

2023

CITY OF WASHOUGAL ADOPTED BUDGET



1701 C Street
Washougal, Washington 98671
(360) 835-8501
<http://cityofwashougal.us>

Table of Contents

| | |
|---|-----|
| <u>City Manager's Budget Message</u> | iii |
| <u>City Information</u> | 1 |
| <u>Directory of Officials</u> | 2 |
| <u>Distinguished Budget Award</u> | 4 |
| <u>Citywide Organizational Chart</u> | 5 |
| <u>Washougal Government</u> | 6 |
| <u>About the City of Washougal</u> | 8 |
| <u>City of Washougal Economics</u> | 10 |
| <u>Budget Philosophy and Financial Policies</u> | 10 |
| <u>City Priorities and Strategic Plan</u> | 11 |
| <u>Budget Process</u> | 14 |
| <u>Governmental Cash Basis Accounting</u> | 16 |
| <u>Labor Relations</u> | 20 |
| <u>Budget in Brief</u> | 22 |
| <u>Budget Overview</u> | 23 |
| <u>Departmental Budgets</u> | 31 |
| <u>General Fund</u> | 32 |
| <u>Council</u> | 36 |
| <u>City Manager's Office</u> | 37 |
| <u>Human Resources</u> | 38 |
| <u>Finance/Information Technology</u> | 39 |
| <u>Economic Development</u> | 40 |
| <u>Community Development</u> | 41 |
| <u>Legal</u> | 43 |
| <u>Central Services</u> | 44 |
| <u>Fire and Emergency Aid</u> | 45 |
| <u>Animal Control</u> | 46 |
| <u>Police/Public Safety</u> | 47 |
| <u>Public Works Non-Utilities</u> | 48 |
| <u>Parks</u> | 48 |
| <u>Engineering</u> | 49 |
| <u>Facilities</u> | 50 |
| <u>Street Fund</u> | 52 |
| <u>Cemetery Fund</u> | 55 |
| <u>First Quarter Percent REET Fund</u> | 58 |
| <u>Park Development Fund</u> | 60 |
| <u>Second Percent REET Fund</u> | 62 |
| <u>Abatement Fund</u> | 64 |
| <u>Hotel Motel Tax Fund</u> | 66 |
| <u>Transportation Development Fund</u> | 68 |
| <u>Peg Fee Fund</u> | 70 |
| <u>EMS Restricted Revenue</u> | 72 |
| <u>Fire Impact Fees Fund</u> | 74 |
| <u>Affordable Housing Sales Tax Credit Fund</u> | 76 |
| <u>Drug Seizure Fund</u> | 78 |
| <u>Unlimited General Obligation Debt Fund</u> | 80 |

| | |
|---|-----|
| <u>Downtown Revitalization Bond Fund</u> | 82 |
| <u>Park Capital Project Fund</u> | 84 |
| <u>Building Contingency Fund</u> | 87 |
| <u>Transportation Capital Projects Fund</u> | 90 |
| <u>Art Project Fund</u> | 93 |
| <u>Water/Sewer Funds</u> | 95 |
| <u>Stormwater Fund</u> | 102 |
| <u>Employment Security Fund</u> | 106 |
| <u>Equipment, Rental, and Repair Fund</u> | 108 |
| <u>Perpetual Care Fund</u> | 110 |
| <u>Downtown Bond Guarantee Fund</u> | 112 |
| <u>Low Income Assistance Fund</u> | 114 |
| <u>Long-Term Liabilities</u> | 116 |
| <u>Capital Plans</u> | 120 |
| <u>Utility Financial Policy</u> | 122 |
| <u>Glossary</u> | 126 |



To the Mayor, City Council & Residents of Washougal:

I am pleased to present the proposed City of Washougal 2023 Budget. The proposed 2023 budget is an expression of the Council's priorities, maintains existing services levels and targets key service enhancements and continued capital investments.

In 2022 we began to emerge from the implications of the COVID-19 pandemic. As we look to 2023, we continue our conservative budgeting approach. Consistent with the broader national and regional economic trends, we are experiencing cost pressures in staffing and escalating costs in delivering capital projects. The 2023 budget maintains our conservative management of on-going expenses, while adapting to the realities of these cost pressures. We are cautiously optimistic that economic conditions will continue to improve, as we anticipate economic growth in our community over the next several years.

In determining its priorities for the 2023 budget, the Council considered and was guided by our Strategic Plan, our capital facilities plans and community input. Within this context, we can maintain our current service levels in all program areas and make modest enhancements to our Pavement Management Program and Community Engagement efforts. We continue to utilize capital project funds to pursue Council and community priorities by investing in important capital facilities projects, enhanced by the addition of ARPA funding.

Clark County voters approved a sales tax increase earlier this year. Our proceeds from this will be used to implement a body-worn camera program and make other program enhancements in our Police Department.

To ensure that we can maintain our current service levels and make these modest program enhancements, the 2023 general fund operating budget assumes that the Council will adopt a 1% increase in our overall property tax levy and our EMS levy. A modest use of fund balance in our Fire Fund will be used to support needed operating equipment replacements. We are currently engaged with the City of Camas in identifying a plan to address staffing needs and fire apparatus and station replacement. Once finalized, funding for these replacements will be considered in a supplemental budget in 2023.

Highlights from Council's priorities in the 2023 budget and their alignment with the Priority Pillars in our Strategic Plan include:

Pillar #1: Communication and Pillar #2: Community Engagement

- Continued development and implementation of our Community Engagement Plan
- Enhanced community engagement related to events

Pillar #3: Core Services – Public Safety

- Police body-worn camera program
- Security Improvements at various City facilities
- Fire operating equipment replacement

CITY HALL
1701 C Street
Washougal, WA
98671
(360)835.8501
Fax
(360)835.8808

POLICE
DEPARTMENT
1320 A Street
Washougal, WA
98671
(360)835.8701
Fax
(360)835.7559

Pillar #3 Core Services – Transportation and Public Infrastructure, Parks and Open Space

- Modest enhancement to funding for the Pavement Management Program
- Ongoing design for 32nd St. railroad underpass
- Sidewalks on Evergreen Way from 39th to 42nd (pending receipt of grant funding)
- Sidewalks on 39th Street from Evergreen to J (pending receipt of grant funding)
- Shared Use Path 27th Street and Renaissance Trail Segment 5 – Design
- Shared Use Path Evergreen Way from 32nd to Sunset View (pending receipt of grant funding)
- Columbia River Trail lighting project
- Safety Improvements 32nd Street
- Neighborhood traffic calming
- Water, Wastewater and Storm Drainage system improvements
- Hamllik Park Basketball Court (pending receipt of grant funding)
- Hathaway Park Lower Playground
- Civic Campus Project (w/ Dog Park) (pending use of ARPA and receipt of grant funding) - 2023 supplemental budget
- Completion of Facilities Master Plan
- Public Works Operations Center maintenance, repair and improvements

Pillar #3 Core Services – Community Livability and Services

- Implement enhanced program in community aesthetics and code compliance
- Building Repairs and enhancements to East County Family Resource Center
- Support for East County Family Resource Center and ReFuel Washougal

Pillar #4 Economic Development

- Initiation of a Towncenter Sub-Area Plan and Planned Action Ordinance
- Continued partnership with CREDC
- Tourism promotion

I am pleased propose a balanced baseline operating budget which maintains all existing service levels for 2023 and provides for modest enhancements to services in response to community and Council priorities. We can continue advancing our capital facilities efforts, planning and delivering key projects.

I would like to thank the members of the City Council for their leadership and efforts in identifying priorities and providing policy guidance. I would also like to thank the City staff, who work hard every day to deliver outstanding service. And "thank you" to the many volunteers who serve on our boards and commissions and in support of the various programs that make Washougal a great community.

Respectfully Submitted,



David Scott
City Manager
10/24/2022

City of Washougal

2023 Budget

Vision Statement

Washougal will be a safe and economically vibrant community that successfully balances growth and expanding opportunity with fiscally responsible services while preserving the best qualities of small-town living.

Values – Community and Organizational

| Community | Organizational |
|-----------------------|----------------------|
| Community involvement | Strong leadership |
| Quality education | Accountability |
| Safe community | Customer orientation |
| Small-town feel | Excellent services |
| Strong economy | Integrity |

Mission Statement

Our mission is to provide leadership and effective, fiscally responsible services that achieves our community's vision.

Vision, Values, and Mission Statements
Adopted by the Elected Officials of
The City of Washougal
Via the Strategic Plan on
February 4, 2013
(Resolution 1063)

City of Washougal
1701 S Street
Washougal, WA 98671
(360) 835-8501

Directory of Officials

ELECTED OFFICIALS



David Stuebe, Mayor

Position #1

Term 2022-2023

COUNCIL MEMBERS



Michelle Wagner

Position #2

Term 2020-2023



David Fritz

Position #3

Term 2022-2023



Janice Killion

Position #4

Term 2022-2023



Molly Coston

Position #5

Term 2020-2023



Julie Russell

Position #6

Term 2022-2025



Ernie Suggs

Position #7

Term 2020-2023

APPOINTED OFFICIALS

| Position | Name |
|---------------------------------|------------------------|
| City Manager | David Scott |
| Public Works Director | Trevor Evers |
| Finance Director/City Clerk | Daniel Layer, CPA |
| Chief of Police | Wendi Steinbronn |
| Community Development Director | Mitch Kneipp |
| Human Resources & Risk Director | Teresa Stedman |
| City Attorney | Kenneth B. Woodrich PC |



Distinguished Budget Presentation Award

The Government Finance Officers' Association (GFOA) of the United States and Canada presented a Distinguished Budget Presentation Award to the City of Washougal, Washington for its annual budget for the fiscal year beginning January 1, 2022.

In order to receive this award, a governmental entity must publish a budget document which meets program criteria as a policy document, operations guide, financial plan, and a communication device. This award is valid for one year at which time the City will submit its budget document for review again.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

**City of Washougal
Washington**

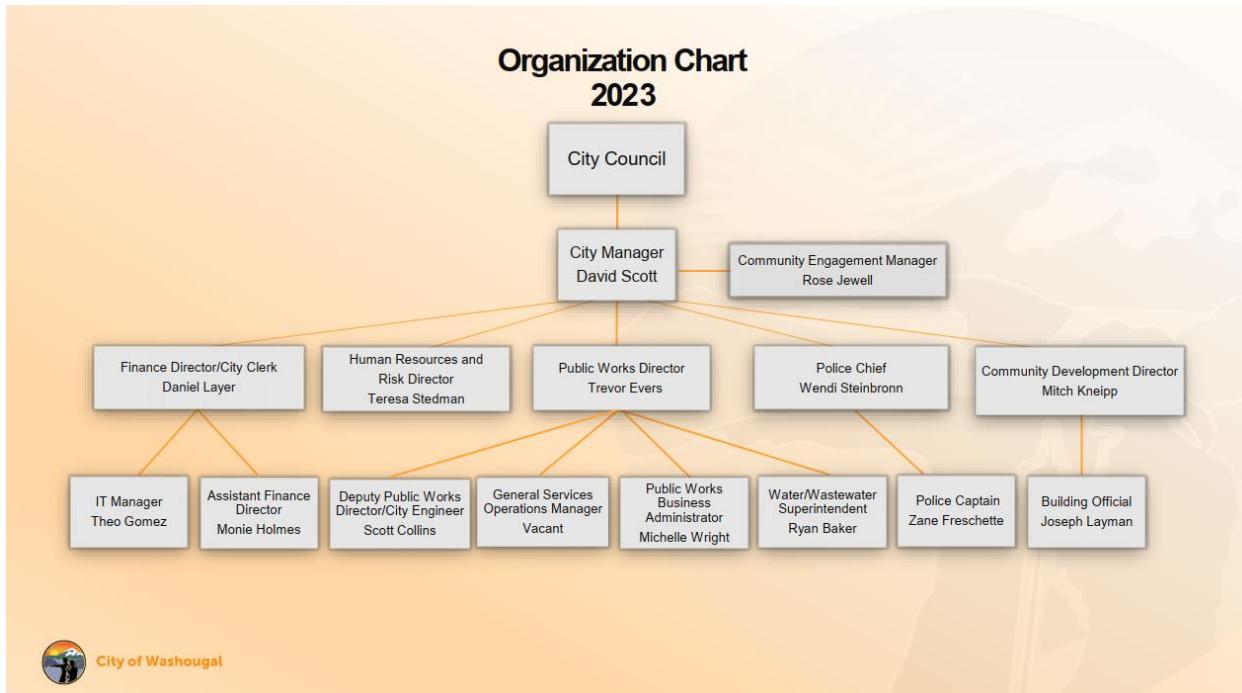
For the Fiscal Year Beginning

January 01, 2022

Christopher P. Morill

Executive Director

City Organizational Chart



Washougal Government: Mayor, Council, Boards, Community and Council Committees

The City of Washougal is a full-service city operating as a Non-Charter Code City, under the council-manager form of government. The City Manager is appointed by the full council and serves as the City's Chief Executive, assisted by five department directors. The Council is comprised of the Mayor and six members elected at-large on a non-partisan basis for four-year overlapping terms, and serves as the City's legislative body. One member of the Council is elected by the Council to serve as Mayor Pro Tem. The Council has the authority to formulate and adopt city policies and the Manager is responsible for carrying them out. The Mayor attends and presides over Council meetings, but also is entitled voting on the issues. The City Council holds two regular meetings and workshops every month. A Council workshop precedes the regular meetings, which occur at 7:00 pm on the second and fourth Monday of each month. All Council meetings are open to the public and held at City Hall, 1701 C Street.

The City of Washougal has several Boards, Commissions, and Committees. Some of the Boards, Commissions and Committees are required by state law, others were created by the Council to serve as advisory bodies to the Mayor, City Administration, and the Council. The following is a listing of the various Boards, Committees and Commissions:

Standing Committees of the Council:

The City of Washougal has five standing council committees each consisting of three members of the council pursuant to WMC 2.04.050 and Council rules. The standing committees of the Council are as follows:

Administrative Committee

Provides guidance and recommendations to the City Manager on policies and procedures throughout the City.

Finance Committee

This committee reviews the documentation supporting any claims to be paid and approves all payments of such claims, thus implementing an effective internal control over the issuance of any vendor payments.

Public Safety Committee

Provides recommendations and guidance to the City Police Department and reviews the system of reimbursement for reserve police for services referred to in WMC 2.66.030.

Public Works Committee

Provides recommendations and guidance to the Public Works Department regarding the City's infrastructure projects.

Community Development Committee

Makes recommendations to the City Council as to best methods of conservation utilization, planning, and development.

Commissions and Committees required by state law:**Planning Commission**

The Planning Commission makes recommendations to the City Council on rezone applications and legislative items such as vision statements, comprehensive plan amendments, and code amendments. The Planning Commission consists of nine members; eight members are appointed by the Mayor and confirmed by the City Council; with the Mayor serving as an ex officio member. Members are residents of the City of Washougal; two of the positions may be within the Urban Growth Boundary, and serve for six-year terms. Additional information can be found at WMC 2.12.

Salary Commission

The Salary Commission reviews the salaries paid by the City to the City's elected officials. The five commission members are residents and registered voters of the City, and are appointed by the Mayor with approval of the City Council. Members serve for four-year terms. Additional information can be found at WMC 2.118.

Civil Service Commission

The Civil Service Commission makes general rules and regulations implementing the WMC and state laws. The commission is comprised of three appointees designated by the mayor for six-year terms. At the time of appointment not more than two commissioners shall be adherents of the same political party. Additional information can be found at WMC 2.16.

Lodging Tax Advisory Committee

This Committee's purpose is to review and recommend local tourism activity applications to be submitted to the City Council for approval. These activities utilize the Hotel/Motel tax received by the City from our two local hotels as well as from short-term home "bed & breakfast" stays. The Committee is represented by one member from each local hotel, a person from a tourism business, a member from the general public, and one City Council appointed official.

Boards and Committees created by Council:**Board of Park and Cemetery Commissioners**

The Board of Park and Cemetery Commissioners is comprised of seven members appointed by the Mayor, approved by the City Council. Six members shall be residents of the City and one may be a nonresident within the Urban Growth Boundary. The term of office is three years. This volunteer board makes recommendations to the City Council. Additional information can be found at WMC 2.20.

Shoreline Review Committee

The Shoreline Management Review Committee consists of the Community Development Director, Community Development Committee member, and a member of the Planning Commission. The committee determines if a shoreline substantial development permit application is significant or non-significant and hence the application process. Additional information can be found at WMC 16.16.30.

Arts Commission

The Arts Commission consists of no fewer than five but no more than nine members, who shall be appointed by the Mayor, with approval of the Council. The commission's primary duty is to identify and actively encourage the development and sustainability of the arts in the City by serving as the City's primary resource in matters of public art and culture. Additional information can be found at WMC 2.120.

About the City of Washougal

The City of Washougal, known as the "Gateway to the Gorge," is located 15 minutes west of Portland International Airport, which serves major airlines for domestic and international travel. Washougal is located on the banks of the Columbia River and borders the Gorge National Scenic Area to the east and is a popular tourist and adventure sports area. The Washougal River, which joins the Columbia River here, is noted for its excellent fishing, as is the Columbia. The City has a population of approximately 17,253.

HISTORICAL POPULATION

| <u>Year</u> | <u>City of Washougal</u> | <u>Clark County</u> |
|-------------|--------------------------|---------------------|
| 2022* | 17,253 | 518,901 |
| 2021 | 16,970 | 511,404 |
| 2020 | 17,039 | 503,311 |
| 2019 | 16,107 | 488,241 |
| 2018 | 16,049 | 481,857 |
| 2017 | 15,711 | 474,643 |
| 2016 | 15,560 | 461,010 |
| 2015 | 15,170 | 451,820 |
| 2014 | 14,910 | 442,800 |
| 2013 | 14,580 | 435,500 |
| 2012 | 14,340 | 431,250 |
| 2011 | 14,210 | 428,000 |
| 2010 | 14,095 | 425,363 |

*Estimate

Of the 2022 population –

- Largest racial/ethnic groups are White (90.27%) followed by Asian (2.56%).
- Average household income of Washougal residents is \$112,608; however, 13.67% of Washougal residents live in poverty.
- Median age for Washougal residents is 39.4 years.

In 1880, the town of Washougal was platted out by two steamship captains. These captains also built a new dock which had year-round deep water since the landing could not be reached by steamships during low water. A store and post office were also built in 1880. A hotel and bar were added shortly thereafter. By the end of 1881, Washougal was the main settlement in the area, with two stores, a hotel, bar, butcher shop, two blacksmiths, a wharf and several homes.

In 1897, a flouring mill was built along the Washougal River at River Road. In August of 1898, a bridge replaced the ferry that crossed there. In March of 1899, a Portland industrialist built a creamery. Washougal incorporated in 1908, and currently operates under the Council-Manager form of government.

The town had telephone service and in 1909 a railroad was built through town. Several Washougal businessmen sold stock to bring a woolen mill to town in 1910. By 1912, the mill was failing and the owners of the successful Pendleton Woolen Mill company bought the failing mill. By 1915, they were making quality products and became profitable. The Washougal Woolen Mill merged with Pendleton Woolen Mill in 1953. Still operating in 2016, the mill manufactures many top products.

Highway 14 to the east was completed in 1927 across the Cape Horn bluffs, opening up land to the north and east of Washougal.

Washougal was the home of some of the earliest American settlers and pioneers in the Washington Territory. Washougal is beautifully bordered by the Columbia and Washougal Rivers. The Washougal area is filled with many family friendly parks, hiking trails, businesses and neighborhoods.

Visitors can go from downtown Washougal to the Columbia River for fishing at Steamboat Landing or walks down the levee trail to Captain William Clark Park. Steigerwald Lake National Wildlife Refuge features 1,049 acres of former Columbia River floodplain with more than 200 species of birds having been recorded. The Washougal River provides year-round recreation including kayaking, fishing and swimming. Also, just north of city limits is the Washougal Motocross Park which hosts several large events known nationally and internationally.

In addition to the services listed on the City's organizational chart, located on page three of this document, the City also contracts with the City of Camas for fire protection and emergency medical services. The Cities combined services in May of 2014.

The following are the City of Washougal's major employers and the number of employees:

| Employer | Number of Employees |
|---------------------------|----------------------------|
| Washougal School District | 395 |
| Pendleton Woolen Mills | 245 |
| Safeway | 110 |
| Exterior Wood | 100 |

City of Washougal Economics

Though largely a residential community, the City of Washougal is home to approximately 279 businesses. These include Pendleton Woolen Mills, Fitesa, Kemira, Westlie Ford Dealership, and Exterior Wood to name a few. The City has two hotels; Best Western and the Rama Inn, from which the City collects hotel/motel tax revenue.

The City continues to budget for Economic Development and will use the appropriated funds to pursue funding opportunities for capital projects to enhance economic development and explore the new tax increment financial tools in 2023.

Budget Philosophy and Financial Policies

The City has a conservative budget approach of maintaining the same level of service for all departments by increasing budgets slightly to account for inflation. Enhancements to services are introduced only when supported by revenues. When infrastructure projects are needed, the City tries to receive alternative funding, such as grants, to fund the capital projects, in an effort to reduce pressure on taxes and rates.

The City has several financial policies for the administration of each of the City's major funds. Current financial policies established by City Council include the following:

General Fund – The City maintains a General Fund Operating Reserve to provide for adequate cash flow, budget contingencies, and insurance reserves. The cash flow reserve within the General Fund is an amount equal to 16% of budgeted expenditures.

Water/Sewer and Stormwater Funds – The operating reserve is designed to provide a liquidity cushion to provide for financial viability of the utilities despite short-term variability in revenues and expenses, primarily caused by seasonal fluctuations in billings and receipts, unanticipated cash operating expenses, or lower than expected revenue collections. The Water/Sewer and Stormwater Funds shall maintain the following operating reserves; water, 60-90 days of operating and maintenance (O&M) expenses; sewer, 45-60 days of O&M; and storm, 30-45 days of O&M.

In addition to the operating reserve, the City has a capital contingency. This is an amount of cash set aside in case of an emergency, should a major piece of equipment or a portion of the utility's infrastructure fail unexpectedly. Additionally, the reserve could be used for other unanticipated capital needs or capital cost overruns. The capital account holds debt proceeds, system development charge revenues, system reinvestment funding from rates and any transfers of cash reserves from the operating account. The City will hold a contingency of 1% to 2% of utility fixed assets.

State law requires the City budget to be balanced. Reserves can be used to achieve a balanced budget; however, the City has a more restrictive practice. The City Council seeks to only approve a budget that is operationally balanced. This means operating expenditures may not exceed operating revenues. Fund balances may be approved by City Council to fund one-time capital projects. These are discussed and approved during the budget process. Due to the length of time it takes to plan and execute a capital project, the City has a number of capital projects which are using fund balances in 2023.

With the increased population growth, state mandates, and increased costs of doing business, it has been a challenge to keep expenditure growth within the limits of revenue growth, due in part to statutory limits on property tax revenues. The City has been aggressive in finding alternative funding methods and keeping costs low. There have also been cost of service studies conducted to ensure we are charging appropriate rates for our utilities, based on customer classes (i.e. residential or commercial). The City Council has adopted new rates for utilities based on these studies to fund the operations, maintenance and infrastructure projects deemed necessary based on the City's operating permits with the state. This included a \$16 million wastewater treatment plant expansion to accommodate the increased population.

City Priorities and Strategic Plan

In 2013, the City began implementation of the 2013-2023 Washougal Strategic Plan, including the incorporation of our strategic pillars into budget decision making and project planning. Starting in 2015 Public Works kicked off the implementation of performance metrics inspired by the strategic plan, in mid-2016 performance metrics were developed across city departments. Starting in 2017 departments began providing official annual reports based on these performance metrics. These metrics are used to inform the citizens of Washougal on how the department is moving towards the goals and standards set out in our strategic plan to achieve our mission and vision. Departments will continue to provide these annual reports in 2023. The City is in the process of updating its strategic plan as the current plan goes through 2023 by allocating \$50,000 to finalize this review.

Vision for Washougal - Washougal will be a safe and economically vibrant community that successfully balances growth and expanding opportunity with fiscally responsible services while preserving the best qualities of small-town living.

Mission - Our Mission is to provide leadership and effective, fiscally responsible services that achieves our community's vision.

Strategic Pillars - The Pillars of the strategic plan layout the foundation for how we are to achieve our Vision. Each Pillar includes a strategic goal along with goals to monitor progress towards attain the goal.

Pillar #1 Communication -

Strategic Goal - Provide open and accountable city government through effective communication to foster active citizen participation.

Goals -

- ✓ Increased number of “hits” to the city of Washougal’s website
- ✓ Annual strategic goals status “report card” to the community
- ✓ “Clean” audit reports
- ✓ Survey results from periodic citizen and business surveys
- ✓ Increased number of partnerships
- ✓ Increased number of responses to periodic surveys

Pillar #2 Community Engagement -

Strategic Goal - Support and promote opportunities for community engagement to build a sense of community and preserve our small town feel.

Goals -

- ✓ Increased amount of volunteer hours in the community
- ✓ Increased number of attendees at city-sponsored community events
- ✓ increased percentage of citizens who report in citizen survey that “Washougal is a welcoming and friendly community”
- ✓ Increased number of partnerships to sponsor community events

Pillar #3 Core Services -

Strategic Goal - Provide effective leadership to ensure that Washougal residents receive quality, cost-effective municipal services.

Goals -

- ✓ Continuous annual decline/improvement as appropriate in all standard statistics used to gauge crime and public safety
- ✓ “Clean” annual audit
- ✓ AAA bond rating
- ✓ Continuous improvement in each successive citizen and business survey in all categories overall
- ✓ Core services in cost, efficiency and quality compared to other cities of similar size within Washington state
- ✓ Annual progress towards infrastructure maintenance, improvement and replacement
- ✓ Emergency preparedness
- ✓ Percentage of time that police, fire and EMT responses are within targeted standards

- ✓ Percentage of citizens who report in periodic surveys that they feel safe and secure in the community

Pillar #4 Economic Development -

Strategic Goal - Build a solid economic foundation to ensure a strong, diverse and sustainable local economy.

Goals -

- ✓ Retail sales/sales tax revenue gains/losses
- ✓ Employment gains/losses within the community
- ✓ Establish a time for completing residential, commercial and industrial building permits to track and measure effective service delivery
- ✓ Visitor/traveler data from visitors bureaus, AAA, etc.
- ✓ New or renewed Washington State Business License data
- ✓ Average wage/benefits for full time employees working within the community
- ✓ Return on investment on marketing and promotion efforts

Performance Measurement

The City of Washougal has recently embraced performance measurement across all departments. Performance measurement provides the City with direct feedback about how each department is doing. The data can be used to determine if a particular program is meeting its goal and whether it is improving or declining from the previous year.

Performance measures are collected and presented by department heads at City Council workshops on an annual reporting nature. 2017 was the first year of citywide department annual reporting presentations and they will continue annually. Each department reports their own performance information, while City Management collects and reports data on the community as a whole. Here are the links to each departments most recent reports:

Police

<https://www.cityofwashougal.us/708/Documents-Reports-Presentations>

Public Works

<https://www.cityofwashougal.us/710/Documents-Reports-Presentations>

Community Development

<https://www.cityofwashougal.us/384/Documents-Reports-Presentations>

Finance and Information Technology

<https://www.cityofwashougal.us/195/Documents-Reports-Presentations>

Budget Process

The budget is a guide for City departments and programs. It maps out the City's plans for the year, including level of service, programs and projects. The City Manager works with Department Heads to come up with a proposed budget to present to City Council for public hearings and adoption by Ordinance, in accordance with state law.

As part of the annual budget planning process, the Council meets in a retreat setting to identify goals and priorities. The Administration then develops department budgets to meet these goals and priorities, presenting preliminary information in a series of council work sessions. In 2014, the City Council formed an Ad Hoc Budget Committee, consisting of all seven members of the Council. The Committee was formed to discuss budget issues as a supplement to the regular council work sessions. The committee doesn't meet any more, the full council discussed the budget at various workshop meetings throughout the year. The City posts notices of when the budget meetings are in order to encourage participation by the Citizens of Washougal.

Per Washington State Law, RCW 43.09, the City reports financial activity using the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual prescribed by the Washington State Auditor's Office. This basis of accounting and reporting is other comprehensive basis of accounting (OCBOA). City Council adopts the budget at the fund level by ordinance to set appropriations for the year.

The City Council receives quarterly financial updates from the City's Finance Director. These reports review budget to actual by each fund for revenues and expenditures, as well as comparing current levels to prior year amounts at same time of year. This information assures the governing body is updated regarding budget performance. Any fluctuations in the budget to actual are explained by the Finance Director. If changes are necessary in the adopted budget, a budget amendment is prepared, and an ordinance is drafted. The drafted ordinance is presented to the City Council at a regular meeting for discussion, citizen input and approval. Department directors work with the City Manager and Finance Director for any detail line-item budget changes within each fund. In addition, Department Directors are responsible for ensuring their expenditures do not exceed the appropriated budget amounts.

Prior to the budgeting process described above, the Finance Department projects revenues for the following year to identify what funds are potentially available for expenditure in the following budget year. This is accomplished by reviewing prior year revenues against inflation factors (provided by consumer price index), expected grant revenues, any approved rate increases, and other revenue trends. Once these projections are completed, they are added to each fund and department's detailed revenue and expenditure information, which is provided to Department directors for their review. In addition to the projected revenues, the Directors receive the prior year actual expenditures, current year to date revenues, and an expected budget for each line item based on the current year's budgeted amount. The expectation is that service levels will be maintained at current levels. Scheduled increases in salaries and benefit costs are accommodated. Programmed capital projects and other expected large purchases are also included.

Salaries and benefits increase each year according to one of the three employee groups' contract/policy, which are approved by City Council. The City has three groups of employees; non-represented employees (directors, mid-managers, and a confidential employee), Police Officers, and remaining staff

(public works maintenance workers and administrative staff). Medical expenses increase depending upon the providers and their costs. The City is notified at the end of the year what this increase will be. The City participates in a Well-City program through the City's primary medical provider, the Association of Washington Cities, which provides a 2% discount on some medical premiums.

The capital projects for the City are included in one of the City's Capital Facility Plans. The City has four plans, including: Parks, Transportation, Water and Sewer. These plans are approved by the City Council and are applicable for a six-year period. These are a long-term planning tool for future growth and the sustainability and improvement of current services.

Any projected large purchases are determined by each program manager and approved by the department's Director to go forward in the proposed budget. Examples of large purchases are equipment, painting of water towers, and tree removal.

The following is a budget calendar of the process the City undergoes to get to an approved budget:

Calendar for 2023 Budget Development

| Date | |
|--------------------|--|
| June 11, 2022 | Council's Annual Planning Session to identify goals and priorities |
| August 1, 2022 | Request to department directors for estimated revenue and expenditures |
| September 12, 2022 | 2023 budget strategy discussion and department budget presentations |
| September 21, 2022 | Estimates filed with City Clerk |
| September 24, 2022 | 2023 overall revenue and expenditure estimates and department budget presentations |
| October 10, 2022 | Department budget presentations/budget discussion |
| October 24, 2022 | Proposed budget available to the public |
| October 28, 2022 | 1 st published notice of public hearing for proposed budget |
| November 4, 2022 | 2 nd published notice of public hearing for proposed budget |
| November 7, 2022 | Public hearing on 2023 proposed budget |
| November 7, 2022 | Adoption of 2023 Ad Valorem Property and EMS Tax Levies |
| November 7, 2022 | Adoption of 2023 budget |

Long-Term Financial Planning

The City utilizes a rolling five year projection horizon to ensure it has adequate resources looking into the future. The City utilizes inflation, weighted averages and trend analysis to determine the high level percentage increases for both revenues and expenditures for the five year outlook. The Finance Director works closely with the City Manager throughout both the year and budget preparation period to determine if goals are being met and whether or not there is capacity to add in projects that have been put on hold for lack of resources. The City has been experiencing growth and has recently been able to plan for a few additional staff members to ensure customer services levels are being maintained but not at a rate that will put the City in the red in the future. For the general and street funds long term projections, the City considers a slight deficit in future years "manageable" due to the structural deficit issue where the City is limited on increased revenues and therefore can't match the increase in expenditures.

| | 2020 Year End | 2021 Year End* | 2022 Est | 2023 Est | 2024 Est | 2025 Est | 2026 Est | 2027 Est | 2028 Est |
|--------------------------|-------------------|---------------------|--------------------|-----------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| Revenue | \$ 15,056,910 | \$ 18,883,056 | \$ 18,498,561 | \$ 17,818,658 | \$ 18,353,218 | \$ 18,903,814 | \$ 19,470,929 | \$ 20,055,057 | \$ 20,656,708 |
| Expenditure | \$ 14,171,660 | \$ 15,159,295 | \$ 18,543,662 | \$ 19,887,658 | \$ 18,396,084 | \$ 18,966,362 | \$ 19,554,319 | \$ 20,160,503 | \$ 20,785,479 |
| Surplus/(Deficit) | \$ 885,250 | \$ 3,723,761 | \$ (45,101) | \$ (2,069,000) | \$ (42,866) | \$ (62,548) | \$ (83,391) | \$ (105,447) | \$ (128,771) |
| Ending Cash Reserve | \$ 4,413,873 | \$ 8,137,634 | \$ 8,092,533 | \$ 6,023,533 | \$ 5,980,667 | \$ 5,918,119 | \$ 5,834,728 | \$ 5,729,281 | \$ 5,600,510 |
| Reserves as % Expense | 31.1% | 53.7% | 43.6% | 30.3% | 32.5% | 31.2% | 29.8% | 28.4% | 26.9% |
| Reserves as % Revenue | 29.3% | 43.1% | 43.7% | 33.8% | 32.6% | 31.3% | 30.0% | 28.6% | 27.1% |
| Net Revenue as % Expense | 6.2% | 24.6% | -0.2% | -10.4% | -0.2% | -0.3% | -0.4% | -0.5% | -0.6% |
| Minimum Reserve at 16% | \$ 1,704,605 | \$ 1,835,379 | \$ 2,036,611 | \$ 1,986,985 | \$ 2,303,373 | \$ 2,394,618 | \$ 2,488,691 | \$ 2,585,681 | \$ 2,685,677 |
| Additional Reserves | \$ 2,709,267 | \$ 6,302,254 | \$ 6,055,922 | \$ 4,036,547 | \$ 3,677,293 | \$ 3,523,501 | \$ 3,346,037 | \$ 3,143,600 | \$ 2,914,834 |

*Unaudited

During the budget planning process, the Finance Director and City Manager go through requests from each department to determine if the request is a one-time expense or an ongoing expense. All ongoing expenses are highly scrutinized to ensure the cost is covered not only in the first year, but ongoing years as well. Requests are also reviewed to ensure the Council's strategic plan goals are being met. In 2020, the City was able to add a new Code Enforcement Officer position to address one of the Council's top priorities, however due to COVID the City chose to defer on filling this position to 2023. This position is now called the TITLE. Other projects and additional staffing requests are ranked based on availability of funding and how they fit into the overall goals of the City. They are then added into the budget as the City can afford and sustain them. In 2022, the City added a FTE to the Parks/Facilities public works department due to sustainable expense side reductions in the PW departments and a FTE to the Community Development Department as some of the department revenues are restricted and must be used within the department. In 2023, the City will add another police officer and an administrative position to the Police budget that will be funded through the approved 0.10% increase in sales tax. All other departments will maintain current operating service levels from 2022.

Governmental Cash Basis Accounting

The City of Washougal follows Washington State Law, RCW 43.09.200, using the accounting and reporting guidelines for local governments prescribed by the Washington State Auditor's Office. The Auditor's Office publishes the Budgetary, Accounting, and Reporting System (BARS) manual and financial reporting package for cash basis cities, like Washougal. This is a departure from traditional reporting, GAAP (Generally Accepted Accounting Practices), which is used for full accrual accounting. The basis of budgeting is the same as the basis of accounting for the City. The City uses single-entry accounting cash basis budgeting and reporting procedures which do not conform to GAAP. This departure from GAAP accounting is an approved method of accounting. The difference between full accrual and cash basis is how revenues and expenditures are recognized. In cash basis reporting, expenditures and revenues are recognized as the cash is expended and received. In full accrual, expenditures and revenues are recognized as they are incurred and earned. Purchases of fixed assets are expensed during the year acquired rather than being capitalized and depreciated over future periods.

Government accounting systems are organized on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Each fund is treated as a separate unit. Each fund has to meet criteria defined by State Laws as well as by the Auditor's Office. These rules dictate where the revenue comes from and what the revenue may be used for. The types and purposes of each of the City's funds are as follows:

General Fund-This fund is used to account for all financial resources except those required to be accounted for in another fund. The City identifies the General Fund as 001. The majority of this fund's revenue is made up of general property, sales and utility taxes. These revenues are used to support several key services for the City such as: City Administration, City Council and Mayor, General Legal Services, Financial Services, City Building Maintenance, Parks, Engineering, Police Services, Court Services, Fire and Emergency Medical Services, Code Enforcement, Building, Inspection and Planning Services.

The City also has an Abatement Fund 003 that is classified as a general fund. This fund is used when the City has nuisance properties to handle. Expenditures from this fund support nuisance abatement and associated legal and court costs, which can be added as a lien against the abated properties.

Special Revenue Funds-These funds are used to account for proceeds of externally restricted revenues which are only to be used for specific purposes.

General Capital Project Funds-These funds are supported by the general fund and are supplemented by other revenues, such as grants and impact fees. They are used to account for capital projects the City undergoes in these service areas.

Debt Service Funds-These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Permanent Funds-These funds are used to account for and report resources which are restricted to only earnings to be used for the City's program.

Enterprise Funds-These funds are used to account for proprietary type activities for which the City charges a fee to operate the service.

Enterprise Capital Project Funds-These funds are supported by the enterprise operation funds and are supplemented by other revenues, such as grants, revenue bonds and impact fees. They are used to account for capital projects the City undergoes in the enterprise areas.

Enterprise Debt Service Funds-These funds are used to account for the accumulation of resources for, and the payment of, enterprise long-term debt principal and interest.

Internal Service Funds-These funds account for activities which provides goods or services to other funds, departments, or agencies of the government, or to other governments, on a cost-reimbursement basis.

Below is a chart showing the City's Funds by type and which departments are within each fund.

| All Funds | | | | | | | | | |
|--|--|---------------------------------------|--|-------------------------|--|--|--|--|--|
| Governmental Funds | | | | | Proprietary Funds | | | | |
| General Funds | Special Revenue Funds | Debt Service Funds | Capital Project Funds | Permanent Funds | Enterprise Funds | Enterprise Capital Project Funds | Enterprise Debt Service Funds | Internal Service Funds | |
| General Fund 001 (Departments: Council, Administration, Finance, Human Resources, Community Development, Legal, Police, Fire, Animal Control, Engineering, Parks, Facilities, Economic Development) | Street Fund 101 (Department: Streets) | UTGO Debt Fund 212 | REET 1st Quarter % Fund 104 | Perpetual Care Fund 604 | Water/Sewer Fund 401 (Departments: Water, Sewer) | Water/Sewer Capital Fund 406 | Water/Sewer Bond Fund 408 | Employment Security Fund 510 | |
| Abatement Fund 003 | Cemetery Fund 103 (Department: Cemetery) | Downtown Revitalization Bond Fund 215 | Park Development Fund 105 | | Stormwater Utility Fund 403 (Departments: Stormwater) | Water/Sewer/Stormwater Revenue Bond Fund 413 | PW Trust Fund Loan Redemption Fund 410 | Equipment Rental and Revolving Vehicles Fund 520 | |
| | Hotel/Motel Fund 108 | Downtown Bond Guarantee Fund 610 | 2nd Quarter % REET Fund 106 | | Low Income Assistance Fund 631 | | Water/Sewer Long Term Loan Fund 412 | Equipment Rental and Revolving Computer Fund 521 | |
| | PEG Fee Fund 118 | | Transportation Development Fund 110 | | | | Water/Sewer/Stormwater Revenue Bond Reserve Fund 414 | | |
| | EMS Restricted Revenue Fund 125 | | Fire Impact Fees Fund 126 | | | | | | |
| | Drug Seizure Fund 141 | | Park Capital Projects Fund 350 | | | | | | |
| | Affordable Housing Sales Tax Credit Fund 127 | | Building Contingency Fund 351 | | | | | | |
| | | | Capital Projects Transportation Fund 353 | | | | | | |
| | | | Art Project Fund 355 | | | | | | |

The following shows the City's major and non-major fund based on the Governmental Accounting Standards Board. If revenues or expenses are ten percent of the total Fund category and if revenues or expenses are five percent of all funds in total, then the fund is major. The City budgets for all funds it reports on its Financial Statements.

| Fund | Appropriated | Major Fund | Non-Major Fund |
|--|--------------|------------|----------------|
| Governmental Funds | | | |
| General Funds | | | |
| General Fund | X | X | |
| Abatement Fund | X | | X |
| Special Revenue Funds | | | |
| Street Fund | X | | X |
| Cemetery Fund | X | | X |
| Hotel/Motel Fund | X | | X |
| PEF Fee Fund | X | | X |
| EMS Restricted Revenue Fund | X | | X |
| Drug Seizure Fund | X | | X |
| Affordable Housing Sales Tax Credit | X | | X |
| Debt Service Funds | | | |
| UTGO Debt Fund | X | | X |
| Downtown Revitalization Bond Fund | X | | X |
| Downtown Guarantee Fund | X | | X |
| Capital Project Funds | | | |
| REET 1st Qtr % | X | | X |
| Park Development Fund | X | | X |
| 2nd Quarter % REET Fund | X | | X |
| Transportation Development Fund | X | | X |
| Fire Impact Fees Fund | X | | X |
| Park Capital Projects Fund | X | | X |
| Building Contingency Fund | X | | X |
| Capital Projects Transportation Fund | X | X | |
| Art Project Fund | X | | X |
| Permanent Funds | | | |
| Perpetual Care | X | | X |
| Proprietary Funds | | | |
| Enterprise Funds | | | |
| Water/Sewer Fund | X | X | |
| Stormwater Utility Fund | X | | X |
| Low Income Assistance Fund | X | | X |
| Enterprise Capital Project Funds | | | |
| Water/Sewer Capital Fund | X | | X |
| Water/Sewer/Stormwater Revenue Bond Fund | X | X | |
| Enterprise Debt Service Funds | | | |
| Water/Sewer Bond Fund | X | | X |
| PW Trust Fund Loan Redemption Fund | X | | X |
| Water/Sewer Long Term Loan Fund | X | | X |
| Water/Sewer/Stormwater Revenue Bond Reserve Fund | X | | X |
| Internal Service Funds | | | |
| Employment Security Fund | X | | X |
| Equipment Rental and Revolving Vehicles Fund | X | | X |
| Equipment Rental and Revolving Computer Fund | X | | X |

Labor Relations

The City has budgeted for 90 full-time employees in 2023. There are two represented bargaining units within the City; Local 307W and the Washougal Police Officers Association. The Local 307W represents all City staff who are not police officers, managers, confidential employees or department directors. There will be 47 positions in Washougal represented by this group. The Washougal Police Officers Association represents the City's Police Officers of which there will be 20 covered positions.

The City bargains with each of group separately. Both contracts are slated to expire on December 31, 2024. Bargaining items include salaries, vacation, sick leave, medical and dental benefits, grievance procedures, and working conditions. The City endeavors to be fair to employees and consistent with applicable federal and state laws. This is to ensure equity and to promote labor policies beneficial to both employees and management.

