

2018

CITY OF WASHOUGAL BUDGET



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Budget Message

Date: October 23, 2017

From: Sean Guard, Mayor

To: The City Council & Residents of Washougal

I am pleased to present my budget recommendations for the City of Washougal 2018 Budget.

Economic activity in our community continues to increase during 2017, as it did in 2016, reflecting broader regional trends. This trend represents the second year in a row of positive news, confirming that we have turned the corner from the slower economic activity of the prior few years. This continues to be great news for the community. The result is that we are able to assume additional growth in revenues from sales tax and other sources. We remain conservative in our estimates and in our expenditure control; however, in addition to maintaining current service levels, the proposed 2018 budget builds on our momentum to address important City Council priorities for enhanced services to the community.

One of the top priorities for the City Council and me is the safety of our community. To enhance services in this area, the 2018 proposed budget includes the addition of a sworn police officer position. Another top priority for the City Council and me is to ensure adequate resources are provided for our street system. I am pleased to propose a budget that maintains our recent increased investments in our annual pavement management program to further enhance our efforts to provide quality streets. To ensure we can maintain our current service levels and provide these important service enhancements, the 2018 operating budget assumes that the Council will adopt a 1% increase in our overall property tax levy.

The proposed 2018 budget includes revenue from a renewal of the Emergency Management Services (EMS) levy which is on the November 7 ballot. The community has supported this important service in our community for decades and I am confident that this support will continue into the future, providing a stable source of funding for this essential service.

The proposed 2018 capital budget continues our efforts to complete important projects from our capital facilities plans for utilities, streets, parks, and facilities. Extending the Waterfront Trail from the Washougal Waterfront Park at the Port to our downtown, via Steamboat Landing and the Pedestrian Tunnel, is the highlight this year. We were able to tentatively secure \$1M of funding for this important project during the 2017 state legislative session, and expect this funding to be finalized during the 2018 session. Other capital projects leverage our recent success in receiving grant funding and state appropriations.

Both the proposed 2018 operating and capital budgets are designed to be responsive to community and City Council priorities; as reflected in our Strategic Plan, from constituent feedback via the 2016 Community Survey and Council guidance provided during its Strategic Priorities process and several budget workshops. Highlights from the 2018 budget and their alignment with the Priority Pillars in our Strategic Plan include:

Pillar #1 - Communication

- Continued enhanced communication efforts with Full-Time Communications position

Pillar #2 - Community Engagement

- Hathaway, Hamllik and Hartwood Park enhancements
- Waterfront Trail
- Other opportunities for parks and open space
- Community events

Pillar #3 Core Services – Transportation and Public Infrastructure

- Evergreen/32nd Street improvements
- Maintain funding for our Pavement Management Program at \$750,000 per year
- Maintain enhanced funding for seasonal staff for parks, streets and stormwater maintenance efforts
- Water, Wastewater, and Storm Drainage system improvements
- Evergreen/39th Street realignment

Pillar #3 Core Services – Public Safety

- Additional Police Officer
- Sidewalk and Safe Routes to School projects

Pillar #4 Economic Development

- Continued partnership with CWEDA and CREDC
- Support for downtown

- Phase 1 improvements to downtown park
- Tourism promotion
- Town Center Zoning Code Enhancements

The proposed 2018 budget reflects a City poised for a great future. For 2018, we are able to again propose a balanced baseline operating budget, maintain all services, enhance services in response to community and Council priorities and continue advancing our capital facilities efforts, delivering important projects. I am pleased to witness the exciting things happening in our community.

Finally, recognizing that this is the last budget I will submit as Mayor of this great City of Washougal, I would like to thank the community for providing me the honor and privilege of serving as Mayor. I am humbled to have had such an opportunity. I extend my best wishes for continued community success to whoever will serve as our next Mayor, and to the Council and staff. I would also like to thank the Council for their efforts in policy guidance and identifying priorities, and the men and women of the City staff, who work hard every day to deliver outstanding customer service. It has been my honor to serve as your Mayor.

