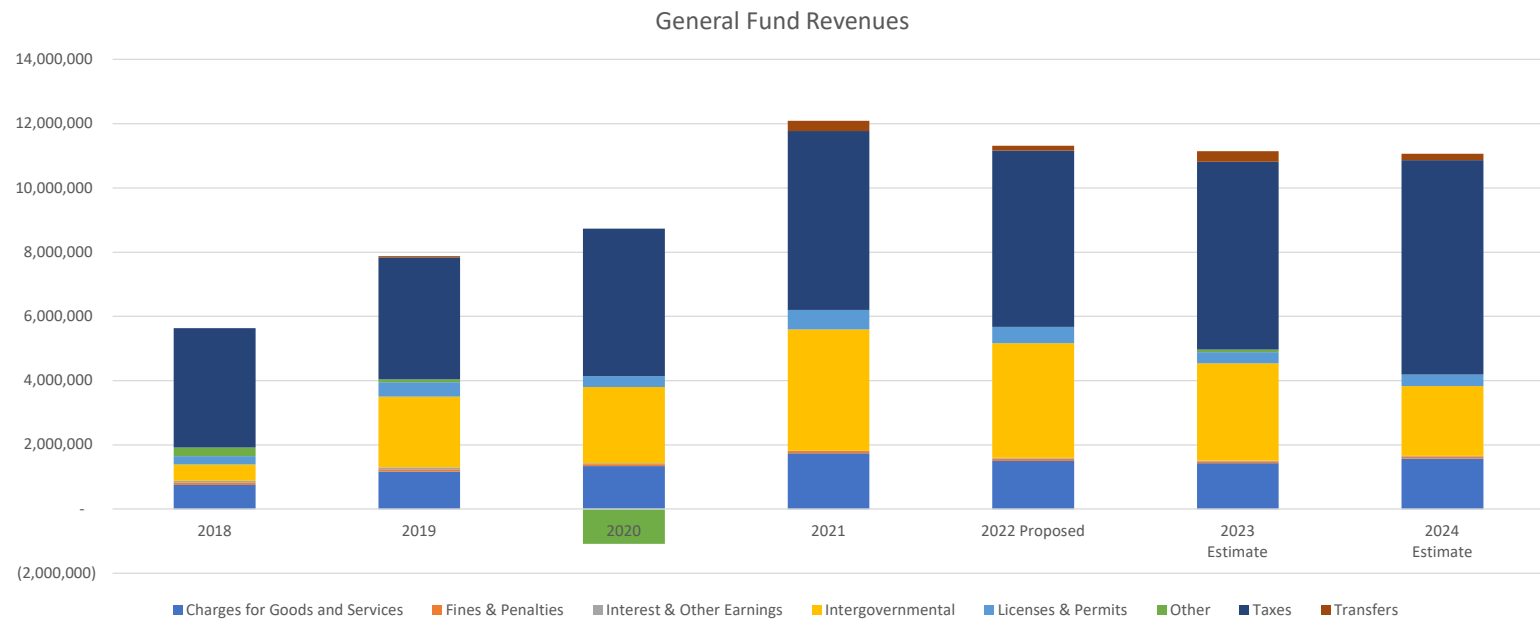
- Legislative - Council
- Judicial - Court
- Executive – Mayor and City Administrator
- Finance
- Legal
- Info Technology
- Civil Service
- Central Services
- Planning
- Engineering
- Police
- Fire/EMS
- Building
- Public Health

Revenues

Description	2018	2019	2020	2021	2022 Proposed	2023 Estimate	2024 Estimate	Average 2018 - 2021
Charges for Goods and Services	752,662	1,171,868	1,337,945	1,735,961	1,498,950	1,429,750	1,567,820	15%
Fines & Penalties	73,795	71,563	59,140	70,216	72,300	58,600	58,100	1%
Interest & Other Earnings	56,994	52,840	29,506	13,234	25,550	20,500	34,000	1%
Intergovernmental	503,527	2,205,753	2,375,459	3,778,729	3,566,268	3,025,745	2,169,540	25%
Licenses & Permits	266,314	453,677	341,383	606,575	510,900	350,050	358,520	5%
Other	264,287	87,174	(1,079,026)	300	-	78,000	-	-2%
Taxes	3,719,316	3,789,802	4,591,012	5,561,349	5,486,884	5,850,850	6,679,660	55%
Transfers	-	47,383	-	324,528	155,070	325,000	200,000	1%
Grand Total	5,636,895	7,880,058	7,655,419	12,090,892	11,315,922	11,138,495	11,067,640	100%