Employees of governments in Washington State are provided pensions through the Washington State Department of Retirement Systems. The City's employees who are not law enforcement officers are given the choice between two pensions, PERS II and PERS III. Law enforcement officers are part of the LEOFF II pension. All pensions are cost sharing, multiple-employer public employee retirement systems. The following are the 2023 rates of contribution for the City and employee:

| Retirement Plan | City Contribution | Employee Contribution |
|-----------------|-------------------|-----------------------|
| LEOFF II | 5.33% | 8.53% |
| PERS II | 10.39% | 6.36% |
| PERS III | 10.39% | 5.00-15.00% |

| WSCCCE/Council 2 - Local 307W | Washougal Police Officers Association |
|-------------------------------|---------------------------------------|
| PO Box 750 | 1320 A Street |
| Everett, WA 98206 | Washougal, WA 98671 |
| 47 Members | 20 Members |

The following is a list of regular full-time equivalent (FTE) employees by Department for which the City has budgeted salaries and benefits. It is worth noting that in 2021, pursuant to one of Council's goals of enhancing communications, the title Assistant to the City Manager was changed to Community Engagement Manager and the Communications Specialist position was moved from the Finance Department to the City Manager's Office. In 2022, the City added a FTE to the Public Works Department and a FTE to the Community Development Department. At the time of this budget's adoption, the Community Development position has yet to be filled, so it will roll to 2023. In addition, the City has added a Building Inspector position to the 2023 Community Development Department budget. This position was approved by Council in March of 2022 but never filled. Lastly, in 2023, 2 FTE positions were added to the Police Department that will be fully funded by the anticipated additional sales tax to be collected throughout the budget year.

| Full Time Employee Equivalent | | | |
|-------------------------------|--------------|--------------|--------------|
| Department | 2021 Budget | 2022 Budget | 2023 Budget |
| Council | 8.00 | 7.00 | 7.00 |
| City Manager's Office | 3.00 | 3.00 | 3.00 |
| Human Resources | 1.00 | 1.00 | 1.00 |
| Finance | 8.00 | 8.00 | 8.00 |
| Community Development | 8.00 | 9.00 | 10.00 |
| Animal Control | 2.00 | 2.00 | 2.00 |
| Police/Public Safety | 23.00 | 23.00 | 25.00 |
| Parks | 3.05 | 3.77 | 3.47 |
| Engineering | 0.85 | 0.85 | 0.85 |
| Facilities | 1.80 | 2.56 | 2.01 |
| Street | 4.25 | 4.20 | 4.25 |
| Cemetery | 1.50 | 0.82 | 1.02 |
| Water | 8.17 | 8.66 | 8.49 |
| Sewer | 7.08 | 7.69 | 7.41 |
| Stormwater | 5.30 | 5.45 | 6.50 |
| Total | 85.00 | 87.00 | 90.00 |

City of Washougal



Budget in Brief

Budget Overview

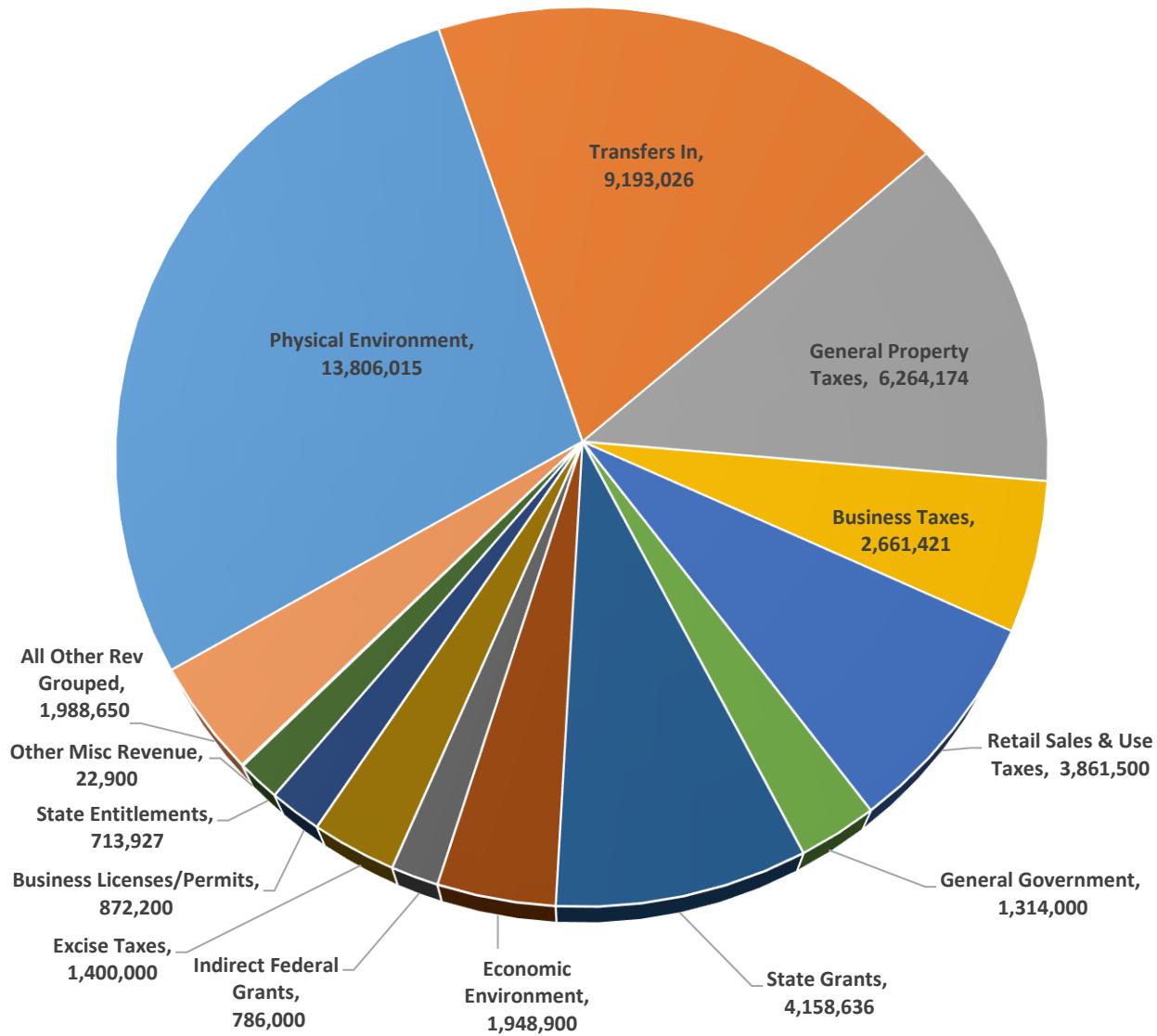
The City of Washougal strives to maintain service levels while keeping costs low. Due to this philosophy, the City was able to get through the “Great Recession” without having to make significant reductions in services. The City has continued this philosophy, while trying to anticipate future growth and needs of the City and services the City provides. Current economic trends and indicators are allowing the City to make some targeted service enhancements. During the “Great Recession”, the City was unable to complete significant infrastructure improvements as well as other significant capital projects. In the past few years, the City has taken an aggressive approach in getting the neglected capital assets up to compliance with industry best management practices. This has had a significant impact on utility rates, as the City had to increase rates to cover bond payments for bonds issued to complete \$36 million worth of capital projects within the Water, Sewer, and Stormwater utilities. In 2016, the City successfully completed the Wastewater Treatment Plant expansion. In addition, there are several large transportation projects included in the 2023 budget, for which the City is hoping to receive grant funding. Below is the 2023 budget, including beginning and ending fund balances; followed by overall revenues and expenditures by type:

| Fund | Fund Title | Beginning Fund Balance | Revenues | Expenditures | Ending Fund Balance |
|--------------------|-------------------------------------|------------------------|-------------------|-------------------|---------------------|
| 001 | General | 8,392,533 | 17,293,728 | 19,362,728 | 6,323,533 |
| 003 | Abatement | 79,600 | 500 | 15,000 | 65,100 |
| 101 | Street | - | 1,073,758 | 1,073,758 | - |
| 103 | Cemetery | 2,700 | 221,900 | 214,600 | 10,000 |
| 104 | REET 1st Qtr % | 1,760,000 | 510,000 | 356,600 | 1,913,400 |
| 105 | Park Impact Fees | 275,000 | 200,300 | 200,300 | 275,000 |
| 106 | REET 2nd Qtr % | 1,610,000 | 939,500 | 1,000,000 | 1,549,500 |
| 108 | Hotel/Motel Tax | 100,000 | 100,500 | 120,500 | 80,000 |
| 110 | Transportation Development | 1,700,000 | 406,000 | 352,900 | 1,753,100 |
| 118 | PEG Fee | - | - | - | - |
| 125 | EMS Restricted Revenue | 61,500 | - | 61,500 | - |
| 126 | Fire Impact Fees | 381,500 | 50,750 | - | 432,250 |
| 127 | Affordable Housing Sales Tax Credit | 23,000 | 15,000 | 38,000 | - |
| 141 | Drug Seizure Fund | 25,000 | 4,100 | 4,100 | 25,000 |
| 212 | UTGO Debt | 300 | - | - | 300 |
| 215 | Downtown Revitalization Bond | 337 | 356,600 | 356,600 | 337 |
| 350 | Parks Capital Projects | - | 324,000 | 300,000 | 24,000 |
| 351 | Building Contingency | - | 2,344,000 | 2,320,000 | 24,000 |
| 353 | Transportation Capital | 100,000 | 4,960,900 | 5,036,900 | 24,000 |
| 355 | Art Project Fund | 14,000 | 5,000 | 19,000 | - |
| 401 | Water/Sewer | 7,359,000 | 10,919,588 | 10,597,862 | 7,680,726 |
| 403 | Stormwater | 3,597,000 | 1,845,227 | 2,032,880 | 3,409,347 |
| 406 | Water/Sewer Capital | 6,800,000 | 3,168,496 | 477,670 | 9,490,826 |
| 410 | PW Trust Fund Loan | 779 | 298,042 | 298,042 | 779 |
| 413 | Water/Sewer/Storm Bond | 2,600,000 | 3,620,360 | 6,187,649 | 32,711 |
| 414 | Water/Sewer/Storm Bond Reserve | 1,596,825 | 500 | - | 1,597,325 |
| 510 | Employment Security | 110,000 | 1,000 | 30,450 | 80,550 |
| 520 | ER&R Vehicles | 40,000 | 90,500 | 115,000 | 15,500 |
| 521 | ER&R IT | 40,000 | 211,100 | 211,000 | 40,100 |
| 604 | Perpetual Care | 390,750 | 10,000 | - | 400,750 |
| 610 | Downtown Bond Guarantee | 1,117,000 | 6,000 | - | 1,123,000 |
| 631 | Low Income Assistance | 5,543 | 14,000 | 14,000 | 5,543 |
| Grand Total | | 38,182,367 | 48,991,349 | 50,797,038 | 36,376,678 |

Citywide Revenues

This section summarizes City operating revenues from 2018 through forecasted amounts which support the 2023 budget. Below is a table of the budgeted projected revenues by type for 2023:

Total Revenues \$48,991,349



The following tables further detail our largest external revenue sources from the above graph by revenue source. The transfer revenues are revenues from one City fund to another fund which are not external revenue sources providing additional resources to the City, they are already revenues the City has collected.

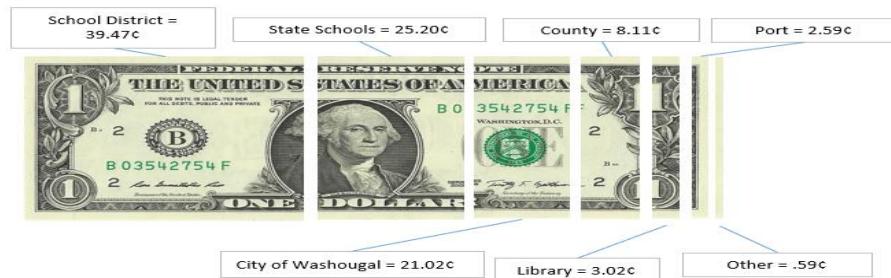
| Physical Environment | | |
|-----------------------------------|-------------------|-------------|
| Revenue Source | Budget | Percentage |
| Sewer Sales | 6,273,982 | 45.44% |
| Water Sales | 4,509,806 | 32.67% |
| Stormwater Sales | 1,677,227 | 12.15% |
| Sewer Development Charges | 700,000 | 5.07% |
| Water Development Charges | 500,000 | 3.62% |
| Stormwater Connection Fees | 45,000 | 0.33% |
| Cemetery Services | 60,000 | 0.43% |
| Water Meter Sets | 25,000 | 0.18% |
| Water/Sewer Taxes on Connections | 15,000 | 0.11% |
| Total Physical Environment | 13,806,015 | 100% |

The City has had significant water and sewer infrastructure additions and improvements in the last seven years which have had a direct effect on utility rates. The City utilizes an external consulting firm to analyze rates approximately every five years. In addition, the City has implemented a system reinvestment policy, which sets aside utility rate revenue to save for future capital needs to assist in preventing dramatic future rate increases.

General Property Taxes

The City collects property taxes from residents residing in the City of Washougal. Of the amount residents pay in property taxes, only a portion of the revenue goes to the City. Below is a graph illustrating where each dollar a residents pays goes.

2023 Levy Rates for Washougal Residents



For each dollar the City receives in property taxes, it is further divided as follows to pay for City operations based on the 2023 adopted budget.

How every \$1 you pay in CITY PROPERTY TAXES is spent:



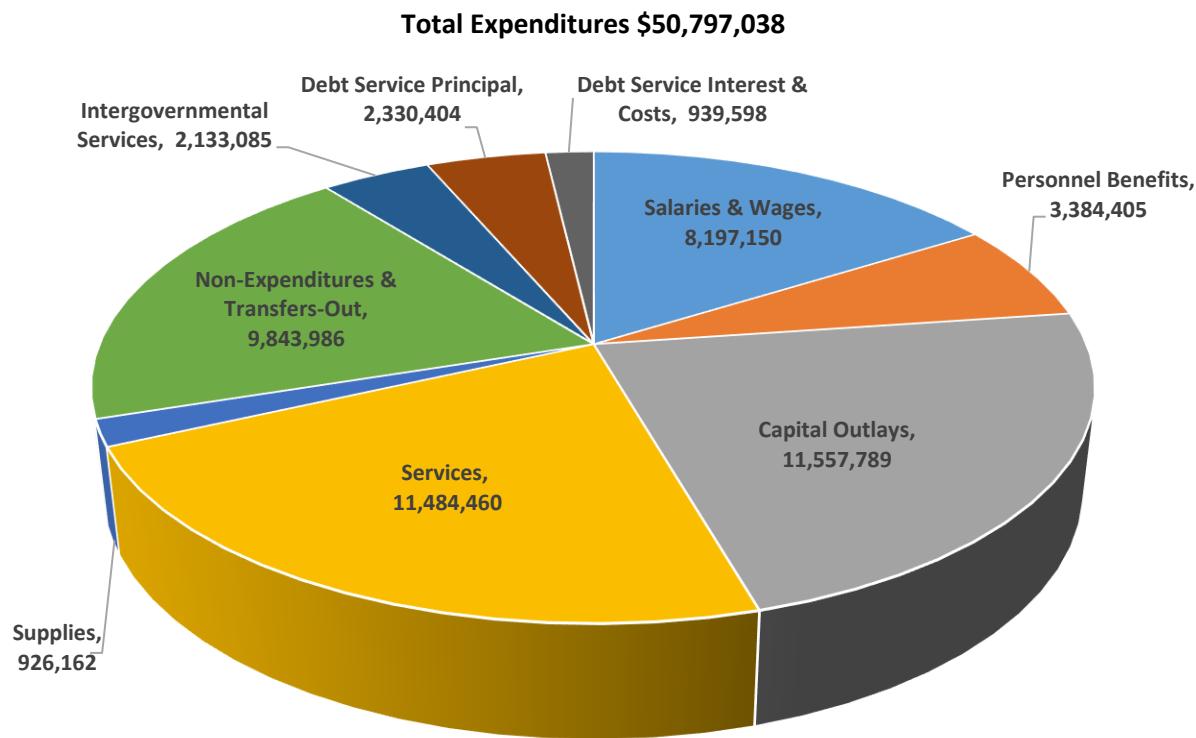
Historical Citywide Revenues

| Revenue Type | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Physical Environment | 10,559,813 | 10,735,972 | 11,157,174 | 12,723,741 | 11,204,711 | 13,806,015 |
| Transfers In | 6,207,336 | 12,004,733 | 9,431,475 | 10,300,893 | 7,306,055 | 9,193,026 |
| General Property Taxes | 5,421,892 | 5,718,076 | 5,802,888 | 5,956,252 | 6,172,902 | 6,264,174 |
| Proceeds L/T Debt | - | - | 7,785 | - | - | - |
| Business Taxes | 2,212,381 | 2,396,964 | 2,572,517 | 2,553,429 | 2,463,244 | 2,661,421 |
| Retail Sales & Use Taxes | 2,279,271 | 2,291,034 | 2,504,847 | 3,111,226 | 3,084,820 | 3,861,500 |
| General Government | 1,172,396 | 1,134,569 | 1,103,561 | 1,114,066 | 1,338,540 | 1,314,000 |
| State Grants | 752,497 | 1,569,815 | 468,452 | 2,112,310 | 4,005,378 | 4,158,636 |
| Economic Environment | 918,163 | 595,967 | 784,284 | 2,391,206 | 1,561,925 | 1,948,900 |
| Indirect Federal Grants | 951,782 | 499,645 | 1,301,232 | - | 684,000 | 786,000 |
| Excise Taxes | 1,105,543 | 1,060,173 | 1,308,348 | 1,766,107 | 1,100,000 | 1,400,000 |
| Business Licenses/Permits | 546,944 | 622,905 | 738,613 | 844,044 | 855,200 | 872,200 |
| State Entitlements | 712,321 | 707,361 | 695,652 | 756,862 | 749,869 | 713,927 |
| Interest/Other Earnings | 480,301 | 622,987 | 201,473 | 78,673 | 159,000 | 237,950 |
| Agency Type Deposits | 443,025 | 432,422 | 100 | - | 800 | - |
| Water Rights | 53,084 | 52,898 | 26,449 | - | - | - |
| Special Assessments | 13,362 | 16,205 | 3,320 | 8,008 | 10,000 | 5,000 |
| Other Misc Revenues | 39,975 | 33,275 | 106,659 | 83,189 | 6,050 | 22,900 |
| State Shared Revenues | 88,996 | 87,122 | 86,396 | 156,193 | 87,000 | 87,000 |
| Public Safety | 53,943 | 16,267 | 49,010 | 71,967 | 90,300 | 122,200 |
| Disposition of Cap Assets | 573,555 | 242,474 | 1,011,816 | 17,765 | 6,000 | 53,000 |
| Local Grants | 10,575 | - | - | - | - | - |
| Rents/Lease/Concession | 48,318 | 42,339 | 50,987 | 106,180 | 46,800 | 62,300 |
| Interfund Loan Receipts | 53,929 | 1,960 | 1,823 | 3,707 | 2,802 | |
| Private Contributions/Donations | 60,214 | 14,251 | 10,715 | 12,728 | 300 | 54,500 |
| Other Non Revenues | 88,919 | 229,654 | - | - | - | - |
| Superior Ct Flny/Mis Pnlt | 5,458 | 4,621 | 2,460 | 576 | 10,000 | 4,000 |
| Other Incr - Net Cash/Inv | - | 11,309 | - | - | - | - |
| Non-Business Lic/Permits | 8,236 | 7,901 | 3,774 | 4,196 | 5,000 | 3,500 |
| Interlocal Entitlements | - | - | - | - | - | - |
| Fed Entitlements | - | - | - | - | - | - |
| Culture & Recreation | 1,848 | 930 | 358 | 8,092 | 6,733 | 8,700 |
| Non-Court Fines/Penalties | 71 | 538 | - | - | - | - |
| Direct Federal Grants | - | - | 4,721 | 2,279,024 | - | 1,350,500 |
| Total | 34,864,148 | 41,154,367 | 39,436,889 | 46,460,434 | 40,957,429 | 48,991,349 |

Further information on revenues by fund and department are included as part of this budget document.

Citywide Expenditures

This section is a summary of citywide expenditures from 2018 through the 2023 budget. Below is a table of expenditures by type for the 2023 budget:



The City's three major expenditures are Capital Outlays, Services and Employee Salaries. The transfer expenditures are from one City fund to another fund which are not expenditures to external sources. These are the other side to the transfers in the revenue section.

Capital Outlays

In order to finance Capital Projects, the City applies for grants to receive funding for the project as a whole or in part. If the City does not receive the funding, then the City typically does not go forward with the project. As the grant award process takes time, the budget includes quite a few projects dependent upon grant funding. In other cases, such as Park Impact Fees and Transportation Impact Fees, funds can only be utilized if the project is included in the capital facility plan. These plans are updated every six years. Thereby, fund balances accumulate until projects are approved to be on the plan. For those funds, fund balance is used to pay for the projects. The 2023 budget continues to include utility tax revenue that will be used to support capital outlays and also includes on call contractor agreements for general construction, concrete work, plumbing, electrical work and vehicle maintenance.

For the water, sewer, and stormwater utilities, the City issued revenue bonds to cover the cost of those projects. The debt service payments are included in the City's utility rate analysis. The following is an overview of the most significant capital projects for the building, park, transportation, and utility bond fund.

| Art Capital Projects Fund | Budget |
|---------------------------|---------------|
| Other Opportunities | 19,000 |
| Total Art Capital | 19,000 |

| Building Capital Projects Fund | Budget |
|--|------------------|
| Social Services Building Project | 927,000 |
| PW Operations Center Bldg. Maint. & Repair | 1,000,000 |
| Facilities Master Plan | 150,000 |
| Security Improvements at City Facilities | 243,000 |
| Total Facilities Capital | 2,320,000 |

| Parks Capital Fund | Budget |
|--------------------------------|----------------|
| Hamllik Park Basketball Court | 70,000 |
| Hathaway Park Lower Playground | 55,000 |
| Dog Park - Phase #1 | 75,000 |
| Schmid Park Conceptual Design | 100,000 |
| Total Parks Capital | 300,000 |

| Transportation Capital | Budget |
|---|------------------|
| Evergreen Way Sidewalks: 39th St. to 42nd St. | 300,000 |
| 39th St. & Evergreen Way Intersection Imp. | 120,000 |
| 32nd Street Underpass Design & Planning | 441,900 |
| Evergreen Way Bike Path: 32nd St. to Sunset | 1,100,000 |
| 39th St. Sidewalks: Evergreen Way to J St. | 1,340,000 |
| 32nd Street Safety Improvements | 896,000 |
| Columbia River Trail Lighting | 200,000 |
| 27th Street Shared Use Path & | |
| Renaissance Trail Segment 5 Design Phase | 539,000 |
| Sidewalk Improvements- Downtown Corridor | 100,000 |
| Total Transportation Capital | 5,036,900 |

| Water Capital | Budget |
|---|----------------|
| SCADA System Upgrades | 112,551 |
| Northside Lift Station No. 8 Completion | 50,000 |
| Automatic Meter Reading (AMI) | 409,383 |
| Water Main Installation 32/34/J st | 284,280 |
| Major Pipe Repairs - Throughout City | 53,045 |
| Total Water Capital | 909,259 |

| Sewer Capital | Budget |
|----------------------------|------------------|
| Pump Station #1 relocation | 1,254,552 |
| Anoxic Selector | 1,200,000 |
| SCADA System upgrade | 228,478 |
| Total Sewer Capital | 2,683,030 |

| Stormwater Capital & Maintenance | Budget |
|----------------------------------|----------------|
| Point Repairs | 30,000 |
| Z Street Drainage | 42,000 |
| Dogwood Drainage | 42,000 |
| Catch Basins & Drainage | 255,000 |
| Mowers (2) | 36,500 |
| Stormwater Masterplan | 150,000 |
| Total Stormwater | 555,500 |

Services

The City contracts for Fire services with the City of Camas. The City collects the property taxes related to fire services for the City and then uses those revenues to pay for Fire services. The total budgeted for 2023 is \$4,520,130. The remaining services are for repairs and maintenance, utility services, software maintenance agreements, court services, and consulting fees.

Salaries and Wages

In 2023, the City approved a 4.00% cost of living increase for police union members, local 307W union members and non-represented employees.

Historical Citywide Expenditures

| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Salaries & Wages | 10,042,377 | 6,509,503 | 6,454,757 | 6,860,572 | 7,782,158 | 8,197,150 |
| Personnel Benefits | 2,779,935 | 2,694,986 | 2,657,671 | 2,740,361 | 3,179,037 | 3,384,405 |
| Capital Outlays | 8,284,691 | 4,147,753 | 3,449,823 | 4,120,470 | 14,139,028 | 11,557,789 |
| Services | 6,887,480 | 8,187,230 | 8,171,966 | 7,271,032 | 8,816,107 | 11,484,460 |
| Supplies | 882,142 | 625,992 | 3,002,850 | 4,777,628 | 1,025,772 | 926,162 |
| Non-Expenditures & Transfers-Out | 9,332,530 | 6,344,455 | 7,320,951 | 8,213,979 | 8,290,953 | 9,843,986 |
| Intergovernmental Services | 2,157,233 | 2,056,558 | 2,211,974 | 1,756,320 | 2,062,032 | 2,133,085 |
| Debt Service Principal | 4,867,302 | 2,061,964 | 2,251,400 | 2,304,882 | 2,040,005 | 2,330,404 |
| Debt Service Interest & Costs | 1,117,057 | 1,123,242 | 211,359 | 215,485 | 907,098 | 939,598 |
| Total | 46,350,747 | 33,751,683 | 35,732,751 | 38,260,729 | 48,242,190 | 50,797,038 |

Further information on expenditures by fund and department are included as part of this budget document.

Changes in Fund Balances

The following were the approved changes to Fund balances:

| Fund | Fund Title | Beginning Fund Balance | Ending Fund Balance | Dollar Change to Fund Balance | Percent Change to Fund Balance | Reason for Change to Fund Balance (changes greater than 10%) |
|--------------------|-------------------------------------|------------------------|---------------------|-------------------------------|--------------------------------|---|
| 001 | General | 8,392,533 | 6,323,533 | (2,069,000) | -25% | Use of ARPA funds and fund balance for capital projects |
| 003 | Abatement | 79,600 | 65,100 | (14,500) | -18% | Fund balance budgeted to fund potential abatement |
| 101 | Street | - | - | - | 0% | |
| 103 | Cemetery | 2,700 | 10,000 | 7,300 | 270% | Minimal dollar amount change to fund balance |
| 104 | REET 1st Qtr % | 1,760,000 | 1,913,400 | 153,400 | 9% | |
| 105 | Park Impact Fee | 275,000 | 275,000 | - | 0% | |
| 106 | REET 2nd Qtr % | 1,610,000 | 1,549,500 | (60,500) | -4% | |
| 108 | Hotel/Motel Tax | 100,000 | 80,000 | (20,000) | -20% | Fund balance budgeted for tourism projects |
| 110 | Transportation Development | 1,700,000 | 1,753,100 | 53,100 | 3% | |
| 118 | PEG Fee | - | - | - | 0% | |
| 125 | EMS Restricted Revenue | 61,500 | - | (61,500) | -100% | Fund balance budgeted for EMS expenditures |
| 126 | Fire Impact Fee | 381,500 | 432,250 | 50,750 | 13% | Increase due to estimated revenues |
| 127 | Affordable Housing Sales Tax Credit | 23,000 | - | (23,000) | -100% | Fund balance budgeted for affordable housing contracts |
| 141 | Drug Seizure Fund | 25,000 | 25,000 | - | 0% | |
| 212 | UTGO Debt | 300 | 300 | - | 0% | |
| 215 | Downtown Revitalization Bond | 337 | 337 | - | 0% | |
| 350 | Parks Capital Projects | - | 24,000 | 24,000 | 0% | |
| 351 | Building Contingency | - | 24,000 | 24,000 | 0% | |
| 353 | Transportation Capital | 100,000 | 24,000 | (76,000) | -76% | Fund balance budgeted to fund capital projects |
| 355 | Art Project Fund | 14,000 | - | (14,000) | -100% | Fund balance budgeted to fund art projects |
| 401 | Water/Sewer | 7,359,000 | 7,680,726 | 321,726 | 4% | |
| 403 | Stormwater | 3,597,000 | 3,409,347 | (187,653) | -5% | |
| 406 | Water/Sewer Capital | 6,800,000 | 9,490,826 | 2,690,826 | 40% | Budgeted transfer from the O&M accounts per the rate study plan for ERR and system reinvestment |
| 408 | Water/Sewer Bond | - | - | - | 0% | |
| 410 | PW Trust Fund Loan | 779 | 779 | - | 0% | |
| 412 | Water/Sewer Loan | - | - | - | 0% | |
| 413 | Water/Sewer/Storm Bond | 2,600,000 | 32,711 | (2,567,289) | -99% | Fund balance budgeted to fund capital projects |
| 414 | Water/Sewer/Storm Bond Reserve | 1,596,825 | 1,597,325 | 500 | 0% | |
| 510 | Employment Security | 110,000 | 80,550 | (29,450) | -27% | Fund balance budgeted to fund unemployment costs |
| 520 | ER&R vehicle | 40,000 | 15,500 | (24,500) | -61% | Fund balance budgeted for ER&R purchases |
| 521 | ER&R IT | 40,000 | 40,100 | 100 | 0% | |
| 604 | Perpetual Care | 390,750 | 400,750 | 10,000 | 3% | |
| 610 | Downtown Bond Guarantee | 1,117,000 | 1,123,000 | 6,000 | 1% | |
| 631 | Low Income Assistance | 5,543 | 5,543 | - | 0% | |
| Grand Total | | 38,182,367 | 36,376,678 | (1,805,689) | -5% | |

As part of the budget process, the City reviews current capital needs and then determines if related capital projects will be a good use of excess reserve fund balances. The City also relies on the Capital Improvement Plans to dictate what projects should move forward each year. For 2022, the budget includes multiple projects using fund balances. Funds in these fund balances were intended for use for capital projects and thereby do not have an effect on the regular operations of City programs. The capital projects will enhance programs and eliminate some repairs and maintenance expenses in future years.

The City's Special Revenue, Debt Service, and Internal Service funds also have some changes to fund balances which do not detract from City programs, but instead enhance them. The City has approved the use of Hotel/Motel Lodging Tax fund balance for funding local tourism events. These events should then increase the revenues coming into the fund. The ER&R funds will be purchasing vehicles, IT software, and equipment for the general fund programs. The Employment Security Reserve Fund is not currently being added to, so the expenses are a direct expense of fund balance without any revenue incoming. The UTGO Bond Redemption Fund is strictly debt service which is a principal payment in addition to the annual interest payment.

Budgetary Trends

Since 2011, the City has seen an increase of property tax, sales tax, and development related revenue within the City. This is a product of an improving economy. However, things have also been costing the City more. In 2023, the City is being conservative and was able to provide targeted increases to budgets to account for the increases each department is experiencing due to inflation. Other service enhancements are programmed in the seasonal line items to enhance maintenance citywide, communications, and the pavement management program.

The following section, Departmental Budgets, details all of the City's programs in detail. Program descriptions, major revenue sources, operations and maintenance expenditures, debt payments, and capital projects are detailed in each Department overview. The final two sections of the budget go over the City's long-term liabilities and future capital projects, which have an impact on long-term planning for future needs.

City of Washougal

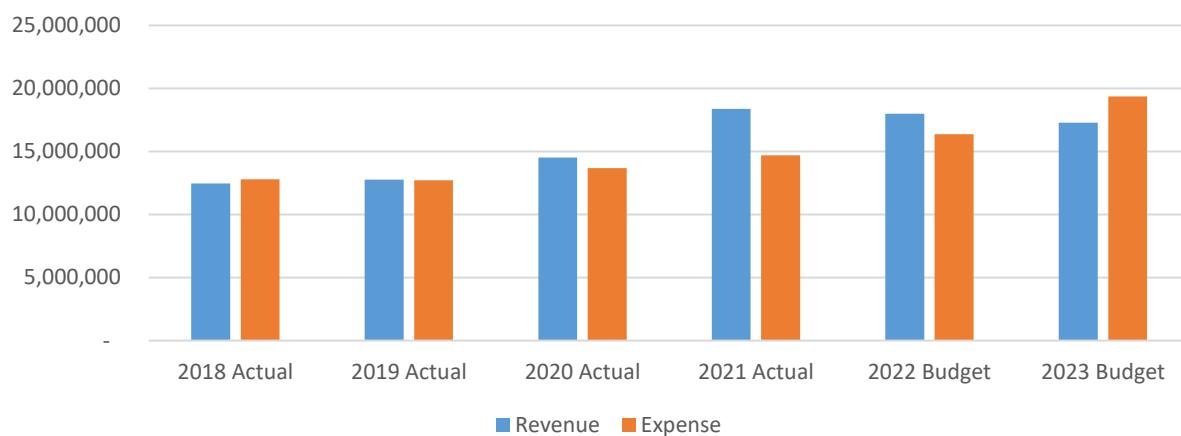


Departmental Budgets

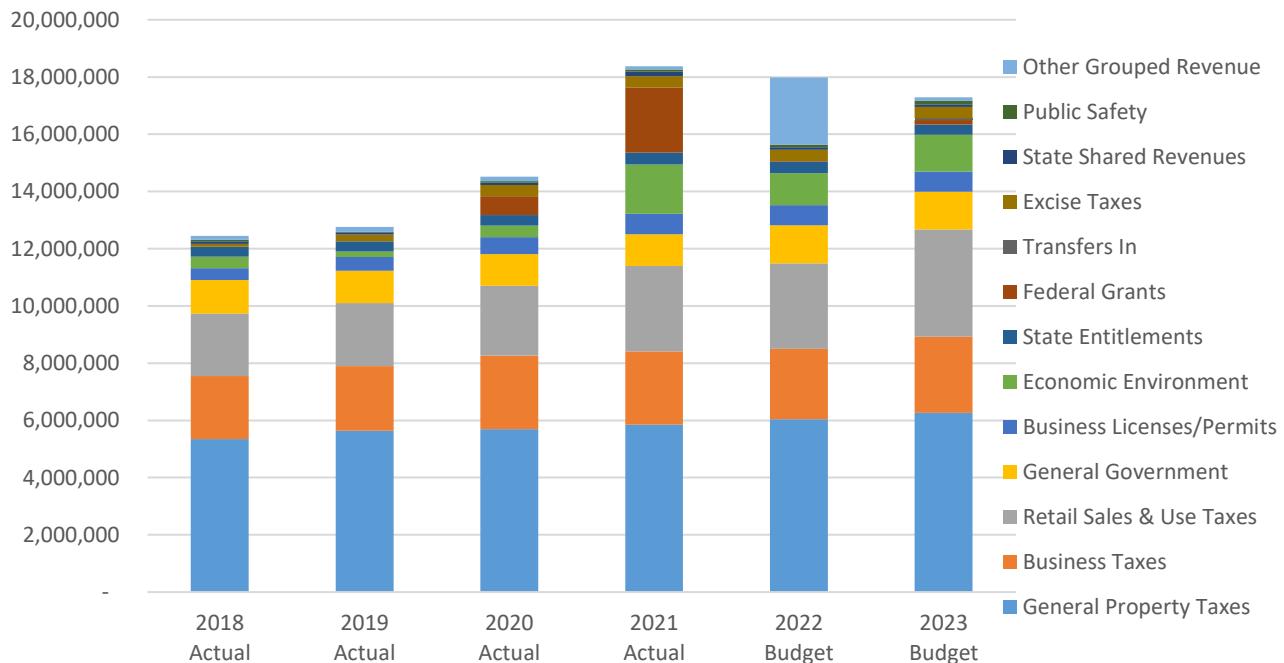
General Fund

The City's General Fund is the City's operating fund for a variety of city services. This includes 12 departments which are funded by property tax, sales tax, utility taxes, licenses and permits, intergovernmental revenue, charges for services, grants, and interest income. These departments are Council, City Manager's Office, Human Resources, Finance, Economic Development, Legal, Police, Fire, Community Development, Public Works Non-Utilities, Animal Control, and General Government. The general fund also subsidizes the Street Fund and Cemetery Fund as the revenues for those funds are insufficient to support the service.

General Fund Revenue/Expense History



General Fund Revenue Sources



General Fund Revenue Types

| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General Property Taxes | 5,341,732 | 5,632,176 | 5,697,415 | 5,855,578 | 6,034,902 | 6,264,174 |
| Business Taxes | 2,212,381 | 2,265,795 | 2,572,520 | 2,553,429 | 2,463,244 | 2,661,421 |
| Retail Sales & Use Taxes | 2,175,195 | 2,197,092 | 2,435,747 | 2,984,958 | 2,985,320 | 3,747,000 |
| General Government | 1,170,139 | 1,134,569 | 1,103,561 | 1,114,066 | 1,333,780 | 1,314,000 |
| Business Licenses/Permits | 415,306 | 475,741 | 591,126 | 706,732 | 702,200 | 712,200 |
| Economic Environment | 404,532 | 199,839 | 405,494 | 1,727,732 | 1,121,925 | 1,287,600 |
| State Entitlements | 344,369 | 347,305 | 369,220 | 415,708 | 400,190 | 354,997 |
| Transfers In | - | - | - | - | - | 61,500 |
| Excise Taxes | 104,771 | 236,332 | 388,112 | 396,613 | 400,000 | 400,000 |
| State Shared Revenues | 88,996 | 87,122 | 86,396 | 156,193 | 87,000 | 87,000 |
| Public Safety | 53,943 | 16,267 | 49,010 | 71,967 | 90,300 | 122,200 |
| Interest/Other Earnings | 58,765 | 68,623 | 22,367 | 11,853 | 32,000 | 64,000 |
| Rents/Lease/Concession | 11,052 | 12,993 | 30,657 | 19,629 | 18,000 | 33,500 |
| State Grants | 34,599 | 42,510 | 17,429 | 39,096 | 2,287,378 | 9,936 |
| Other Misc Revenues | 11,266 | 15,021 | 73,083 | 26,736 | 150 | 7,000 |
| Disposition of Cap Assets | - | 3,451 | - | - | - | - |
| Non-Business Lic/Permits | 8,236 | 7,901 | 3,774 | 4,196 | 5,000 | 3,500 |
| Contributions/Donations | 15,058 | 8,837 | 10,465 | 8,046 | - | 4,500 |
| Other Non-Revenues | - | 11,309 | - | - | - | - |
| Culture & Recreation | 741 | 767 | 358 | 8,092 | 6,200 | 8,700 |
| Other Revenue | - | 538 | - | - | - | - |
| Federal Grants | - | - | 659,898 | 2,279,024 | 18,000 | 150,500 |
| Total | 12,451,081 | 12,764,189 | 14,516,633 | 18,379,648 | 17,985,589 | 17,293,728 |

Major General Fund Revenue Descriptions

General Property Taxes: Property taxes are levied on 100% of assessed valuation as determined by the Clark County's Assessor's Office. The EMS Levy was approved by the voters during 2017 for collection in 2018 through 2023. The current EMS levy expires at the end of 2023 and the bond levy was discontinued after 2022. The following tables present the City's regular, EMS and bond ad valorem tax levy rates, with associated amounts for tax collection years 2018 through 2023:

| Tax Collection Year | Levy Rates (Dollars Per \$1,000 of Assessed Value) | | | |
|---------------------|--|------|------|-------|
| | Regular | EMS | Bond | Total |
| 2023 | 1.60 | 0.34 | 0.00 | 1.94 |
| 2022 | 1.83 | 0.39 | 0.05 | 2.27 |
| 2021 | 2.01 | 0.43 | 0.04 | 2.48 |
| 2020 | 2.05 | 0.44 | 0.05 | 2.53 |
| 2019 | 2.15 | 0.46 | 0.04 | 2.65 |
| 2018 | 2.31 | 0.50 | 0.04 | 2.85 |

| Tax Collection Year | Levy Amounts in Dollars | | | |
|---------------------|-------------------------|-----------|---------|-----------|
| | Regular | EMS | Bond | Total |
| 2023 | 5,154,484 | 1,106,748 | - | 6,261,232 |
| 2022 | 4,971,846 | 1,067,078 | 138,000 | 6,176,924 |
| 2021 | 4,847,836 | 1,035,953 | 100,000 | 5,983,789 |
| 2020 | 4,704,708 | 1,015,169 | 105,000 | 5,824,877 |
| 2019 | 4,563,331 | 983,115 | 85,000 | 5,631,446 |
| 2018 | 4,425,585 | 956,424 | 80,000 | 5,462,009 |

Sales Tax: The retail sales tax rate for the City of Washougal will increase to 8.5% in 2023. The State of Washington receives 6.5% of collected taxes. The remaining 2.0% is split between Clark County and the City. Of the County portion, a percentage of no more than 0.10% is sent to the City for criminal justice purposes.

Business and Occupation Tax: These taxes are charged on utilities provided within City limits, such as telephone, electric, garbage, water and sewer. The tax is charged to the company operating the utility against gross sales of the utility. The tax rate is set by City ordinance. A portion of the utility taxes will be used for capital purposes in 2023.

Licenses and Permits: Licenses and permits consist of building permits, business licenses, franchise permits, animal licenses, and miscellaneous permits. These fees are set by City ordinance.

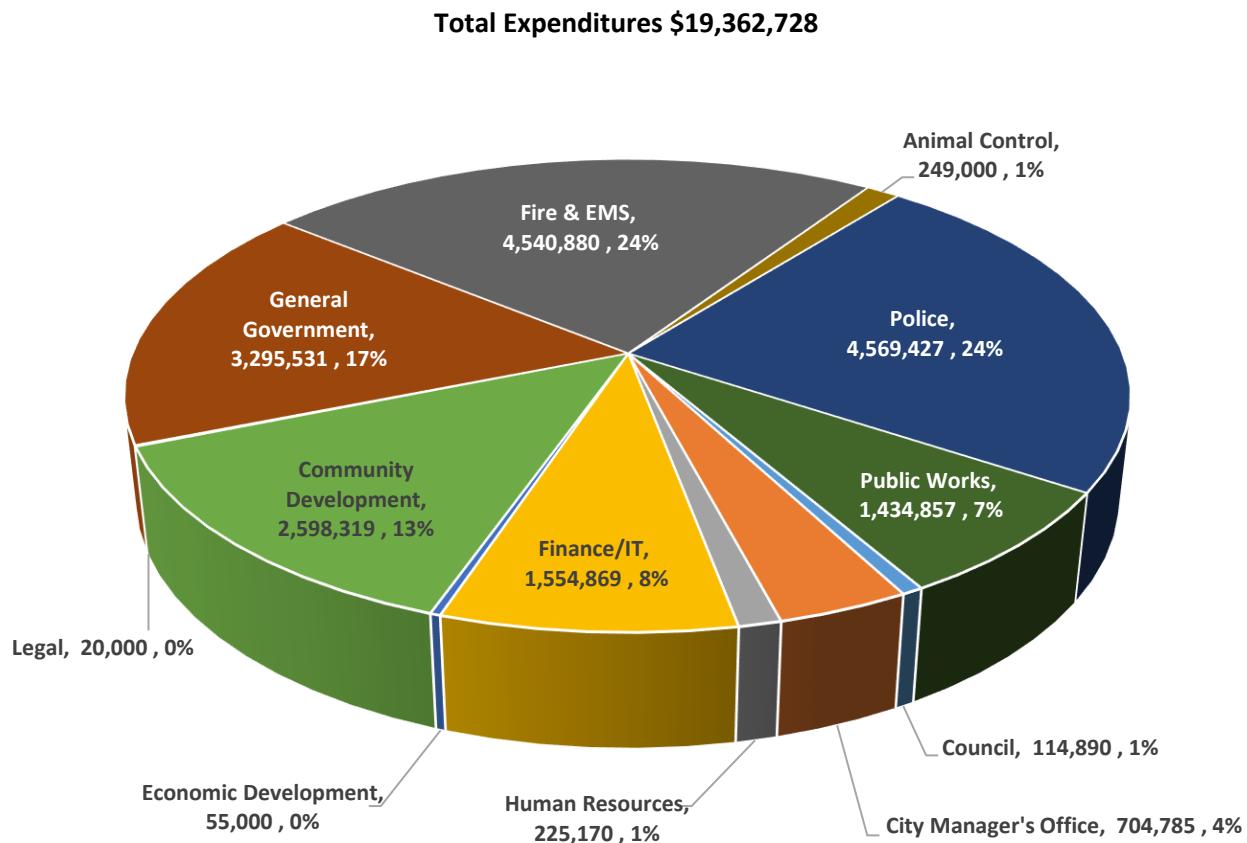
Intergovernmental Revenues: These revenues are those received from the State or County which are not grant funds. These revenues include Liquor Excise Tax and Liquor Board Profits, motor vehicle fuel tax, and City Assistance funds.

Charges for Services: The City recoups costs associated with services such as finger printing, plan reviews, and photocopies.

Interfund Transfers: Since each fund is a unit, when one fund transfers revenues to another fund, it is shown as an interfund transfer. There are strict guidelines for allowable transfers to be in compliance with any restrictions on the funds.

General Fund Department Expenditures

There are 12 departments within the General Fund in which expenditures are allocated. These Departments are as follows and discussed in detail on the following pages:



Council

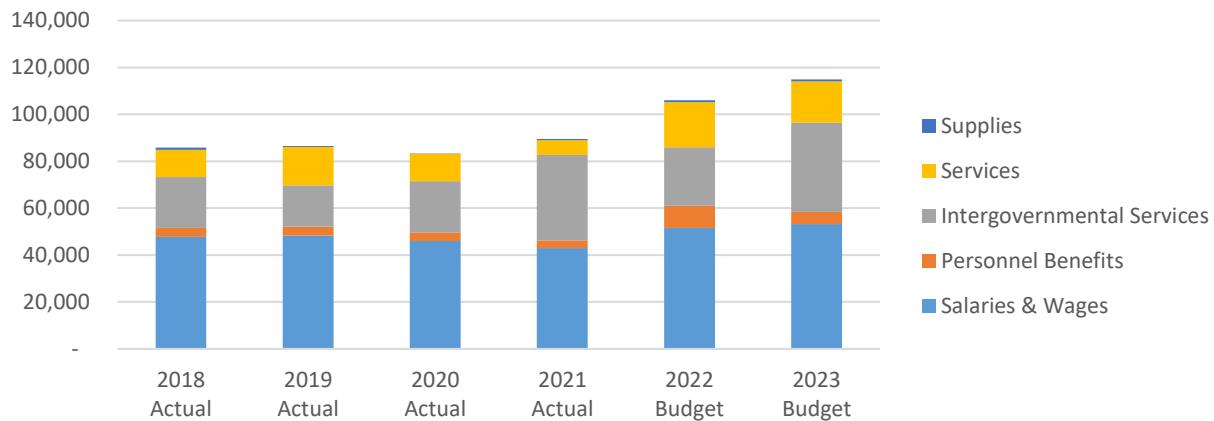
Description:

The City Council is responsible for approving City Policies, the Budget, Capital Facility Plans, and providing oversight to City operations as the Legislative Body of the City. They are a seven-member elected council based on a non-partisan basis for four-year overlapping terms. The Mayor is elected as Council Position #1 and one member of the Council serves as Mayor Pro Tem, as appointed by vote of the Council. An election will be held in November 2023 for 6 of the 7 members of the Council.

Primary Expenditures:

Each Council member receives a monthly stipend that is set by the Salary Commission, which is comprised of citizens of Washougal, appointed by the Mayor with approval of the City Council. This is the majority of this department's expenses. In addition to the monthly stipend, Council members attend conferences and training, representing the City at the events. This department also pays for voter registration costs to the Clark County Auditor, as well as publishing public meeting notices.