Respectfully,



Sean Guard
Mayor

City of Washougal

2018 Adopted Budget

Budget Adopted: November 13, 2017

Ordinance 1832

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)

Directory of Officials

ELECTED OFFICIALS

TERM

Mayor

Sean Guard	2010-2017
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Council Members

Position #1: Brent Boger	2012-2017
Position #2: Michelle Wagner	2014-2019
Position #3: Paul Greenlee	2007-2017
Position #4: Joyce Lindsay	2012-2019
Position #5: Jennifer McDaniel	2008-2017
Position #5: Ray Kutch	2017-2017
Position #6: Dave Shoemaker	2010-2017
Position #7: Dan Coursey	2016-2019

APPOINTED OFFICIALS

Position

Name

City Administrator

David Scott

Public Works Director

Trevor Evers

Finance Director/City Clerk

Jennifer Forsberg

Chief of Police

Ron Mitchell

Community Development Director

Mitch Kneipp

Human Resource Director

Jeanette Cefalo

City Attorney

Kenneth Woodrich

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, 2017.

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**

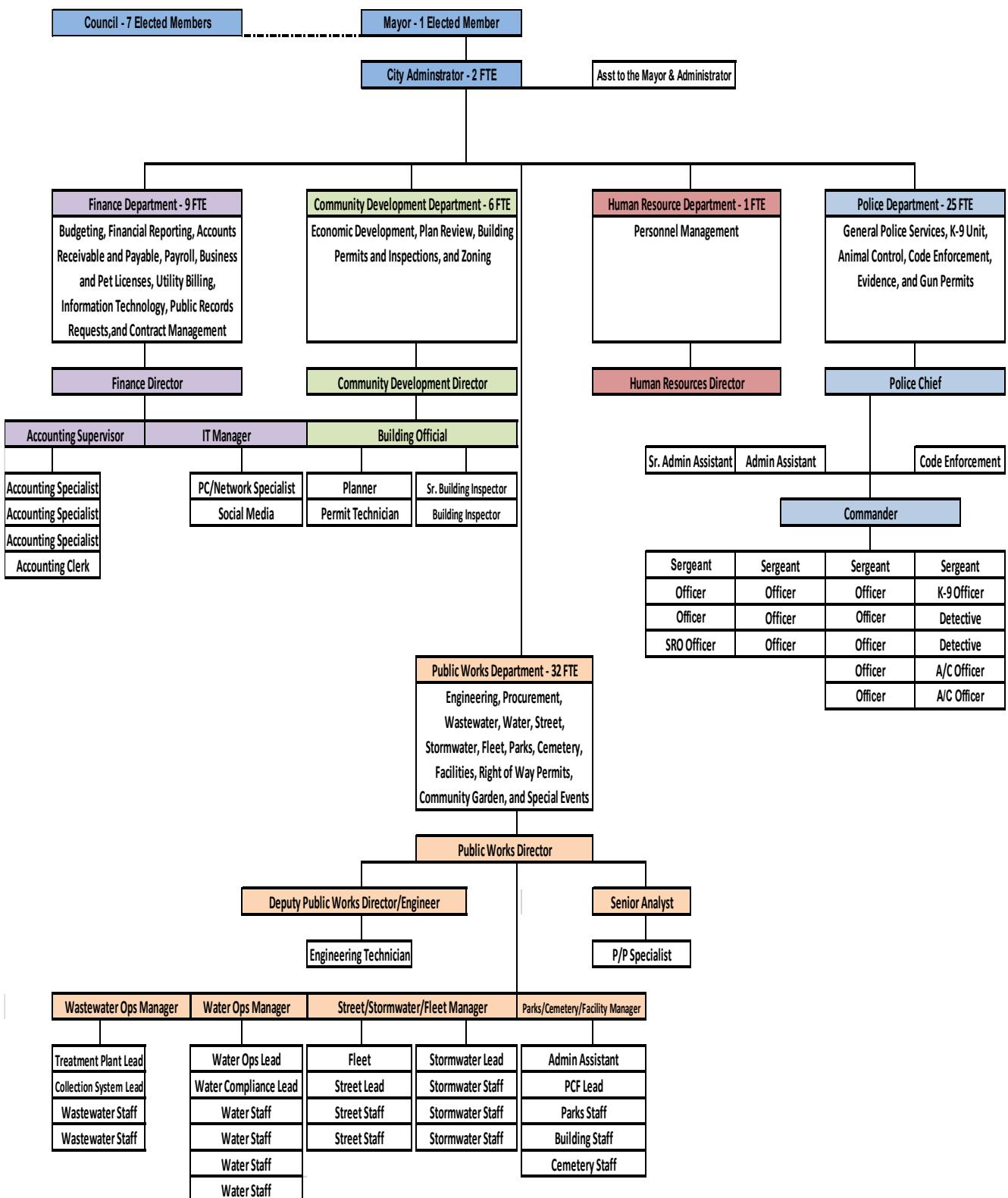
For the Fiscal Year Beginning

January 1, 2017

Christopher P. Morrell

Executive Director

2018 City Organizational Chart



*FTE - Full time employee

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 mayor-council form of government. The Mayor is a non-partisan position elected at-large to a four-year term and serves as the City's Chief Executive, assisted by the City Administrator and six department directors. The Council is comprised of seven 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 Mayor is responsible for carrying them out. The Mayor attends and presides over Council meetings but does not vote, except in the case of a tie. The City Council holds two regular meetings and workshops every month. A Council workshop precedes the regular meetings, which occur at 7 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:

Finance Committee

The Finance Committee approves all City expenditures in detail prior to accounts payable going to City Council for final approval to Council pursuant to WMC 2.04.050.

Public Safety Committee

The Public Safety Committee is one of four standing council committees each consisting of three members of the council pursuant to WMC 2.04.050.

Public Works Committee

The Public Works Committee is one of four standing council committees each consisting of three members of the council pursuant to WMC 2.04.050.

Community Development Committee

The Community Development Committee is one of four standing Council committees each consisting of three members of the Council pursuant to WMC 2.04.050.

Ad Hoc Budget Committee

The Ad Hoc Budget Committee consisting of all seven members of the Council was formed in 2014. The Committee was formed to discuss budget line items in detail without dominating City Council Workshops, leaving adequate time for other important City business.

Transportation Benefit District No. 1 Board