General Fund

Revenues



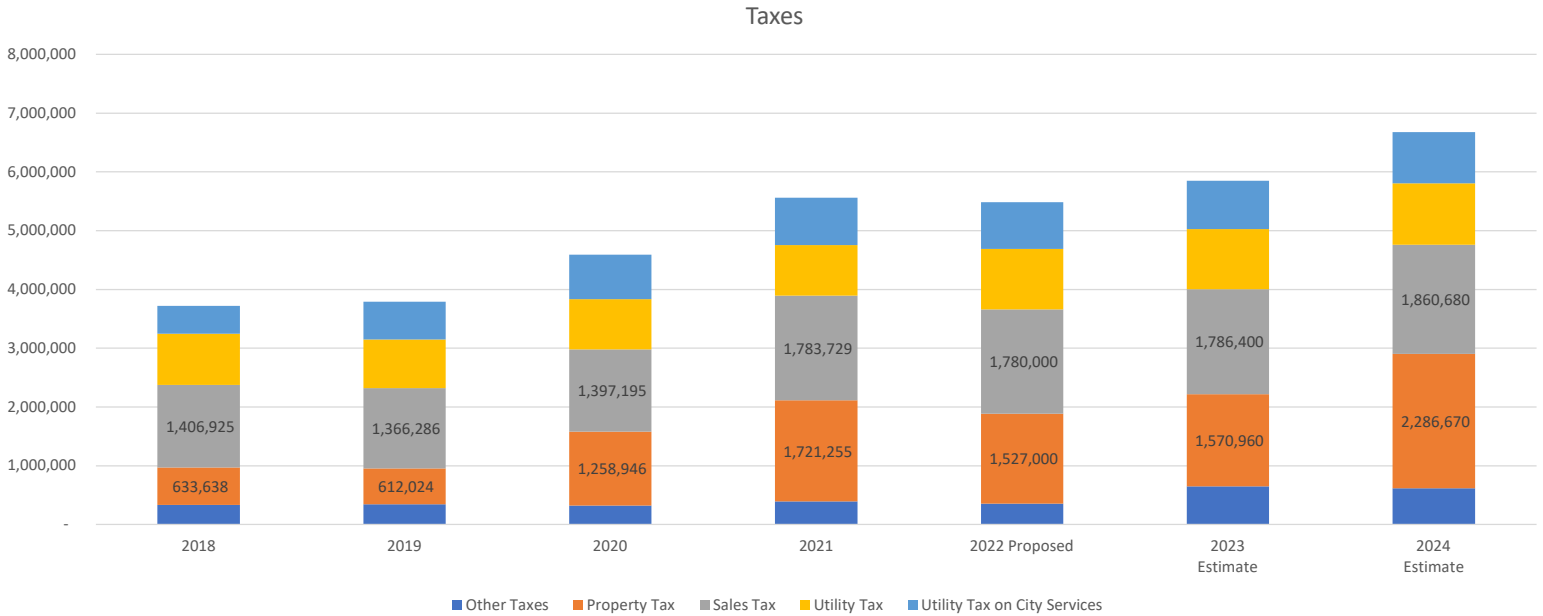
General Fund

Taxes

Description	2018	2019	2020	2021	2022 Proposed	2023 Estimate	2024 Estimate	Average 2018 - 2021
Other Taxes	336,609	345,050	324,288	392,488	356,461	648,000	616,140	8%
Property Tax	633,638	612,024	1,258,946	1,721,255	1,527,000	1,570,960	2,286,670	23%
Sales Tax	1,406,925	1,366,286	1,397,195	1,783,729	1,780,000	1,786,400	1,860,680	34%
Utility Tax	869,046	826,144	855,720	858,080	1,027,832	1,022,110	1,042,810	20%
Utility Tax on City Services	473,098	640,299	754,863	805,797	795,591	823,380	873,360	15%
Grand Total	3,719,316	3,789,802	4,591,012	5,561,349	5,486,884	5,850,850	6,679,660	100%