Council Expense



| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|----------------------------|---------------|---------------|---------------|---------------|----------------|----------------|
| Salaries & Wages | 47,725 | 48,300 | 46,000 | 42,976 | 51,600 | 53,250 |
| Personnel Benefits | 3,813 | 3,835 | 3,645 | 3,348 | 9,400 | 5,200 |
| Intergovernmental Services | 21,804 | 17,559 | 21,911 | 36,339 | 25,000 | 38,000 |
| Services | 11,568 | 16,407 | 11,726 | 6,350 | 19,186 | 17,620 |
| Supplies | 872 | 369 | 52 | 512 | 820 | 820 |
| Total | 85,782 | 86,471 | 83,334 | 89,525 | 106,006 | 114,890 |

| Full Time Employee Equivalent | | | |
|-------------------------------|-------------|-------------|-------------|
| Department | 2021 Budget | 2022 Budget | 2023 Budget |
| Council | 8.00 | 7.00 | 7.00 |

City Manager's Office

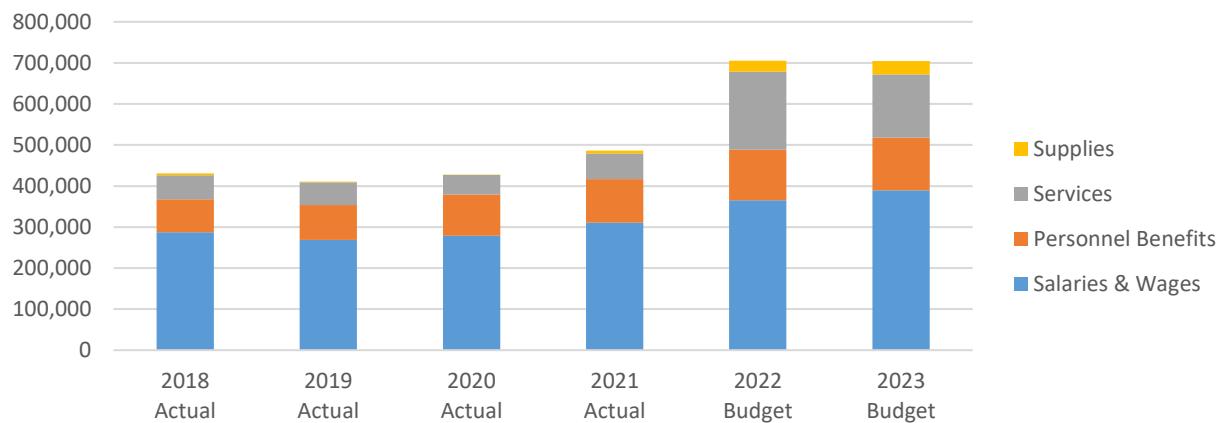
The City Manager's Office includes the City Manager, a Communication Engagement Manager and a Communications Specialist. The City Manager serves as the City's Chief Executive Officer. The City is organized into five operating departments, including: Police, Public Works, Community Development, Finance and Human Resources. Fire and EMS services are provided by the Camas-Washougal Fire Department, administrated by the City of Camas. The Manager appoints directors to each of these departments.

Under the direction of the Manager, the administrative team: carries out policies established by the City Council, provides leadership to all City departments, assesses community needs and develops strategies, leads interdepartmental planning efforts, and works collaboratively with regional partners and state government.

Primary Expenditures:

In addition to salaries and benefits for three full time employees, this department also has several professional service agreements that further the City's strategic plan, legal services, legislative/infrastructure advocacy, and downtown promotion.

City Managers Office Expense



| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Salaries & Wages | 287,021 | 268,708 | 279,005 | 310,436 | 365,100 | 389,600 |
| Personnel Benefits | 81,039 | 85,309 | 100,511 | 106,288 | 123,800 | 128,835 |
| Services | 58,275 | 54,952 | 47,226 | 62,280 | 189,920 | 153,050 |
| Supplies | 4,514 | 1,644 | 568 | 7,343 | 26,760 | 33,300 |
| Total | 430,849 | 410,614 | 427,310 | 486,348 | 705,580 | 704,785 |

Full Time Employee Equivalent

| Department | 2021 Budget | 2022 Budget | 2023 Budget |
|-----------------------|-------------|-------------|-------------|
| City Manager's Office | 3.00 | 3.00 | 3.00 |

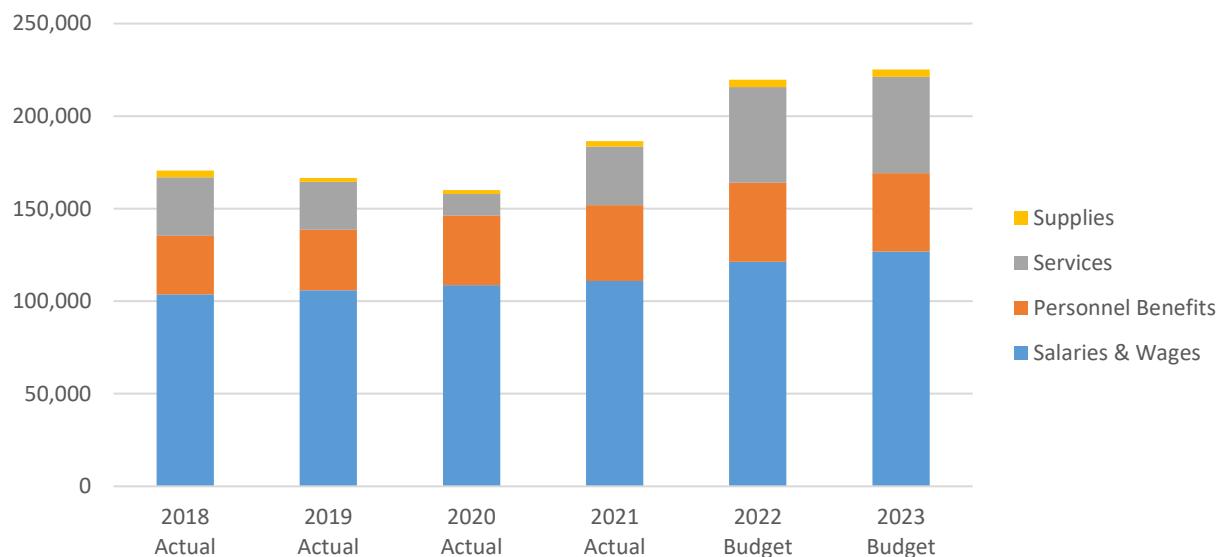
Human Resources

The Human Resources department provides full-service human resources to the City's workforce; including, labor relations, recruitment and selection, training and development, compensation and classification, safety, employee benefits and retirement, workers compensation and risk management. The primary goal of this department is to attract and retain a highly talented and qualified City workforce which reflects the high standards of the community we serve.

Primary Expenditures:

This department consists of one full time Human Resource Director, which is the majority of this department's expense. This department also funds our City's Wellness program, which is a program designed to not only receive a health insurance discount, but also promote wellness throughout the City. Both of the City's labor agreements expire at the end of 2024. This budget also includes funding for the tuition reimbursement program.

Human Resources Expense



| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Salaries & Wages | 103,722 | 105,906 | 108,660 | 111,004 | 121,343 | 126,800 |
| Personnel Benefits | 31,611 | 32,602 | 37,733 | 40,844 | 42,652 | 42,360 |
| Services | 31,564 | 26,011 | 11,541 | 31,645 | 51,770 | 52,100 |
| Supplies | 3,704 | 2,007 | 2,026 | 2,921 | 3,910 | 3,910 |
| Total | 170,600 | 166,526 | 159,961 | 186,413 | 219,675 | 225,170 |

| Full Time Employee Equivalent | | | |
|-------------------------------|-------------|-------------|-------------|
| Department | 2021 Budget | 2022 Budget | 2023 Budget |
| Human Resources | 1.00 | 1.00 | 1.00 |

Finance/Information Technology

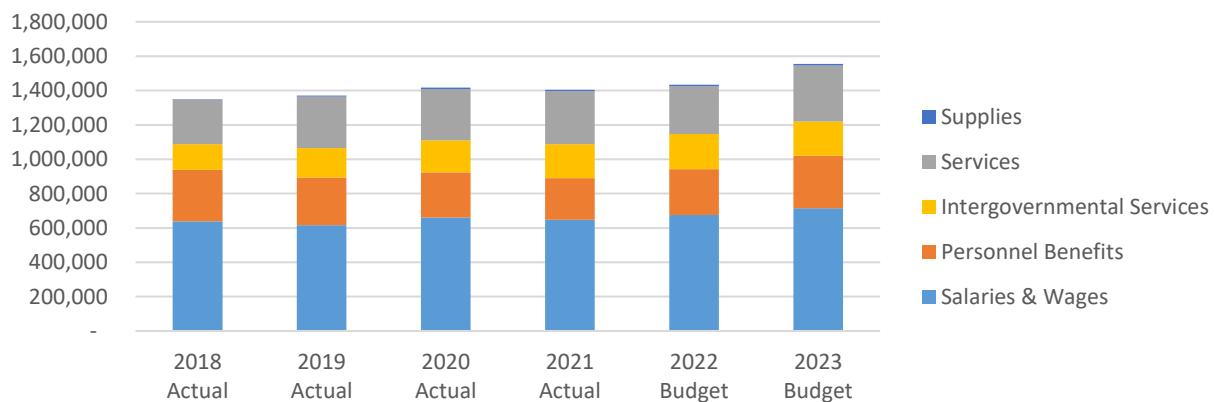
The Finance Department directs all finance functions for the City. This includes annual budgeting, financial reporting, investment activities, debt management, general accounting, purchasing, payroll, accounts receivable, grant management, utility billing, information technology, dog licensing and customer service. This department is also responsible for management of the City's official records, municipal code, public information disclosure and contract management.

This department is led by the City Finance Director and two mid managers, the Information Technology Manager and the Assistant Finance Director. The Information Technology Manager supervises one staff member and the Assistant Finance Director supervises four staff members.

Primary Expenditures:

With eight full time employees, the majority of this department's expense are for salaries and benefits. The City's annual maintenance contract payments for the financial operating system, along with City wide internet and phone charges, are charged to this department. In addition, the City's Municipal Court and indigent defense services were moved from the Police budget to this department in 2015 to avoid any conflicts between the courts and Police Department.

Finance and Information Technology Expense



| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Salaries & Wages | 638,015 | 616,341 | 660,168 | 647,734 | 675,100 | 714,600 |
| Personnel Benefits | 299,656 | 276,662 | 264,062 | 242,723 | 266,400 | 305,680 |
| Services | 258,162 | 299,279 | 297,981 | 309,718 | 278,930 | 324,889 |
| Intergovernmental Services | 149,114 | 172,342 | 184,917 | 196,897 | 205,000 | 200,000 |
| Supplies | 4,154 | 6,070 | 9,954 | 6,305 | 8,750 | 9,700 |
| Total | 1,349,101 | 1,370,693 | 1,417,082 | 1,403,376 | 1,434,180 | 1,554,869 |

| Full Time Employee Equivalent | | | |
|-------------------------------|-------------|-------------|-------------|
| Department | 2021 Budget | 2022 Budget | 2023 Budget |
| Finance/IT | 8.00 | 8.00 | 8.00 |

Economic Development

This department is used to make payments to the Columbia River Economic Development Council (CREDC) and to support economic development initiatives and projects.

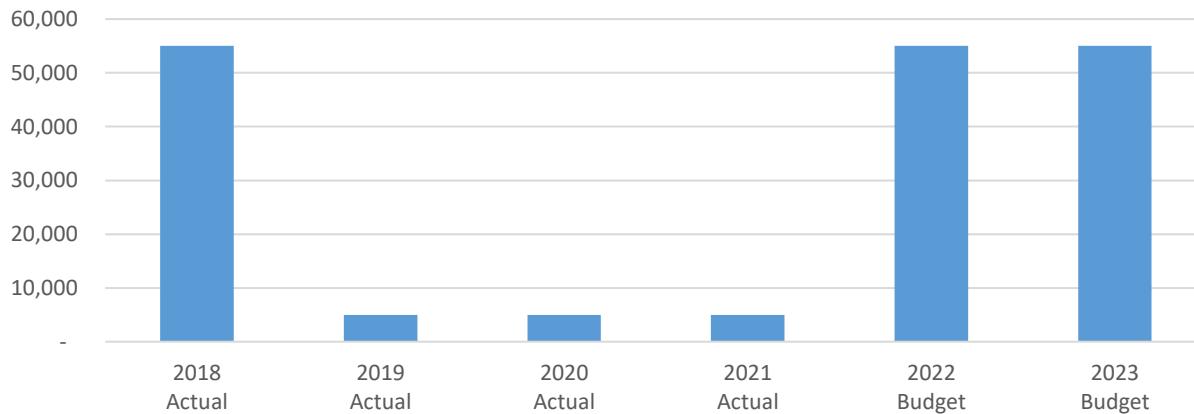
In 2011, the City of Washougal, together with the City of Camas and the Port of Camas-Washougal, formed CWEDA. This quasi-municipal entity was created so the leadership from forming organizations can work together for the economic health of the entire Camas/Washougal area. The primary mission was to support existing businesses and to bring new businesses and jobs into the local area. It provided one contact for the area, allowing for overall growth. CWEDA was disbanded in 2020 but we are keeping the background information in our budget for historical purposes.

The annual payment to CREDC is paid out of this department. The CREDC is a private-public partnership of over 130 investors and strategic partners working together to advance the economic vitality of Clark County through business relocation, growth, and innovation. It serves as the formal Economic Development Organization (EDO) for all of Clark County. Other economic development initiatives in 2023 include \$50,000 for the pursuit of infrastructure funding and the exploration and development of a tax increment financing program.

Primary Expenditures:

The only expenditures from this department are the contributions to CREDC and the pursuit of infrastructure funding/development of a tax increment financing program and are listed as services.

Economic Development Expense



| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|--------------|---------------|--------------|--------------|--------------|---------------|---------------|
| Services | 55,000 | 5,000 | 5,000 | 5,000 | 55,000 | 55,000 |
| Total | 55,000 | 5,000 | 5,000 | 5,000 | 55,000 | 55,000 |

Community Development

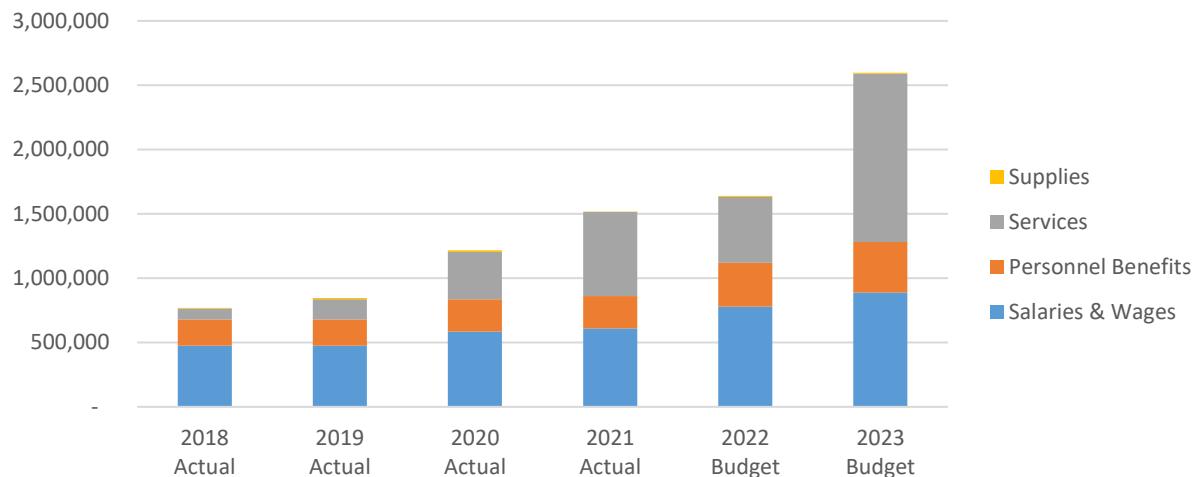
This Department has two divisions, Building and Planning. The Department is led by the Community Development Director. The Building Division team is responsible for receiving building permit applications, assuring contractors are properly licensed, reviewing plans for compliance with the Washington State Building Code, routing applications to other departments for review, issuing permits, performing inspections and maintaining construction records. This team consists of the Building Official (manager), Building Inspectors, Permit Technician and Code Compliance Officers.

The Planning Division represents the public interest by promoting systematic deliberation regarding the development of Washougal. This is achieved by: encouraging economic development; designating appropriate land uses within the urban area; implementing design standards for Washougal's physical development and conforming to Washington State's Growth Management Act and the City's Comprehensive Plan. This division offers assistance on zoning, platting, environmental, land use and site plan review. The Division provides both current and long-range planning services to the general public. This work is primarily completed by the City Planner who works under the direction of the Community Development Director.

Primary Expenditures:

With ten full-time employees, one of this department's primary expenditures is salaries and wages. Since 2021, the department has grown from 8 full-time employees with the addition of a Community Aesthetics Program Coordinator in 2022 and a Building Inspector in 2023. The City also contracts with an engineering firm for private land use development review. The budget for this professional services agreement for 2023 is \$57,500. There are two projects budgeted for 2023 totaling \$410,000 - Comprehensive Plan and Shorelines Master plan. Lastly, the passthrough \$800,000 expenditure for School Impact Fees is appropriated in this department's budget.

Community Development Expense



| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|--------------------|----------------|----------------|------------------|------------------|------------------|------------------|
| Salaries & Wages | 475,848 | 475,848 | 585,954 | 610,679 | 778,438 | 888,000 |
| Personnel Benefits | 204,786 | 204,786 | 251,248 | 249,433 | 342,130 | 392,275 |
| Services | 84,024 | 154,700 | 366,784 | 654,722 | 512,460 | 1,308,994 |
| Supplies | 3,790 | 10,450 | 11,774 | 3,831 | 7,385 | 9,050 |
| Total | 768,448 | 845,784 | 1,215,761 | 1,518,665 | 1,640,413 | 2,598,319 |

| Full Time Employee Equivalent | | | |
|-------------------------------|-------------|-------------|-------------|
| Department | 2021 Budget | 2022 Budget | 2023 Budget |
| Community Development | 8.00 | 9.00 | 10.00 |

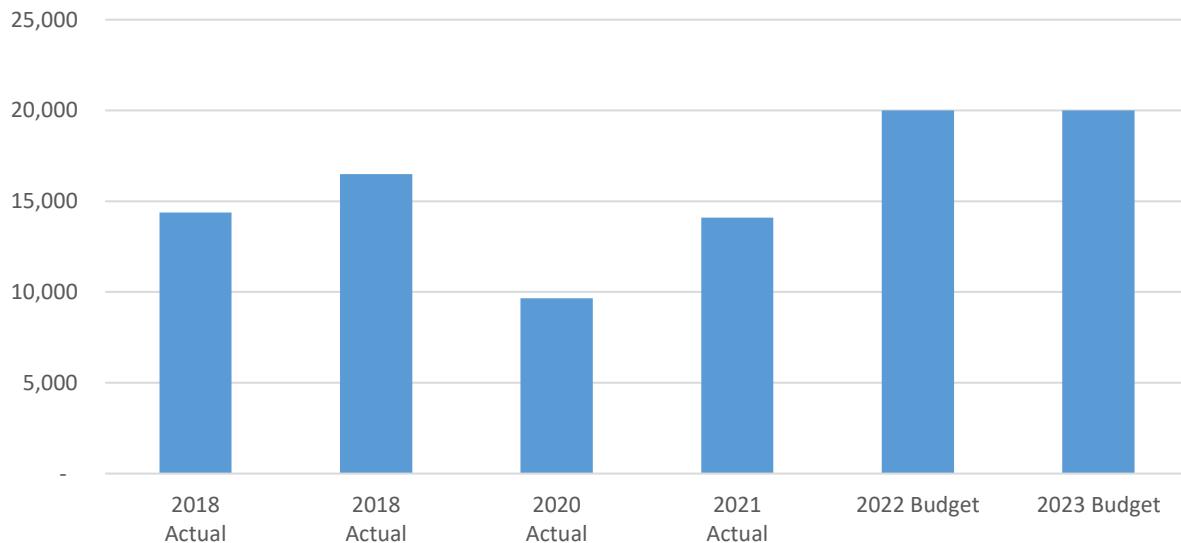
Legal

The City contracts for all legal services. This department tracks the general legal expenses for the City. Items which are specific to various departments are charged to each department's professional service line item.

Primary Expenditures:

The City has Kenneth B. Woodrich PC on retainer to serve as the City's Attorney. Expenses beyond the monthly retainer vary depending on legal issues which arise during the year. Charges specific to individual departments are expensed out of that department's professional services line item. Expenses in this fund are for the benefit of the City as a whole.

Legal Expense



| Expenditure | 2018 Actual | 2018 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|--------------|---------------|---------------|--------------|---------------|---------------|---------------|
| Services | 14,383 | 16,500 | 9,654 | 14,090 | 20,000 | 20,000 |
| Total | 14,383 | 16,500 | 9,654 | 14,090 | 20,000 | 20,000 |

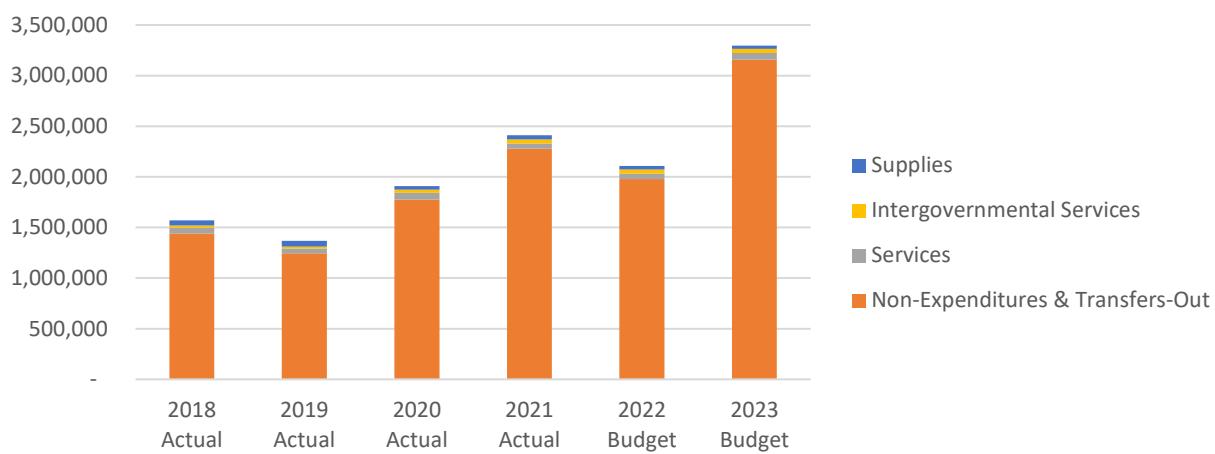
Central Services / General Government

This department includes costs not directly associated with another department.

Primary Expenditures:

Intergovernmental costs, which include: City wide supply purchases, costs for the annual state audit, program support for East County Social Services, Clark County Alcoholism Program, and Refuel Washougal. All transfers from the General fund to other funds come from this department, such as: Equipment Replacement, Cemetery, Street, Transportation Capital, Facilities Capital, Parks Capital and REET.

General Government Expense



| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Non-Expenditures & Transfers-Out | 1,439,500 | 1,246,214 | 1,776,092 | 2,280,065 | 1,977,111 | 3,156,828 |
| Services | 59,581.00 | 47,108 | 65,363 | 49,614 | 54,200 | 67,203 |
| Intergovernmental Services | 22,301 | 18,492 | 31,258 | 40,202 | 41,000 | 41,500 |
| Supplies | 49,960 | 55,857 | 36,354 | 40,445 | 36,000 | 30,000 |
| Total | 1,571,342 | 1,367,671 | 1,909,067 | 2,410,326 | 2,108,311 | 3,295,531 |

Fire & Emergency Medical Services

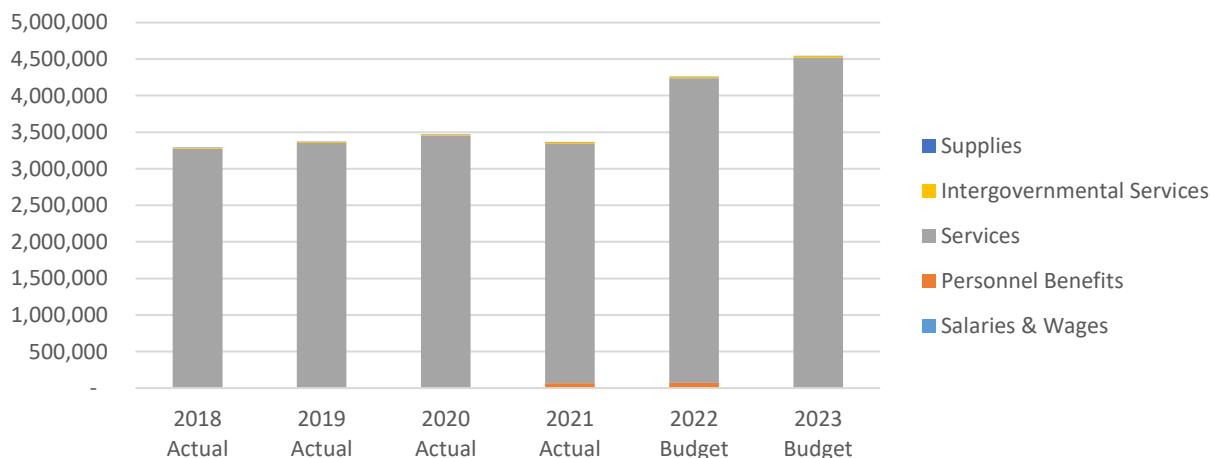
The Camas-Washougal Fire Department (CWFD) provides both fire and emergency medical services to citizens. CWFD personnel also provide emergency medical services to citizens outside the Camas and Washougal City limits, along with mutual aid fire protection to neighboring departments.

In May of 2014, the City of Washougal and the City of Camas combined their services for better coverage across the area. The City of Camas manages the fire services with the City of Washougal paying a monthly fee for fire services to the City of Camas. The fee changes annually based on a combination of structural assessed valuation, calls for service and population. In 2023, Washougal will be responsible for 39.7% of the overall cost of the program, which is the same as 2022.

Primary Expenditures:

The primary expenditures for this department are payments to the City of Camas for the City of Washougal's share of the fire service costs. The LEOFF 1 charges have decreased, and per capita emergency management fee has increased, which are both included in this department.

Fire & EMS Expense



| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Salaries & Wages | - | - | - | - | - | - |
| Personnel Benefits | 5,419 | 7,009 | 8,134 | 67,477 | 71,600 | - |
| Services | 3,268,588 | 3,348,823 | 3,447,168 | 3,275,032 | 4,166,844 | 4,520,130 |
| Intergovernmental Services | 15,130 | 13,337 | 13,736 | 22,173 | 17,700 | 19,500 |
| Supplies | 1,216 | 1,259 | 1,224 | 1,312 | 1,250 | 1,250 |
| Total | 3,290,353 | 3,370,428 | 3,470,263 | 3,365,994 | 4,257,394 | 4,540,880 |

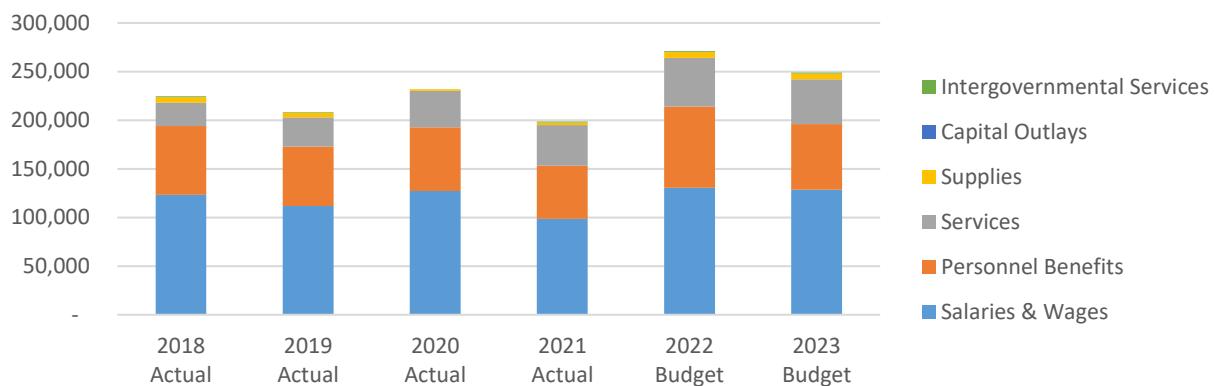
Animal Control

Animal Control serves both the City of Washougal and the City of Camas. The City of Washougal manages this service. The Animal Control Division works within the community to address neglected, abused, loose and vicious dogs; barking dog complaints; dog bites and lost and found dogs. The City of Camas reimburses the City of Washougal for 50% of the costs of this program. The City changed to a flat fee for service with the Humane Society versus a per dog charge, which accounts for the increase in services.

Primary Expenditures:

This department has two full time Animal Control Officers, of which the salaries and benefits make up the primary expense for this department. The City also pays for animal impounds at the Humane Societies where abandoned dogs are taken.

Animal Control Expense



| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Salaries & Wages | 123,167 | 111,696 | 127,148 | 98,437 | 130,600 | 128,400 |
| Personnel Benefits | 70,948 | 61,122 | 65,415 | 54,629 | 83,550 | 67,615 |
| Services | 23,803 | 30,076 | 37,517 | 41,812 | 50,025 | 46,110 |
| Supplies | 5,761 | 4,471 | 1,882 | 2,722 | 5,875 | 5,875 |
| Capital Outlays | - | - | - | - | - | - |
| Intergovernmental Services | 816 | 816 | - | 888 | 1,000 | 1,000 |
| Total | 224,496 | 208,180 | 231,962 | 198,488 | 271,050 | 249,000 |

| Full Time Employee Equivalent | | | |
|-------------------------------|-------------|-------------|-------------|
| Department | 2021 Budget | 2022 Budget | 2023 Budget |
| Animal Control | 2.00 | 2.00 | 2.00 |

Police/Public Safety

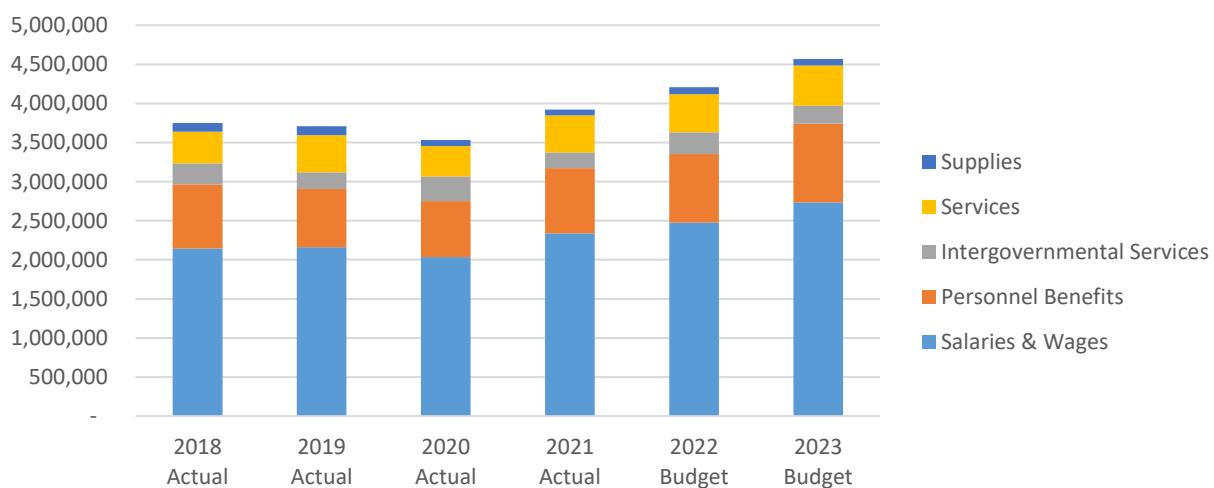
The Police Department enforces the law, protects property, and limits civil disorder. This Department also provides concealed pistol licensing and finger printing.

The Police Chief is the head of the Department, with the assistance of a captain. The Department has four sergeants, one administrative sergeant, one detective, and fourteen patrol officers. The Department also is supported by three Administrative Assistants.

Primary Expenditures:

With 25 full-time employees, the primary expense for the police department is employee salaries and benefits. The department has grown 2 FTE positions this fiscal year. These positions, a patrol officer and an administrative assistant, will be funded by anticipated additional sales tax revenue. The department also pays for the prosecuting attorney and incarceration costs.

Police Expense



| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Salaries & Wages | 2,145,675 | 2,159,689 | 2,033,265 | 2,338,351 | 2,478,300 | 2,733,190 |
| Personnel Benefits | 818,342 | 748,400 | 716,578 | 832,983 | 875,200 | 1,007,500 |
| Intergovernmental Services | 267,629 | 208,914 | 315,794 | 201,357 | 275,475 | 230,000 |
| Services | 406,276 | 478,779 | 389,361 | 475,344 | 486,839 | 515,537 |
| Supplies | 109,580 | 113,926 | 78,186 | 74,965 | 93,980 | 83,200 |
| Total | 3,747,502 | 3,709,707 | 3,533,184 | 3,923,000 | 4,209,794 | 4,569,427 |

| Full Time Employee Equivalent | | | |
|-------------------------------|-------------|-------------|-------------|
| Department | 2021 Budget | 2022 Budget | 2023 Budget |
| Police/Public Safety | 23.00 | 23.00 | 25.00 |

Public Works Non-Utilities (Parks, Engineering, Facilities)

This Department accounts for non-capital public works services which are not revenue based (utilities). There are three divisions within this department: Parks, Engineering, and Facilities. The cost of Public Works Administration, such as the Director, Deputy Director, Senior Analyst are allocated across all Public Works divisions, including non-utilities and utilities, on a percentage basis and are included in the salary and benefit line items of those departments.

The Parks Division maintains 21 parks and several acres of undeveloped open space. Washougal strives to augment recreationally deficient parkland and acquire ideal properties for future needs, while maintaining a high level of service for the public.

The Engineering Division manages the design and oversees construction of capital projects, as well as quality control to ensure each project meets or exceeds city specifications. Engineering also works closely with the Planning Department on private development projects to ensure these projects meet City standards. Engineering also oversees applications for grants and loans for helping to fund infrastructure projects.

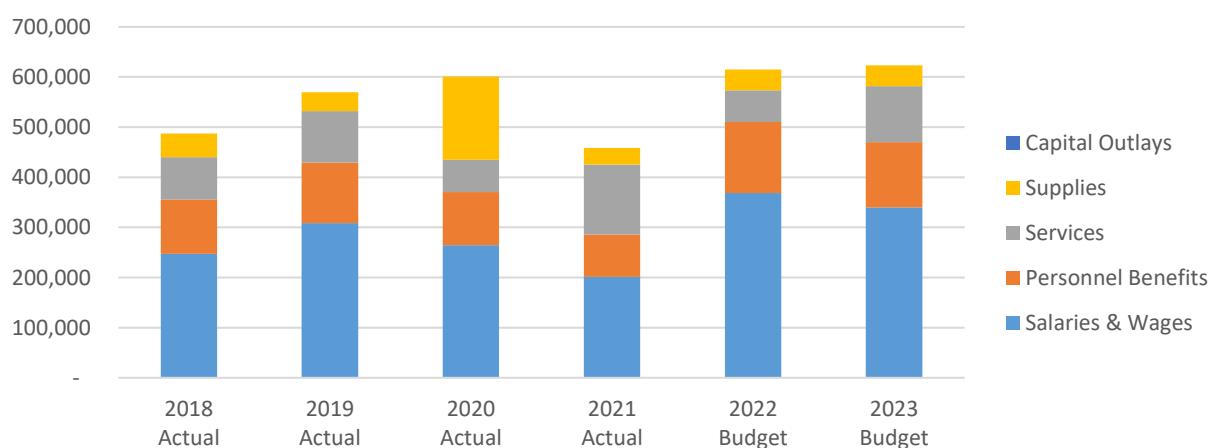
The Facilities Division maintains City offices, maintenance buildings, and parks buildings throughout the City. This includes custodial, landscape, structural, mechanical, cosmetic, accessibility, and repair projects for all general fund operated buildings.

Primary Expenditures:

Parks

The Parks Division has a Manager who oversees the planning aspects of the Parks, as well as oversees the Cemetery operations, under the guidance of the Public Works Director. There is an Administrative Assistant who also supports this Division. The total FTE for this Division will be 3.47 in 2023. In the spring, seasonal maintenance workers are hired for six months to assist with maintenance of the parks. Salaries and benefits are the primary expense for this Division. In 2017, the amount of funds available for seasonal workers was increased by \$26,000 to enhance services in our parks. This has been maintained in 2023.

Parks Expense



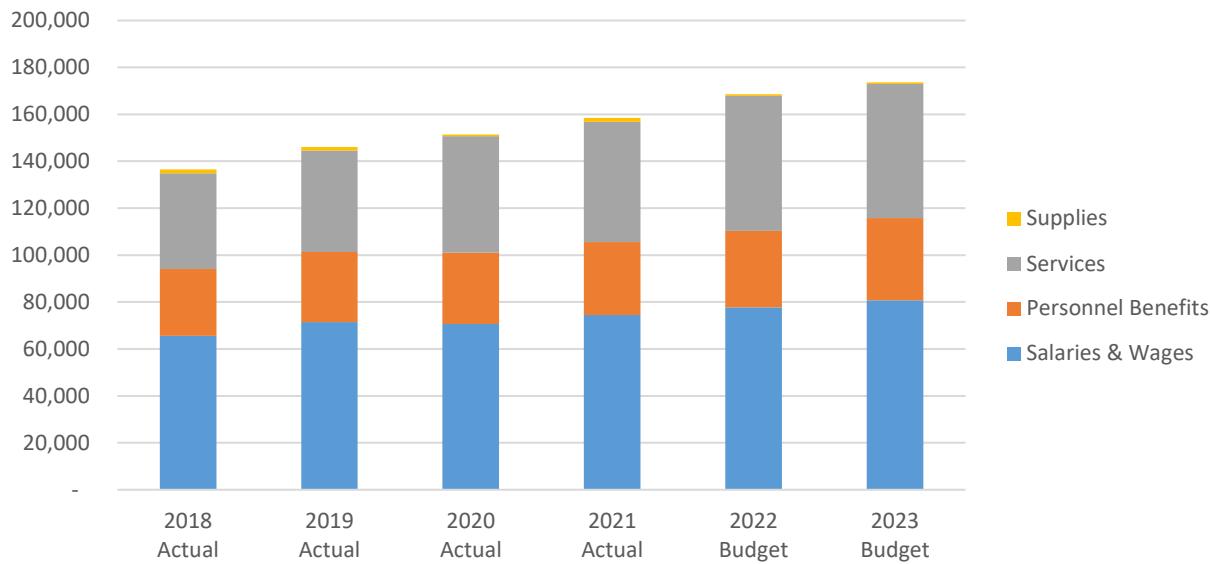
| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Salaries & Wages | 247,232 | 308,677 | 264,761 | 201,181 | 368,300 | 339,800 |
| Personnel Benefits | 108,640 | 120,391 | 105,886 | 84,635 | 142,100 | 130,250 |
| Services | 84,502 | 102,893 | 64,159 | 139,630 | 63,033 | 111,891 |
| Supplies | 46,996 | 37,588 | 166,257 | 33,102 | 41,500 | 41,500 |
| Capital Outlays | | | - | - | - | - |
| Total | 487,368 | 569,549 | 601,063 | 458,548 | 614,933 | 623,441 |

| Full Time Employee Equivalent | | | |
|-------------------------------|-------------|-------------|-------------|
| Department | 2021 Budget | 2022 Budget | 2023 Budget |
| Parks | 3.05 | 3.77 | 3.47 |

Engineering

The Engineering Division has one City Engineer and an Engineering Technician. Both employees have their time allocated to other divisions as well as the General Fund. The total FTE for engineering services is 0.85 for these two staff members. The City uses an engineering firm for the services provided to Community Development for contract engineering plan review services.

Engineering Expense



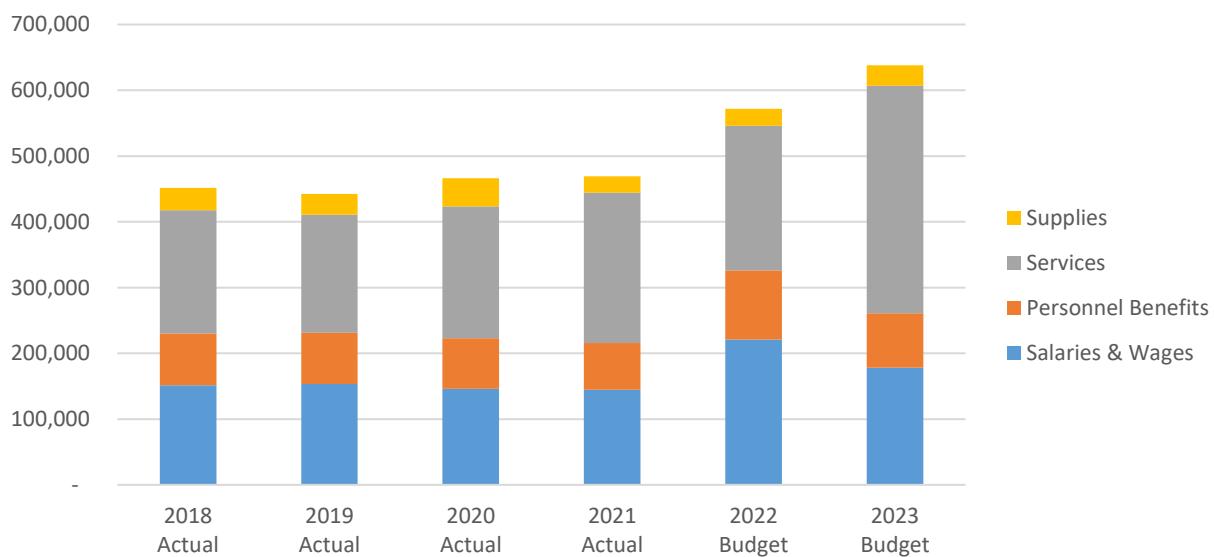
| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Salaries & Wages | 65,632 | 71,400 | 70,686 | 74,502 | 77,800 | 80,700 |
| Personnel Benefits | 28,470 | 29,881 | 30,427 | 30,998 | 32,558 | 35,058 |
| Services | 40,726 | 43,331 | 49,624 | 51,332 | 57,546 | 57,163 |
| Supplies | 1,729 | 1,492 | 680 | 1,627 | 700 | 700 |
| Total | 136,557 | 146,105 | 151,417 | 158,458 | 168,604 | 173,621 |

| Full Time Employee Equivalent | | | |
|-------------------------------|-------------|-------------|-------------|
| Department | 2021 Budget | 2022 Budget | 2023 Budget |
| Engineering | 0.85 | 0.85 | 0.85 |

Facilities

The Facilities Division has a manager who also oversees parks operations and the Stormwater Division, under the guidance of the Public Works Director. There are also support staff who perform the maintenance work of the facilities; however, they split their time with other departments. The total FTE for this department is 2.01 in 2023. This department also pays for the City's security system and contracted custodial service.

Facilities Expense



| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Salaries & Wages | 151,606 | 153,118 | 146,291 | 144,668 | 221,200 | 178,250 |
| Personnel Benefits | 78,408 | 78,002 | 76,423 | 70,743 | 105,000 | 82,550 |
| Services | 187,483 | 179,673 | 200,691 | 228,698 | 219,750 | 346,195 |
| Supplies | 34,265 | 31,511 | 42,904 | 25,192 | 25,800 | 30,800 |
| Total | 451,761 | 442,304 | 466,309 | 469,301 | 571,750 | 637,795 |

| Full Time Employee Equivalent | | | |
|-------------------------------|-------------|-------------|-------------|
| Department | 2021 Budget | 2022 Budget | 2023 Budget |
| Facilities | 1.80 | 2.56 | 2.01 |

Street Fund

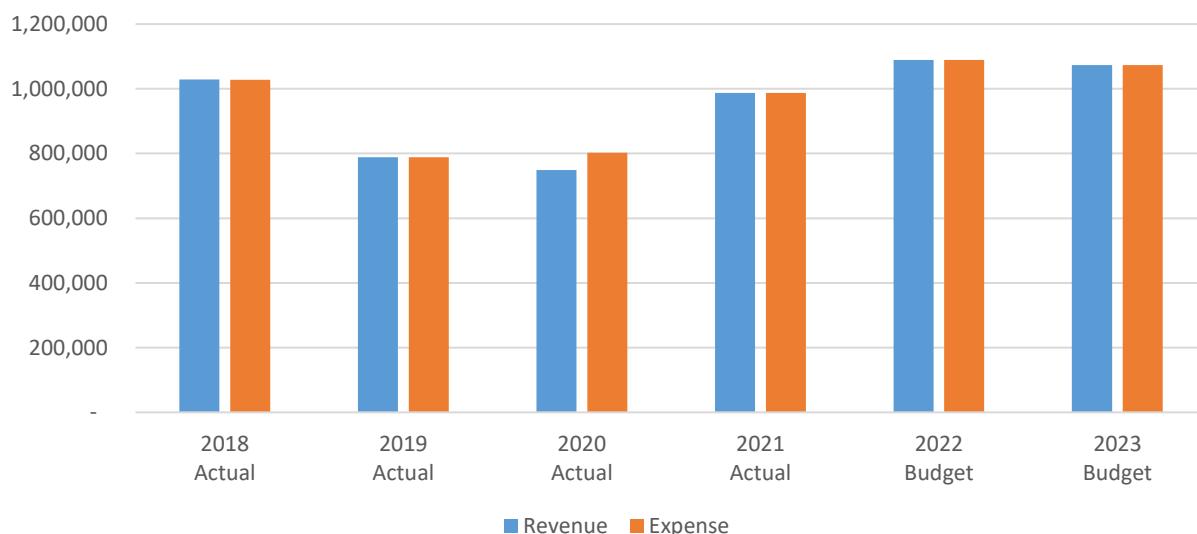
The City's Street Fund preserves and maintains the community's investment in over 150 lane miles of roads, sidewalks, bridges, signs, vegetation and rights-of-way. Comprised of 4.25 FTEs, this division utilizes seasonal employees to augment its full-time employees, who respond to various emergency situations, including: winter storms, flooding, vehicular accidents and spills.

Our Street Division schedules and performs maintenance of streets and street signs. The street crew responds to calls regarding hazardous conditions, damaged or missing street signs, and roadside vegetation.