On April 13, 2014, the Washougal City Council adopted Ordinance 1776 establishing the Washougal Transportation Benefit District No. 1 and specifying the boundaries of the district to coincide with the City boundaries. The board is comprised of the Washougal City Council with the Mayor acting in an ex officio capacity. Additional information can be found at WMC 3.99. On August 8th, 2016 the Council assumed the rights, powers, functions and obligations of the TBD pursuant to RCW 36.73. Therefore, the TDB No. 1 Board has been dissolved and is being shown for historical purposes between years and will be removed from this section for the 2018 budget.

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 is for the purpose of approving local tourism activity applications utilizing the Hotel/Motel tax received by the City from our two local hotels. The Committee is represented by one member from each local hotel, a person from a tourism business, general public member, and one City Council appointed official.

Boards and Committees created by Council:

Parks Board

The Park Board of Commissioners is comprised of seven members appointed by the Mayor, approved by the City Council. Six 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.

Cemetery Board

The Cemetery Board is appointed by the Mayor and consists of five members plus a nonvoting council liaison; four members shall be residents of the City and one member may be a nonresident.

Appointments for this board shall be ratified by the City Council. Seats are filled for an unexpired term. This volunteer board makes recommendations to the City Council. Additional information can be found at WMC 2.44.

Shoreline Review Committee

The Shorelines 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.

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 15,560.

HISTORICAL POPULATION

<u>Year</u>	<u>City of Washougal</u>	<u>Clark County</u>
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

*Of the 2016 population –

- Largest racial/ethnic groups are White (85.6%) followed by Hispanic (5.8%).
- Median household income of Washougal residents is \$68,820 however, 9.2% of Washougal residents live in poverty.
- Median age for Washougal residents is 36.8 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 Mayor-Council 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	302
Pendleton Woolen Mills	189
Fitesa Non-woven	125
Safeway	110
Exterior Wood	100

City of Washougal Economics

Though largely a residential community, the City of Washougal is home to approximately 179 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.

In 2011, the City of Washougal, in conjunction with the City of Camas and the Port of Camas-Washougal, formed the Camas-Washougal Economic Development Association (CWEDA). This quasi-municipal entity was created so the leadership from forming organizations were able to work together for the economic health of the entire area. The primary mission is to support existing business and to bring new businesses and jobs into the local area.