General Fund

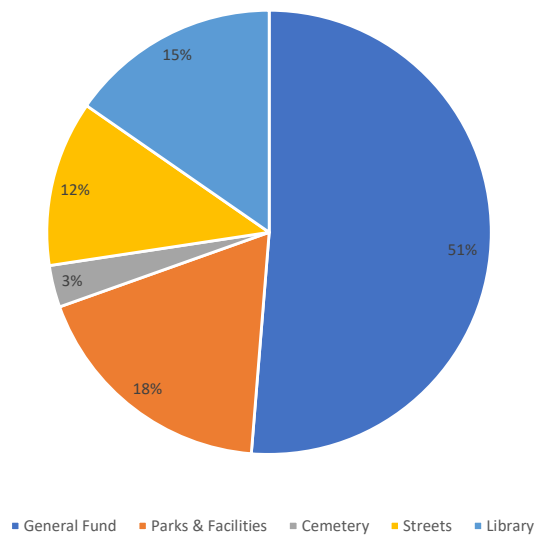
Taxes



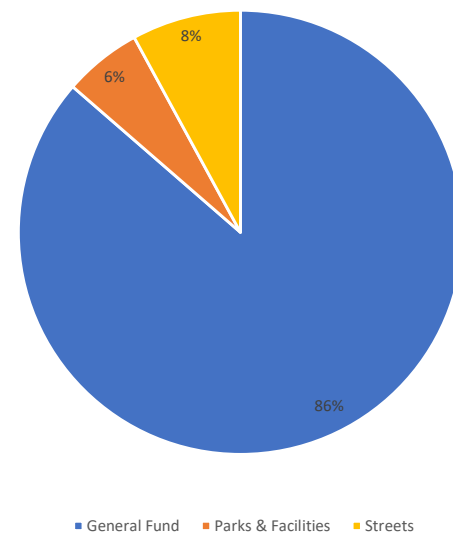
General Fund

Taxes

Property Tax



Sales Tax

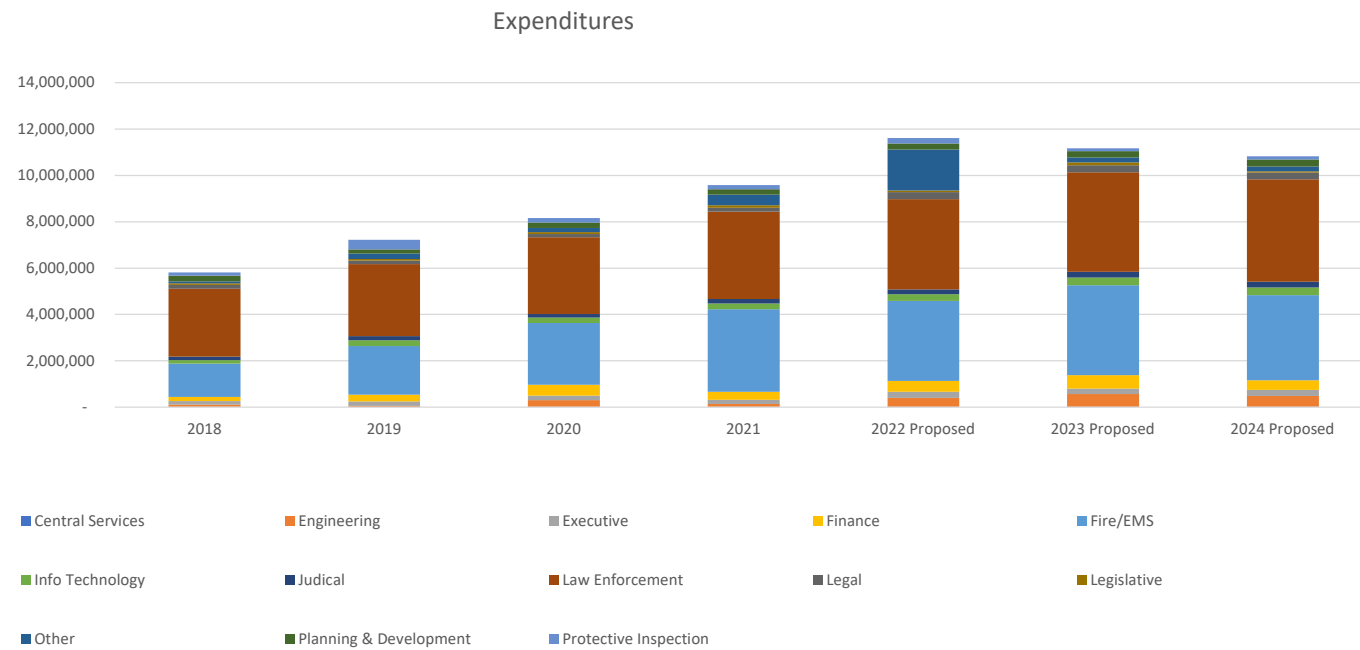


Expenditures

Department	2018	2019	2020	2021	2022 Proposed	2023 Proposed	2024 Proposed
Central Services	20,516	16,431	14,479	13,659	16,597	16,338	14,950
Engineering	99,696	49,272	293,512	126,339	391,831	552,582	467,811
Executive	150,599	190,773	194,466	186,459	263,047	241,721	266,016
Finance	174,921	285,393	465,056	338,305	464,191	576,253	416,417
Fire/EMS	1,436,044	2,093,831	2,664,076	3,566,767	3,452,217	3,872,155	3,669,080
Info Technology	145,290	251,118	231,548	242,509	290,350	337,020	324,980
Judicial	157,636	180,353	158,517	190,758	206,068	247,860	254,485
Law Enforcement	2,929,718	3,112,171	3,309,962	3,765,709	3,885,280	4,289,930	4,412,650
Legal	155,031	149,833	144,053	166,186	302,543	299,485	294,444
Legislative	76,181	64,604	80,121	109,734	70,420	123,870	58,910
Other	85,016	229,723	175,947	458,496	1,763,964	212,342	198,950
Planning & Development	242,063	179,788	235,867	235,293	267,262	266,969	307,360
Protective Inspection	148,224	412,432	190,144	185,277	240,545	137,620	136,210
Grand Total	5,820,936	7,215,721	8,157,749	9,585,491	11,614,315	11,174,145	10,822,263