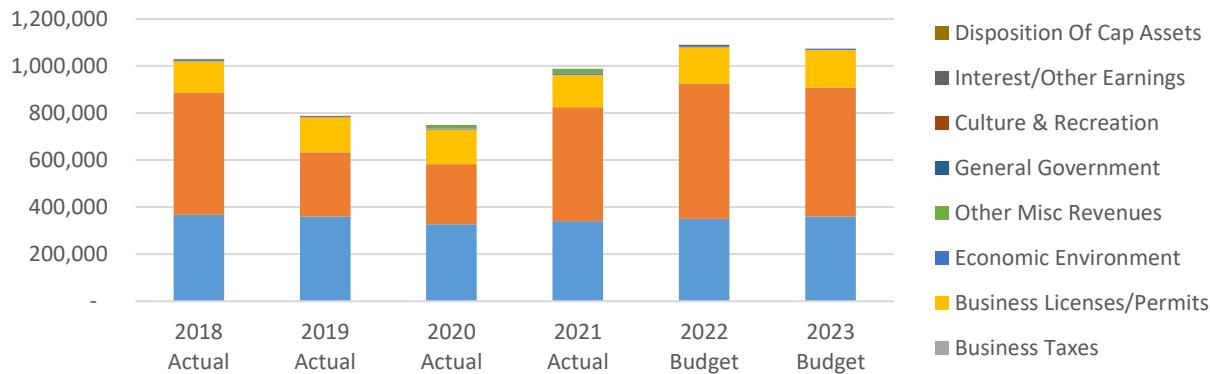
The Street Division works in conjunction with emergency response agencies during inclement weather to remove snow, ice and storm debris from the roadways. Snowplow, sanding, and de-icing routes have been pre-planned to facilitate a quick response when necessary.

The pavement management program is separate from this operations and maintenance fund and is operated out of the REET Fund 106.

Street Fund Revenue/Expense History



Street Revenue



| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|---------------------------|------------------|----------------|----------------|----------------|------------------|------------------|
| State Entitlements | 367,953 | 360,057 | 326,432 | 341,154 | 349,679 | 358,930 |
| Transfers In | 520,000 | 273,410 | 256,000 | 484,173 | 576,111 | 548,828 |
| Business Taxes | - | - | - | - | - | - |
| Business Licenses/Permits | 131,638 | 147,164 | 147,488 | 137,312 | 153,000 | 160,000 |
| Economic Environment | 3,105 | 4,526 | 3,950 | 5,900 | 5,000 | 6,000 |
| Other Misc Revenues | 1,186 | - | 12,311 | 19,042 | - | - |
| General Government | 2,257 | - | - | - | 4,760 | - |
| Culture & Recreation | 1,107 | 163 | 163 | - | 533 | - |
| Interest/Other Earnings | 989 | 2 | 1 | - | - | - |
| Disposition Of Cap Assets | 185 | 3,260 | 2,115 | - | - | - |
| Total | 1,028,419 | 788,581 | 748,459 | 987,582 | 1,089,083 | 1,073,758 |

State Entitlements: This is the motor vehicle fuel tax received by the City from the State to be used for city roads.

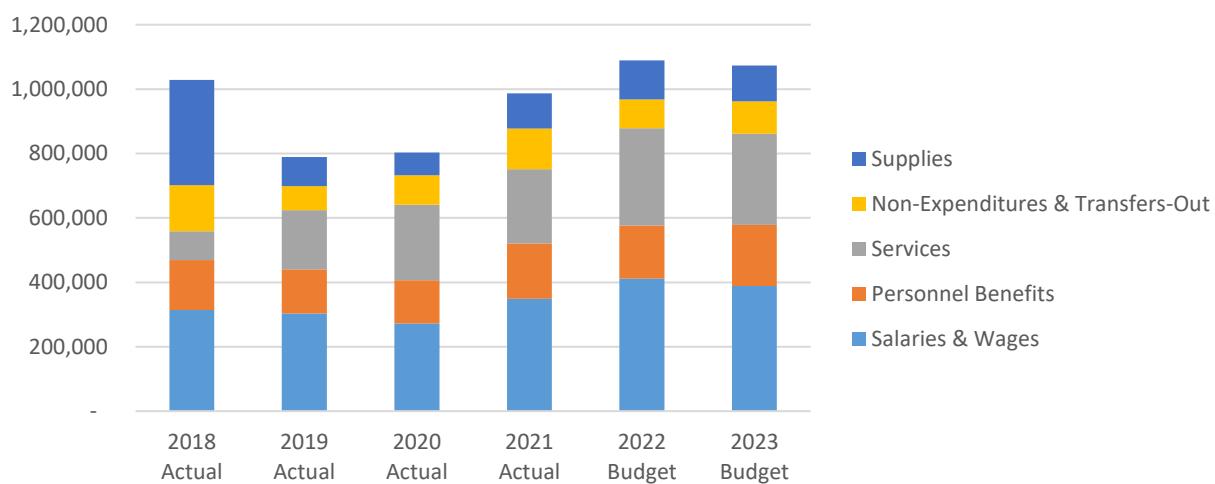
Business & Occupation Taxes: The fees charged against electric utilities are dedicated to the Street Fund, per City Code. The tax rate is set by City ordinance to the company operating the utility.

Transfers In: The General Fund subsidizes the operations of the Street Division as other revenues are not sufficient to pay for the operation of this division.

Street Fund Expenditures

The Street Division is managed by the Street Manager who also manages the Storm, Facilities, and Fleet Divisions, under the guidance of the Public Works Director. There are three full-time maintenance employees in this department. In addition, there are other support staff. In the spring, the City hires seasonal workers to help maintain the roadways. Salaries and benefits are the primary expense for this fund. Another primary expense is repairs to the roadways. The City also pays the Clark County Public Utility District for street light repairs. This fund is just the operations and maintenance fund. The pavement management program is operated out of the REET Fund 106.

Streets Expense



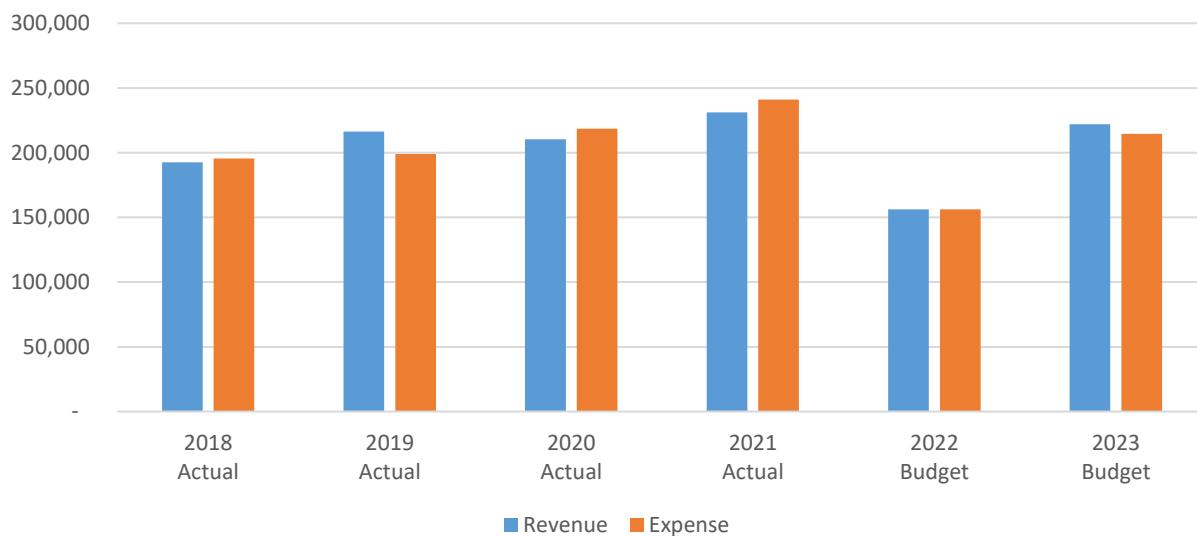
| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|----------------------------------|------------------|----------------|----------------|----------------|------------------|------------------|
| Salaries & Wages | 314,193 | 303,063 | 272,729 | 349,327 | 411,700 | 388,600 |
| Personnel Benefits | 154,969 | 137,705 | 133,609 | 171,290 | 164,600 | 190,300 |
| Services | 89,800 | 183,001 | 234,905 | 231,168 | 302,150 | 282,858 |
| Non-Expenditures & Transfers-Out | 142,533 | 74,645 | 91,488 | 125,949 | 90,000 | 100,000 |
| Supplies | 326,731 | 90,317 | 69,918 | 109,450 | 120,633 | 112,000 |
| Total | 1,028,226 | 788,730 | 802,649 | 987,183 | 1,089,083 | 1,073,758 |

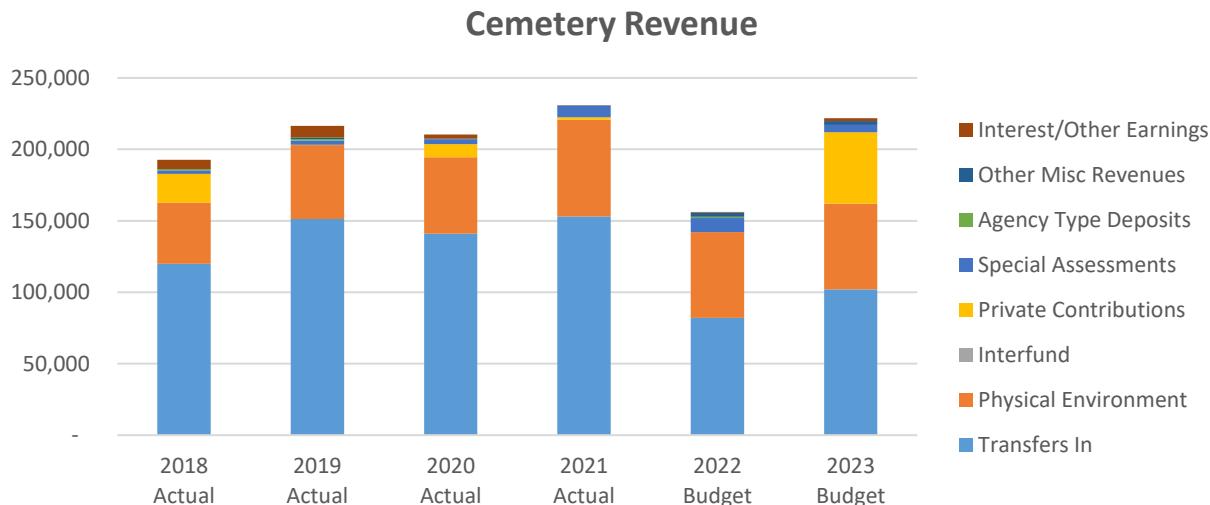
| Full Time Employee Equivalent | | | |
|-------------------------------|-------------|-------------|-------------|
| Department | 2021 Budget | 2022 Budget | 2023 Budget |
| Street | 4.25 | 4.20 | 4.25 |

Cemetery Fund

The City of Washougal operates the Washougal Memorial Cemetery, providing the only public burial ground in Washougal, Washington. The City sells cemetery lots, niche wall spots, cemetery services, markers, and other services for a burial. In addition, the City maintains the grounds of the Cemetery.

Cemetery Fund Revenue/Expense History





| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Transfers In | 120,000 | 151,200 | 141,000 | 153,000 | 82,000 | 102,000 |
| Physical Environment | 42,649 | 51,882 | 53,540 | 67,740 | 60,000 | 60,000 |
| Interfund | - | - | - | - | - | - |
| Private Contributions | 20,108 | 214 | 9,204 | 1,681 | - | 50,000 |
| Special Assessments | 2,575 | 2,920 | 3,320 | 8,008 | 10,000 | 5,000 |
| Agency Type Deposits | 797 | 951 | - | - | 800 | - |
| Other Misc Revenues | 27 | 1,287 | 368 | 275 | 2,900 | 2,900 |
| Interest/Other Earnings | 6,452 | 7,872 | 2,908 | 360 | 500 | 2,000 |
| Total | 192,608 | 216,326 | 210,339 | 231,064 | 156,200 | 221,900 |

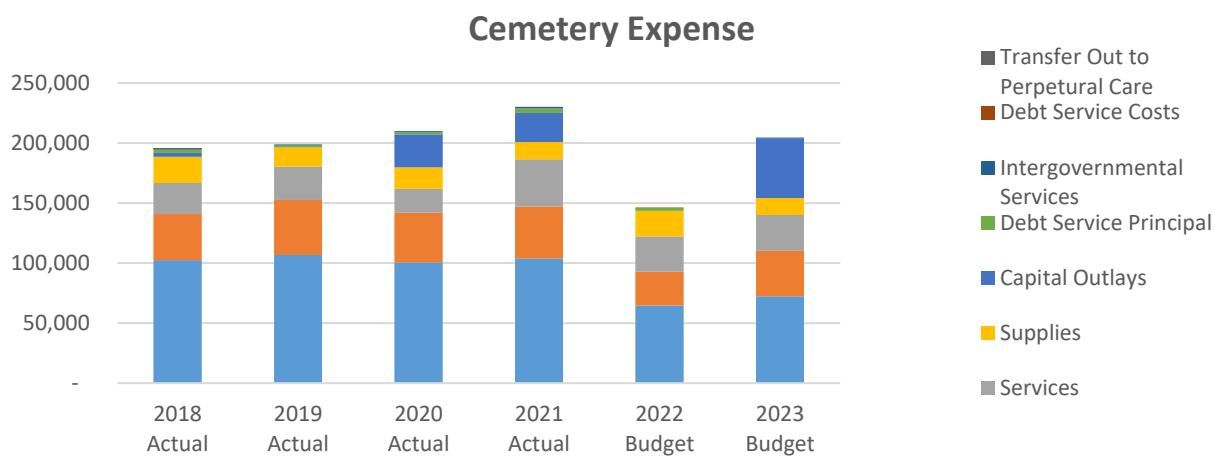
Transfers In: The cemetery fund is supported by the General Fund because Cemetery revenues do not cover all expenses. This is received via this revenue source.

Physical Environment: The Cemetery collects fees for cemetery services including plot sales (65% of the proceeds go to operation of this fund), burials, and niche wall placement.

Special Assessments: The Cemetery sells plots to citizens and a portion of these sales goes towards capital needs of the cemetery at a rate of 10% of the plot sale.

Cemetery Expenditures

In addition to being overseen by the Public Works Director, the Cemetery Fund is managed by the Parks Planning Manager. In 2020, the State Auditor's Office informed the City that the perpetual care funds must be received into this fund and then transferred to the Perpetual Care fund. At that time, a line was established to record this transfer. For 2023, the Cemetery is refining how it operates between staffing and contracting out burials. Staffing levels have increased since 2022 to 1.02 FTE resulting in salaries and benefits being the largest expense to this fund.



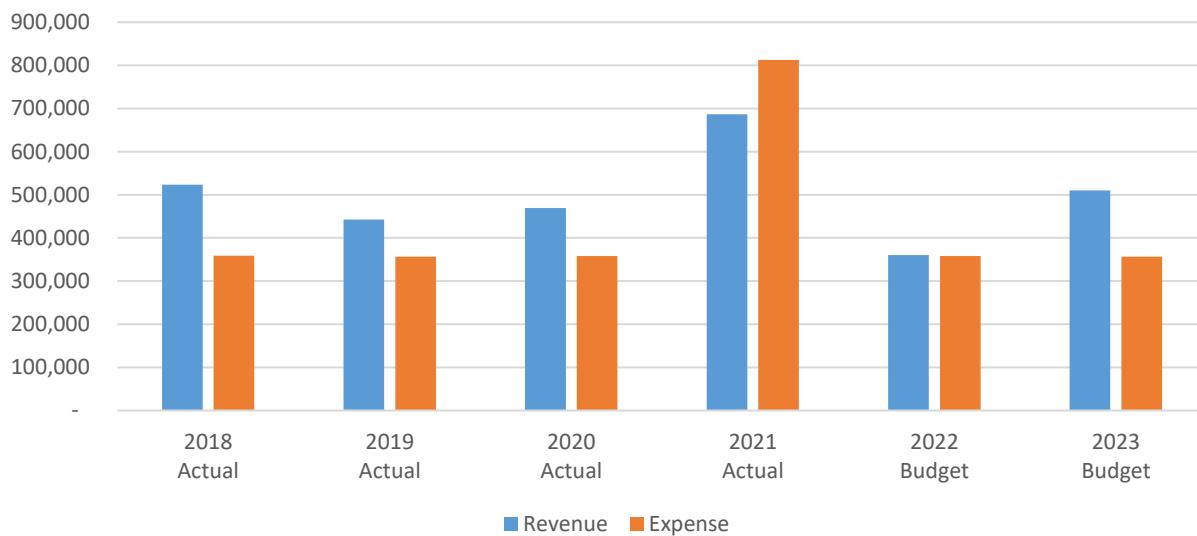
| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Salaries & Wages | 102,526 | 106,710 | 100,527 | 103,702 | 64,700 | 72,300 |
| Personnel Benefits | 38,249 | 45,911 | 41,521 | 43,408 | 28,300 | 37,800 |
| Services | 26,043 | 27,760 | 19,934 | 39,362 | 29,100 | 30,050 |
| Supplies | 21,890 | 15,852 | 17,790 | 14,292 | 21,450 | 14,000 |
| Capital Outlays | 3,132 | - | 27,492 | 24,435 | - | 50,000 |
| Debt Service Principal | 2,600 | 1,760 | 1,823 | 3,707 | 2,600 | - |
| Intergovernmental Services | 736 | 801 | 911 | 1,258 | - | 450 |
| Transfer Out to Perpetual Care | | | 8,453 | 10,850 | 10,000 | 10,000 |
| Debt Service Costs | 379 | 200 | - | - | 200 | - |
| Total | 195,555 | 198,994 | 218,451 | 241,014 | 156,350 | 214,600 |

| Full Time Employee Equivalent | | | |
|-------------------------------|-------------|-------------|-------------|
| Department | 2021 Budget | 2022 Budget | 2023 Budget |
| Cemetery | 1.50 | 0.82 | 1.02 |

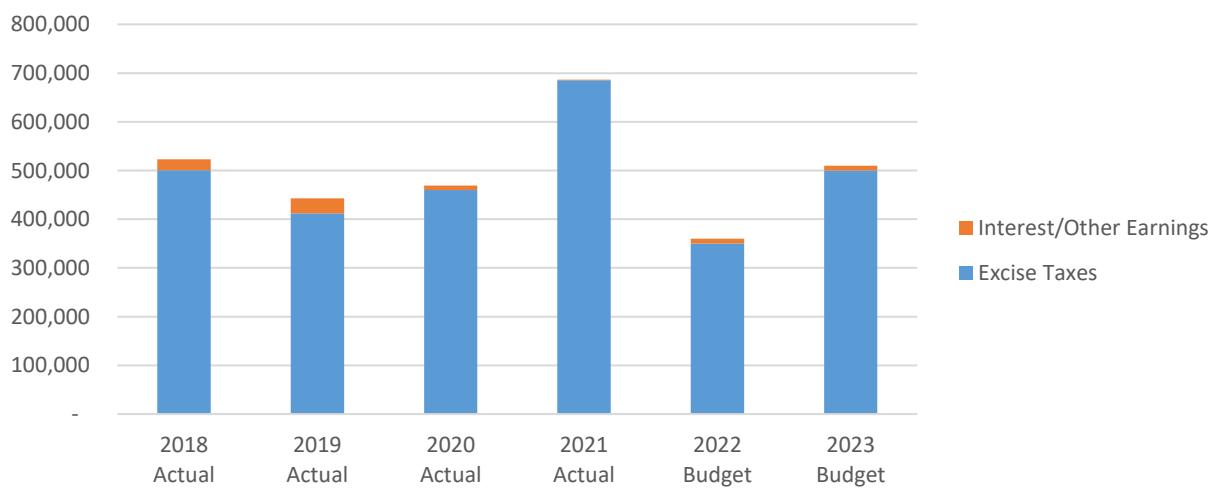
First Quarter Percent REET Fund

The Real Estate Excise Tax (REET) is levied on all sales of real estate. The revenue received is limited by state statute to expenditures for the planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets, roads, sidewalks, parks, trails, and bridges, as specified in a capital facilities plan. These funds are earmarked for future debt payment for the downtown bonds. The first .25 percent of the tax is tracked in this fund as it has different requirements than the second .25 percent, which is tracked in Fund 106.

REET 1 Revenue/Expense History



REET 1 Revenue



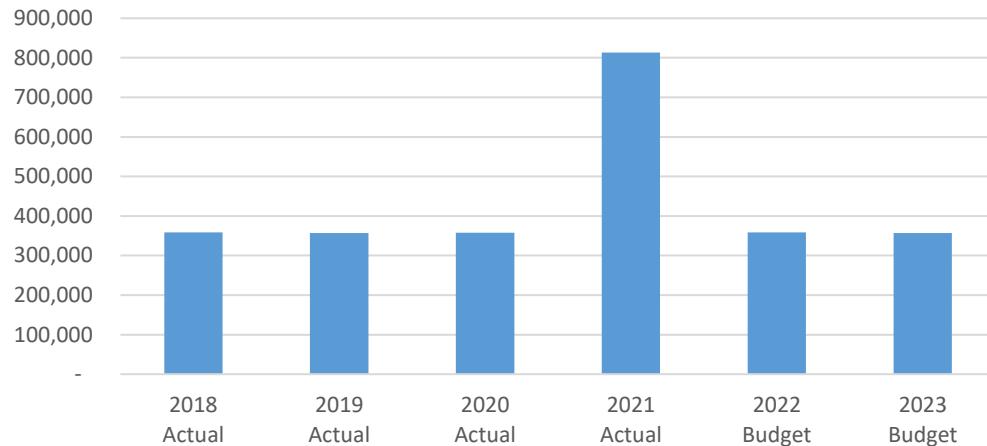
| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Excise Taxes | 500,386 | 411,921 | 460,118 | 685,247 | 350,000 | 500,000 |
| Interest/Other Earnings | 22,839 | 30,786 | 9,164 | 1,514 | 10,000 | 10,000 |
| Total | 523,226 | 442,706 | 469,282 | 686,761 | 360,000 | 510,000 |

Other Taxes: These are the first .25% Real Estate Excise Tax which is an excise tax on sale of real property. Proceeds are to be used solely for financing capital projects specified in a capital facilities plan.

First Quarter Percent REET Fund Expenditures

The proceeds of this fund are used for the payment of the Downtown Improvement Bonds, General Obligation Debt and capital projects.

REET 1 Expense

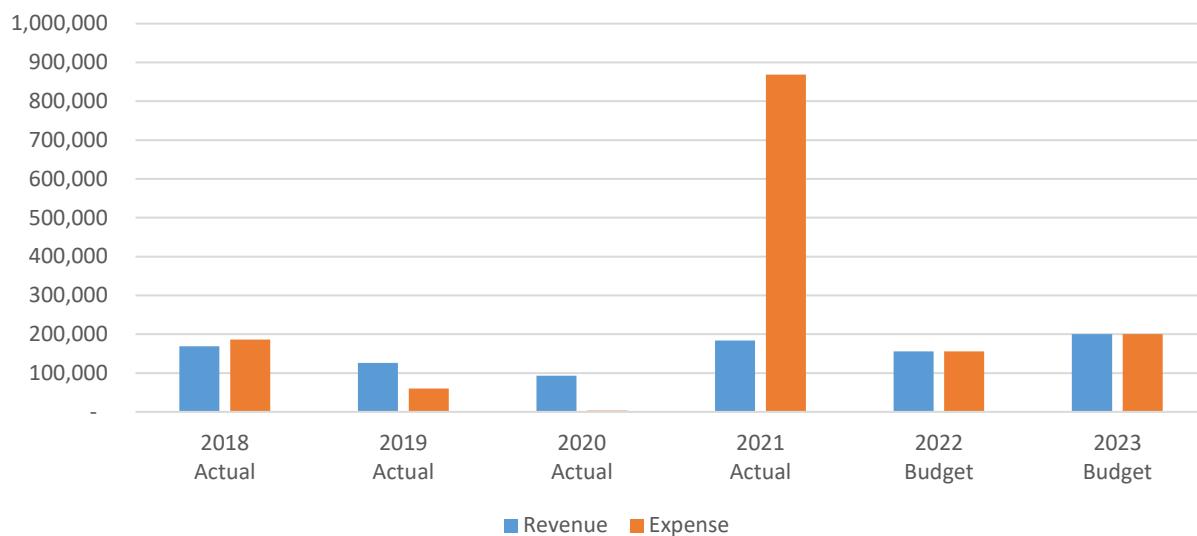


| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Non-Expenditures & Transfers-Out | 358,600 | 356,700 | 357,850 | 812,932 | 358,400 | 356,600 |
| Total | 358,600 | 356,700 | 357,850 | 812,932 | 358,400 | 356,600 |

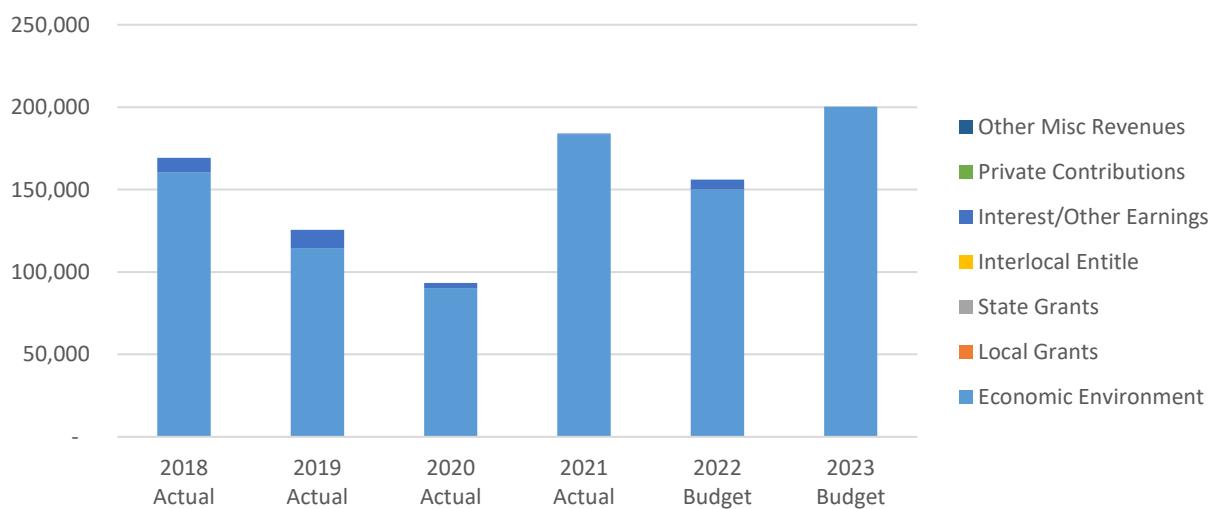
Park Development Fund

Park Impact Fees are collected at the time of building permit issuance and can be used for the acquisition and development of parks, open space, and recreation facilities. This fund tracks those revenues. Operations and maintenance expenses are not allowed. Park Impact Fee revenue also must be spent within a ten-year time from the date they are received. Funds are appropriated for the projects contained in the Parks Capital Facility Plan. All acquisitions require Council approval.

Park Development Fund Revenue/Expense History



Park Development Revenue



| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Economic Environment | 160,350 | 114,520 | 90,240 | 183,453 | 150,000 | 200,300 |
| Local Grants | - | - | - | - | - | - |
| State Grants | - | - | - | - | - | - |
| Interlocal Entitle | - | - | - | - | - | - |
| Interest/Other Earnings | 8,846 | 11,164 | 3,114 | 487 | 6,000 | - |
| Private Contributions | - | - | - | - | - | - |
| Other Misc Revenues | - | - | - | - | - | - |
| Total | 169,196 | 125,684 | 93,354 | 183,940 | 156,000 | 200,300 |

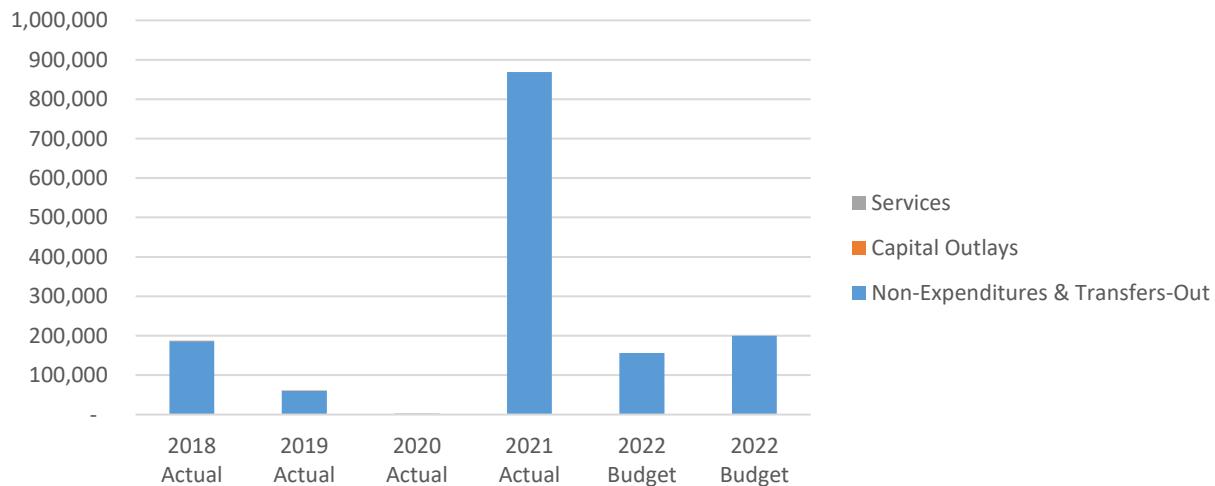
Economic Environment: These are the Park Impact Fees collected on development activity to be used as a part of financing for public parks.

State Grants: Grants are awarded by the state after an application process is completed on a project basis.

Park Development Expenditures

All expenditures out of this fund are for projects contained in the Parks Capital Facility Plan. In 2016, the City created a Park's Capital Fund, in which all park capital improvement projects are tracked. The Park Impact Fee (PIF) revenue will be transferred into the Park Capital Fund 350 to support PIF eligible projects. The projects for 2023 are discussed in the Parks Capital Fund. This began in 2018, which was a change from previous years where all PIF projects were tracked in this fund.

Park Development Expense

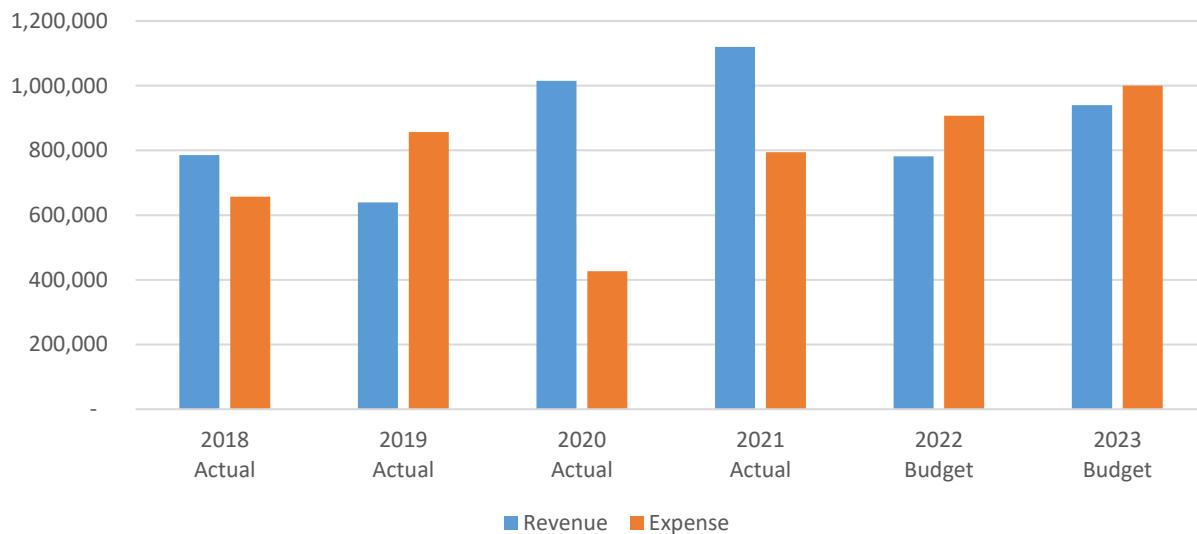


| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2022 Budget |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Non-Expenditures & Transfers-Out | 186,338 | 60,205 | - | 869,000 | 156,000 | 200,300 |
| Capital Outlays | 110 | 195 | - | - | - | - |
| Services | 108 | - | 3,100 | - | - | - |
| Total | 186,556 | 60,400 | 3,100 | 869,000 | 156,000 | 200,300 |

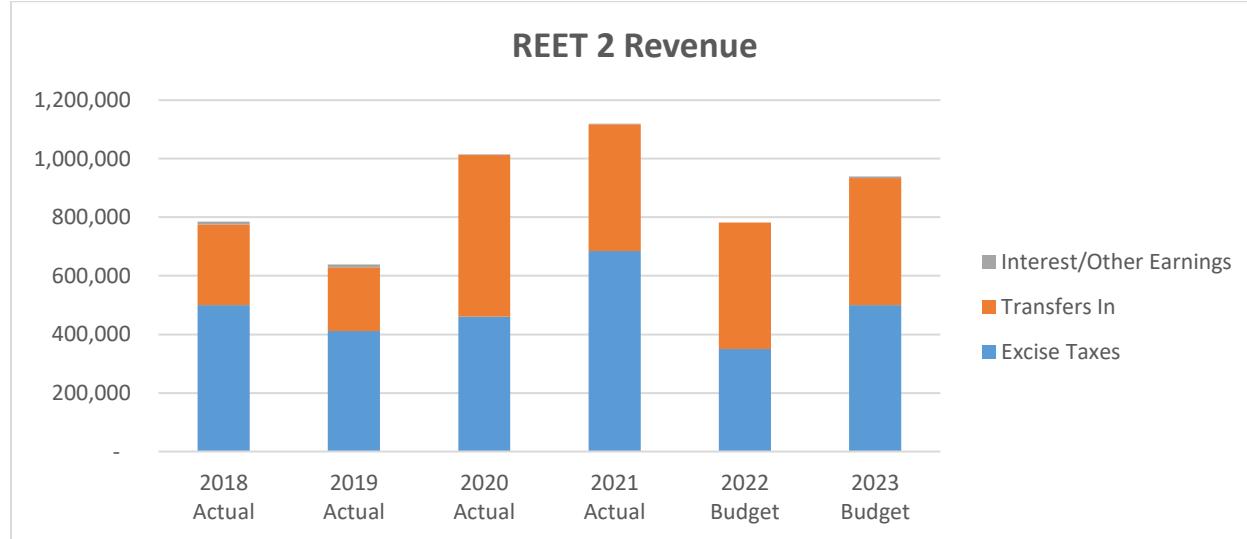
Second Quarter Percent REET Fund

The second quarter percent of Real Estate Excise Tax (REET) may be spent similarly to the first quarter percent of REET, except the planning and acquisition costs are not allowed. The City has historically used this revenue to fund pavement management expenses, which will continue in 2023. In addition, this fund pays debt payments for the downtown bond.

REET 2 Revenue/Expense History



REET 2 Revenue



| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|-------------------------|----------------|----------------|------------------|------------------|----------------|----------------|
| Excise Taxes | 500,386 | 411,921 | 460,118 | 684,247 | 350,000 | 500,000 |
| Transfers In | 275,000 | 217,000 | 552,896 | 433,394 | 431,800 | 434,000 |
| Interest/Other Earnings | 9,633 | 10,217 | 1,789 | 2,317 | - | 5,500 |
| Total | 785,019 | 639,137 | 1,014,803 | 1,119,959 | 781,800 | 939,500 |

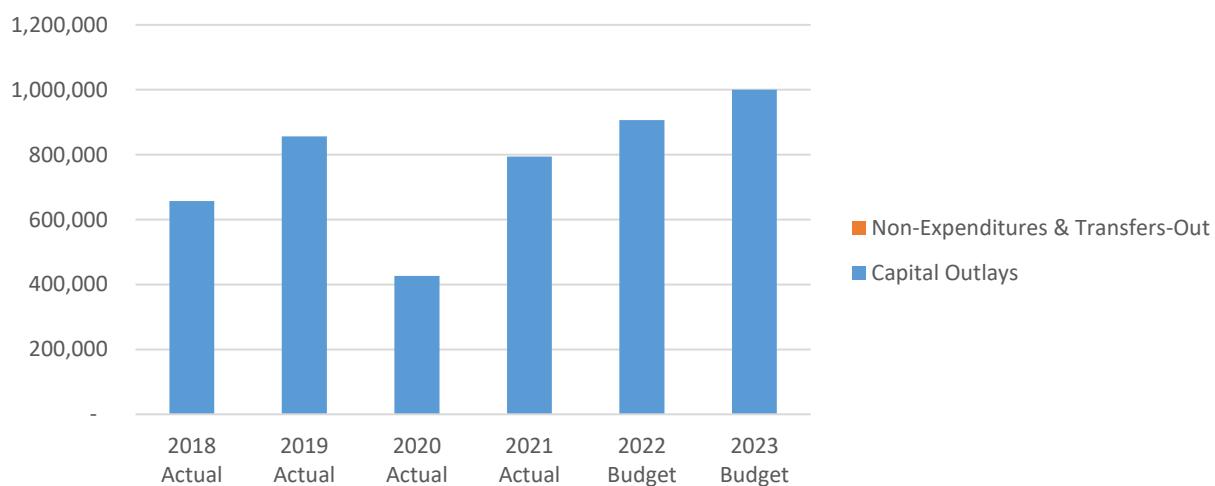
Other Taxes: These are the second .25% Real Estate Excise Tax which is an excise tax on sale of real property. Proceeds are to be used solely for financing capital projects specified in a capital facilities plan.

Transfers In: Transportation Benefit District (TBD) fees of \$264,000 are receipted in the General Fund and then transferred to this fund. The General Fund also appropriates an additional \$170,000 from non-TBD funds in support of the Pavement Management Program.

Second Quarter Percent REET Fund Expenditures

The primary expenditure for this fund is the Pavement Management Program. The City increased this line item from \$500,000 in 2016 to \$750,000 in 2017, to \$863,000 in 2019 and \$907,000 starting in 2020, as this is the Council's number one priority. The line item was increased again in 2023 to \$1,000,000. The Pavement Management Program includes an array of road treatments, including chip, micro, and slurry seals, as well as grind inlay projects to extend the life of city streets. Upcoming projects include E street west of 32nd to C/L, 32nd Street between J and W, LeBrun from Shepherd to Lookout Ridge Drive, Campen Creek area, Rolling Meadows Neighborhood and Turtle Terrace.

Reet 2 Expense

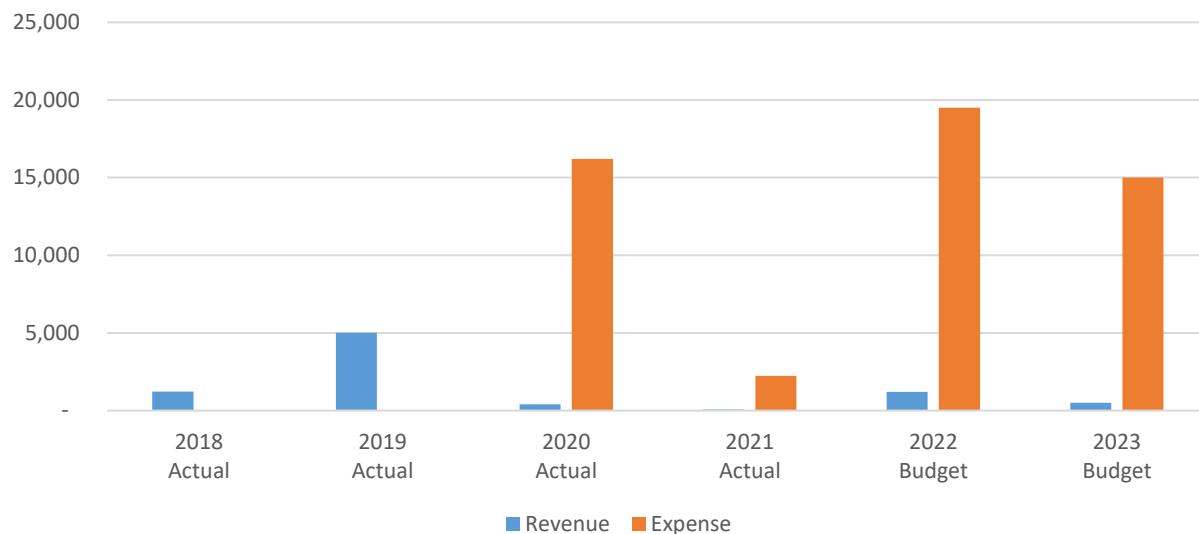


| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Capital Outlays | 656,736 | 856,830 | 426,260 | 794,141 | 907,000 | 1,000,000 |
| Non-Expenditures & Transfers-Out | - | - | - | - | - | - |
| Total | 656,736 | 856,830 | 426,260 | 794,141 | 907,000 | 1,000,000 |

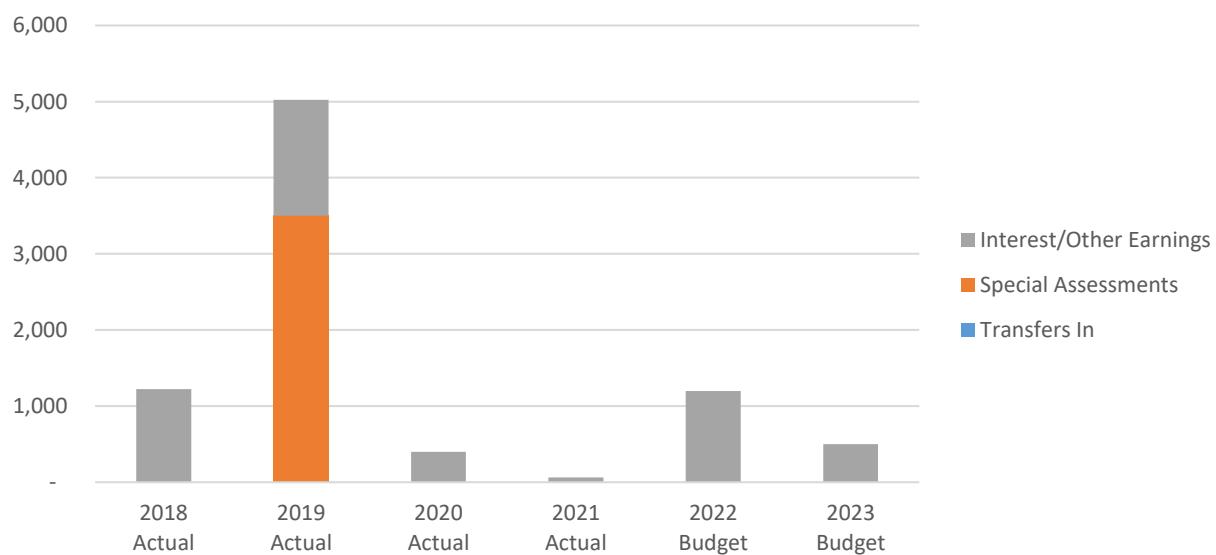
Abatement Fund

Established in 2015, this fund provides for any nuisance property abatements that may be necessary for the City to undertake. Expenditures are proposed in the event abatements are necessary. Costs can be liened against abated properties, generating unknown revenues in the future.

Abatement Fund Revenue/Expense History



Abatement Revenue



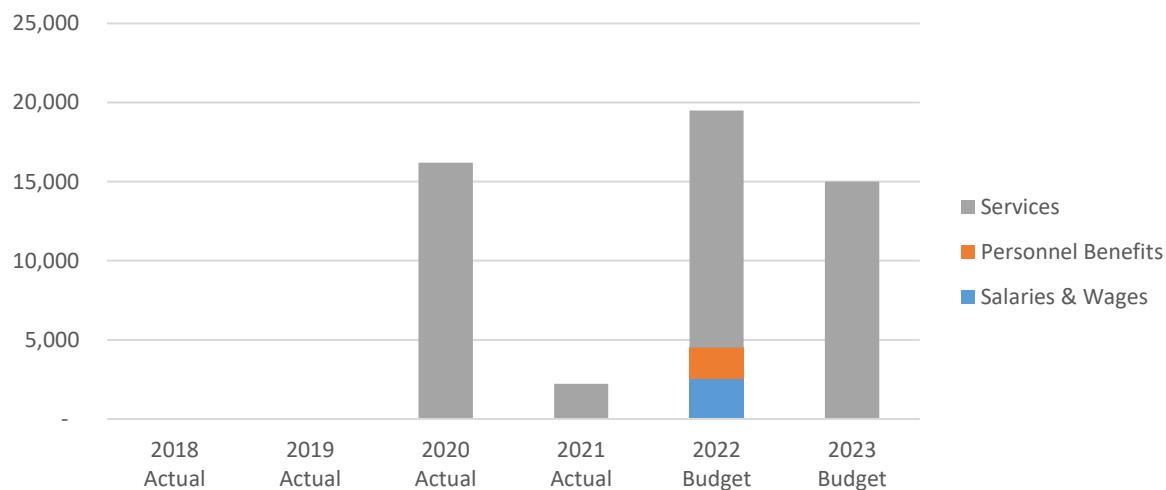
| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Transfers In | - | - | - | - | - | - |
| Special Assessments | - | 3,500 | - | - | - | - |
| Interest/Other Earnings | 1,222 | 1,522 | 401 | 61 | 1,200 | 500 |
| Total | 1,222 | 5,022 | 401 | 61 | 1,200 | 500 |

Transfers In: Council set this fund up for future abatement issues which may arise. Original set up money came from the General Fund.

Abatement Fund Expenditures

Based on a prior experience with abatement of a property, the City has budgeted for the potential costs of abatement services. Salaries and benefits will only be charged if there is an abatement issue.