Budget Philosophy and Financial Policies

Due to the great recession, the City of Washougal faced an on-going structural deficit starting in 2009. In 2010 the City took an aggressive approach and cut spending where possible. In conjunction with increased revenues from City growth, the on-going deficit was reduced by 2011. The City now 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 2018.

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). 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 2018.

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 city-wide department annual reporting presentations and they will continue annually. Each department reports their own performance information, while City Administration collects and reports data on the community as a whole.

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 Mayor works with the City Administrator and 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.

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 another 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 of the City 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 completed by

ordinance with approval of City Council. Department directors work with the Mayor and City Administrator for any detail line item budget changes within each fund.

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 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 WellCity 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 2018 Budget Development

Date	
June 17, 2017	Council's Annual Planning Session to identify goals and priorities
August 14, 2017	Request to department directors for estimated revenue and expenditures
August 14 & 28, 2017	Department budget presentations
September 5, 2017	Estimates filed with City Clerk
September 11, 2017	Department budget presentations
September 25, 2017	Council budget work session, overall revenue and expenditure estimates
September 25, 2017	Department budget presentations
October 23, 2017	Proposed budget available to the public
October 27, 2017	1 st published notice of public hearing for proposed budget
November 3, 2017	2 nd published notice of public hearing for proposed budget
November 13, 2017	Public hearing on proposed budget

November 13, 2017	Adoption of 2018 Ad Valorem Property Tax
November 13, 2017	Adoption of 2018 budget

As the year progresses, Department Directors are responsible for ensuring their expenditures do not exceed the appropriated amount. If something unexpected arises which cannot be absorbed in the budget, a budget amendment is brought forward to the City Finance Director, who then takes the amendment to Council for approval.

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 Mayor and City Administer 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.

During the budget planning process, the Finance Director and City Administrator 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. During 2017, the City was able to increase a part time FTE to a full time FTE to support the Communications Pillar of the City's strategic plan. 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. A new Administrative Sergeant position is budgeted for 2018 and is expected to be filled internally. Then the City will hire a new officer to back fill the position vacated for the Administrative Sergeant position. All other departments will maintain current operating service levels from 2017.

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 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 under goes 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 under goes 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 % 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 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		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 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					
			Building Contingency Fund 351					
			Capital Projects Transportation 353					

The following shows the City's major and minor 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	Minor 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
Debt Service Funds			
UTGO Debt Fund	X		X
Downtown Revitalization Bond 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	
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 84 full time employees. 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 a police officer, manager, confidential employee or Department Director. There are 40 positions in Washougal represented by this group. The Washougal Police Officers Association represents the City's Police Officers of which there are 20 covered positions.

The City bargains with each of these groups separately and currently the groups are on different contract end dates. 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 government 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 2017 rates of contribution for the City and employee:

Retirement Plan	City Contribution	Employee Contribution
LEOFF II	8.93%	8.75%
PERS II	12.70%	7.38%
PERS III	12.70%	5-15%

WSCCCE/Council 2 - Local 307W	Washougal Police Officers Association
PO Box 750	1320 A Street
Everett, WA 98206	Washougal, WA 98671
40 Members	18 Members

The following is a list of regular full time equivalent employees by each Department for which the City has budgeted salaries and benefits. The most notable change in 2016 was the addition of one police officer and Public Works Senior Analyst. In 2017, one new Building Inspector is added in Community Development, and a new full-time Communication Specialist is added in Finance (replacing an existing part-time temporary position). The 2018 budget includes one new police sergeant position.

Full Time Employee Equivalent			
Department	2016 Actual	2017 Actual	2018 Budget
Council	7	7	7
Administration	3	3	3
Human Resources	1	1	1
Finance	8	9	9
Community Development	5	6	6
Animal Control	2	2	2
Police/Public Safety	23	23	24
Parks	3.50	3.35	3.35
Engineering	0.85	0.85	0.85
Facilities	0.90	1.40	1.40
Street	5.23	4.55	4.55
Cemetery	1.45	1.30	1.30
Water	8.10	8.67	8.67
Sewer	7.12	6.58	6.58
Storm	4.85	5.30	5.3
Total	81.00	83.00	84.00