General Fund

Expenditures



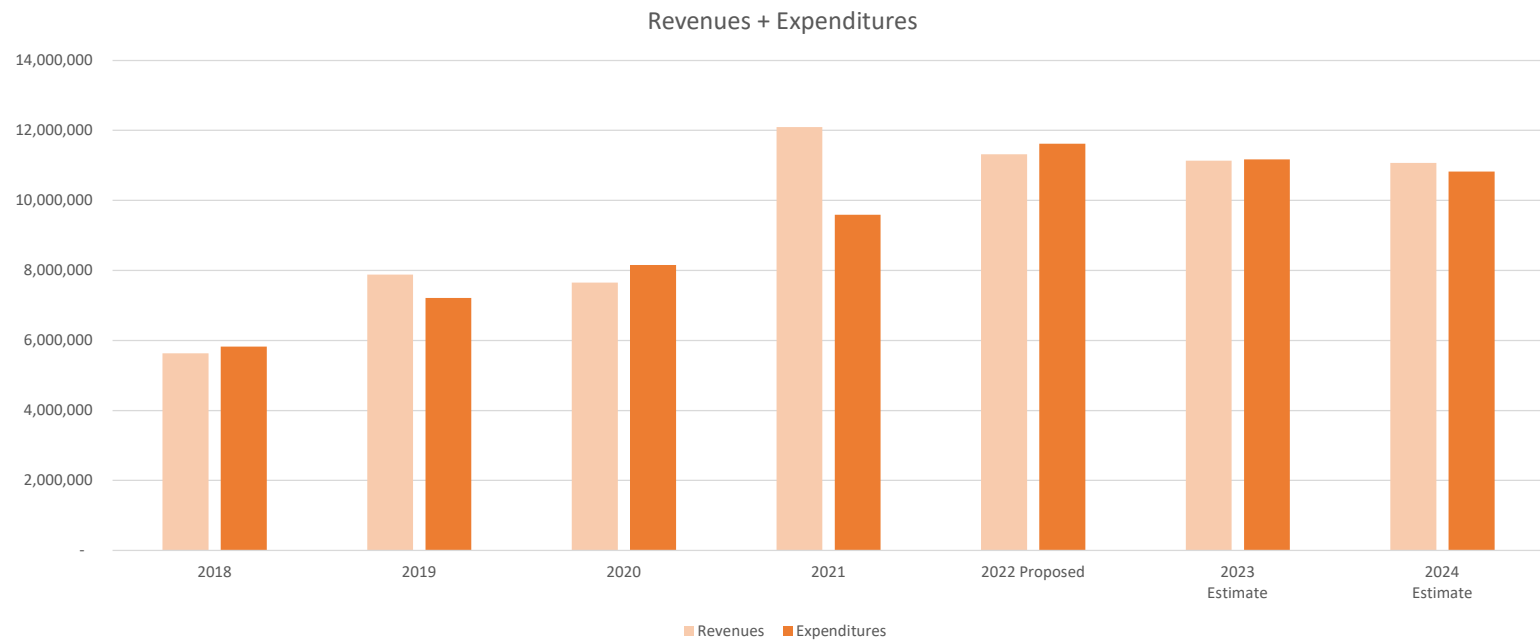
General Fund

Revenues + Expenditures

Description	2018	2019	2020	2021	2022 Proposed	2023 Estimate	2024 Estimate
Revenues	5,636,895	7,880,058	7,655,419	12,090,892	11,315,922	11,138,495	11,067,640
Expenditures	5,820,936	7,215,721	8,157,749	9,585,491	11,614,315	11,174,145	10,822,263
Gain (Loss)	(184,040)	664,337	(502,329)	2,505,401	(298,393)	(35,650)	245,377

General Fund

Revenues + Expenditures



General Fund

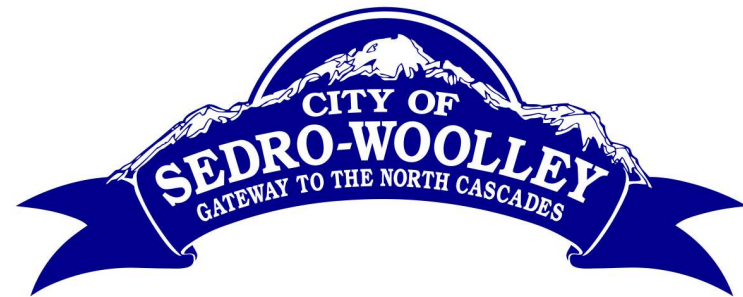
Questions?

Study Session Property Tax

September 7, 2022

Kelly Kohnken, MBA

Finance Director and City Clerk




Property Tax

Generally, we think property tax is calculated like this:

Value \$1,204,564	x	Levy Rate 2.3708	=	Total Taxes \$2,855,790
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Because we see this:

David M. Thomas Assessor Annette M. DeVoe Chief Deputy Assessor			SKAGIT COUNTY Office of the Assessor Administration Building, Room 204 700 South 2 nd Street Mount Vernon, WA 98273 Phone (360) 416-1788 Fax (360) 416-1790 E-Mail assessor@co.skagit.wa.us
2020 PROPERTY TAX ASSESSMENTS AND LEVIES PAYABLE IN 2021			
CITY LEVIES			
	VALUATION	LEVY RATE	TOTAL TAXES
CITY OF SEDRO WOOLLEY			
GENERAL	\$1,204,564,507	2.3708	\$2,855,790
VOTED PER RCW 84.36.381	\$20,659,396	1.4401	\$29,752
TOTAL	\$1,225,223,903		\$2,885,542

Value in thousands (000)



Property Tax