Abatement Expense

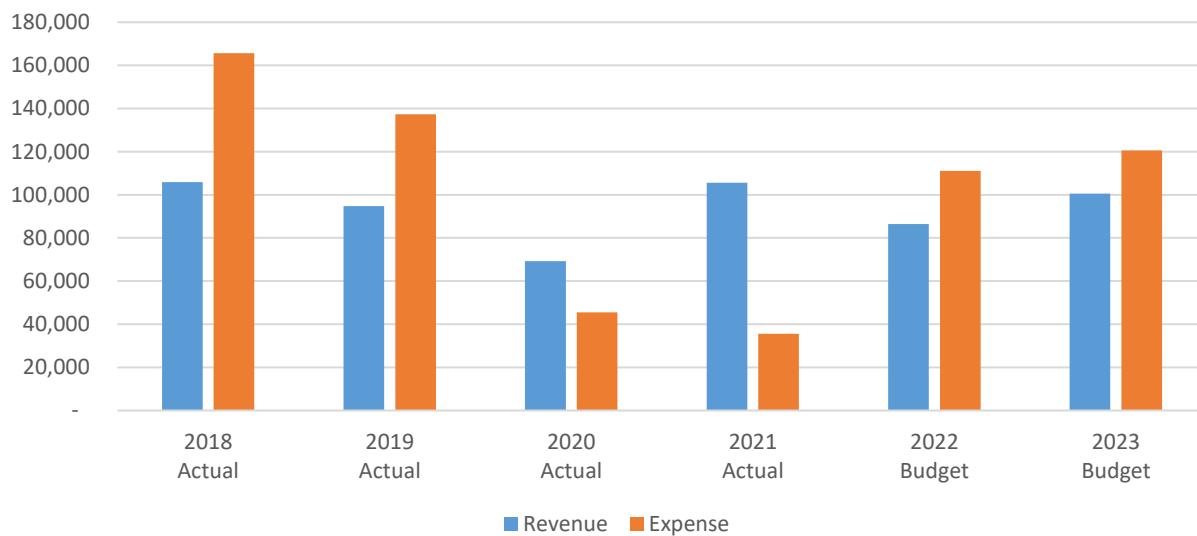


| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Salaries & Wages | - | - | - | - | 2,500 | - |
| Personnel Benefits | - | - | - | - | 2,000 | - |
| Services | - | - | 16,206 | 2,228 | 15,000 | 15,000 |
| Total | 0 | 0 | 16,206 | 2,228 | 19,500 | 15,000 |

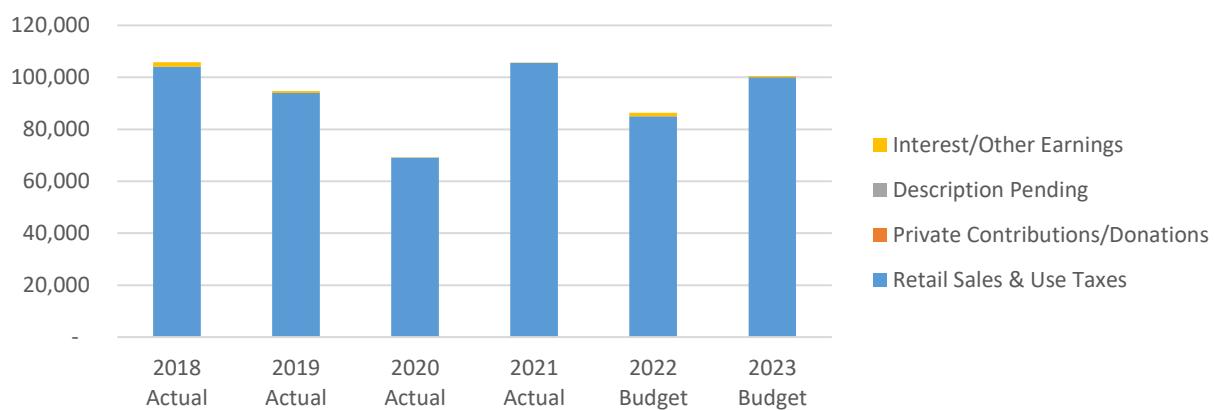
Hotel Motel Tax Fund

The City receives Hotel/Motel taxes from room stays at local hotels. These funds are restricted by statute to the promotion and operation of tourism, increasing visitors and overnight stays to the City. The City has a Lodging Tax Committee whom approves local applications for event funding, including those of the City. Once the Committee approves the application, it is then approved through the budget process by City Council. Council also sets an amount for events as they come up throughout the year at the discretion of the Lodging Tax Committee.

Hotel Motel Fund Revenue/Expense History



Hotel Motel Revenue



| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Retail Sales & Use Taxes | 104,076 | 93,941 | 69,099 | 105,603 | 85,000 | 100,000 |
| Private Contributions/Donations | - | - | - | - | - | - |
| Description Pending | - | - | - | - | - | - |
| Interest/Other Earnings | 1,805 | 749 | 75 | 13 | 1,400 | 500 |
| Total | 105,881 | 94,691 | 69,174 | 105,615 | 86,400 | 100,500 |

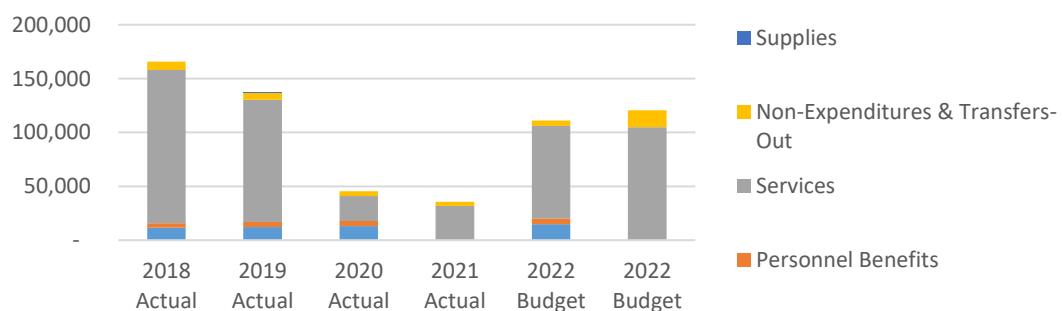
Retail Sales & Use Taxes: These are the Hotel Motel taxes received by the City from local hotels generated based on a tax on room stays. The City has two hotels and several air BnB's from which they receive this tax.

Hotel Motel Tax Fund Expenditures

Expenditures for this fund are for a tourism consultant (\$18,000) as well as tourism events and promotion of the City. The following events/promotions were approved during the 2023 budget process to promote overnight stays in the City during fiscal year:

| Requestor | Event / Promotion | Amount |
|--|-----------------------------------|----------|
| City of Washougal/ Port of Camas-Washougal | July 4 th Fireworks | \$30,000 |
| Camas Washougal Chamber of Commerce | Visitor Information Center | \$1,200 |
| Reed Creative | Video Refresh | \$9,400 |
| Camas-Washougal Historical Society | Washougal Heritage Walking Map | \$5,300 |
| Washougal Arts & Cultural Alliance | Art Festival | \$3,200 |
| Other event support as recommended by the LTAC | | \$32,900 |

Hotel Motel Expense

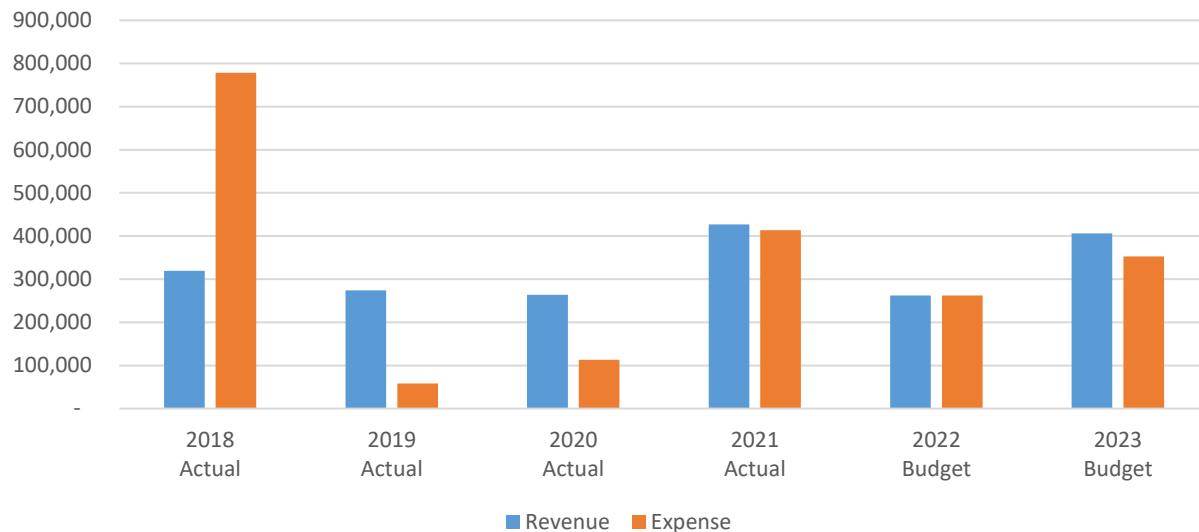


| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Salaries & Wages | 11,504 | 12,305 | 13,024 | 474 | 14,900 | - |
| Personnel Benefits | 4,273 | 4,499 | 4,646 | 156 | 5,200 | - |
| Services | 142,263 | 113,700 | 23,454 | 31,256 | 86,000 | 105,000 |
| Non-Expenditures & Transfers-Out | 7,617 | 6,757 | 4,345 | 3,644 | 5,000 | 15,500 |
| Supplies | - | 61 | - | - | - | - |
| Total | 165,658 | 137,321 | 45,469 | 35,530 | 111,100 | 120,500 |

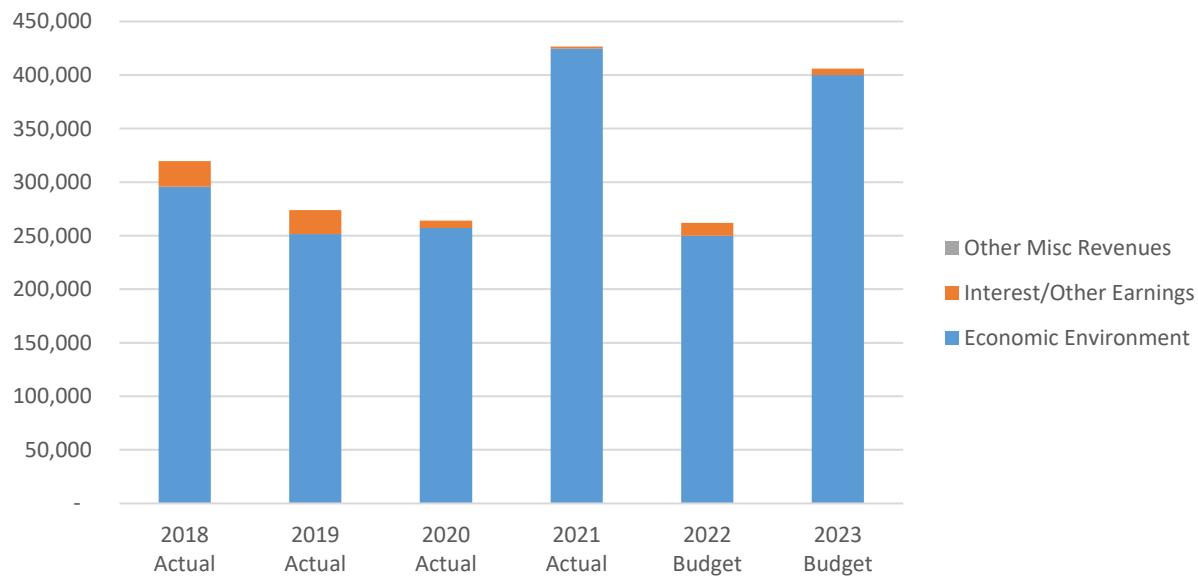
Transportation Development Fund

Traffic Impact Fees (TIF) are collected at the time of building permit issuance and can be used for transportation projects identified in the City's Transportation Capital Facility Plan. Impact fees must be spent within 10 years of their collection. This fund tracks those revenues.

Transportation Development Fund Revenue/Expense History



Transportation Development Fund Revenue



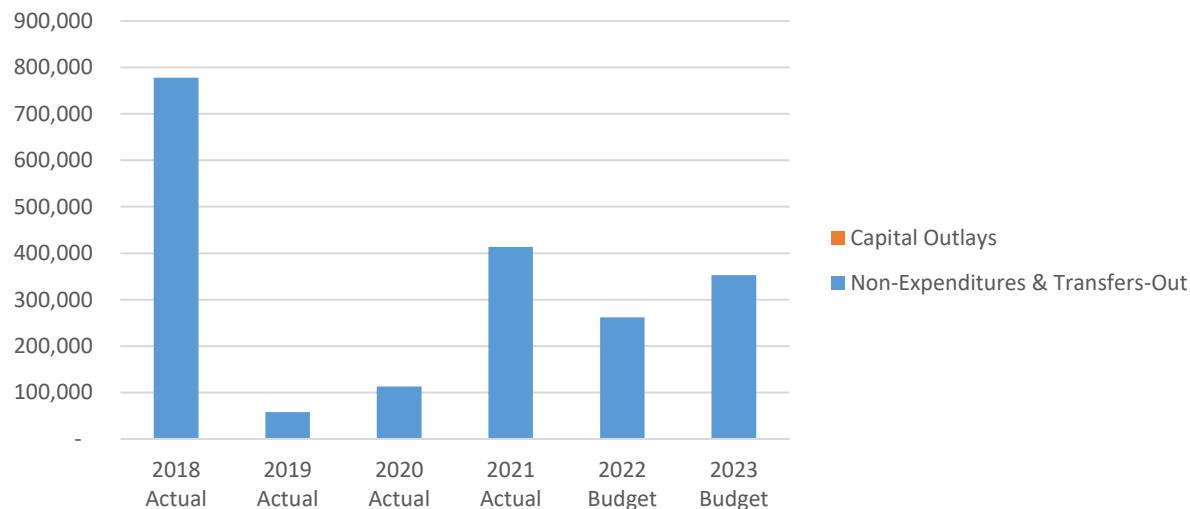
| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Economic Environment | 295,584 | 251,350 | 257,272 | 424,828 | 250,000 | 400,000 |
| Interest/Other Earnings | 24,051 | 22,668 | 6,668 | 1,858 | 12,000 | 6,000 |
| Other Misc Revenues | - | - | - | - | - | - |
| Total | 319,635 | 274,018 | 263,940 | 426,686 | 262,000 | 406,000 |

Economic Environment: These are the Transportation Impact Fees collected on development activity to be used as a part of financing for public roads.

Transportation Development Fund Expenditures

The revenues from this fund are used to pay for Capital Transportation Projects which are tracked out of the Transportation Capital Fund 353. The funds are transferred from this fund as a City match to grant proceeds received during the year to improve roadways, sidewalks, and transportation in the City.

Transportation Development Fund Expense

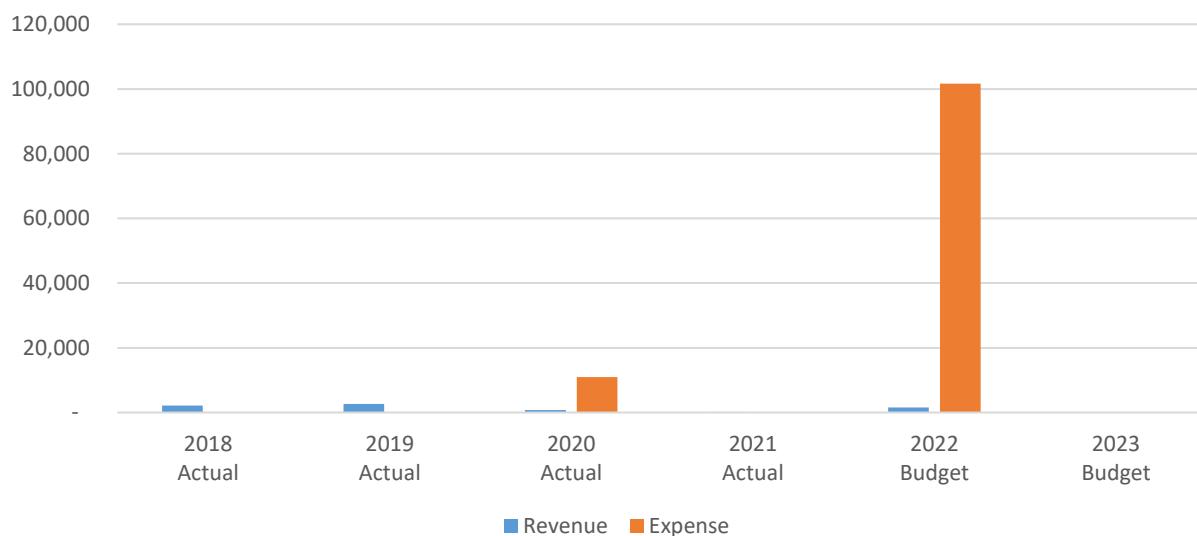


| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Non-Expenditures & Transfers-Out | 778,189 | 57,868 | 112,759 | 413,218 | 262,000 | 352,900 |
| Capital Outlays | - | - | - | - | - | - |
| Total | 778,189 | 57,868 | 112,759 | 413,218 | 262,000 | 352,900 |

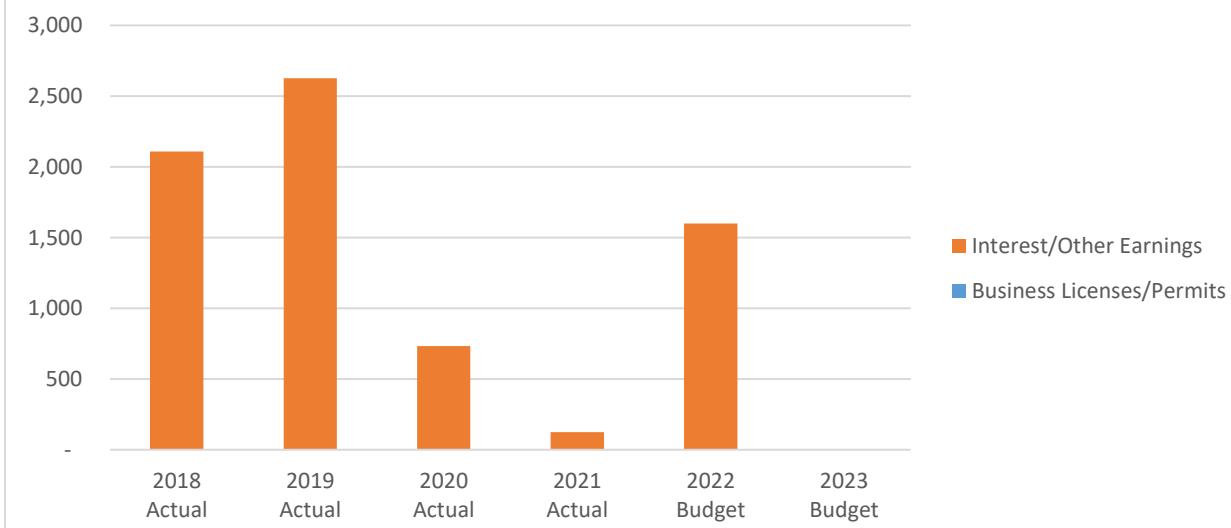
PEG Fee Fund

Public, Educational, and Governmental Access Channels fees are collected from cable subscribers by the cable company and can be used for informational and educational purposes on government and public access channels. Due to the limits on what the funds can be spent for, we are no longer collecting the fee and the fund balance was used to replace capital equipment when it depreciated. The City will reinstate the fee when necessary to ensure recording equipment can be replaced in the future when necessary. The City is not expecting any activity in this fund for 2023.

PEG Fee Fund Revenue/Expense History



PEG Fee Revenue

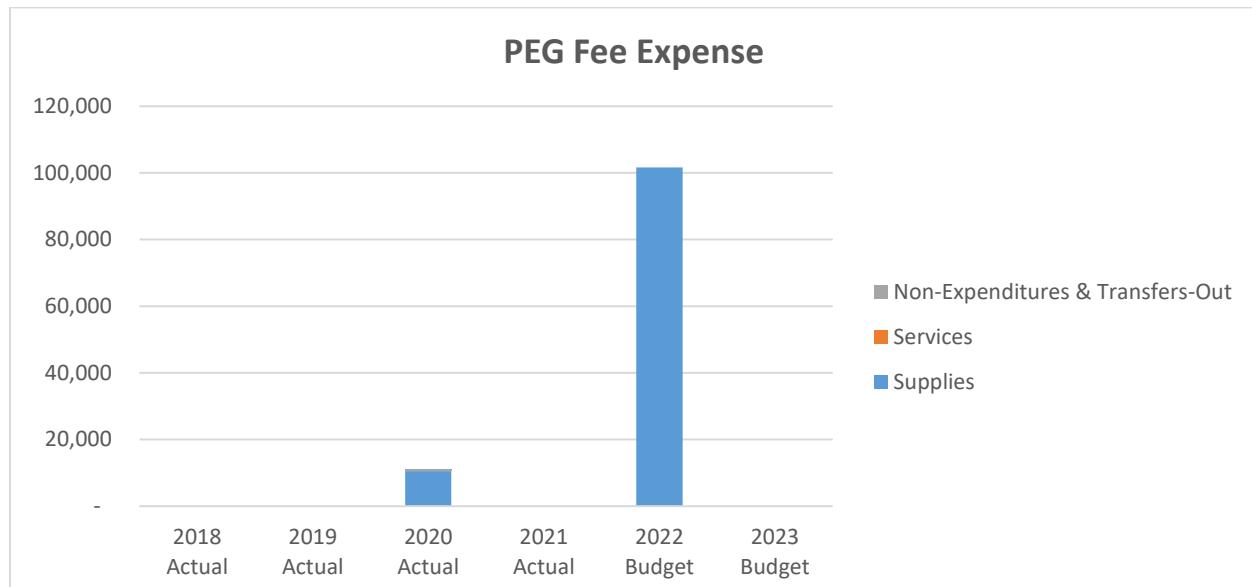


| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Business Licenses/Permits | - | - | - | - | - | - |
| Interest/Other Earnings | 2,109 | 2,627 | 733 | 124 | 1,600 | - |
| Total | 2,109 | 2,627 | 733 | 124 | 1,600 | 0 |

PEG Fee: Fees collected from cable subscribers for use in broadcasting government on local access channels.

PEG Fee Fund Expenditures

The primary expenditure for this fund is video server maintenance. In 2022, the City upgraded all the production equipment in the Council Chambers. No expenses are expected for 2023.

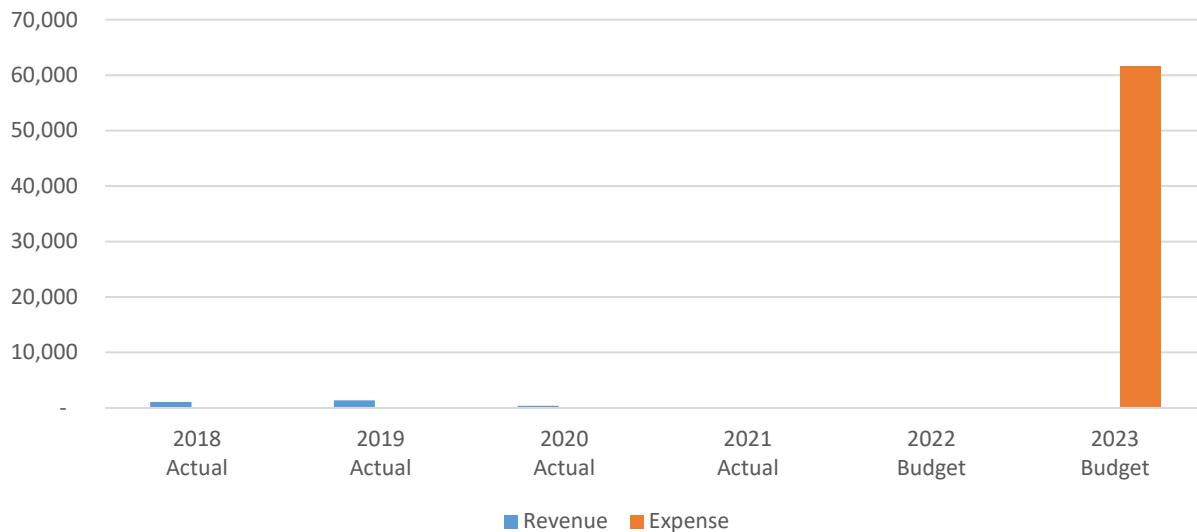


| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Supplies | - | - | 10,504 | - | 101,600 | - |
| Services | - | - | - | - | - | - |
| Non-Expenditures & Transfers-Out | - | - | 463 | - | - | - |
| Total | 0 | 0 | 10,967 | 0 | 101,600 | 0 |

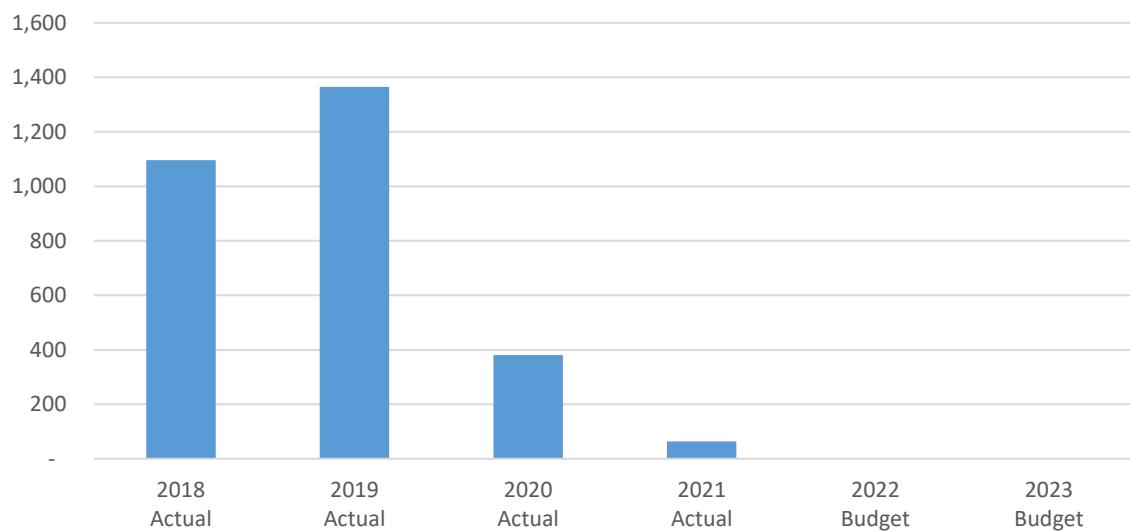
EMS Restricted Revenue Fund

This fund was established to track restricted Emergency Service revenues from a levy lid lift approved by voters in 2006, which expired at the end of 2012.

EMS Fund Revenue/Expense History



EMS Revenue

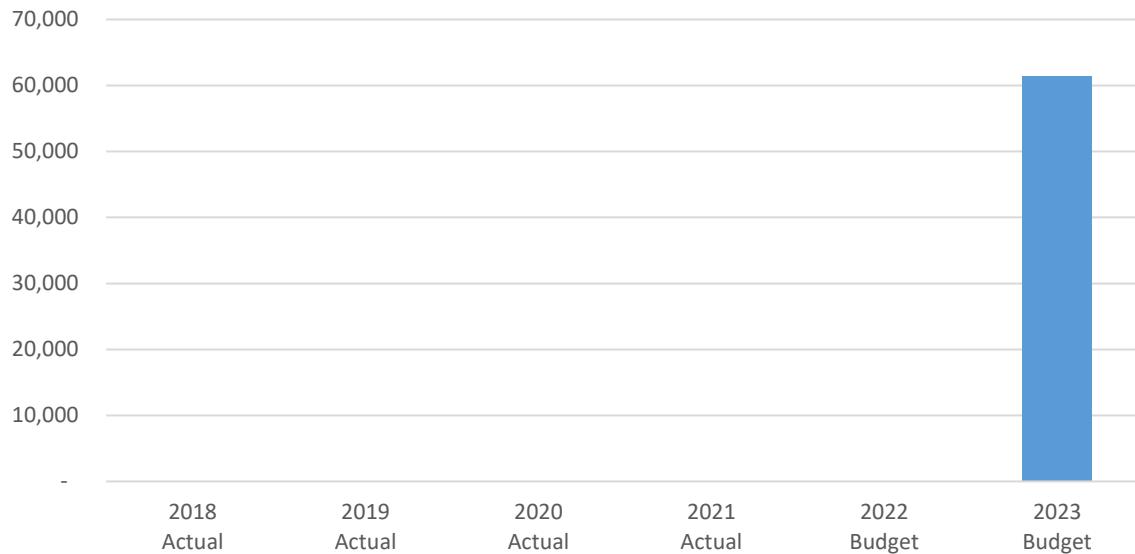


| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|-------------------------|--------------|--------------|-------------|-------------|-------------|-------------|
| Interest/Other Earnings | 1,096 | 1,365 | 381 | 64 | - | - |
| Total | 1,096 | 1,365 | 381 | 64 | 0 | 0 |

EMS Restricted Revenue Fund Expenditures

The fund balance will be transferred to the General Fund in support of the EMS payment to the City of Camas, who operates those services for the City of Washougal.

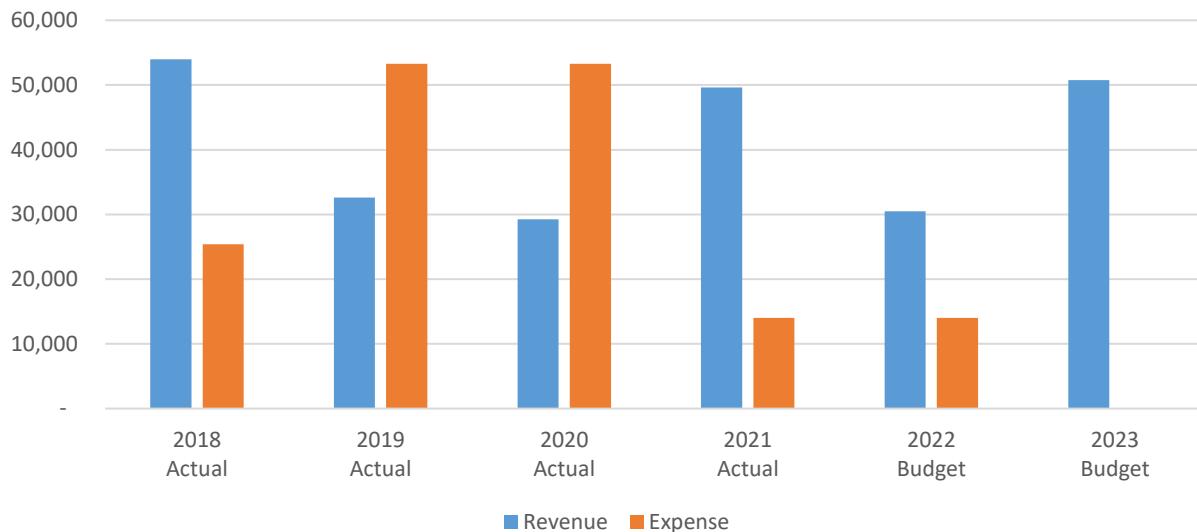
EMS Expense



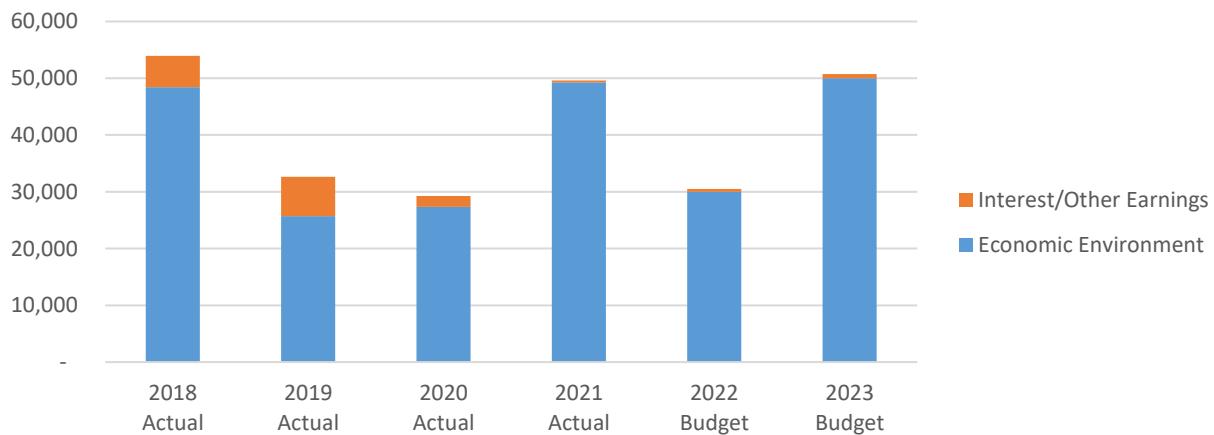
Fire Impact Fees Fund

Fire Impact Fees are collected at the time of building permit issuance and can be used for fire projects identified in the City's Capital Facility Plan. Impact fees must be spent within 10 years of collection. This fund tracks the revenues and expenditures for this restricted revenue source.

Fire Impact Fees Fund Revenue/Expense History



Fire Impact Fee Revenue



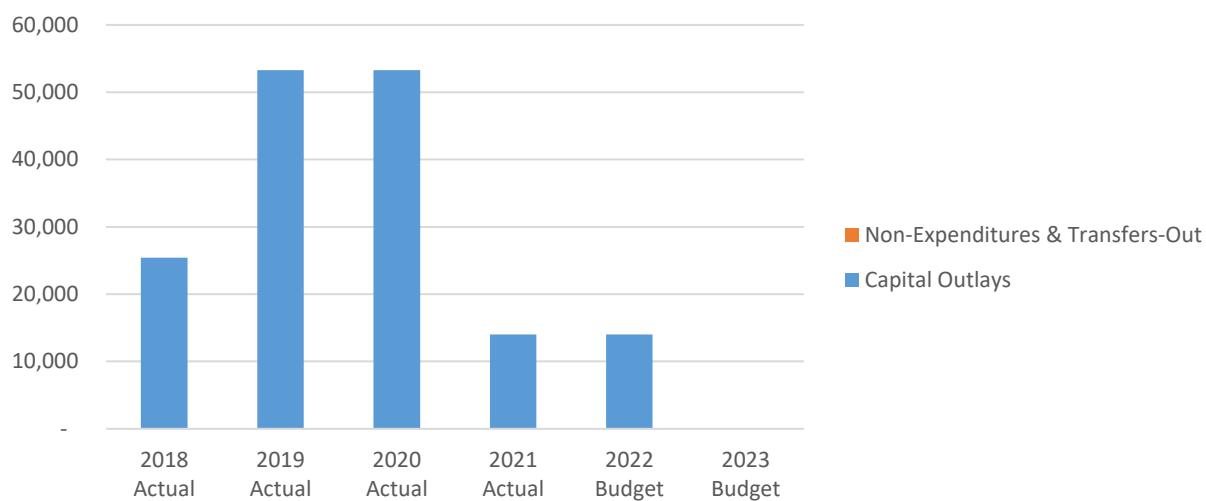
| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Economic Environment | 48,447 | 25,735 | 27,328 | 49,293 | 30,000 | 50,000 |
| Interest/Other Earnings | 5,526 | 6,884 | 1,920 | 324 | 500 | 750 |
| Total | 53,973 | 32,618 | 29,248 | 49,616 | 30,500 | 50,750 |

Economic Environment: These are the Fire Impact Fees collected on development activity to be used as part of financing for fire capital.

Fire Impact Fees Fund Expenditures

In the past, Fire Impact Fees were utilized to make debt payments to the City of Camas for fire apparatus. At this time, these funds are being accumulated for future Fire Department capital facility needs.

Fire Impact Fees Expense

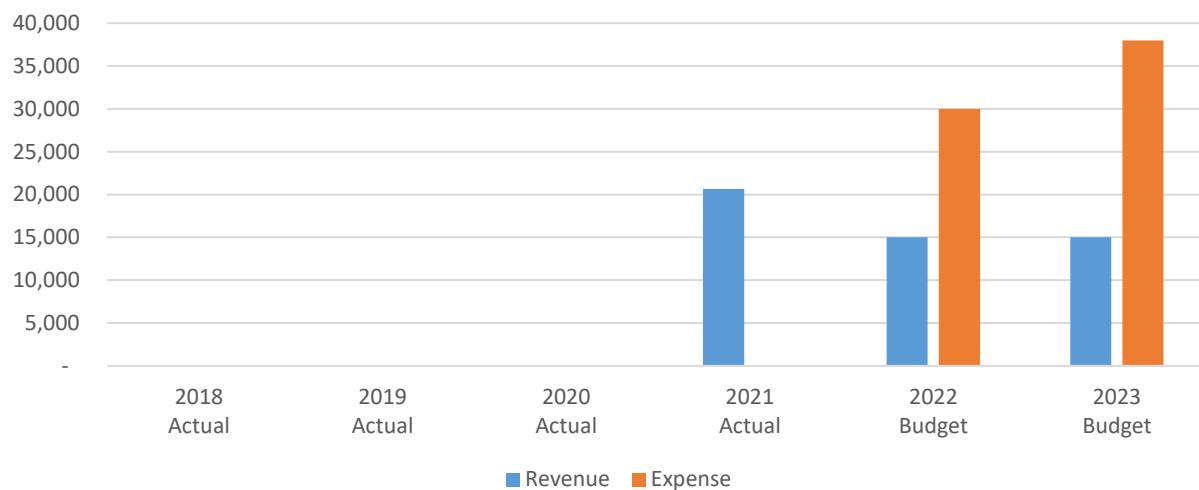


| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Capital Outlays | 25,411 | 53,300 | 53,300 | 14,000 | 14,000 | - |
| Non-Expenditures & Transfers-Out | - | - | - | - | - | - |
| Total | 25,411 | 53,300 | 53,300 | 14,000 | 14,000 | 0 |

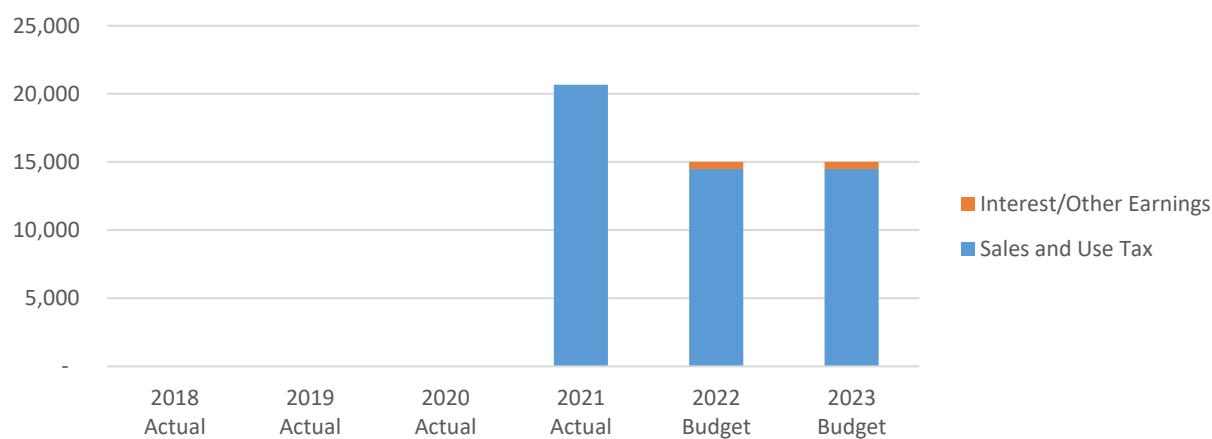
Affordable Housing Sales Tax Credit Fund

This was a new fund in 2021 as the Washington State Legislature approved Substitute House Bill 1406. This authorized the City Council to impose a local sales and use tax for the acquisition, construction or rehabilitation of affordable housing or facilities providing supportive housing, and for the operations and maintenance costs of affordable or supportive housing. This fund tracks the revenues and expenditures for this restricted revenue source.

Affordable Housing Sales Tax Credit Fund Revenue/Expense History



Affordable Housing Sales Tax Credit Revenue



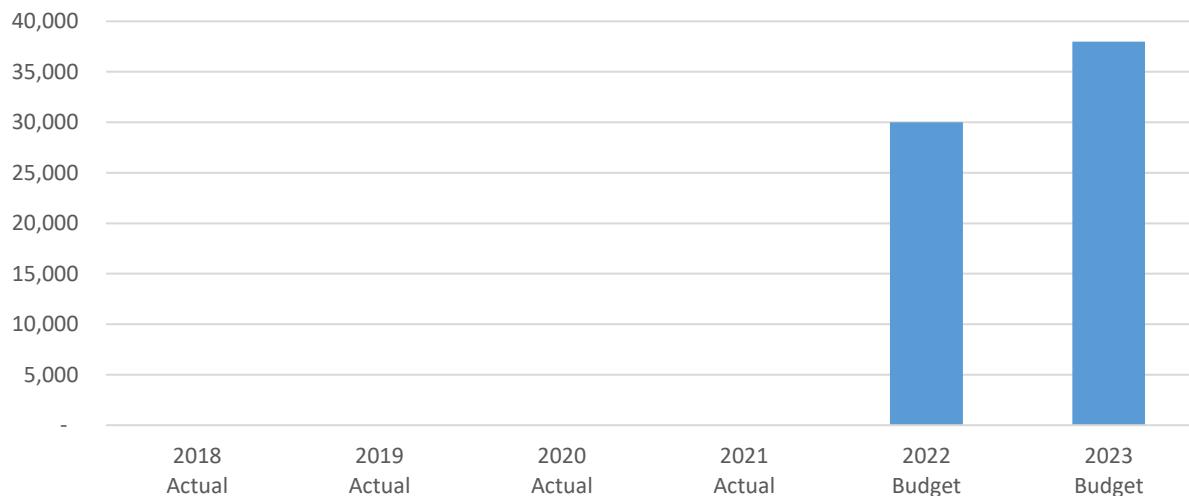
| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Sales and Use Tax | - | - | 0 | 20,665 | 14,500 | 14,500 |
| Interest/Other Earnings | - | - | - | - | 500 | 500 |
| Total | 0 | 0 | 0 | 20,665 | 15,000 | 15,000 |

Sales and Use Tax: This is the City's portion of tax that is collected by the state.

Affordable Housing Sales Tax Credit Fund Expenditures

The City is still determining what the best use of these funds would be for the community. It is anticipated that the City will hire a consultant to utilize these funds, therefore the expenses are all listed as services.

Affordable Housing Sales Tax Credit Expense

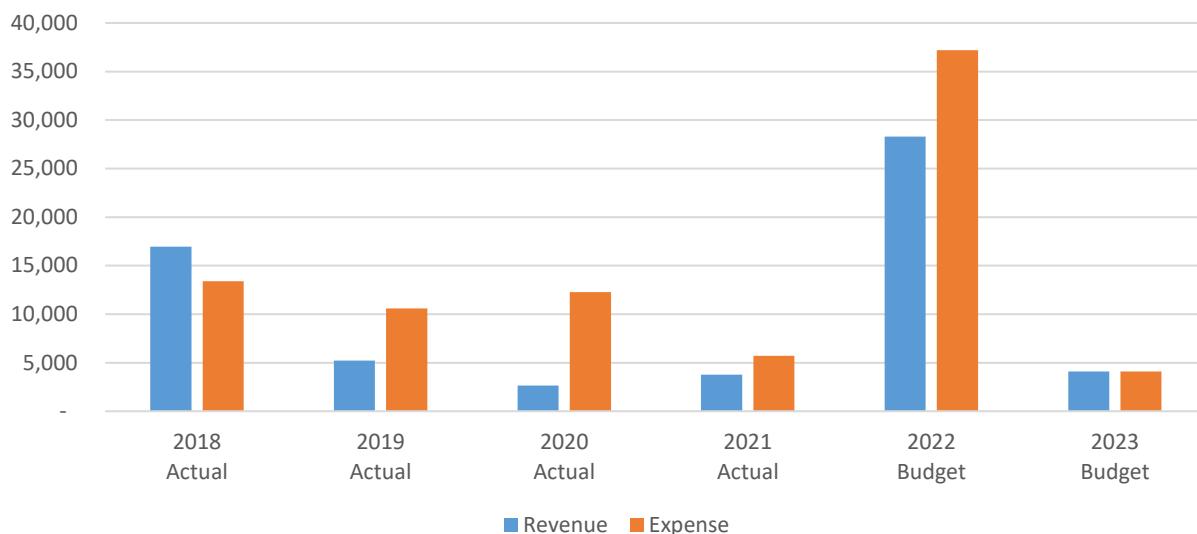


| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|--------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Services | - | - | - | - | 30,000 | 38,000 |
| Total | 0 | 0 | 0 | 0 | 30,000 | 38,000 |

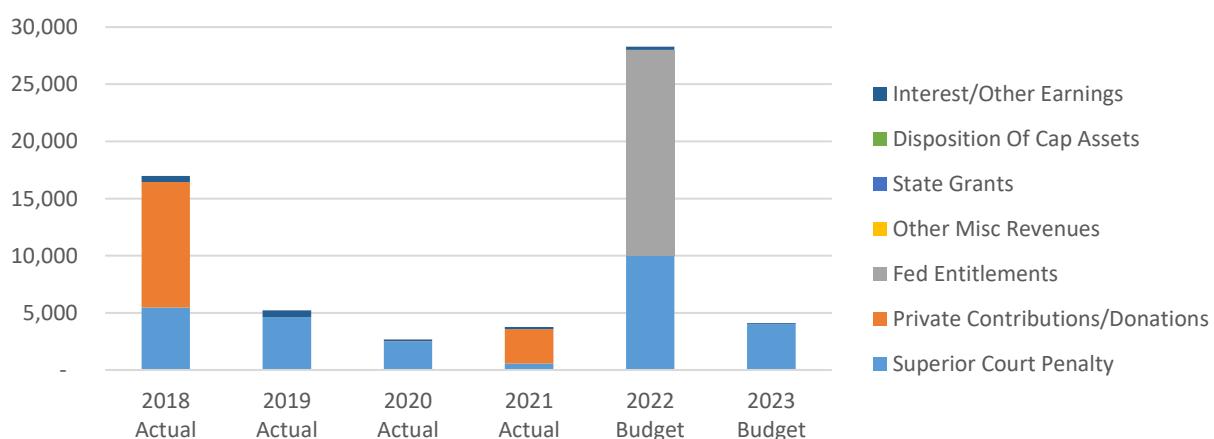
Drug Seizure Fund

Money retained through drug seizures, which is not required to be submitted to the State, can only be used for the expansion or improvement of controlled substance related law enforcement activity and cannot supplant pre-existing funding sources. Typically, these funds are used to provide training and other purchases to enhance the City's K-9 program.