City of Washougal



Budget in Brief

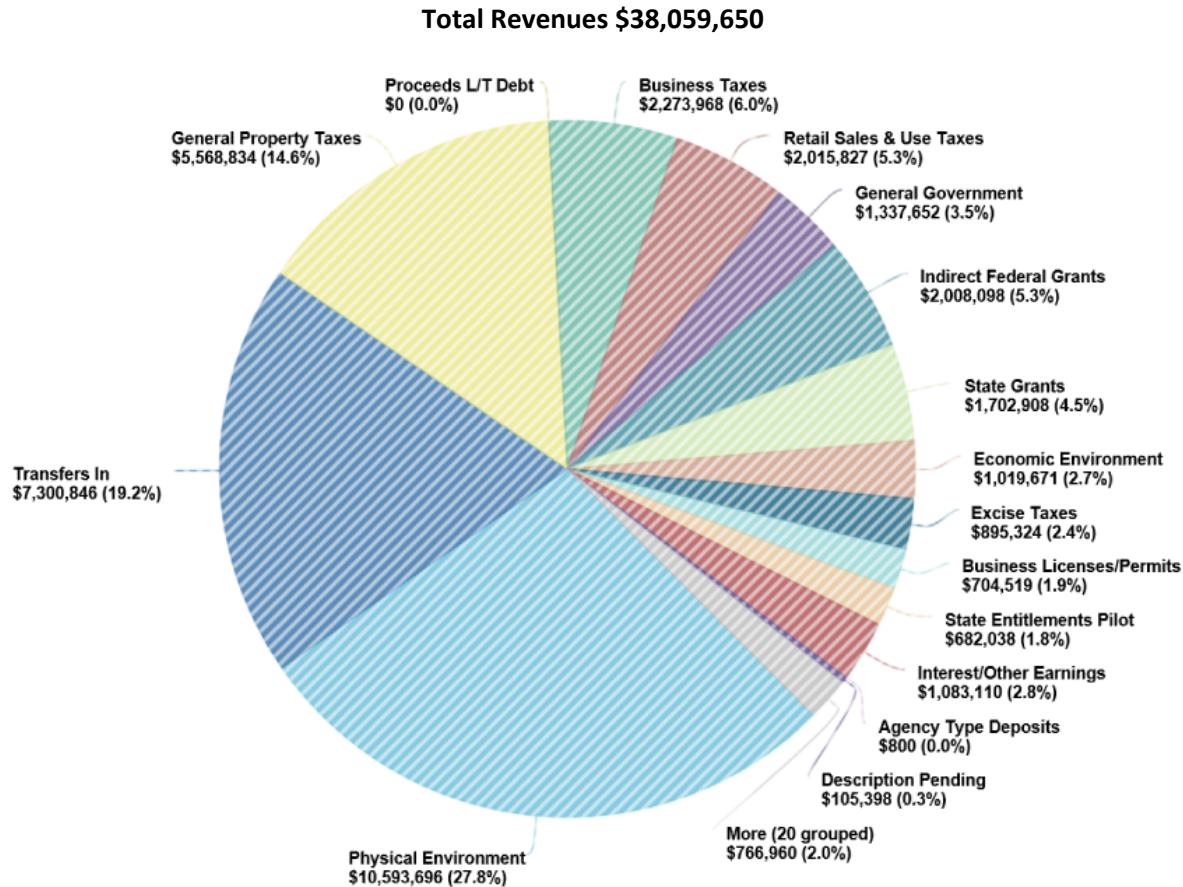
Budget Overview

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 substantially completed the Wastewater Treatment Plant expansion. In addition, there are several large transportation projects included in the 2018 budget, for which the City is hoping to receive grant funding. Below is the 2018 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	3,791,667	12,505,489	12,822,991	3,474,165
003	Abatement	65,764	300	19,500	46,564
101	Street	-	1,140,773	1,129,983	10,790
103	Cemetery	6,477	200,550	200,550	6,477
104	REET 1st Qtr %	1,010,293	404,000	358,900	1,055,393
105	Park Impact Fee	411,000	161,500	572,500	-
106	REET 2nd Qtr %	450,000	675,000	750,000	375,000
108	Hotel/Motel Tax	80,000	80,800	125,700	35,100
110	Transportation Development	1,141,112	374,500	1,515,612	-
118	PEG Fee	122,000	2,500	10,000	114,500
125	EMS Restricted Revenue	63,000	-	63,000	-
126	Fire Impact Fee	379,525	60,500	25,411	414,614
141	Drug Seizure Fund	24,000	25,400	19,200	30,200
212	UTGO Debt	45,000	80,200	113,600	11,600
215	Downtown Revitalization Bond	-	358,900	358,900	-
350	Parks Capital Projects	200,136	1,303,886	1,303,140	200,882
351	Building Contingency	235,000	30,200	265,000	200
353	Transportation Capital	79,255	5,453,762	5,340,150	192,867
401	Water/Sewer	6,449,511	8,308,496	8,694,742	6,063,265
403	Stormwater	1,674,631	1,398,500	1,740,670	1,332,461