This leads us to believe a 1% increase will increase the levy rate by \$1 and significantly increase property tax for individual residents.

Value \$1,204,564	x	Levy Rate 2.3708 + 1 = 3.3708	=	Total Taxes \$4,060,344
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Value in thousands (000)



How it is Calculated

It is actually calculated starting with total taxes (or budgeted levy) the City needs to fund the budget.

$$\begin{array}{|c|} \hline \text{Budgeted Levy} \\ \$2,855,790 \\ \hline \end{array} \div \begin{array}{|c|} \hline \text{Value} \\ \$1,204,564 \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Levy Rate} \\ 2.3708 \\ \hline \end{array}$$



2020 Property Tax Assessments and Levies Payable in 2021
Value in thousands (000)

1% Annual Increase

The City can increase the total tax, or budgeted levy, 1% each year by Council approval.

Example: 1% increase from 2021 to 2022.

<p>Budgeted Levy</p> <p>2021: \$2,855,790</p> <p>1%: \$28,558</p> <p>New construction: \$70,979</p> <p>Other: \$3,912</p> <p>2022 = \$2,959,239</p>	÷	<p>Value</p> <p>\$1,408,721</p>	=	<p>Levy Rate</p> <p>2.1007</p>
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1% was not approved for 2022, therefore budgeted levy and levy rate are not actuals.
Value of property is based on actuals

Levy Rate

In this example, despite a 1% increase, the **levy rate decreases** from 2.3708 to 2.1007 because property values increase.