Drug Seizure Fund Revenue/Expense History



Drug Seizure Fund Revenue



| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Superior Court Penalty | 5,458 | 4,621 | 2,460 | 576 | 10,000 | 4,000 |
| Private Contributions/Donations | 11,000 | - | 50 | 3,000 | - | - |
| Fed Entitlements | - | - | - | - | 18,000 | - |
| Other Misc Revenues | - | - | - | - | - | - |
| State Grants | - | - | - | - | - | - |
| Disposition Of Cap Assets | - | - | - | - | - | - |
| Interest/Other Earnings | 510 | 603 | 145 | 192 | 300 | 100 |
| Total | 16,968 | 5,223 | 2,655 | 3,768 | 28,300 | 4,100 |

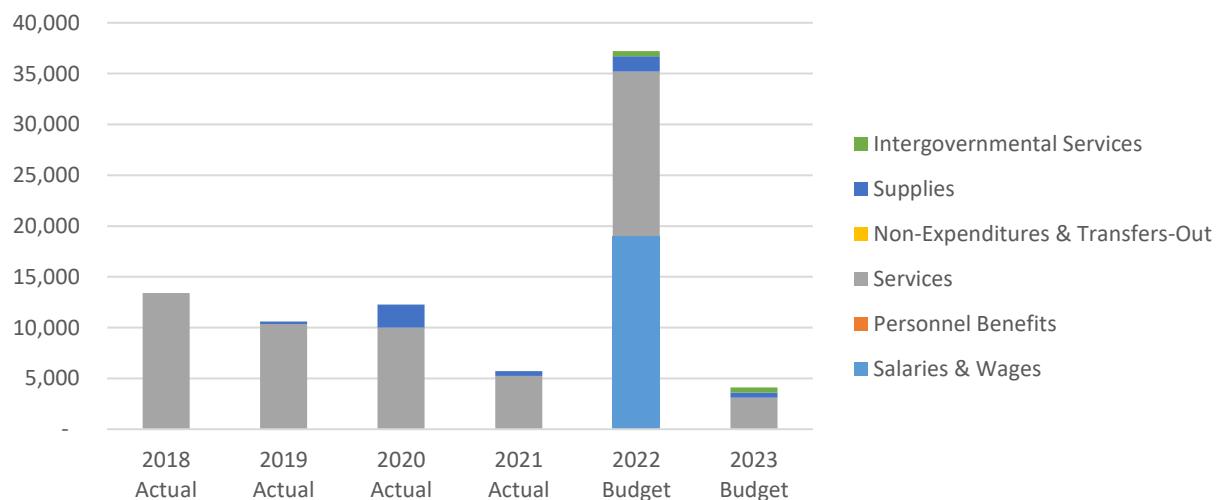
Superior Court Felony: These are the investigative funds a court orders a defendant to contribute to a local fund for investigations.

Fed Entitlements: The City has an agreement with the US Marshall's Office and the funds are tracked here

Drug Seizure Fund Expenditures

The City has one K-9 officer. While the overtime associated with drug investigations is charged to the Police operating budget, this fund supports the K-9 program.

Drug Seizure Fund Expense

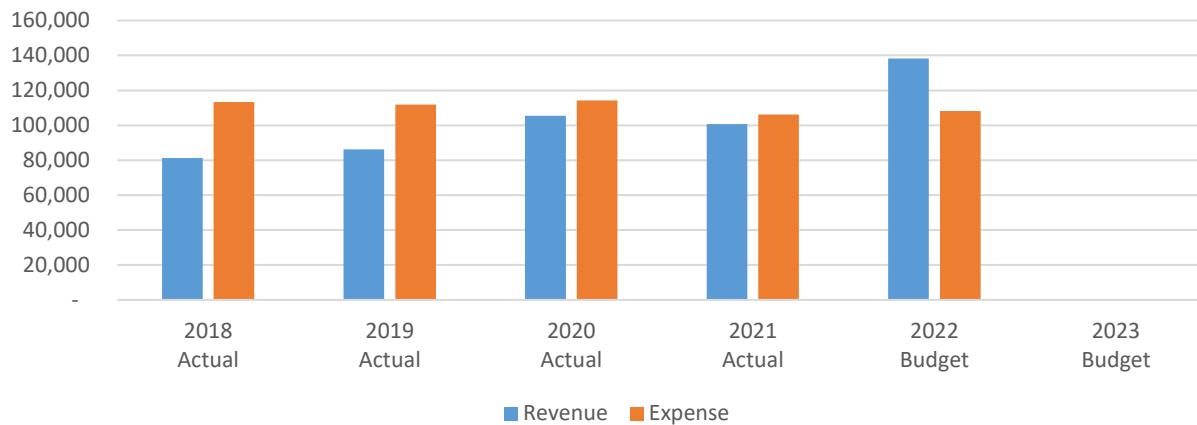


| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Salaries & Wages | - | - | - | - | 19,000 | - |
| Personnel Benefits | - | - | - | - | - | - |
| Services | 13,397 | 10,340 | 9,990 | 5,241 | 16,200 | 3,100 |
| Non-Expenditures & Transfers-Out | - | - | - | - | - | - |
| Supplies | - | 259 | 2,282 | 465 | 1,500 | 500 |
| Intergovernmental Services | - | - | - | - | 500 | 500 |
| Total | 13,397 | 10,600 | 12,272 | 5,706 | 37,200 | 4,100 |

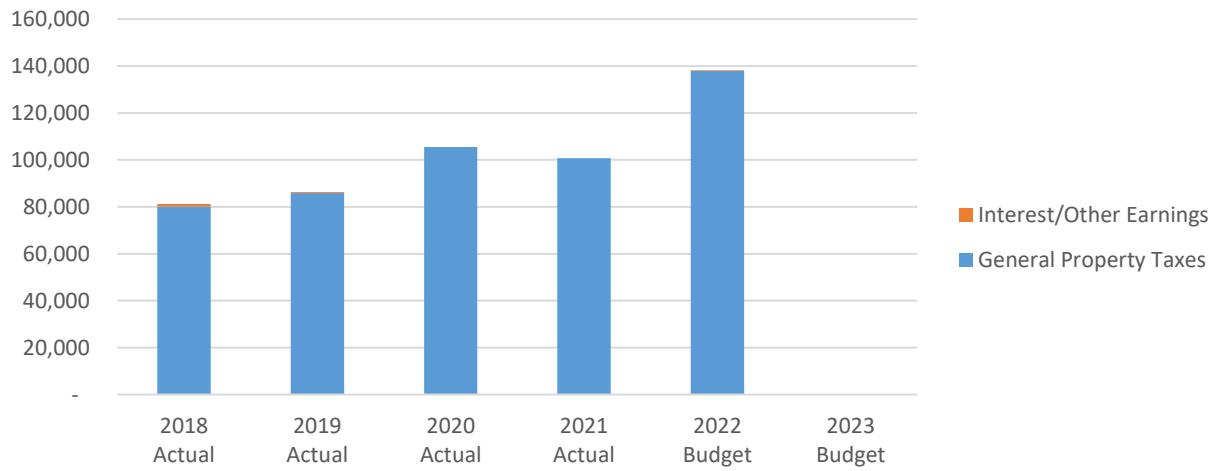
Unlimited General Obligation Debt Fund

This is a debt service fund which pays for the outstanding General Obligation debt which was used for the City's Police Station building. This was a voted general obligation bond which incurred an additional property tax levy which pays the debt service for this debt. The City refinanced the debt for a lower interest rate in 2012. This bond matured and was paid off in 2022. No activity is expected for 2023.

Unlimited General Obligation Debt Fund Revenue/Expense History



Unlimited General Obligation Debt Revenue

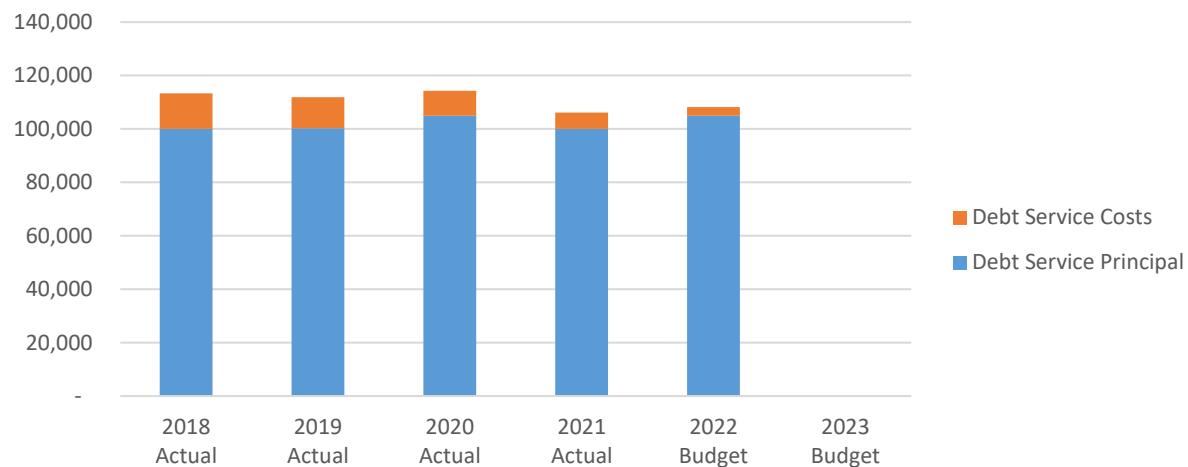


| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|-------------------------|---------------|---------------|----------------|----------------|----------------|-------------|
| General Property Taxes | 80,160 | 85,901 | 105,473 | 100,674 | 138,000 | - |
| Interest/Other Earnings | 1,018 | 339 | - | - | 200 | - |
| Total | 81,178 | 86,239 | 105,473 | 100,674 | 138,200 | 0 |

Unlimited General Obligation Debt Fund Expenditures

Expenditures from this fund are for the annual principal and interest payments on the outstanding General Obligation bonds. This bond obligation was paid off in 2022 and no expenses are expected in 2023.

Unlimited General Obligation Debt Expense

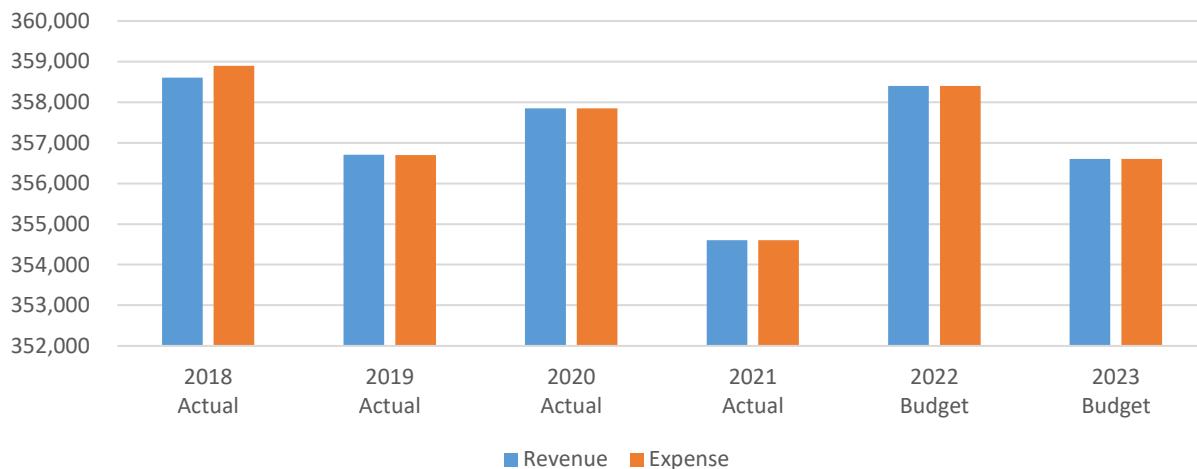


| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|------------------------|----------------|----------------|----------------|----------------|----------------|-------------|
| Debt Service Principal | 100,000 | 100,300 | 105,000 | 100,000 | 105,000 | - |
| Debt Service Costs | 13,300 | 11,600 | 9,300 | 6,150 | 3,150 | - |
| Total | 113,300 | 111,900 | 114,300 | 106,150 | 108,150 | 0 |

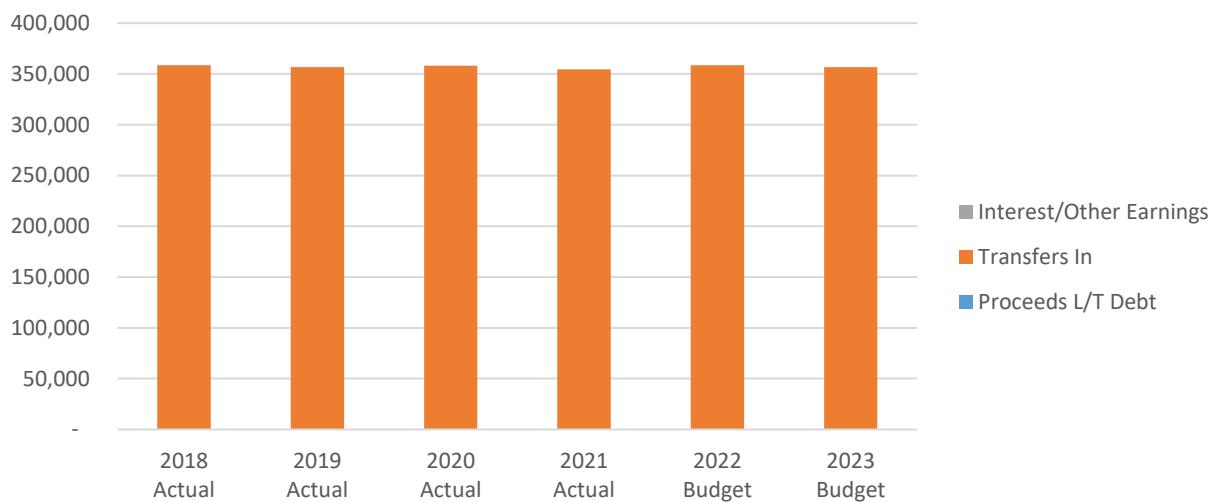
Downtown Revitalization Bond Fund

This is a debt service fund which pays for the outstanding General Obligation debt which was used for the City's Downtown Revitalization. The debt is paid with monies transferred from the REET Funds. The City refinanced the debt for a lower interest rate in 2014, which shows as revenue and expenditures in the charts below.

Downtown Revitalization Bond Revenue/Expense History



Downtown Bond Revenue



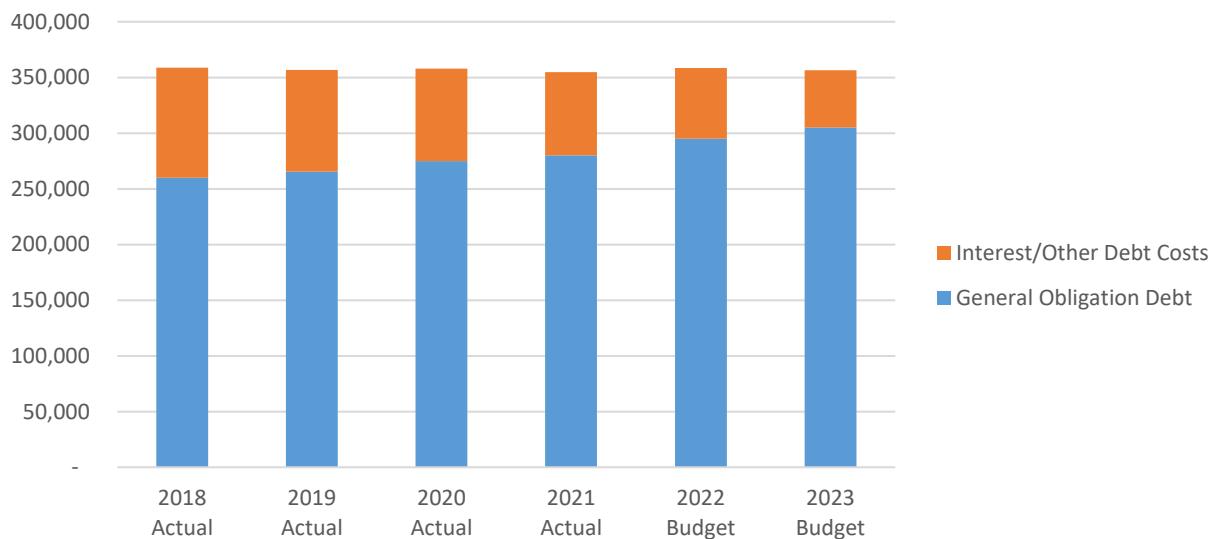
| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Proceeds L/T Debt | - | - | | | | |
| Transfers In | 358,600 | 356,700 | 357,850 | 354,600 | 358,400 | 356,600 |
| Interest/Other Earnings | 6 | 8 | 2 | 0 | - | - |
| Total | 358,606 | 356,708 | 357,852 | 354,600 | 358,400 | 356,600 |

Transfer In: The two REET Funds pay for the principal and interest on these bonds through a transfer.

Downtown Revitalization Bond Fund Expenditures

The expenditures from this fund are principal and interest payments on the General Obligation debt for the downtown revitalization.

Downtown Bond Expense

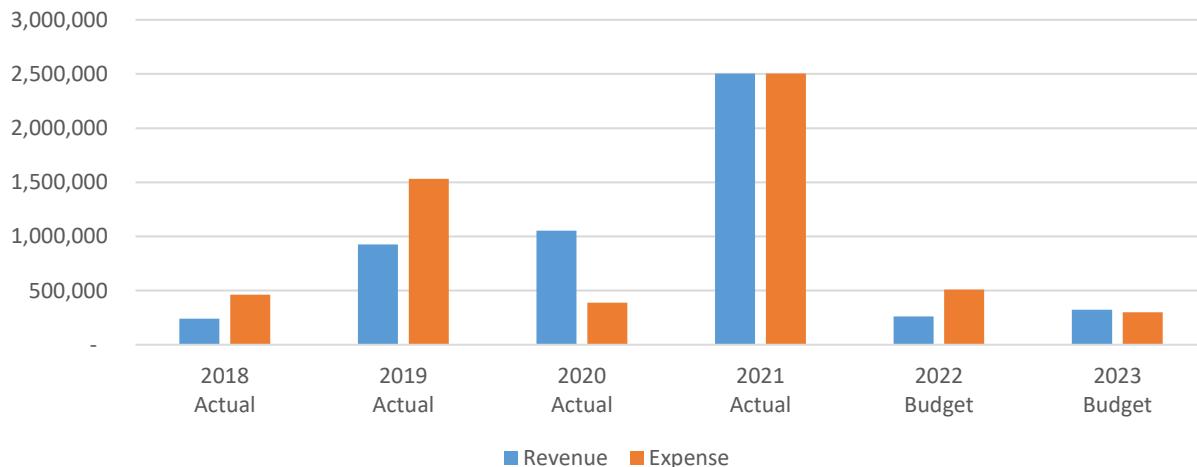


| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| General Obligation Debt | 260,000 | 265,300 | 275,000 | 280,000 | 295,000 | 305,000 |
| Interest/Other Debt Costs | 98,900 | 91,400 | 82,850 | 74,600 | 63,400 | 51,600 |
| Total | 358,900 | 356,700 | 357,850 | 354,600 | 358,400 | 356,600 |

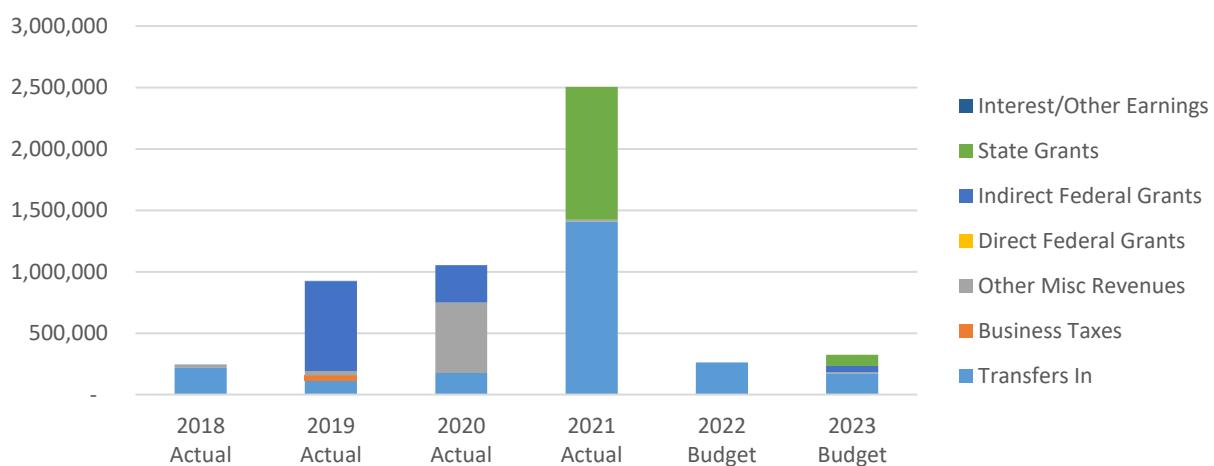
Park Capital Project Fund

This is a Capital Project Fund to track the City's Park Capital Projects. Funds for the projects come from the General Fund, Park Impact Fees, and grants. In 2019, the City increased several utility taxes to increase the funding available for the Park Capital Project Fund. This Fund was created through a budget amendment in 2016. General Fund reserves were used to seed the fund.

Park Capital Improvement Fund Revenue/Expense History



Park Capital Improvement Fund Revenue



| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|-------------------------|----------------|----------------|------------------|------------------|----------------|----------------|
| Transfers In | 216,338 | 111,292 | 176,007 | 1,407,964 | 261,000 | 174,300 |
| Business Taxes | - | 43,719 | - | - | - | - |
| Other Misc Revenues | 23,740 | 37,742 | 573,202 | 15,800 | - | 10,000 |
| Direct Federal Grants | - | - | - | - | - | - |
| Indirect Federal Grants | - | 727,500 | 304,744 | - | - | 50,000 |
| State Grants | | | - | 1,081,320 | - | 89,700 |
| Interest/Other Earnings | 1,562 | 5,000 | - | - | - | - |
| Total | 241,640 | 925,253 | 1,053,954 | 2,505,084 | 261,000 | 324,000 |

Grants: The City is anticipating being awarded several grants during 2023 and will continue to apply as they come available. See project table below in the expenditure section for more 2023 Parks projects.

Transfers In: Park Impact Fees totaling \$150,300 and \$24,000 from General Fund utility taxes are slated to be transferred into this fund for Parks Capital Projects.

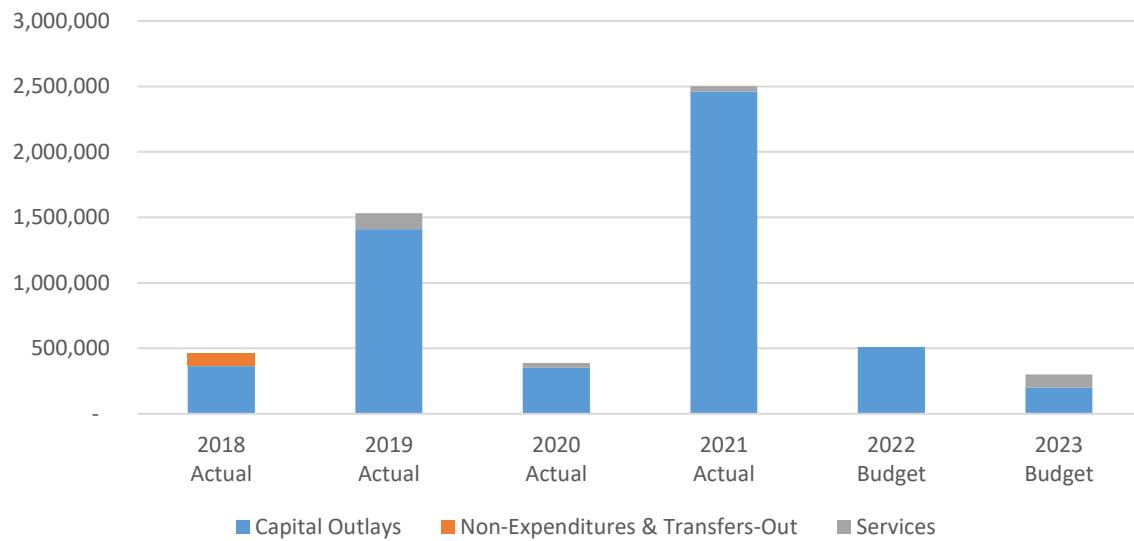
Other Misc. Revenues: The City is expecting a \$10,000 donation for the Hathaway Playground project.

Park Capital Fund Expenditures

This fund pays for Capital Projects for the City's Parks. For 2023, the following projects are slated to improve and repair City Parks:

| Parks Capital Fund | Budget |
|--------------------------------|----------------|
| Hamllik Park Basketball Court | 70,000 |
| Hathaway Park Lower Playground | 55,000 |
| Dog Park - Phase #1 | 75,000 |
| Schmid Park Conceptual Design | 100,000 |
| Total Parks Capital | 300,000 |

Park Capital Improvement Fund Expense

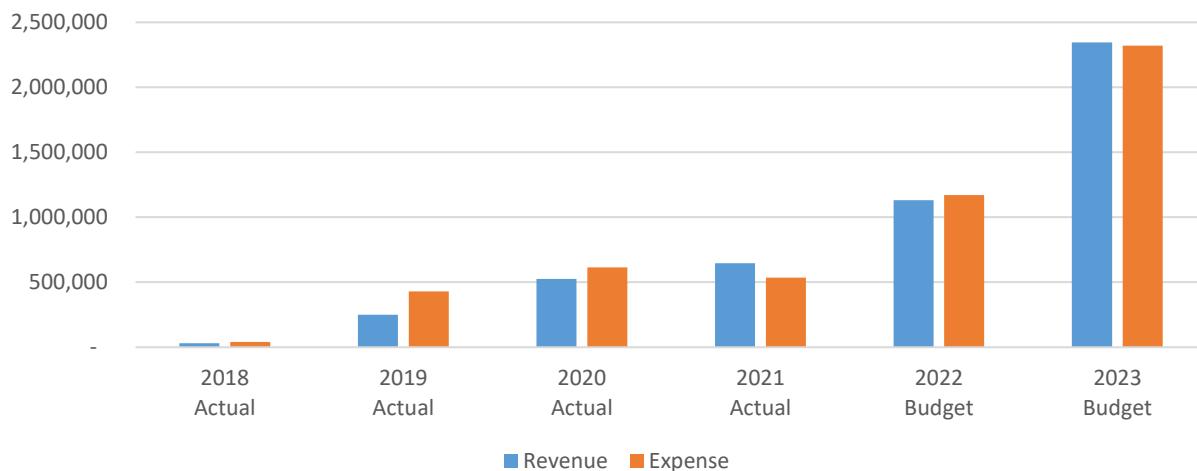


| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|----------------------------------|----------------|------------------|----------------|------------------|----------------|----------------|
| Capital Outlays | 363,591 | 1,409,457 | 351,756 | 2,460,271 | 511,000 | 200,000 |
| Non-Expenditures & Transfers-Out | 98,000 | - | - | - | - | - |
| Services | - | 123,534 | 36,327 | 42,658 | - | 100,000 |
| Total | 461,591 | 1,532,991 | 388,083 | 2,502,929 | 511,000 | 300,000 |

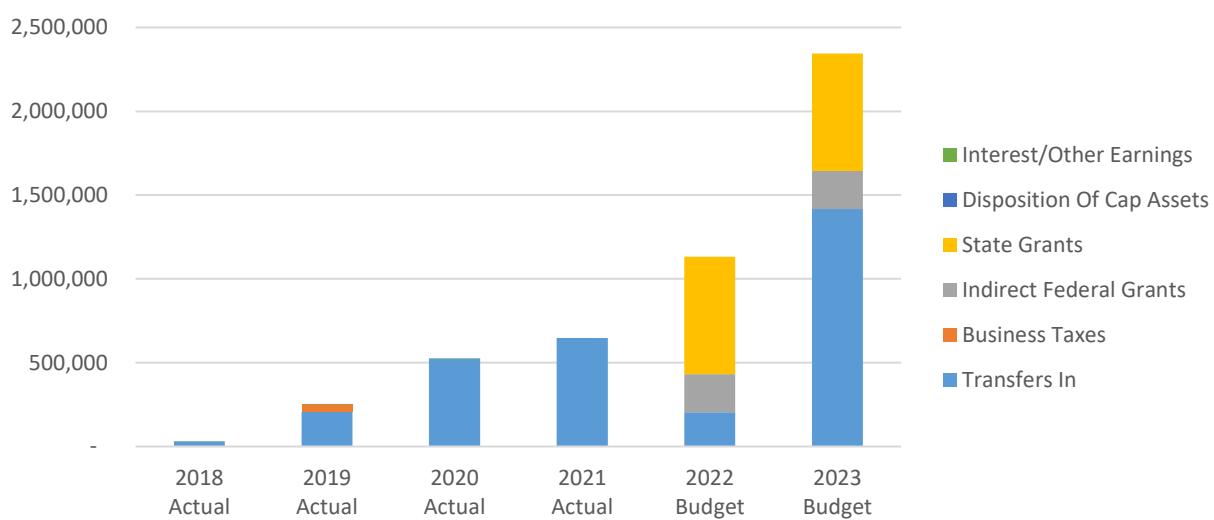
Building Contingency Fund

This is a Capital Project Fund to track the City's Facility Capital Projects. In 2019, the City increased several utility taxes to increase the funding available for the Building Contingency Fund. Funds for the projects come from the general fund and grants.

Building Contingency Fund Revenue/Expense History



Building Contingency Fund Revenue



| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|---------------------------|----------------|----------------|----------------|----------------|------------------|------------------|
| Transfers In | 30,000 | 206,088 | 525,248 | 647,512 | 205,000 | 1,417,000 |
| Business Taxes | - | 43,719 | - | - | - | - |
| Indirect Federal Grants | - | - | - | - | 227,000 | 227,000 |
| State Grants | - | - | - | - | 700,000 | 700,000 |
| Disposition Of Cap Assets | - | - | - | - | - | - |
| Interest/Other Earnings | 1,045 | 1,301 | 83 | - | - | - |
| Total | 31,045 | 251,108 | 525,332 | 647,512 | 1,132,000 | 2,344,000 |

Indirect Federal Grants: The City received an award for Community Development Block Grant (CDBG) funds to pay for the City's Social Service Building project.

State Grants: The City requested a state appropriation for the City's Social Service Building project.

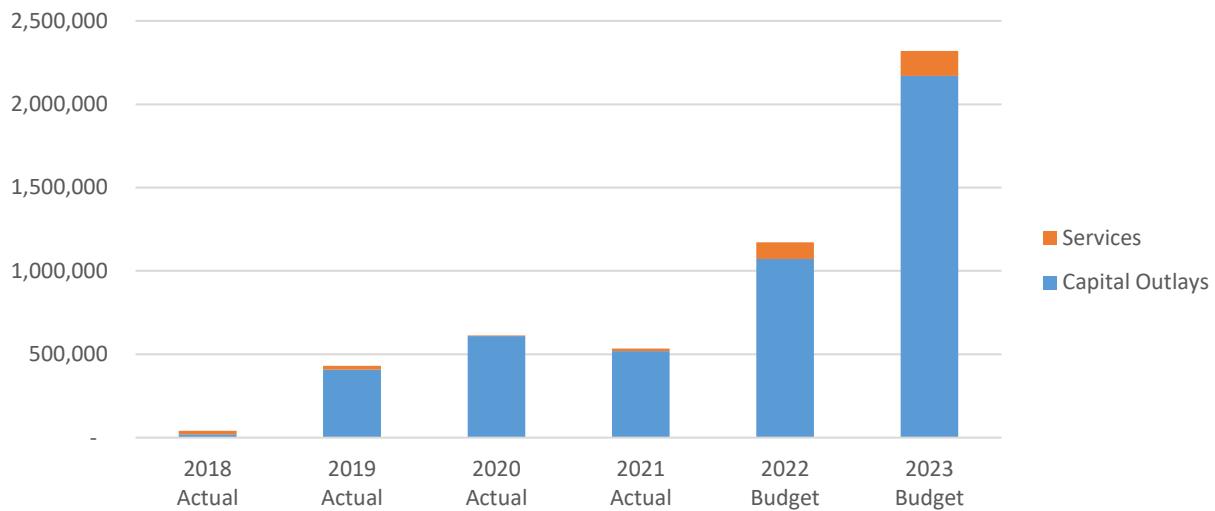
Transfers In: The City's General Fund transfers funds for the Capital Projects tracked by this fund.

Building Contingency Fund Expenditures

This fund pays for Capital Projects for the City's Facilities. For 2023, the table below highlights the projects to improve and repair City Facilities. Additional operating expenses are not expected with these projects and ongoing facility maintenance is already included in the facilities operations budget.

| Building Capital Projects Fund | Budget |
|--|------------------|
| Social Services Building Project | 927,000 |
| PW Operations Center Bldg. Maint. & Repair | 1,000,000 |
| Facilities Master Plan | 150,000 |
| Security Improvements at City Facilities | 243,000 |
| Total Facilities Capital | 2,320,000 |

Building Contingency Fund Expense

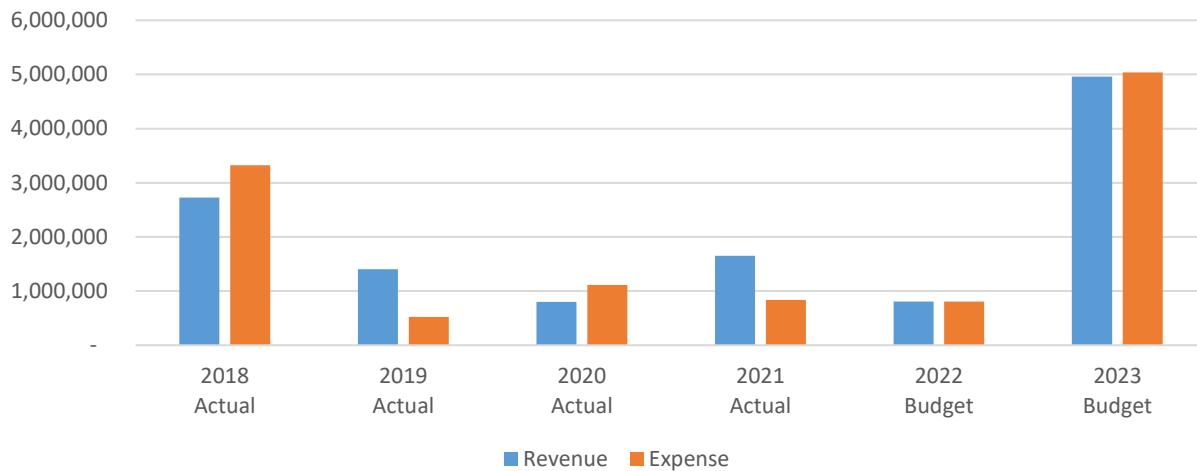


| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|-----------------|---------------|----------------|----------------|----------------|------------------|------------------|
| Capital Outlays | 19,951 | 407,347 | 610,056 | 519,649 | 1,072,000 | 2,170,000 |
| Services | 21,534 | 23,483 | 3,790 | 14,996 | 100,000 | 150,000 |
| Total | 41,484 | 430,830 | 613,846 | 534,645 | 1,172,000 | 2,320,000 |

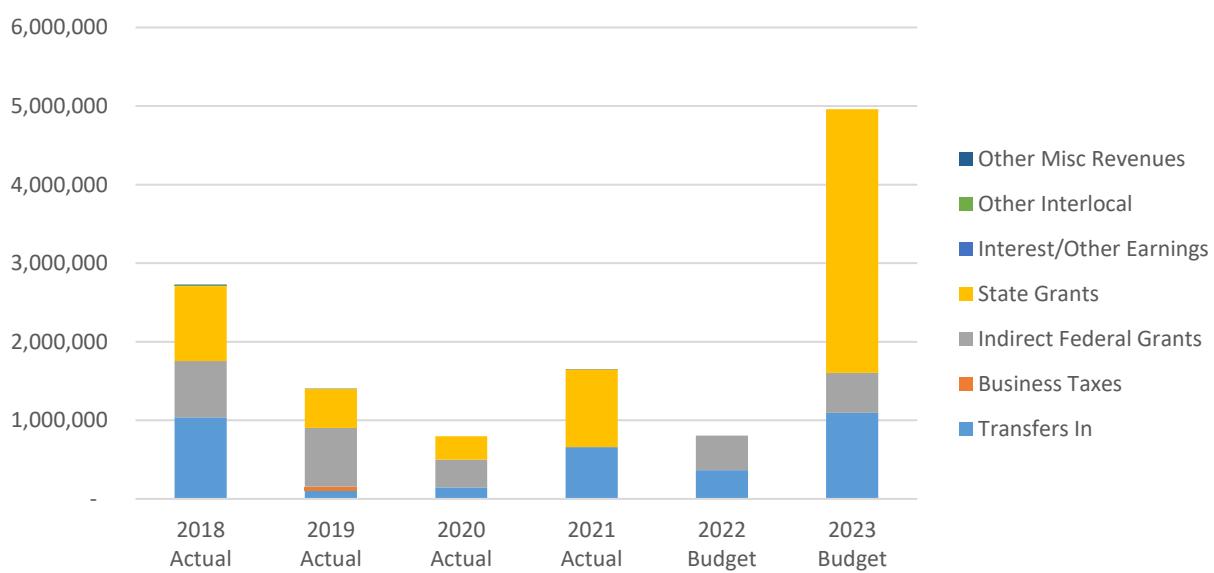
Transportation Capital Projects Fund

This is a Capital Project Fund to track the City's Transportation Capital Projects. Funds for the projects come from the General Fund, Transportation Development Fund, and grants. In 2019, the City increased several utility taxes to increase the funding available for the Transportation Capital Projects Fund.

Transportation Capital Projects Fund Revenue/Expense History



Transportation Capital Projects Fund Revenue



| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|-------------------------|------------------|------------------|----------------|------------------|----------------|------------------|
| Transfers In | 1,037,689 | 108,956 | 144,384 | 657,220 | 367,000 | 1,092,900 |
| Business Taxes | - | 43,732 | - | - | - | - |
| Indirect Federal Grants | 717,898 | 749,806 | 354,515 | | 439,000 | 509,000 |
| State Grants | 951,782 | 499,645 | 300,496 | 991,894 | - | 3,359,000 |
| Interest/Other Earnings | - | - | - | - | - | - |
| Other Interlocal | 10,575 | - | - | - | - | - |
| Other Misc Revenues | 10,400 | 581 | - | 1,764 | - | - |
| Total | 2,728,345 | 1,402,719 | 799,395 | 1,650,878 | 806,000 | 4,960,900 |

State and Federal Grants: The City applies for state and federal grants to help fund projects. Typically, if a grant is not awarded, the project does not occur. The City has several grant applications for 2023 for sidewalks, bike paths, shared use paths and the 32nd Street Underpass project.

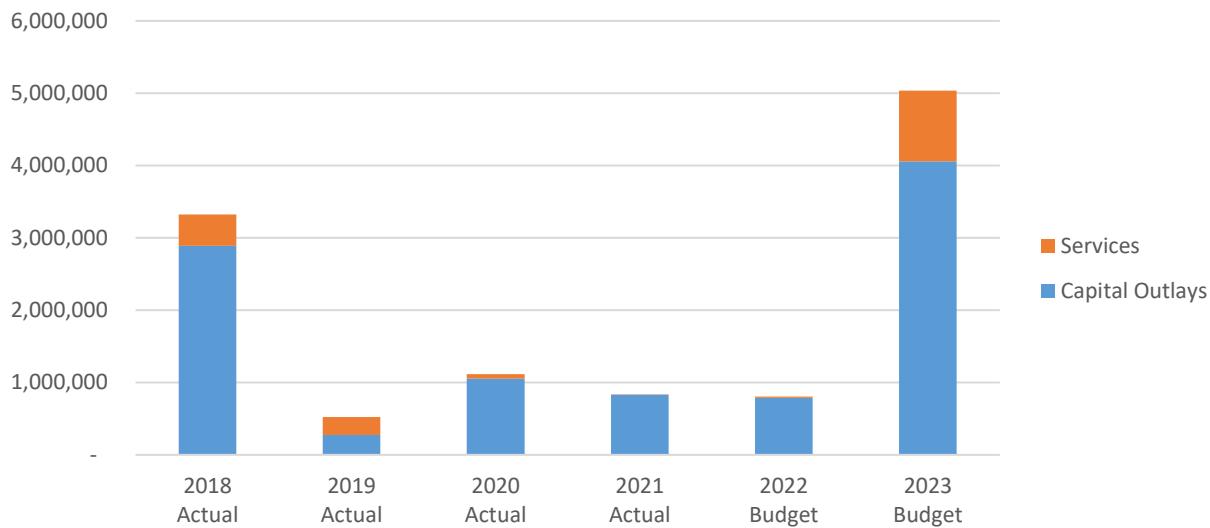
Transfers In: The City anticipates transferring \$352,900 of Transportation Impact Fees from the Transportation Development Fund and \$740,000 from the General Fund to assist with local match and project costs.

Capital Transportation Projects Fund Expenditures

This fund pays for Capital Projects for the City's Transportation Facilities. For 2023, the following are the projects to improve the roadways, sidewalks, paths and transportation in the City:

| Transportation Capital | Budget |
|--|------------------|
| Evergreen Way Sidewalks: 39th St. to 42nd St. | 300,000 |
| 39th St. & Evergreen Way Intersection Imp. | 120,000 |
| 32nd Street Underpass Design & Planning | 441,900 |
| Evergreen Way Bike Path: 32nd St. to Sunset | 1,100,000 |
| 39th St. Sidewalks: Evergreen Way to J St. | 1,340,000 |
| 32nd Street Safety Improvements | 896,000 |
| Columbia River Trail Lighting | 200,000 |
| 27th Street Shared Use Path & Renaissance Trail Segment 5 Design Phase | 539,000 |
| Sidewalk Improvements- Downtown Corridor | 100,000 |
| Total Transportation Capital | 5,036,900 |

Transportation Capital Projects Fund Expense

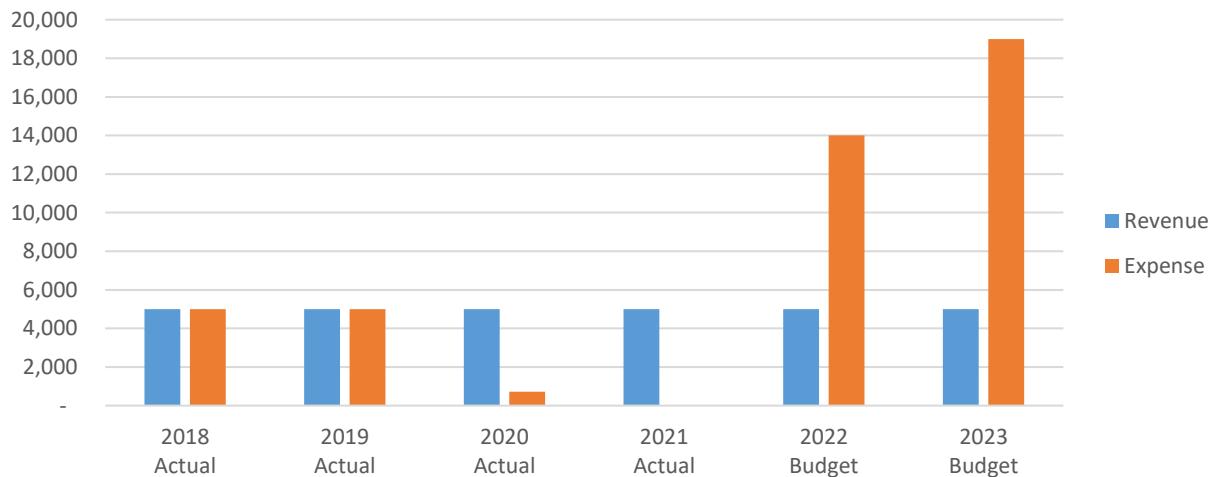


| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|-----------------|------------------|----------------|------------------|----------------|----------------|------------------|
| Capital Outlays | 2,889,491 | 276,511 | 1,052,800 | 833,792 | 786,000 | 4,056,000 |
| Services | 435,901 | 246,971 | 61,700 | 117 | 20,000 | 980,900 |
| Total | 3,325,392 | 523,482 | 1,114,500 | 833,909 | 806,000 | 5,036,900 |

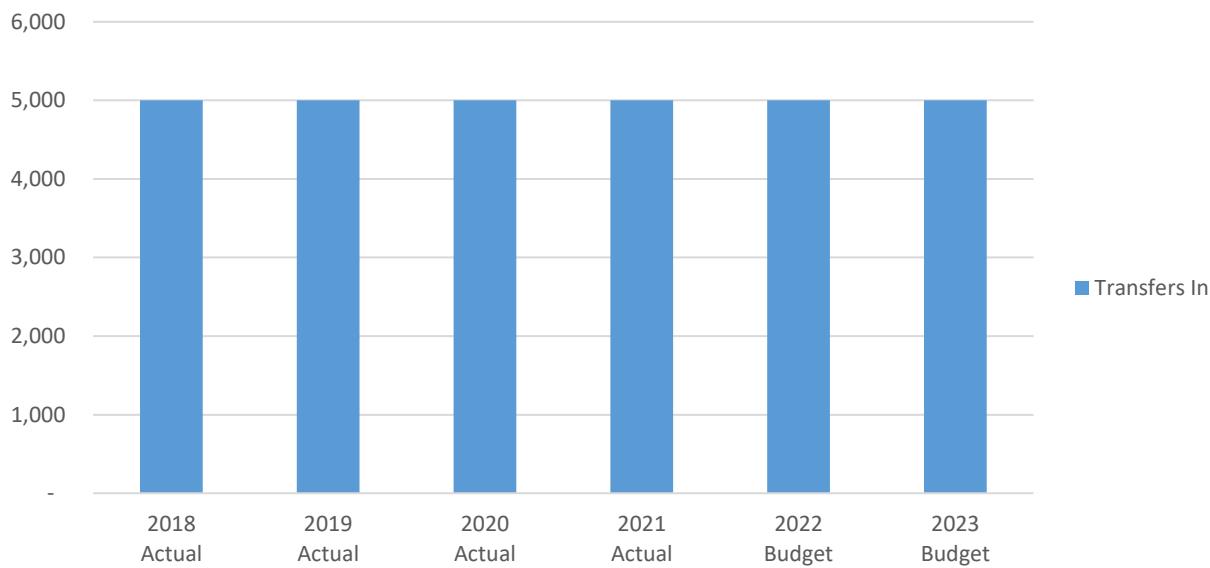
Art Project Capital Fund

This is a Capital Project Fund to track the City's Art Projects. Funds for the projects come from the General Fund, grants or other funding sources.

Art Project Fund Revenue/Expense History



Art Project Fund Revenue

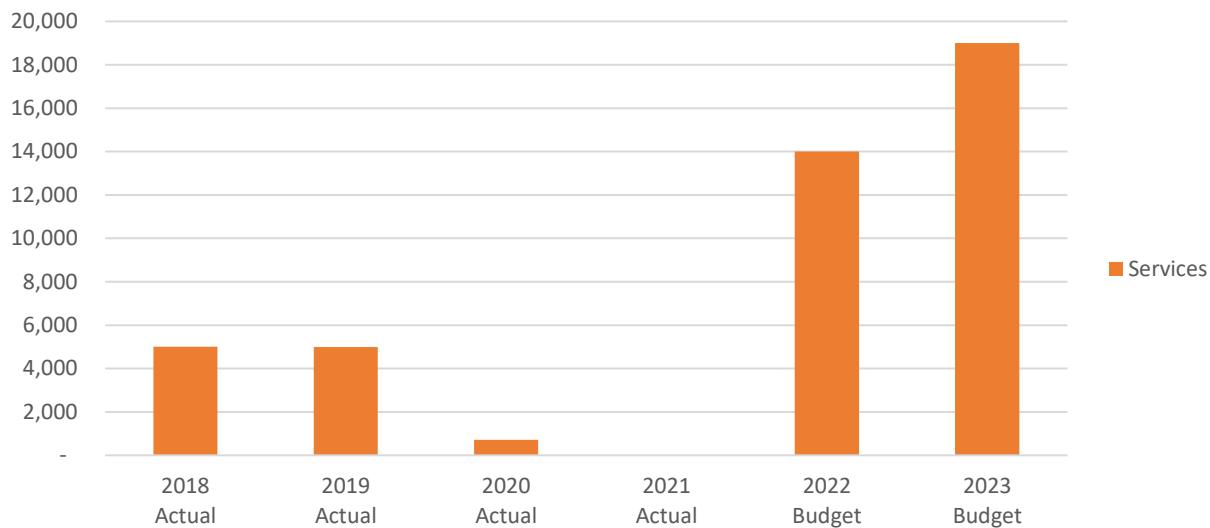


Transfers In: The City transfers funding from the Transportation Development, General, and Park Impact Fee Funds to this fund to assist with local match and project costs.

Art Project Fund Expenditures

The City recognizes that support for artists and arts organizations, development and stewardship of public art, arts education, and cultural development are public necessities and essential for the continuing growth and development of the City's citizens, economy and quality of life. This fund will track art project expenditures.

Art Project Fund Expense



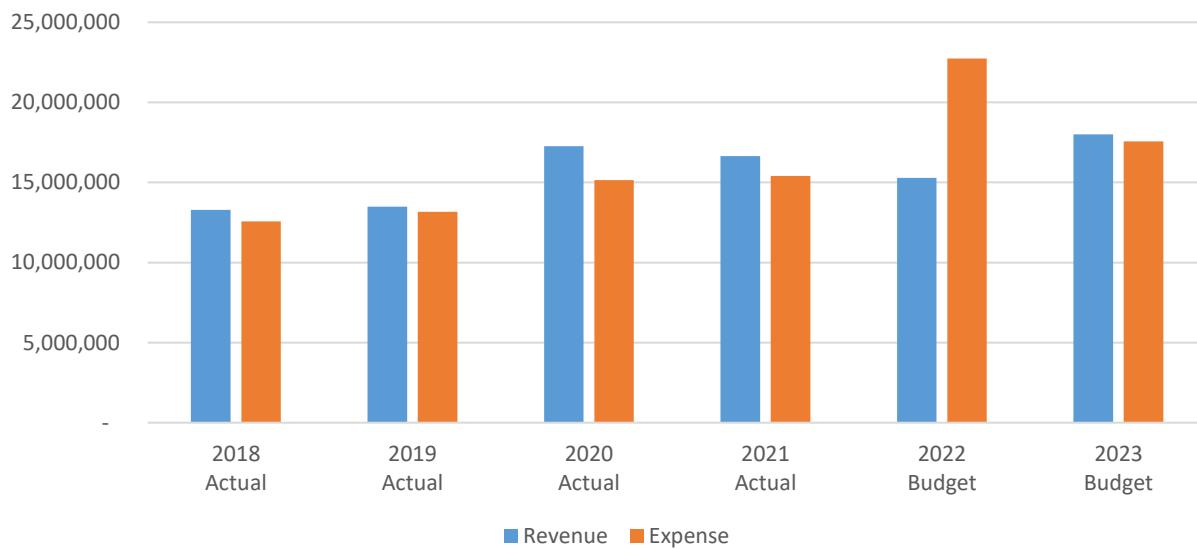
| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|--------------|--------------|--------------|-------------|-------------|---------------|---------------|
| Services | 5,000 | 4,997 | 718 | - | 14,000 | 19,000 |
| Total | 5,000 | 4,997 | 718 | 0 | 14,000 | 19,000 |

Water/Sewer Funds

The City utilizes several funds for tracking of the operation, maintenance, debt service, and capital projects of the City's Water and Sewer utilities. While combined in the same funds, water and sewer operations are tracked and treated as their own restricted sources of revenues. Water revenues support water operations, maintenance, debt, and infrastructure improvements. Sewer revenues support sewer operations, maintenance, debt, and infrastructure improvements.

The City contracts with a third-party contractor, procured through a selective open request for proposals, to set the utility rates for each utility separately. Future infrastructure needs, labor costs, debt service payments, operations and maintenance costs, and cost inflation are all taken into account for each utility separately. The City is recently completed a rate study to establish rates for the years 2019 to 2023. The City started the 2024 rate study process in 2022. City Council approved the proposed rates through a City Ordinance which was then codified in the Washougal Municipal Code. For more information on rates, please see the City's website.

Water/Sewer Funds Revenue/Expense History



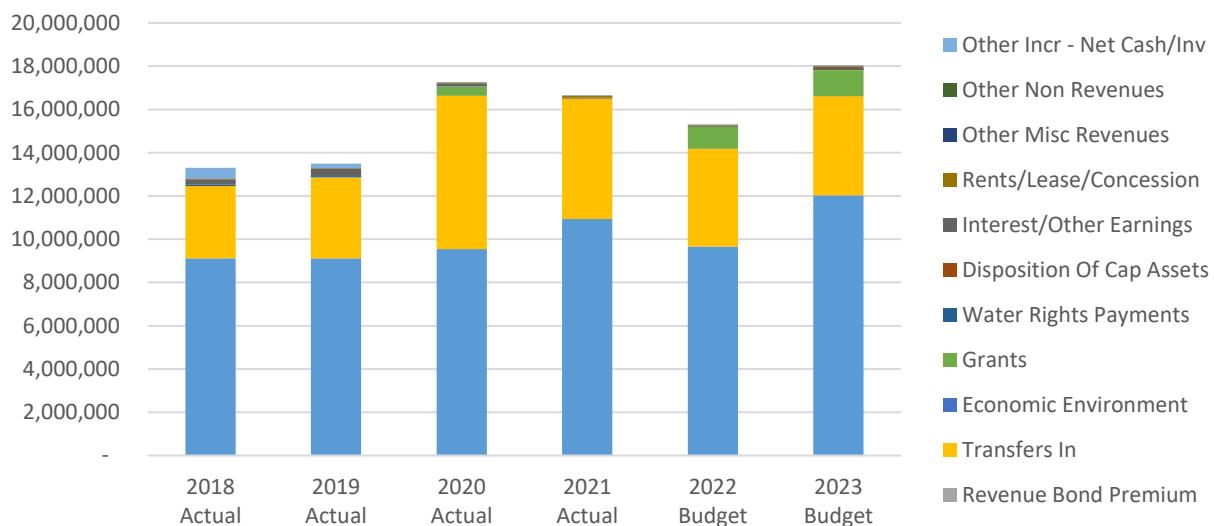
Water Utility

The Water Division of Public Works is responsible for the daily operation and maintenance of water production, storage and delivery facilities. The City has specific meters that are needed for its system and have utilized the sole source process for purchasing them. Examples of typical duties in the Water Division include well pump checks, reservoir and pump station inspections, leak repairs, customer calls for service, meter reading and a variety of preventative programs. Both the Water and Wastewater Division perform daily tests and take daily samples to help ensure good quality drinking water is delivered to our customers and clean, safe water is discharged to the Columbia River.

Sewer Utility

The Wastewater Division of Public Works is responsible for the collection, conveyance and treatment of sanitary sewer. The sewer collection system is designed to carry wastewater throughout the City's sewer lines. A vast system of underground sewers collects the wastewater from the homes of the City's residents and businesses and delivers it to the wastewater treatment plant. Wastewater discharged from a home or business enters the sewer system through service lines. These service lines carry the flow of wastewater to the City's trunk lines. Collection systems are built to utilize the natural flow of gravity when possible. When wastewater cannot travel through the lines by gravity, pump stations are utilized. At Washougal's treatment plant sanitary waste is treated through biological treatment. Sanitary waste entering the plant is processed through our headworks and is then pumped to our Oxidation Ditch which is our primary treatment process. From the oxidation ditch the treated waste runs through a clarifier then on to our ultraviolet disinfection process before being discharged as treated effluent to the Columbia River.

Water & Sewer Revenue



| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Physical Environment | 9,115,855 | 9,117,620 | 9,537,804 | 10,929,549 | 9,655,311 | 12,023,788 |
| Proceeds L/T Debt | - | - | - | - | - | - |
| Revenue Bond Premium | - | - | - | - | - | - |
| Transfers In | 3,339,433 | 3,740,537 | 7,096,150 | 5,563,485 | 4,534,744 | 4,590,898 |
| Economic Environment | 6,145 | - | - | - | 5,000 | 5,000 |
| Grants | - | - | 421,286 | - | 1,000,000 | 1,200,000 |
| Water Rights Payments | 53,084 | 52,898 | 26,449 | - | - | - |
| Disposition Of Cap Assets | - | - | - | - | - | 31,000 |
| Interest/Other Earnings | 254,009 | 354,970 | 130,684 | 50,846 | 66,800 | 125,500 |
| Rents/Lease/Concession | 37,265 | 29,346 | 20,330 | 86,551 | 28,800 | 28,800 |
| Other Misc Revenues | 4,922 | 13,126 | 26,198 | 18,147 | 2,000 | 2,000 |
| Other Non Revenues | - | - | - | - | - | - |
| Other Incr - Net Cash/Inv | 484,320 | 186,129 | - | - | - | - |
| Total | 13,295,035 | 13,494,626 | 17,258,900 | 16,648,578 | 15,292,655 | 18,006,986 |

Physical Environment: The fees for utility service are the primary source of revenue for these funds. They are the basis for operating the Water/Sewer utilities. For 2023, the City anticipates the following revenue from the Water and Sewer utilities for services:

| | |
|-----------------------|-----------|
| Water Utility Revenue | 4,534,806 |
| Sewer Utility Revenue | 6,273,982 |

Transfers In: As the graph above is for all Water/Sewer Funds, it includes transfers from the operations and maintenance fund to the capital and debt service funds to pay for current and future capital projects, and debt payments.

Grants: For 2023, the City was anticipates a \$1,200,000 grant for the Anoxic Selector.

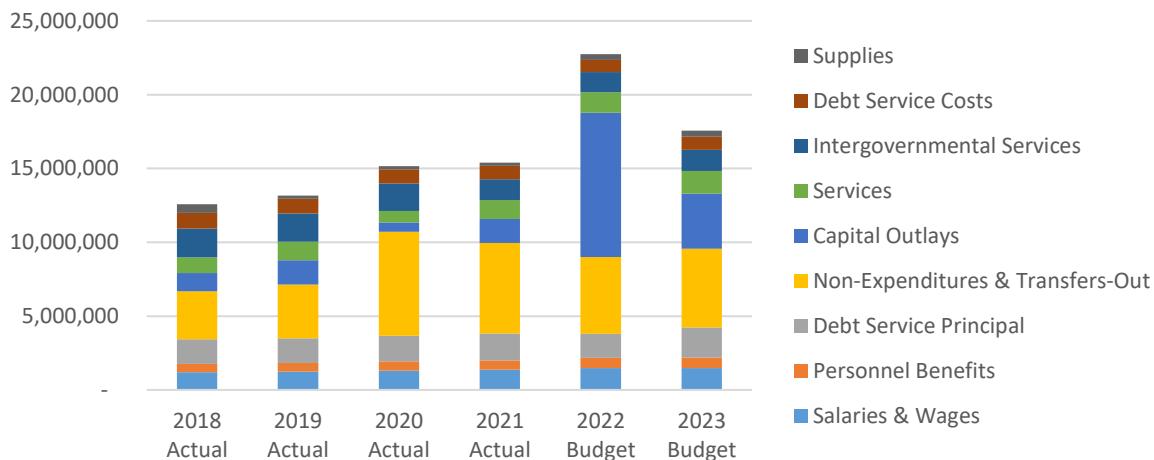
Economic Environment: When developers and residents connect to our Water and Sewer utilities, they pay a system development charge which goes towards the cost of the infrastructure for each utility. This revenue source is dependent on development activity.

| | |
|----------------------------------|---------|
| Water System Development Charges | 500,000 |
| Sewer System Development Charges | 700,000 |

Water/Sewer Funds Expenses

The Water and Sewer Utilities have a Utilities Superintendent that oversee operations of both utilities in addition to oversight by the Public Works Director. Like revenues, each utility's expenses are tracked separately for Water and Sewer services. The graph below shows the expenses for all the Water/Sewer Funds rolled up together which includes operations, maintenance, debt service, and capital projects. Also included are the transfers out from the operations and maintenance fund to the capital and debt service funds for capital projects and debt service payments.

Water & Sewer Expense



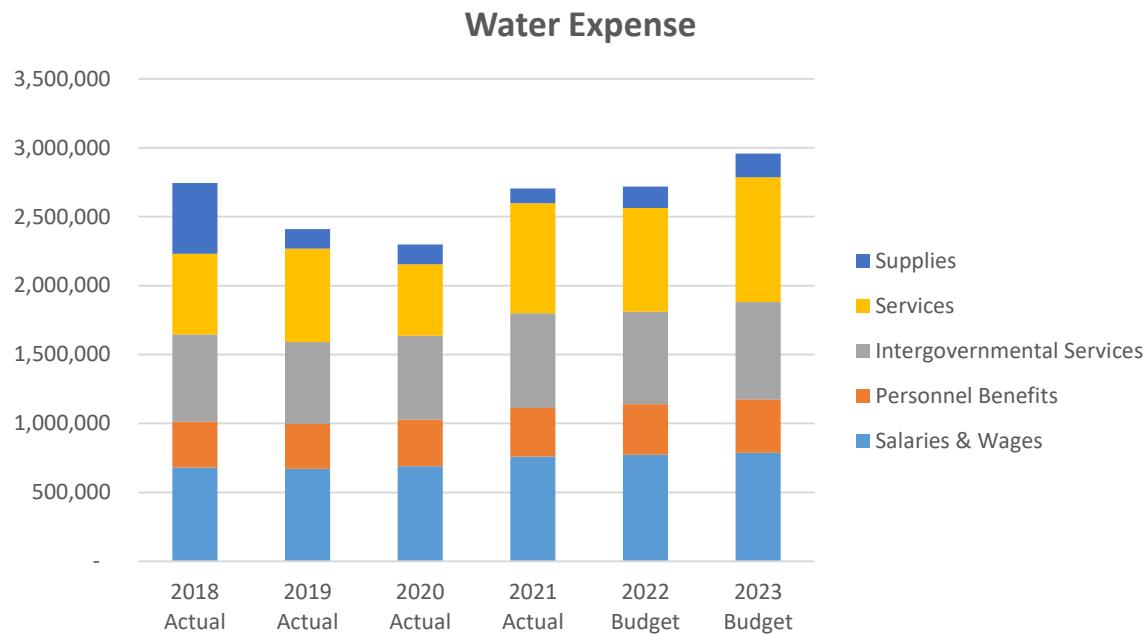
| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Salaries & Wages | 1,197,208 | 1,242,372 | 1,303,986 | 1,376,324 | 1,478,127 | 1,481,036 |
| Personnel Benefits | 565,030 | 593,884 | 625,143 | 629,679 | 683,941 | 715,776 |
| Debt Service Principal | 1,678,354 | 1,659,404 | 1,742,404 | 1,809,404 | 1,637,405 | 2,025,404 |
| Non-Expenditures & Transfers-Out | 3,248,237 | 3,646,073 | 7,044,560 | 6,140,355 | 5,197,330 | 5,332,875 |
| Capital Outlays | 1,227,059 | 1,654,041 | 626,393 | 1,627,709 | 9,790,434 | 3,734,289 |
| Services | 1,074,784 | 1,238,071 | 787,586 | 1,272,578 | 1,384,009 | 1,534,437 |
| Intergovernmental Services | 1,941,817 | 1,906,794 | 1,848,977 | 1,420,726 | 1,355,104 | 1,450,135 |
| Debt Service Costs | 1,053,474 | 1,009,197 | 962,888 | 906,148 | 840,348 | 887,998 |
| Supplies | 583,205 | 221,859 | 211,359 | 215,485 | 378,441 | 399,273 |
| Total | 12,569,166 | 13,171,695 | 15,153,296 | 15,398,406 | 22,745,139 | 17,561,223 |

Water Utility Operation and Maintenance Expenses

The Utilities Superintendent manages six full-time water maintenance workers for the operations of the Utility. In addition support staff are employed during the spring to assist with water operations, as needed. Total FTE allocated to this department on a regular basis is 8.49. The support the Utility receives from other departments, such as Finance for Utility Billing and Customer Service, are charged through an indirect cost recovery plan. This coupled with transfers-out of the fund is the second largest expense for the Utility. The City assesses a business and occupation tax on all utilities operating in the City, which also includes the City's Water Utility. These funds are paid to the General Fund. In addition, for 2023, some repairs/maintenance/acquisitions were included for the Water Utility as follows:

| | |
|---|---------|
| Pump & Motor Services/SCADA Maintenance | 120,000 |
| Water Resilience and Emergency Plan | 100,000 |
| Hydrant/Reservoir/Valve Maintenance | 80,000 |
| Meter Replacements/Maintenance | 90,000 |
| Service Line Improvements | 50,000 |
| Lawn mower acquisition (2) | 36,000 |
| Point Repairs | 15,000 |

The following are the operations and maintenance expenses for the Water Utility:



| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Salaries & Wages | 680,881 | 670,682 | 690,729 | 758,774 | 773,739 | 787,608 |
| Personnel Benefits | 332,613 | 325,208 | 337,207 | 354,493 | 366,506 | 388,034 |
| Intergovernmental Services | 632,591 | 594,459 | 610,227 | 686,553 | 671,907 | 704,494 |
| Services | 585,810 | 677,984 | 515,605 | 798,935 | 752,010 | 906,433 |
| Supplies | 512,200 | 142,577 | 143,937 | 105,281 | 155,863 | 170,353 |
| Total | 2,744,095 | 2,410,910 | 2,297,705 | 2,704,036 | 2,720,025 | 2,956,922 |

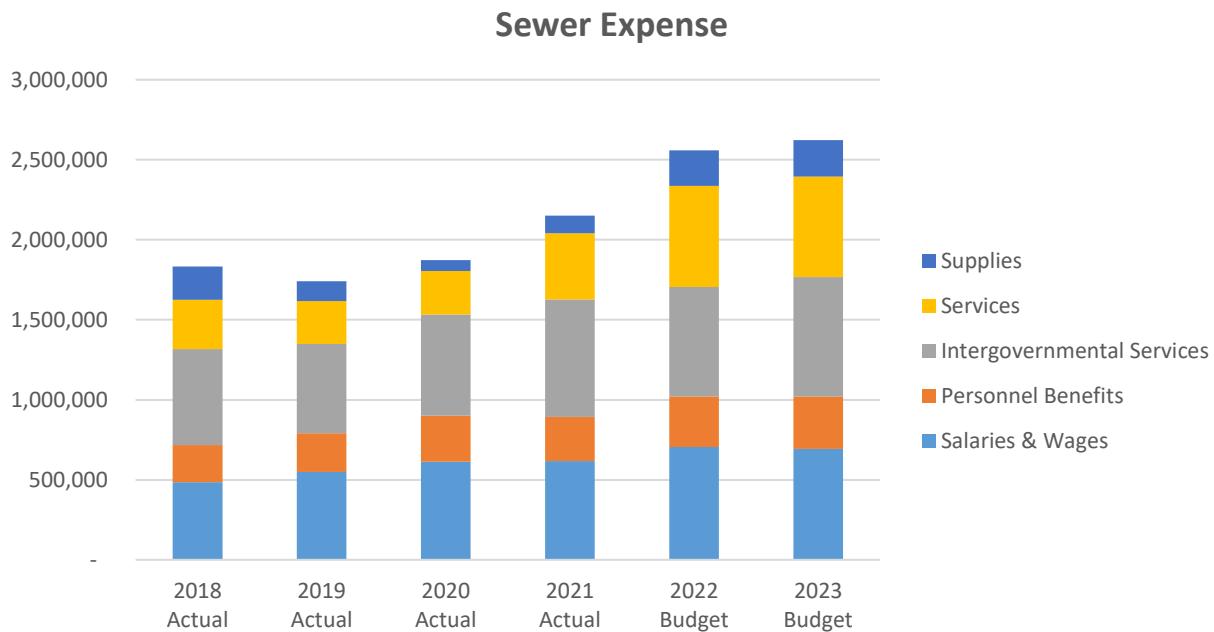
| Full Time Employee Equivalent | | | |
|-------------------------------|-------------|-------------|-------------|
| Department | 2021 Budget | 2022 Budget | 2023 Budget |
| Water | 8.17 | 8.66 | 8.49 |

Sewer Utility Operation and Maintenance Expenses

The Utilities Superintendent manages five full-time maintenance workers for the operations of the Utility. Total FTE allocated to this department on a regular basis is 7.41, thereby making salaries and benefits the largest operations and maintenance expense for the Utility. The support the Utility receives from other departments, such as Finance for Utility Billing and Customer Service, are charged through an indirect cost recovery plan. The City assess a business and occupation tax on all utilities operating in the City which also includes the City's Sewer Utility. These funds are paid to the General Fund. In addition, for 2023, the sewer utility anticipates completing the following acquisitions and performing the following repairs:

| | |
|----------------------------------|--------|
| SCADA maintenance | 60,000 |
| Pickup Truck Acquisition | 55,000 |
| John Deere Gator Acquisition (2) | 51,000 |
| Point Repairs | 15,000 |

The following are the operations and maintenance expenses for the Sewer Utility:



| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Salaries & Wages | 485,042 | 548,239 | 613,258 | 617,550 | 704,388 | 693,428 |
| Personnel Benefits | 232,418 | 242,048 | 287,936 | 275,186 | 317,435 | 327,742 |
| Intergovernmental Services | 600,086 | 557,691 | 631,327 | 734,174 | 683,197 | 745,641 |
| Services | 307,709 | 269,678 | 271,981 | 414,055 | 631,999 | 628,004 |
| Supplies | 208,328 | 122,494 | 67,423 | 110,204 | 222,578 | 228,920 |
| Total | 1,833,583 | 1,740,150 | 1,871,925 | 2,151,168 | 2,559,597 | 2,623,735 |

| Full Time Employee Equivalent | | | |
|-------------------------------|-------------|-------------|-------------|
| Department | 2021 Budget | 2022 Budget | 2023 Budget |
| Sewer | 7.08 | 7.69 | 7.41 |

Water/Sewer Utility Capital Project Expenses

The City has two funds to track Capital Projects for Water/Sewer Utilities. The City has issued \$29,120,000 in Revenue bonds since 2011 to fund infrastructure projects for Water, Sewer, and Storm Utilities, in order to be in compliance with state regulations and maintain the City's operating permit for each utility. The City tracks the bond projects from one fund as they have to be approved per the bond covenants. The other Water/Sewer projects funded by system development charges, grants, and system reinvestment funds are tracked out of a separate fund. See below for the list of 2023 Water and Sewer Capital Projects:

Water Capital Projects:

| Water Capital | Budget |
|---|----------------|
| SCADA System Upgrades | 112,551 |
| Northside Lift Station No. 8 Completion | 50,000 |
| Automatic Meter Reading (AMI) | 409,383 |
| Water Main Installation 32/34/J st | 284,280 |
| Major Pipe Repairs - Throughout City | 53,045 |
| Total Water Capital | 909,259 |

Sewer Capital Projects:

| Sewer Capital | Budget |
|----------------------------|------------------|
| Pump Station #1 relocation | 1,254,552 |
| Anoxic Selector | 1,200,000 |
| SCADA System upgrade | 228,478 |
| Total Sewer Capital | 2,683,030 |

Water/Sewer Debt Service

Currently, the City has \$22,503,534 in outstanding debt for water and sewer infrastructure. Of this amount, \$1,553,454 is from Public Works Trust Fund Loans and \$20,950,080 is from Revenue Bonds. The City makes annual principal and interest payments for these funds based upon amortization schedules as set during the loan and bond issuance. For 2023, the total debt service, comprised of principal and interest, funded by Water/Sewer rate revenues is \$2,616,787.

Stormwater Fund

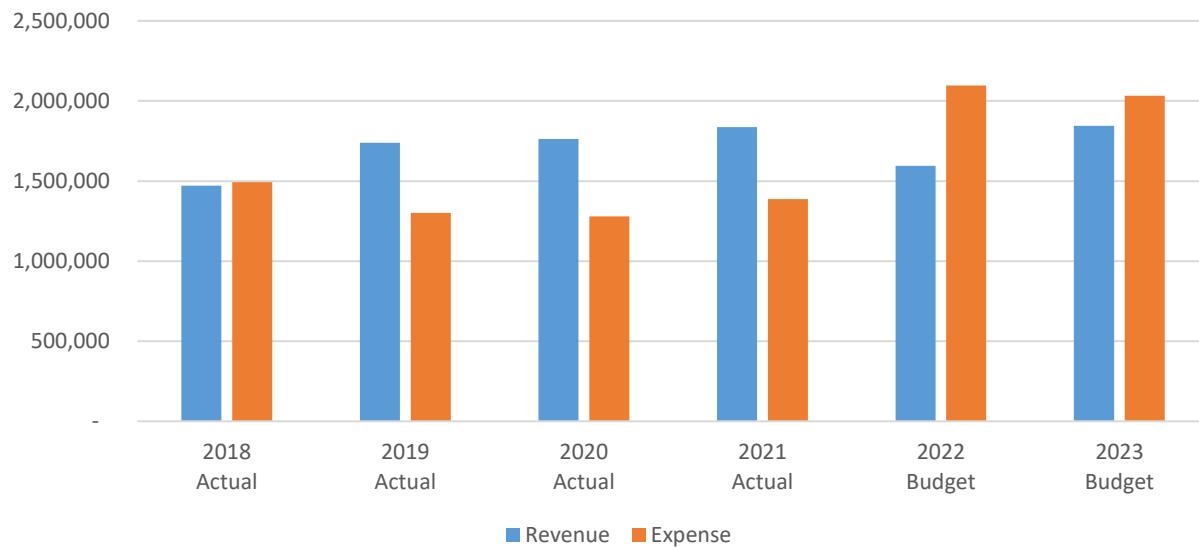
In general terms, Stormwater is rainfall or snowmelt which flows over the ground. Impervious surfaces such as rooftops, driveways, sidewalks, and streets prevent Stormwater runoff from naturally soaking into the ground. Stormwater runoff can pick up pollutants such as fertilizers, pesticides, animal waste, debris, and oil, among other toxins. This untreated runoff flows into storm drains and eventually reaches streams, rivers, lakes, and oceans.

The runoff which enters the Stormwater systems is treated in a Stormwater facility before being released to a local waterway. Stormwater is not piped to the wastewater treatment plant which is why it is important to properly maintain the many independent Stormwater facilities around the City. The City performs this function with its Stormwater Utility.

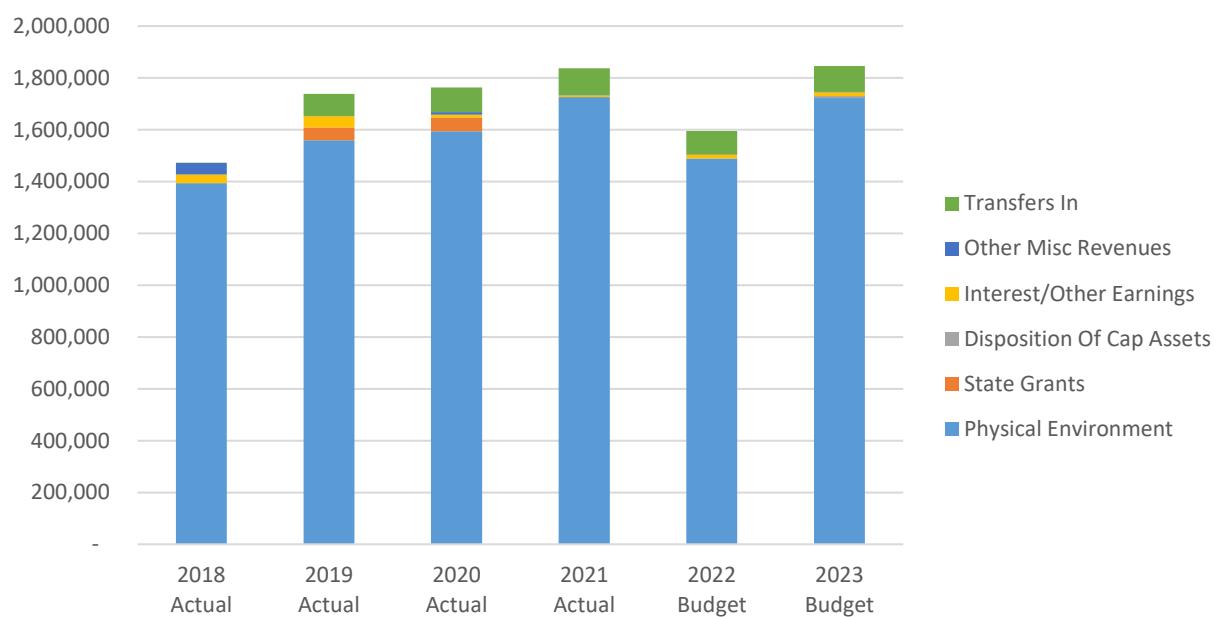
The City has developed a comprehensive Stormwater Management Plan (SWMP), outlining the City's efforts to prevent Stormwater pollution and minimize runoff. Generally, the SWMP has five components: public education, public outreach and involvement, the formation of an illicit dumping elimination program, modified regulations for new development and redevelopment and construction, as well as a pollution prevention program, to be implemented within City operations. Currently, the City is responsible for the maintenance of 1500 catch basins and 25 detention ponds. Washougal's unique location on the banks of the Columbia River makes it extremely important that stormwater runoff be adequately treated and discharged in the cleanest form possible. The Columbia is not only comprised of the water that runs between its banks, but also of all the water that enters from the communities that line its shores. Working together, the City of Washougal and its community can improve the quality of our valuable water resources, ensuring availability to future generations.

The City contracts with a third-party contractor, procured through a selective open request for proposals, to set the utility rates for each utility separately. Future infrastructure needs, labor costs, debt service payments, operations and maintenance costs, and cost inflation are all taken into account for each utility separately. The City has an established set of rates through the 2023 horizon. Both the Stormwater Master plan and utility rates for 2024 and beyond are in the process of being updated.

Stormwater Fund Revenue/Expense History



Stormwater Fund Revenue



| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|---------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Physical Environment | 1,393,966 | 1,558,784 | 1,593,476 | 1,726,452 | 1,489,400 | 1,722,227 |
| State Grants | - | 50,000 | 51,688 | | - | - |
| Disposition Of Cap Assets | - | - | - | - | - | 7,000 |
| Interest/Other Earnings | 33,225 | 43,589 | 13,124 | 5,243 | 15,000 | 15,000 |
| Other Misc Revenues | 44,347 | - | 10,102 | 1,425 | 1,000 | 1,000 |
| Transfers In | 275 | 86,341 | 94,450 | 103,695 | 90,000 | 100,000 |
| Total | 1,471,813 | 1,738,715 | 1,762,840 | 1,836,815 | 1,595,400 | 1,845,227 |

Physical Environment: The fees for utility service are the primary source of revenue for this fund. They are the basis for operating the Stormwater Utility.

State Grant: The City does not anticipate any state grants for 2023.

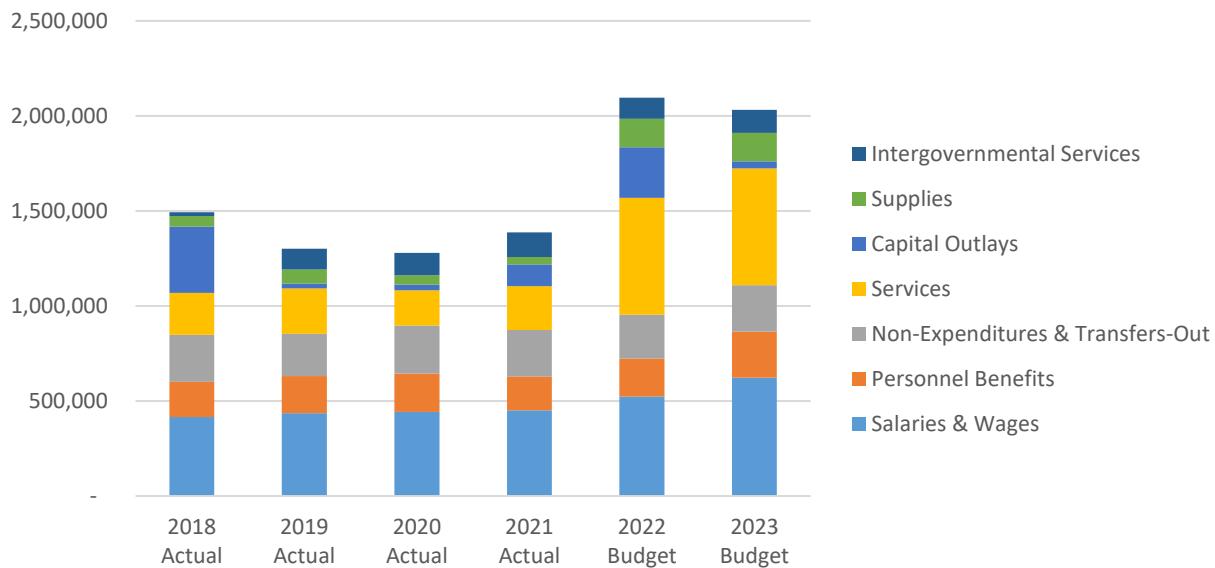
Stormwater Fund Expenses

The Facilities Operations Manager oversees this fund with oversight by the Public Works Director. There are four full-time maintenance workers who maintain this Utility. Total FTE allocated to this fund is 6.50. In the spring, the City hires additional seasonal workers to assist with the maintenance of the system, as needed. This fund also pays a portion of the outstanding Utility Debt. The portion of Revenue bonds outstanding this fund is \$872,920. This fund transfers funds to a Utility debt fund from which the payments are made. Total principal and interest for 2023 is \$96,615.

In addition to regular maintenance and operations of the Stormwater fund, the following projects funded by previously issued revenue bonds, grants, and system development fees are included for 2023:

| Stormwater Capital & Maintenance | Budget |
|----------------------------------|----------------|
| Point Repairs | 30,000 |
| Z Street Drainage | 42,000 |
| Dogwood Drainage | 42,000 |
| Catch Basins & Drainage | 255,000 |
| Mowers (2) | 36,500 |
| Stormwater Masterplan | 150,000 |
| Total Stormwater | 555,500 |

Stormwater Expense



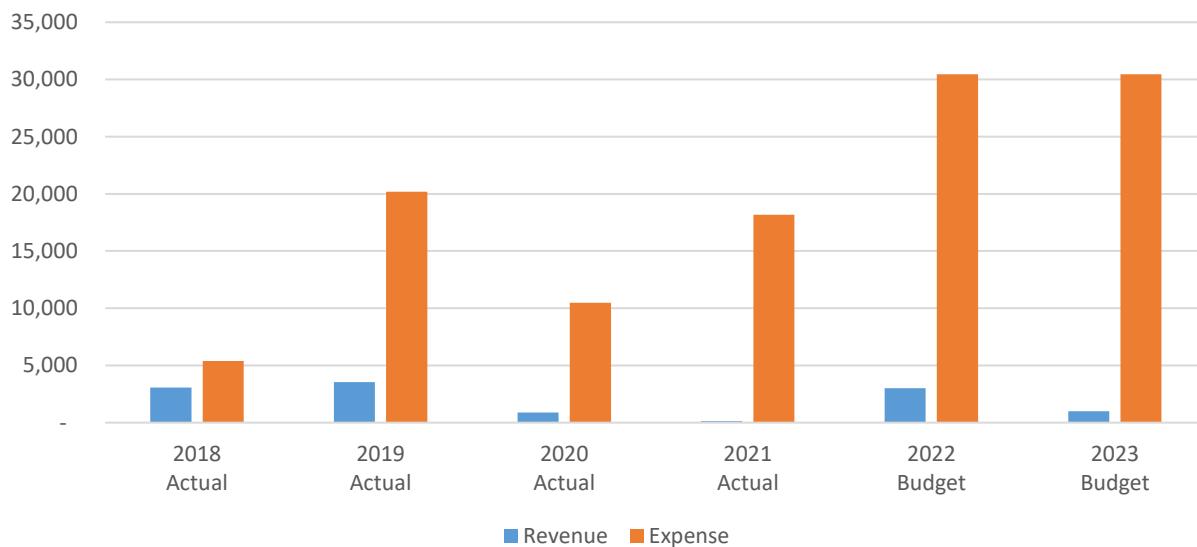
| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Salaries & Wages | 414,858 | 435,269 | 442,552 | 450,777 | 523,450 | 622,624 |
| Personnel Benefits | 186,183 | 196,037 | 202,204 | 179,204 | 200,606 | 243,206 |
| Non-Expenditures & Transfers-Out | 247,126 | 221,519 | 253,150 | 244,280 | 230,662 | 243,033 |
| Services | 220,881 | 240,107 | 184,558 | 229,234 | 614,145 | 615,233 |
| Capital Outlays | 347,771 | 24,579 | 30,980 | 114,603 | 266,319 | 36,500 |
| Supplies | 55,888 | 73,995 | 48,761 | 39,644 | 149,418 | 150,284 |
| Intergovernmental Services | 20,651 | 109,750 | 117,853 | 130,142 | 111,253 | 122,000 |
| Total | 1,493,358 | 1,301,257 | 1,280,058 | 1,387,884 | 2,095,853 | 2,032,880 |

| Full Time Employee Equivalent | | | |
|-------------------------------|-------------|-------------|-------------|
| Department | 2021 Budget | 2022 Budget | 2023 Budget |
| Stormwater | 5.30 | 5.45 | 6.50 |

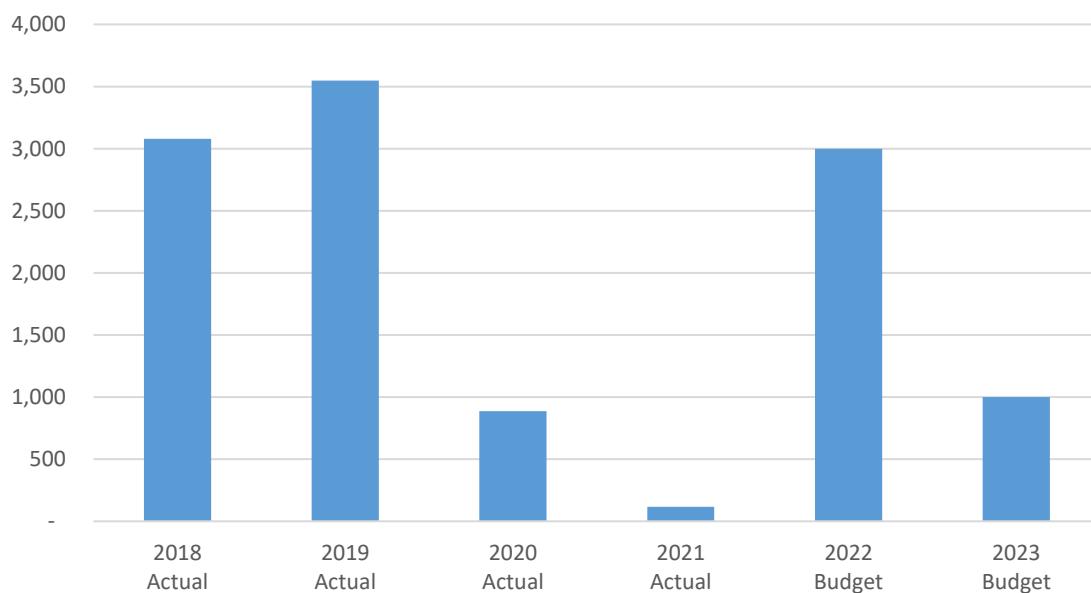
Employment Security Fund

This fund is used to provide unemployment compensation to City employees and from which reimbursements to the Washington State Department of Employment Security shall be made for these claims. This is an established self-insured fund for unemployment claims for which, the City Council passed an ordinance establishing the fund and minimum fund balance requirements. There is sufficient balance in this Fund for 2023, which allows the City to forego continued contributions until such time the City must begin to make contributions to the fund.

Employment Security Fund Revenue/Expense History



Employment Security Fund Revenue



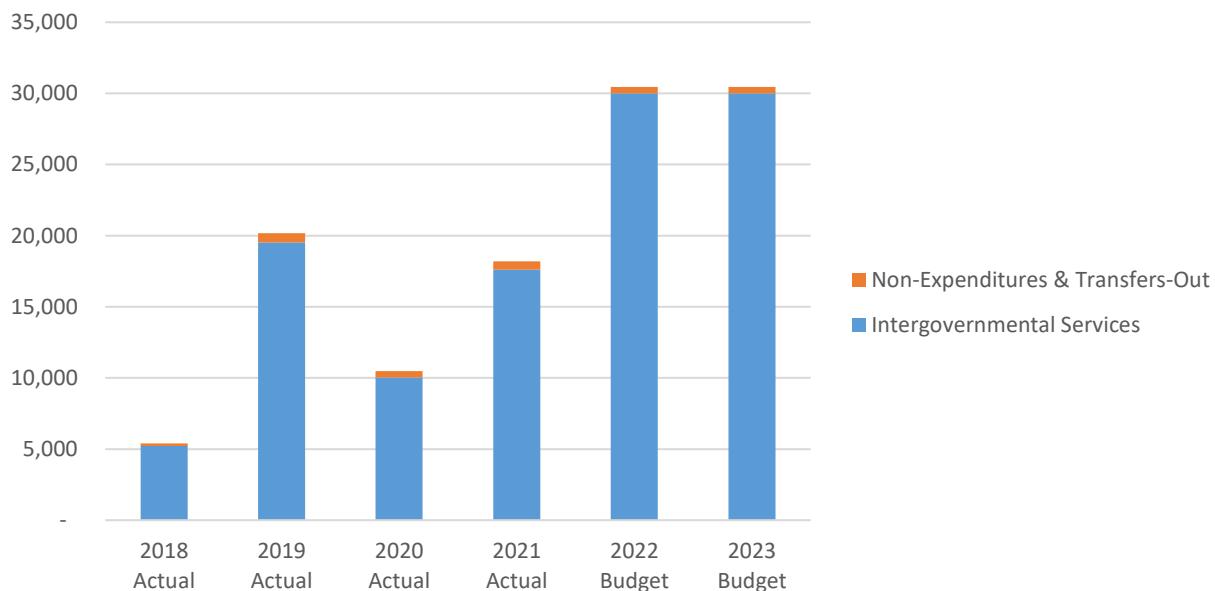
| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Interest/Other Earnings | 3,078 | 3,548 | 887 | 117 | 3,000 | 1,000 |
| Total | 3,078 | 3,548 | 887 | 117 | 3,000 | 1,000 |

Interest Earnings: The fund balance for this fund is earning interest each year.

Employment Security Fund Expenses

When an employee is terminated, they make a claim to the Washington State Employment Security Department (ESD). Once the claim is processed, the ESD sends the City a bill for the unemployment claim.