2021

$$\begin{array}{|c|} \hline \text{Budgeted Levy} \\ \$2,855,790 \\ \hline \end{array} \div \begin{array}{|c|} \hline \text{Value} \\ \$1,204,564 \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Levy Rate} \\ \mathbf{2.3708} \\ \hline \end{array}$$

2022

$$\begin{array}{|c|} \hline \text{Budgeted Levy} \\ \$2,959,239 \\ \hline \end{array} \div \begin{array}{|c|} \hline \text{Value} \\ \$1,408,721 \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Levy Rate} \\ \mathbf{2.1007} \\ \hline \end{array}$$

2023 Recommendation

We recommend approving the banked capacity from 2022 and the 1% annual increase.

Budgeted Levy			Value		Levy Rate
2022:	\$2,930,681	÷	\$1,438,660	=	2.1296
Banked Capacity:	\$28,558				
New construction:	\$74,890				
Annual 1%:	\$29,592				
2023 =	\$3,063,721				

2023 value and levy rates are estimates.

Impact to Homeowner

Total assessed value of home is \$361,700.

2022: \$776.40

2023 Estimate: \$790.40

Resulting in an additional **\$14 annual or \$1.17 a month.**

2022 Property Tax, Assessments, and Fees		
Tax District	Rate	Amount
SKAGIT COUNTY	1.1493	\$428.39
CONSERVATION FUTURES FUND	0.0389	\$14.42
MEDIC 1 SERVICES	0.3693	\$137.02
SEDRO WOOLLEY	2.0927	\$776.40
HOSPITAL DISTRICT 304	0.1177	\$43.68
PORT DISTRICT 2	0.3942	\$146.23
STATE LEVY	2.6759	\$992.77
SCHOOL DISTRICT 101	3.3244	\$1,233.35
Special Assessment and Fees		
SKAGIT CONSERVATION DISTRICT		\$5.00
2022 Property Tax, Assessments, and Fees Total:		\$3,775.26

Questions?

Fire Department Need

The City's Fire Department is consistently understaffed and requires an additional four firefighter/EMTs to provide sufficient shift coverage and increased public safety.

Estimate: \$700,000 annually

Levy Lid Lift

- The City can increase the budgeted levy by more than 1%.
- Must be approved by voters in primary or general election.
- Maximum levy rate is 3.6000 (not recommended by City staff)

H. Statutory maximum calculation
Only enter fire/RFA rate, library rate, & firefighter pension fund rate for cities annexed to a fire/RFA or library, or has a firefighters pension fund.

3.600000000000	-	0.000000000000	-	0.000000000000	+	0.000	=	3.600000000000
District base levy rate		Fire or RFA Rate		Library Rate		Firefighter Pension Fund		Statutory Rate Limit
\$1,408,721,472		3.600000000000		\$1,000			=	\$5,071,397.30
A.V. of District		Statutory Rate Limit						Statutory Amount

Based on 2022 property values.

2024 Recommendation

Requesting voter approval for at least \$700,000 to support the Fire Department.

Budgeted Levy			Value	=	Levy Rate
2023:	\$3,063,721	÷	\$1,510,593		2.5118
1% Annual:	\$30,637				
Levy Lid Lift:	\$700,000				
2024 =	\$3,794,358				

2024 value and levy rates are estimates.

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Impact to Homeowner

Total assess value of home is \$361,700.

2022: \$776.40

2024 Estimate: \$790.40

Resulting in an additional **\$197 annual or \$16 a month** above 2022 actuals.

2022 Property Tax, Assessments, and Fees		
Tax District	Rate	Amount
SKAGIT COUNTY	1.1493	\$426.39
CONSERVATION FUTURES FUND	0.0389	\$14.42
MEDIC 1 SERVICES	0.3693	\$137.02
SEDRO WOOLLEY	2.0927	\$776.40
HOSPITAL DISTRICT 304	0.1177	\$43.68
PORT DISTRICT 2	0.3942	\$146.23
STATE LEVY	2.6759	\$992.77
SCHOOL DISTRICT 101	3.3244	\$1,233.35
Special Assessment and Fees		
SKAGIT CONSERVATION DISTRICT		\$5.00
2022 Property Tax, Assessments, and Fees Total:		\$3,775.26

Bridging the Gap

2023			
Medics	8	10	12
Estimate	\$ 1,258,788	\$ 1,573,485	\$ 1,888,182
Difference from 8		\$ 314,697	\$ 629,394

2024			
Medics	8	10	12
Estimate	\$ 1,324,905	\$ 1,656,131	\$ 1,987,358
Difference from 8		\$ 331,226	\$ 662,453

- Estimated 2023 cost for two additional medics: **\$314,697**
- Funding source: **City Council Strategic Reserve Fund**

Questions?

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