Employment Security Expense

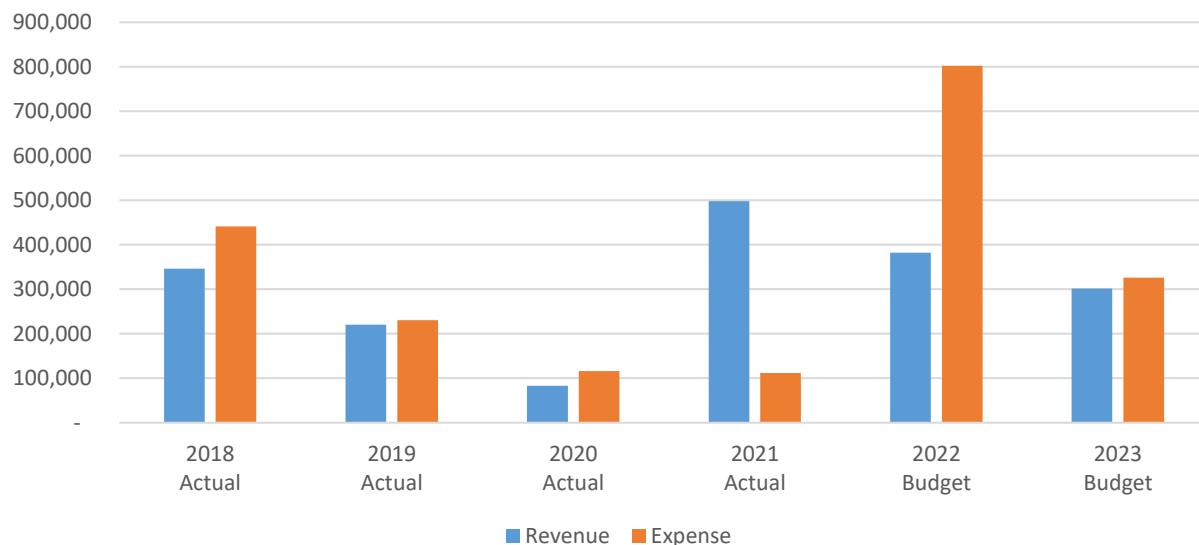


| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Intergovernmental Services | 5,223 | 19,528 | 10,020 | 17,610 | 30,000 | 30,000 |
| Non-Expenditures & Transfers-Out | 171 | 655 | 450 | 574 | 450 | 450 |
| Total | 5,394 | 20,183 | 10,470 | 18,184 | 30,450 | 30,450 |

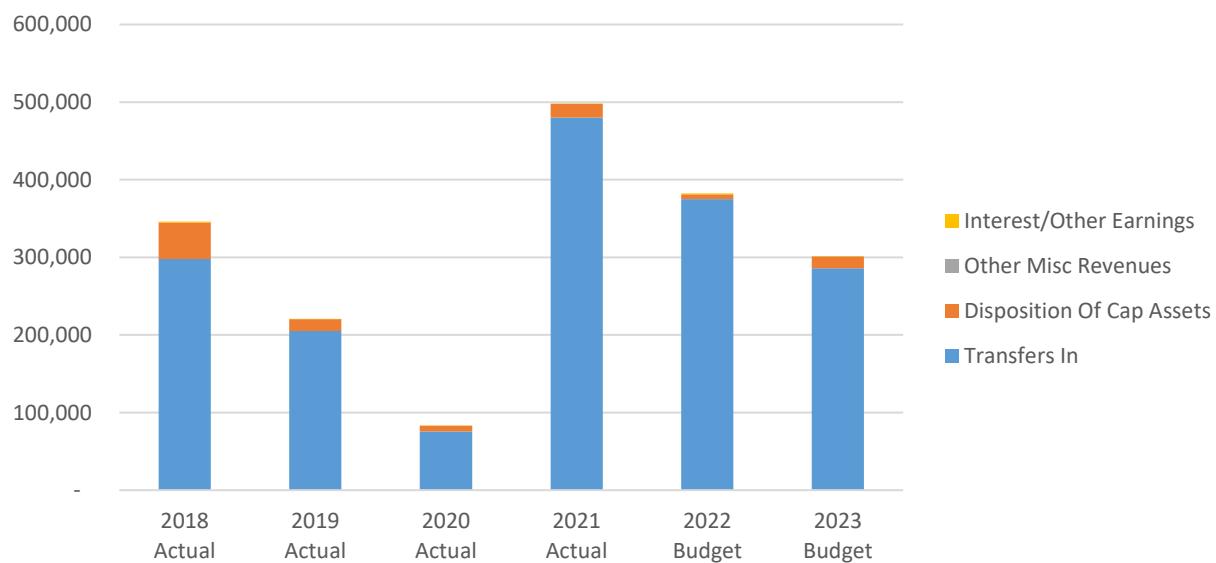
Equipment Rental and Repair Funds

The City has two Internal Service funds for Vehicles and Information Technology (IT) hardware for departments funded by the General Fund. Rolling stock is replaced from here according to a depreciation schedule. IT resources are also replaced from here according to a replacement schedule.

Equipment Rental and Repair Funds Revenue/Expense History



Equipment Rental & Repair Revenue



| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Transfers In | 298,000 | 205,000 | 75,720 | 480,000 | 375,000 | 286,000 |
| Disposition Of Cap Assets | 46,959 | 15,153 | 7,481 | 17,765 | 6,000 | 15,000 |
| Other Misc Revenues | - | - | - | - | - | - |
| Interest/Other Earnings | 1,101 | 497 | 125 | 15 | 1,500 | 600 |
| Total | 346,060 | 220,650 | 83,326 | 497,780 | 382,500 | 301,600 |

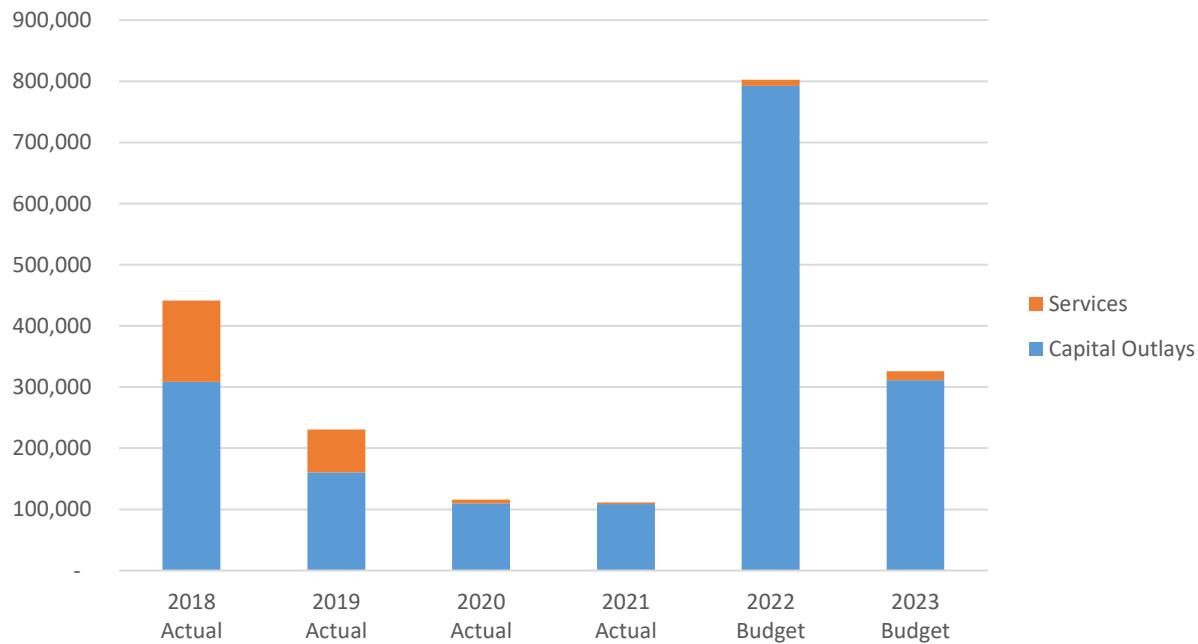
Transfers In: The General Fund pays for all expenditures from this fund. The revenue for the vehicles comes through an interfund transfer.

Equipment Rental and Repair Funds Expenses

These funds pay for Vehicles and IT resources. For 2023, the following vehicles are to be replaced:

| Department | Vehicle | Amount |
|--------------|---------|----------------|
| Streets | Truck | 60,000 |
| Facilities | Truck | 55,000 |
| Total | | 115,000 |

Equipment Rental & Repair Expense

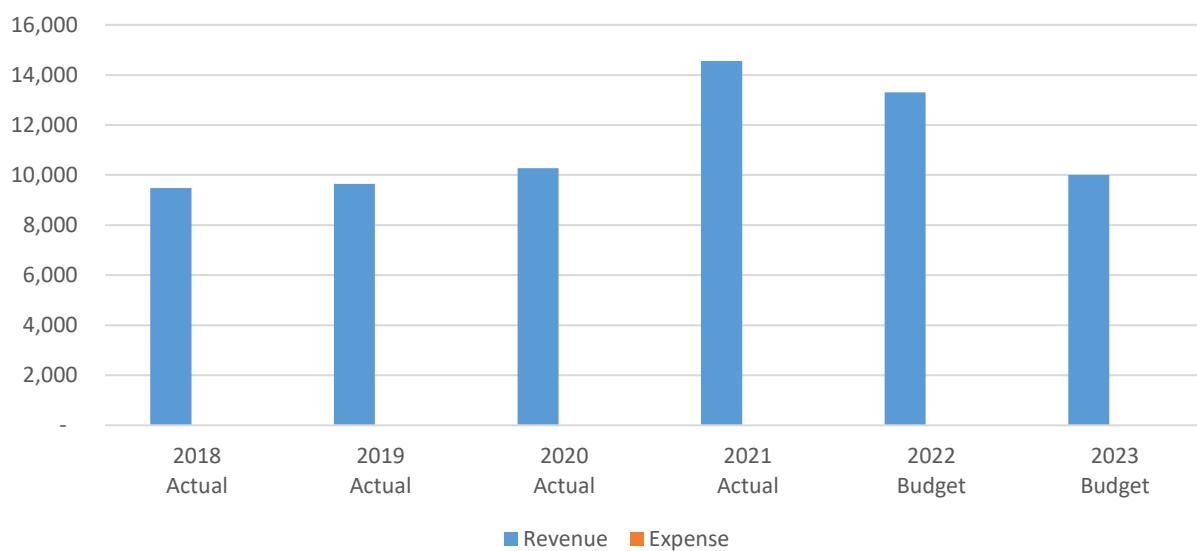


| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Capital Outlays | 308,669 | 160,253 | 109,590 | 108,831 | 792,275 | 311,000 |
| Services | 132,634 | 70,238 | 6,478 | 2,617 | 10,000 | 15,000 |
| Total | 441,303 | 230,491 | 116,067 | 111,448 | 802,275 | 326,000 |

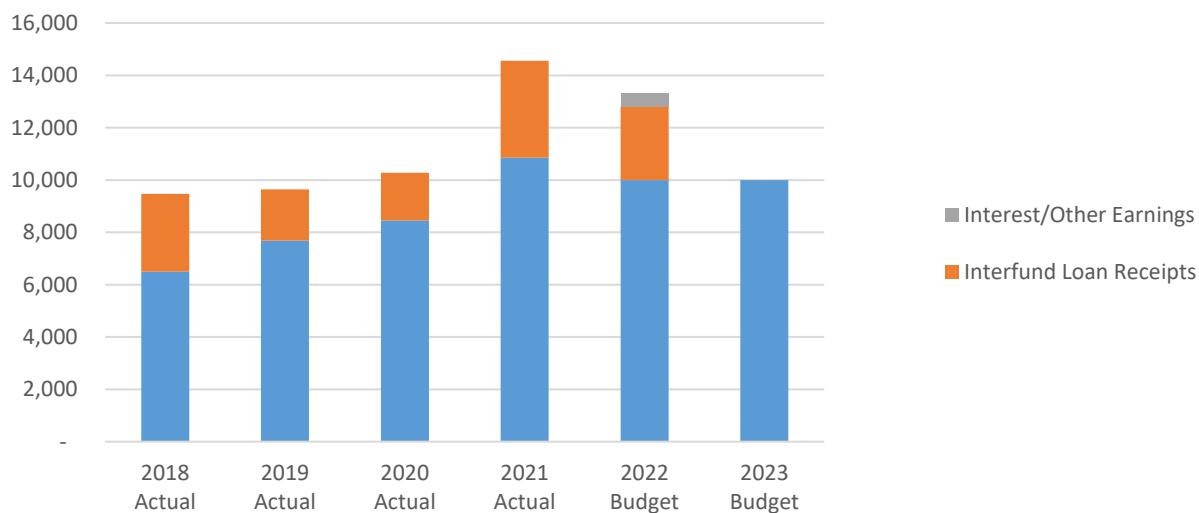
Perpetual Care Fund

This fund was established by Ordinance to maintain the Cemetery in the future. A portion of the Cemetery lot sales, 25%, shall be deposited in the Cemetery Perpetual Care Trust Fund, until such time as the fund shall be of a sufficient amount that the revenue received therefrom will provide ample funds for the perpetual care and keep of the Cemetery. The principal of the fund shall be kept intact and not diminished. The interest therefrom shall be used for the expenses of operation and any excess may be used for capital improvements and additions to the Cemetery or if not needed for such purposes shall be added to the principal amount.

Perpetual Care Fund Revenue/Expense History



Perpetual Care Fund Revenue



| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Physical Environment/Transfer In | 6,497 | 7,686 | 8,453 | 10,850 | 10,000 | 10,000 |
| Interfund Loan Receipts | 2,979 | 1,960 | 1,823 | 3,707 | 2,802 | - |
| Interest/Other Earnings | - | - | - | - | 500 | - |
| Total | 9,476 | 9,646 | 10,276 | 14,557 | 13,302 | 10,000 |

Physical Environment: A portion of Cemetery lot sales, 25%, is transferred to this fund.

Perpetual Care Fund Expenses

No expenses are budgeted for 2023.

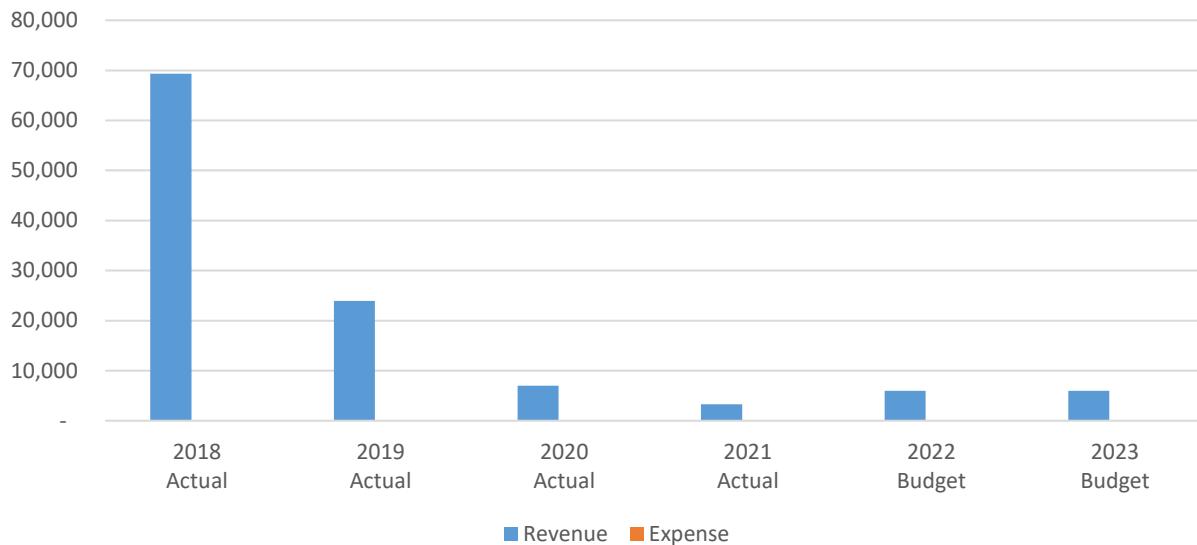
Perpetual Care Fund Expense

| | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| 1 | | | | | | |
| 1 | | | | | | |
| 1 | | | | | | |
| 1 | | | | | | |
| 1 | | | | | | |
| 0 | | | | | | |
| 0 | | | | | | |
| 0 | | | | | | |
| 0 | | | | | | |
| - | | | | | | |

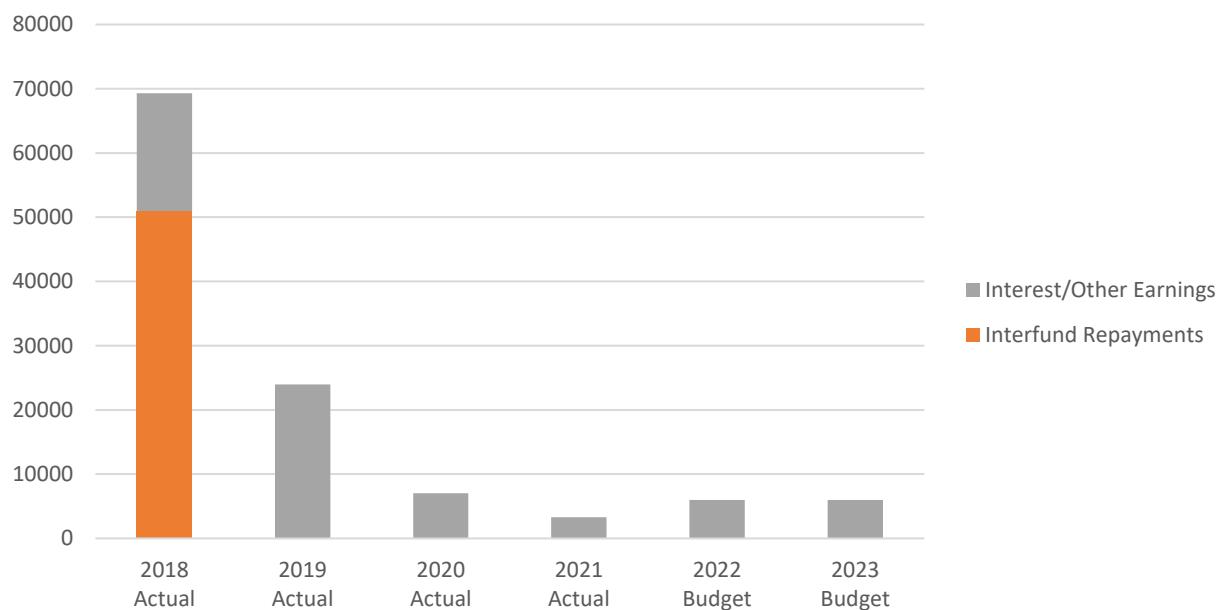
Downtown Bond Guarantee Fund

This is a debt service holding fund for the outstanding General Obligation debt which was used for the City's Downtown Revitalization. The debt is paid with monies transferred from the REET Funds out of the Downtown Revitalization Fund. This fund will be closed when the bonds are paid off in 2026.

Downtown Bond Guarantee Fund Revenue/Expense History



Downtown Bond Guarantee Fund Revenue



| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Interfund Repayments | 50,950 | - | - | - | - | - |
| Interest/Other Earnings | 18,364 | 23,950 | 7,026 | 3,283 | 6,000 | 6,000 |
| Total | 69,314 | 23,950 | 7,026 | 3,283 | 6,000 | 6,000 |

Downtown Bond Guarantee Fund Expenses

No expenses are budgeted for 2023.

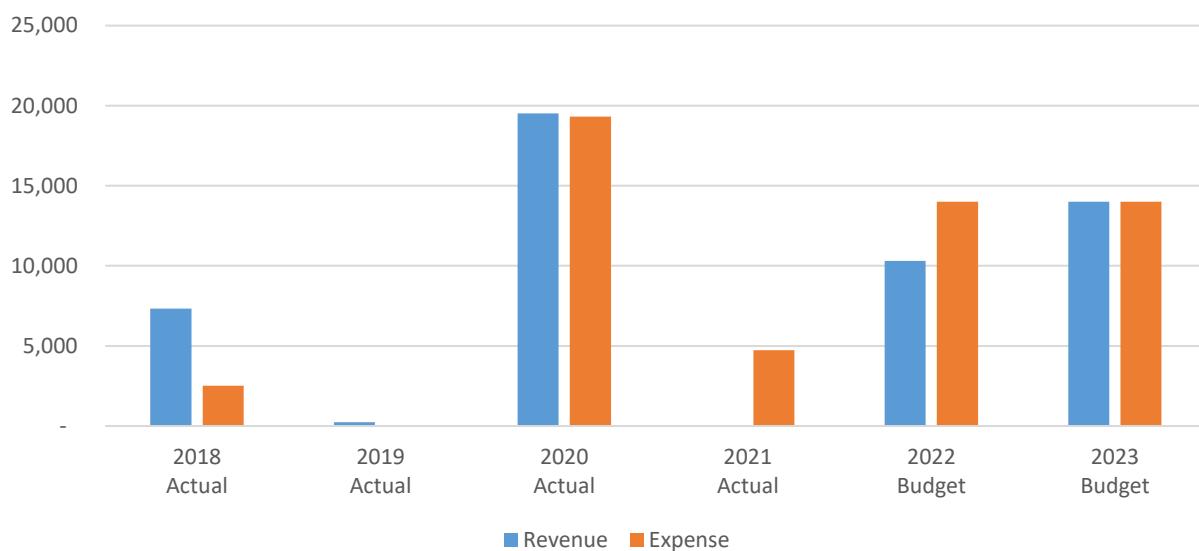
Downtown Bond Guarantee Fund Expense

| Year | Value |
|-------------|-------|
| 2018 Actual | 0.8 |
| 2019 Actual | 0.6 |
| 2020 Actual | 0.4 |
| 2021 Actual | 0.2 |
| 2022 Budget | 0.0 |
| 2023 Budget | -0.2 |

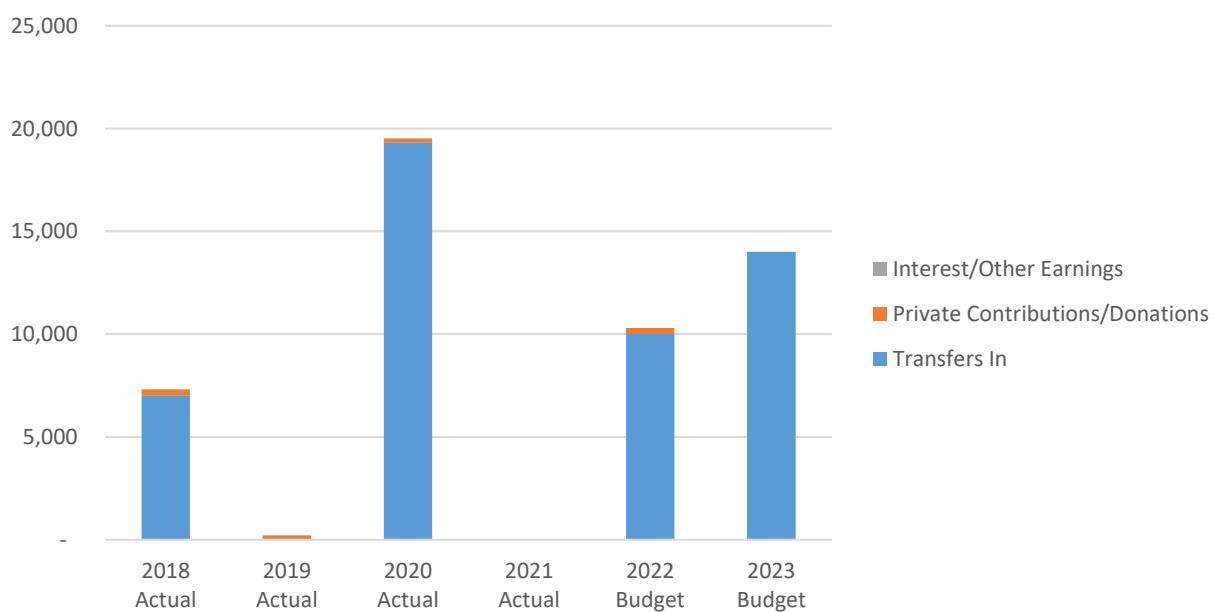
Low Income Assistance Fund

This fund was established in 2013 and is used to assist low income citizens with their utility bills. The initial seeding money came from the utility reserves in the amount of \$95,000, which represents approximately one year of late fee/penalty revenue. The intent is for citizens to donate funds to keep the program operational; however, in 2016, the Council changed the policy to have 5% of the prior year penalties be transferred into the fund annually to keep the program going.

Low Income Assistance Fund Revenue/Expense History



Low Income Assistance Fund Revenue



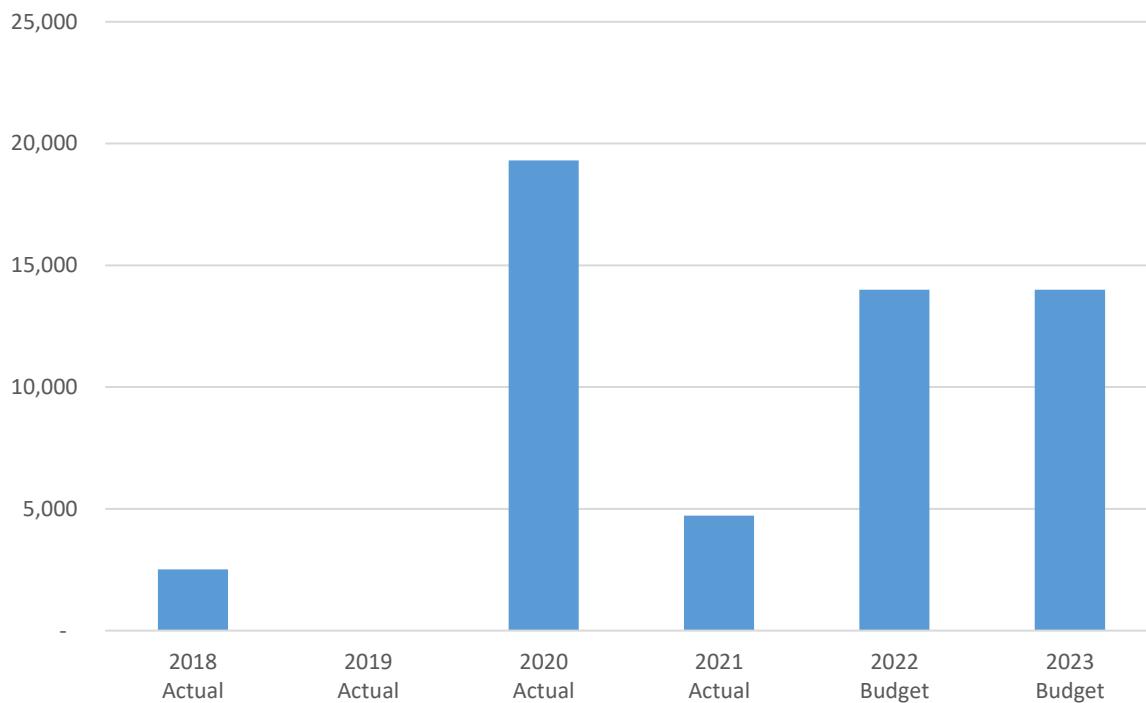
| Revenue | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Transfers In | 7,000 | - | 19,310 | - | 10,000 | 14,000 |
| Private Contributions/Donations | 309 | 200 | 200 | 1 | 300 | - |
| Interest/Other Earnings | 26 | 32 | 9 | 2 | - | - |
| Total | 7,335 | 232 | 19,519 | 3 | 10,300 | 14,000 |

Contributions/Private Donations: Citizens make donations to this fund to support low income customers who cannot afford their utility bill.

Low Income Assistance Fund Expenses

Utility Customers submit an application for assistance. Once reviewed by staff, it goes to the Finance Committee for approval, and City Council then has the final approval on the application. There is a maximum of \$250 per customer per year in assistance. In 2016, the City Council approved an annual transfer of five percent of actual utility penalty revenues to this program.

Low Income Assistance Fund Expense



| Expenditure | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Budget | 2023 Budget |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Non-Expenditures & Transfers-Out | 2,520 | - | 19,310 | 4,728 | 14,000 | 14,000 |
| Total | 2,520 | 0 | 19,310 | 4,728 | 14,000 | 14,000 |

City of Washougal



City Long Term Liabilities

Long Term Liabilities

The City has several different types of long term liabilities which have funded City Capital Projects. In addition to principal payments, the City also pays annual interest payments for each of the outstanding liabilities. The City does not have an official debt policy. The City uses each debt's amortization schedule to budget for the debt service payments. Each liability class is described below.

General Obligation Bonds

General Obligation Bonds, are bonds which are backed by the City's tax revenues. If a default occurs, the bond owners have a legal claim on all the general income of the City. Due to the credit backing of these type of bonds, there are restrictions on how much general obligation debt a City can obtain. There are different limits on the debt depending on whether the residents vote to approve the bond or if the City issues the bonds without a vote. When residents approve the issues of General Obligation bonds, an additional levy is set for their property taxes in order to pay for the bond issuance, including principal and interest. The City currently has an "AA" bond rating. The following is the City's 2023 General Obligation Bonds debt calculation:

CITY OF WASHOUGAL
SCHEDULE OF LIMITATION OF INDEBTEDNESS
12/31/2022

| | |
|--|--------------------------------|
| Total Taxable Property Value: | <u>\$ 3,225,030,183</u> |
| I. General Purpose Indebtedness (Legal Limit 2.5% of Taxable Property Value) | <u>\$ 80,625,755</u> |
| A. General Purpose Indebtedness <u>Without</u> A Vote (Legal Limit 1.5%) | <u>\$ 48,375,453</u> |
| Indebtedness (Liabilities): | |
| GO Bonds | <u>\$ 1,290,000</u> |
| Others | <u>\$ -</u> |
| Less Assets Available | <u>\$ -</u> |
| Indebtedness Incurred - Section A | <u>\$ 1,290,000</u> |
| Indebtedness Margin - Section A | <u>\$ 47,085,453</u> |
| II. Indebtedness for Utility Purposes <u>With</u> 3/5 Vote (Legal Limit 2.5%) | <u>\$ 80,625,755</u> |
| Indebtedness (Liabilities): | |
| GO Bonds | <u>\$ -</u> |
| Others | <u>\$ 23,376,454</u> |
| Less Assets Available | <u>\$ -</u> |
| Indebtedness Incurred - Utility | <u>\$ 23,376,454</u> |
| Indebtedness Margin - Utility Purposes | <u>\$ 57,249,301</u> |

The City has one non-voted general obligation bond outstanding for the Downtown Revitalization Project. As of December 31, 2022, the following amount is outstanding:

| Bond | Outstanding |
|---|------------------|
| General Obligation Bond Non-Voted (Downtown Revitalization Project) | 1,290,000 |
| Total General Obligation Bonds Outstanding | 1,290,000 |

The Downtown Revitalization Project is funded by the taxes assessed on the sale of real estate in the City of Washougal (Real Estate Excise Tax, REET). For the 2023 Budget, the following are the total principal and interest payments for General Obligation Bonds:

| GO Bonds | |
|------------------------------------|----------------|
| Principal | 400,000 |
| Interest | 66,550 |
| Total Debt Service GO Bonds | 466,550 |

Public Works Trust Fund Loans

These are loans through the Washington State Public Works Board. They are low-interest loans for local governments to finance public infrastructure construction and rehabilitation. Eligible projects must improve public health and safety, respond to environmental issues, promote economic development, or upgrade performance. The City has five outstanding Public Works Trust Fund Loans for a total outstanding principal balance of \$1,553,454. These loans are repaid by the Water/Sewer and Stormwater operations fund. The annual debt service payments are integrated into the Utility rates residents pay for services. For the 2023 Budget, the following are the total principal and interest payments for Public Works Trust Fund Loans:

| PWTF Loans | |
|--------------------------------------|----------------|
| Principal | 289,405 |
| Interest | 10,448 |
| Total Debt Service PWTF Loans | 299,853 |

Revenue Bonds

Revenue Bonds are bonds which are guaranteed by the specific revenues generated by the issuer. The revenue stream must be sufficient to support the debt along with debt reserve requirements. The City has issued several series of Revenue Bonds based on the Water, Sewer, and Stormwater Utility's revenue. The City undergoes regular, every five years, rate studies to ensure our rates are sufficient to support the issued debt.

The Revenue Bonds issued by the City were issued to fund priority infrastructure projects in order to maintain the City's Utility operating permit with the State Department of Ecology. This included a \$16

million Wastewater Treatment Plant expansion. The City has issued four series of Revenue Bonds. The total principal of revenue bonds outstanding is \$21,823,000 as of December 31, 2021. This debt is repaid by the Water/Sewer and Stormwater operations funds. The annual debt service payments are integrated into the Utility rates residents pay for services. The City has a current "A+" bond rating. For the 2023 Budget the following are the total principal and interest payments for Revenue Bonds:

| Revenue Bonds | |
|---|------------------|
| Principal | 1,568,000 |
| Interest | 829,844 |
| Total Debt Service Revenue Bonds | 2,397,844 |

Future Debt Payments

The City's long-term debt will be fully paid in full in 2040. Here are the future projected payments by year for 2023 and 2024 and then in five-year increments for the remaining totals:

| | Principal | Interest | Total |
|---------------|----------------------|------------------|----------------------|
| 2023 | 2,230,404 | 839,598 | 3,070,001 |
| 2024 | 2,302,404 | 761,077 | 3,063,481 |
| 2025-2029 | 11,012,361 | 2,650,768 | 13,663,129 |
| 2030-2034 | 6,456,285 | 1,085,304 | 7,541,589 |
| 2035-2039 | 2,175,000 | 365,800 | 2,540,800 |
| 2040 | 490,000 | 19,600 | 509,600 |
| Totals | \$ 24,666,454 | 5,722,146 | \$ 30,388,600 |

City of Washougal



Capital Plans

Capital Plans

The City has four different Capital Facility Plans for water, sewer, transportation, and parks. Each plan is completed by a third party contractor procured through a public request for proposals. These Facility Plans take into account current and future needs of the City and systems. These plans are updated every six years. The City has approximately \$1.5 billion in capital assets. As the City is cash basis, assets are expensed when purchased.

Water Capital Facility Plan

The City has six reservoirs which serve five pressure zones, which are further divided into sub-zones by pressure reducing valves. Underlying aquifers are the current source of water supply to the City. Water is extracted from two wellfields – the Westside Wellfield and Hathaway Park Wellfield. This plan conducts an analysis of six years and 20 years for the system to operate at current levels. During this review approximately \$24 million of capital projects were found to be needed for 20 year projections to keep the system at current levels. This plan was updated during 2021.

Sewer Capital Facility Plan

The City operates and maintains approximately 35 miles of sanitary sewer collection lines and mains. The City's current system relies upon an activated sludge treatment plant that discharges to the Columbia River. By state law, sanitary sewer system improvements need to conform to a State-approved General Sewer Plan which is formally adopted by City Council. During this review approximately \$29 million of capital projects were found to be needed for 20 year projects to keep the system at current levels. The six year projection anticipated \$3 million in projects.

Transportation Capital Facility Plan

Washougal is located along SR-14 in eastern Clark County, Washington. Traffic on SR-14 is forecasted to nearly double during the evening peak traffic hour in the easterly peak direction. The plan lays the groundwork for a street network which adequately provides a safe and efficient movement of people and goods. The plan grades roads and establishes the priorities of transportation projects. Total projects through 2035 are \$214 million.

Parks Capital Facility Plan

The Park and Recreation Plan identifies a vision for Washougal's park system, and presents recommendations for achieving that vision. The plan identifies and evaluates existing park and recreation areas; assesses the need for additional park land, open space and recreation facilities; establishes goals and objectives for the City's leisure services; and offers specific policies and recommendations to achieve these goals and objectives. The total parks and open space project total from this review is \$29 million.

City of Washougal



Utility Financial Policy

Utility Financial Policy

The City of Washougal adopted a Utility Financial Policy on February 22, 2011. The purpose of establishing financial policies for the utility enterprises is to promote the financial integrity and stability of the utilities and to provide for the sustainability of essential utility services. These policies form the foundation of utility management and, with routine application, can act as overarching guidelines for consistent decision making.

Some policies are imposed by outside influence, such as minimum debt service coverage, bond reserves and regulatory compliance, while other policies are specific to the city, such as discretionary reserve levels, reinvestment protocols and use of debt.

These policies will assist the City in achieving financial and rate stability from year-to-year.

A. Fund Accounting

Within each utility, appropriate segregation of monies should be established and maintained to provide adequate controls as to the sources and uses of funds. This will ensure that funds raised through each utility are applied to the appropriate purposes, and that equity attained through rate and charge structure is maintained.

Each utility will operate as a self-supporting enterprise fund. Each utility's rate has been designed to recover the forecasted costs and financial obligations without subsidy from other funds.

1. Operating Reserves

An operating reserve is designed to provide a liquidity cushion to provide for financial viability of the utilities despite short-term variability in revenues and expenses, primarily caused by season fluctuations in billings and receipts, unanticipated cash operating expenses, or lower than expected revenue collections. Target funding levels are generally expressed in number of days' operating and maintenance (O&M) expenses, with the minimum requirement varying with the expected risk of unanticipated needs or revenue volatility. Industry practice ranges from 30 days to 120 days of O&M. The City will maintain the following reserves: water 60-90 days; sewer 45-60 days and storm 30-45 days.

The City will use December 31st of each calendar year as the date to have these reserves on hand, with the balance expected to fluctuate during the year. In any year where operating reserves exceeds the maximum target, the City will transfer the excess cash to the capital project fund to pay for capital projects, after taking into account item 2 below.

2. Capital Contingency Reserves

A capital contingency reserve is an amount of cash set aside in case of an emergency, should a major piece of equipment or a portion of the utility's infrastructure fail unexpectedly.

Additionally, the reserve could be used for other unanticipated capital needs or capital cost overruns. The capital account holds debt proceeds, system development charge revenues, system reinvestment funding from rates and any transfers of cash reserves from the operating account.

Industry standard is to maintain a minimum balance in the capital account equal to 1% to 2% of utility fixed assets. The City will establish a target of 1% to 2% of utility fixed assets.

3. Restricted Debt Reserves

Restricted debt reserves are typically required through the term of debt repayment to provide a safeguard for bondholders in the event the utilities have insufficient funds to meet annual debt service. This reserve is generally equal to one year's debt service payment for each bond issue. The reserve account can be used to fund the last year's debt service payment for each issue. As an alternative, insurance bonds are sometimes issued in lieu of establishing a bond reserve account. The City will maintain a restricted debt reserve fund throughout the life of each bond issuance with the required level of reserves.

B. System Reinvestment Funding

Utilities generally require high levels of capital investment in infrastructure. As a provider of municipal utility services, the City has an ongoing duty to provide adequate service to its citizens. Therefore, the city realizes the need to provide for replacement of system facilities, many times concurrently.

System reinvestment funding specifically addresses the concept of funding repair and replacements (R&R) through a regular and predictable rate provision. The City will use the "net debt" funding approach. This approach is depreciation funding net of outstanding debt principal, realizing that the utility improves its financial condition through reducing liabilities, such as debt, and augments this through the incremental difference to full depreciation funding. This method most directly relates to a financial "break-even" in terms of profit or loss, mitigates the rate impacts of replacement funding, and avoids overly burdening existing ratepayers with the payment of debt and funding for future asset replacement at the same time.

Annual funding will be transferred from the operating account to the capital account at year-end. The City started to phase in reinvestment funding for all utilities in 2011, with 100% net debt funding achieved in 2015 for water, 2020 for sewer and 2011 for stormwater.

C. Debt Service Coverage Requirements

When revenue bonds are issued, the City agrees to certain terms and conditions related to the repayment of the bonds. Bond coverage is one of those requirements whereby the City agrees to collect enough in annual system revenues to meet all operating expenses and not only pay debt service, but collect an additional multiple of that debt service. Coverage ratios typically range from 1.10 to 1.50. The stated coverage in the bond is a minimum requirement and anything less would be a technical default of the bond covenant. The City will maintain coverage of at least 1.25 times its annual revenue bond debt service.

D. Use of System Development Charges for Debt Service

System development charges (SDC) are charges assessed on new development rather than from the existing customer base. The variability in customer growth from year-to-year makes this an unreliable revenue stream and subject to large fluctuations.

SDC revenue will be deposited in the capital account of each utility and made available for capital purposes only. SDC's can legally be used in two ways – they can be applied to capital project costs directly or they can be applied toward annual debt service payments. The City will use SDC revenue to directly fund capital expenses.

E. Capital Program Funding/Debt Management

A capital-financing plan supports the execution of the utility capital program. The program will incorporate system replacement and rehabilitation, system upgrade and improvement, and system expansion.

1. Capital Funding

Utilities can draw funds for capital projects from a variety of sources such as: grants, developer contributions, system development charges, system reinvestment funding, direct funding from rates, other capital revenues or debt. Grants and developer contributions will be applied to project costs first and the City will evaluate which funding source to use next through use of the debt management policy below.

2. Debt Management

Excessive debt is unfavorable for utilities and can damage the credit rating of the utility, reducing its ability to acquire low-cost debt in the future, while cash “pay-as-you-go” funding might create excessive burdens for existing customers. In order to find a balance between debt issuance and cash payments, the City will follow industry practice of maintaining a debt-to-equity ratio of no greater than 50% debt and 50% equity.

Glossary

Account – A record of debit and credit entries to cover transactions involving a particular item or person.

Accrual – A charge for work that has been done, but not yet invoiced, for which provision is made at the end of a financial period.

Adopted Budget – Financial program which forms the basis for appropriations, adopted by the governing body.

Allocate – To divide a lump-sum appropriation which is designed for expenditure by specific organization units and/or for specific purposes, activities, or objects.

Amortization – The process of allocating the cost of an intangible asset over a period of time.

Appropriation – An authorization made by the legislative body of a government which permits officials to incur obligations against and to make expenditures of governmental resources. Specific appropriations are usually made at the fund level and are granted for a one-year period.

ARPA – The American Rescue Plan Act of 2021 that was signed into law on March 11, 2021. This Federal act provided an estimated \$1.9 trillion in stimulus to aid in the COVID-19 pandemic.

Assessed Value – the value set on real and personal taxable property as a basis for levying taxes.

Assets – Resources owned or held by the City which monetary value.

Audit – Conducted by the Washington State Auditor's Office, the primary objective of an audit is to determine if the City's financial statement presentation fairly present the City's financial position.

Balanced Budget – A budget in which planned expenditures do not exceed projected funds available.

BARS – Stands for Budgeting, Accounting and Reporting System and is prescribed by the State Auditor's Office. It is a manual that dictates how the City records its transactions.

Bond – A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date or dates in the future, called the maturity date, together with periodic interest at a specified rate.

Budget – Written report showing the City's financial plan for one fiscal year. It includes a balanced statement of actual revenues and expenditures during the last year, and estimated revenues and expenditures during the last year, and estimated revenues and expenditures, as budgeted, for the current and upcoming year.

Capital Outlay/Capital Expenditures – Items which generally have an item cost of \$5,000 or more and a useful life of more than one year, such as machinery, land, furniture, equipment or buildings.

Comprehensive Plan – The plan, or portions thereof, which has been adopted by the City Council. It is a land use policy statement that guides future growth of the City.

CWEDA – The Camas-Washougal Economic Development Association, which was a quasi-municipal entity between the Cities of Camas and Washougal and the Port of Camas-Washougal. The entity's

primary mission was to support existing businesses and bring new businesses and jobs to the area. It was disbanded in 2020.

Debt Service Fund – A fund used to account for the monies set aside for the payment of interest principal to holders City debt.

Deficit – In terms of budgeting, when estimated expenditures exceed estimated revenues. In terms of cash basis fund balance, when expenditures exceed assets.

Department – A major organization unit of the City which has been assigned overall management responsibility for an operation or group of related operations within a functional area.

Enterprise Fund – A fund established to finance and account for the acquisition, operation, and maintenance of governmental facilities and services which are entirely or predominately self – supporting by user charges and fees.

Expenditures – The outflow of funds paid or to be paid for an asset obtained or goods and services obtained.

FTE – Full time equivalent – the combination of one or more employees whose work hours equal that of a full-time position, 40 hours a week, 52 weeks a year.

Fiscal Year – A 12 month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of operations. (January 1 through December 31 for the City)

Fixed Assets – Assets of a long-term character which are intended to be held or used, such as land, buildings, improvements other than buildings, machinery and equipment that have a value of \$5,000 or more and that have useful life over a year.

Franchise Fee – A franchise fee is charged for the privilege of using public right-of-way and property within the City for public or private purposes. The City currently assesses franchise fees on cable TV.

Fund – A fiscal and accounting entity with self-balancing accounts to record cash and other financial resources, related liabilities, balances and changes, all segregated for specific, regulated activities and objectives.

Fund Balance – The excess of a funds' total assets over its total expenditures. A negative fund balance is often referred to as a deficit.

GAAP – Generally Accepted Accounting Principles refer to a common set of accounting principles, standards and procedures issued by the Financial Accounting Standards Board.

General Funds – Financial transitions relating to all governmental activities for which specific types of funds are not required are recorded in a General Fund. This fund is used for all receipts not dedicated for a specific purpose.

GFOA – The Government Finance Officers Association, which represents public finance officials throughout the United States and Canada. Its mission is to advance excellence in public finance.

Governmental Funds – Funds through most governmental functions are financed. The fund types included in this category are general, special revenue, capital projects, debt service and special assessments funds.

Grant – Contributions of cash or other assets from another governmental agency to be used or expended for a specified purpose, activity or facility.

Growth Management – State requirements related to development and its impact on public infrastructure **Growth Management** – State requirements related to development and its impact on public infrastructure.

Impact Fee – A fee charged on new development to finance required infrastructure such as roads, parks, schools and fire facilities.

Infrastructure – The portion of a City's assets located at or below ground level, including the water, sewer, street, and storm systems.

Interfund Transactions – Amounts distributed from one fund to finance activities in another fund. Shown as an expenditure in the originating fund and a revenue in the receiving fund.

Investment Revenue – Revenue received as interest from the investment of funds not immediately required to meet cash disbursement obligations.

LEOFF I and II – Law Enforcement Officers retirement system plan.

Major Fund – Major funds are funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds.

Non-Major Fund – Non-major funds are all other funds that do not meet the major fund requirement.

OCBOA – Other Comprehensive Basis of Accounting is a non-GAAP accounting protocol used to generate financial statements.

Permanent Fund – A governmental fund that is restricted used to generate and disburse money to those entitled to receive payment. Only the earnings from the resource can be used not the principle.

PERS – Public Employees Retirement System.

Proposed Budget – Financial program prepared by the City's administration and submitted to the public and Council for review.

PWTF – The Public Works Trust Fund, which is funded through state budget appropriations and provides a source of affordable infrastructure financing to many local Washington governments.

RCW – Revised Code of Washington which contains all laws of a general and permanent nature enacted by the State.

Reserve – An account used to indicate a portion of fund resources is restricted for a specific purpose or is not available for appropriation and subsequent spending.

Revenues – All amounts of money received by a government from external sources other than expense refunds, capital contributions, and residual equity transfers.

Special Revenue Fund – Special revenue funds are established only for special tax levies and other dedicated revenues whenever required by statutes, charter provisions, or the terms under which revenue is dedicated.

System Development Charges (SDC) – A fee charged on new development to finance require water, sewer, and drainage infrastructure.

Tax Rate – A percentage applied to all taxable property to raise general fund revenues. It is derived by dividing the total tax levy by the taxable net property valuation.

Taxes – Compulsory charges levied by a government for the purpose of financing services performed for the common benefit.

Washington Administrative Code (WAC) – Laws adopted by State agencies to implement State Legislation.