406	Water/Sewer Capital	3,873,521	1,608,615	988,785	4,493,351
408	Water/Sewer Bond	-	-	-	-
410	PW Trust Fund Loan	-	307,093	17,689	289,404
412	Water/Sewer Loan	1,431	10	-	1,441
413	Water/Sewer/Storm Bond	2,354,000	3,243,674	5,500,680	96,994
414	Water/Sewer/Storm Bond Reserve	1,591,538	-	-	1,591,538
510	Employment Security	140,000	1,000	30,450	110,550
520	ER&R vehicle	121,840	170,900	283,750	8,990
521	ER&R IT	19,200	143,000	160,000	2,200
604	Perpetual Care	-	9,802	-	9,802
610	Downtown Bond Guarantee	-	-	-	-
631	Low Income Assistance	4,000	10,300	14,000	300
Grand Total		24,333,901	38,059,650	42,424,903	19,968,648

City Wide Revenues

This section summarizes City operating revenues from 2013 through forecasted amounts which support the 2018 budget. Below is a table of the budgeted projected revenues by type for 2018.



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.

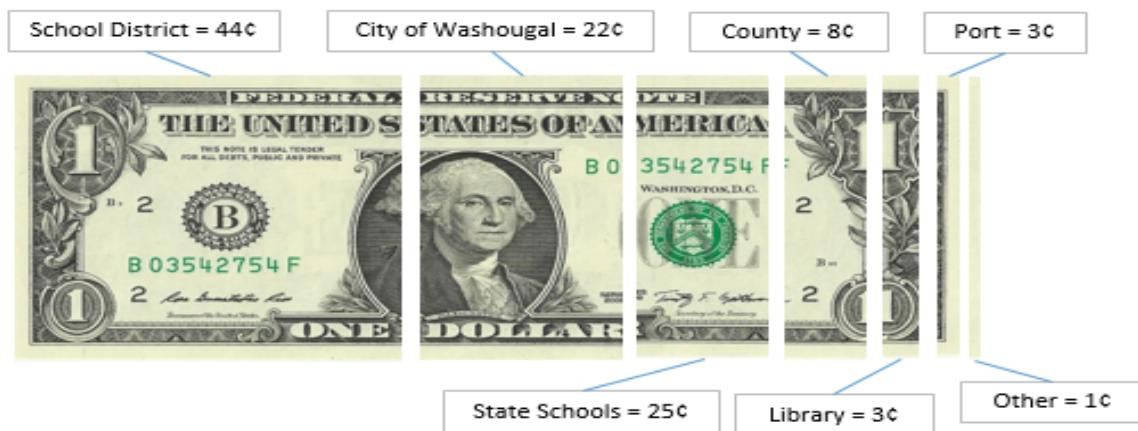
Physical Environment		
Revenue Source	Budget	Percentage
Sewer Sales	4,268,777	40.30%
Water Sales	3,933,919	37.13%
Stormwater Sales	1,347,500	12.72%
Sewer Development Charges	550,000	5.19%
Water Development Charges	360,000	3.40%
Stormwater Connection Fees	45,000	0.42%
Cemetery Services	48,500	0.46%
Water Meter Sets	25,000	0.24%
Water/Sewer Taxes on Connections	15,000	0.14%
Total Physical Environment	10,593,696	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

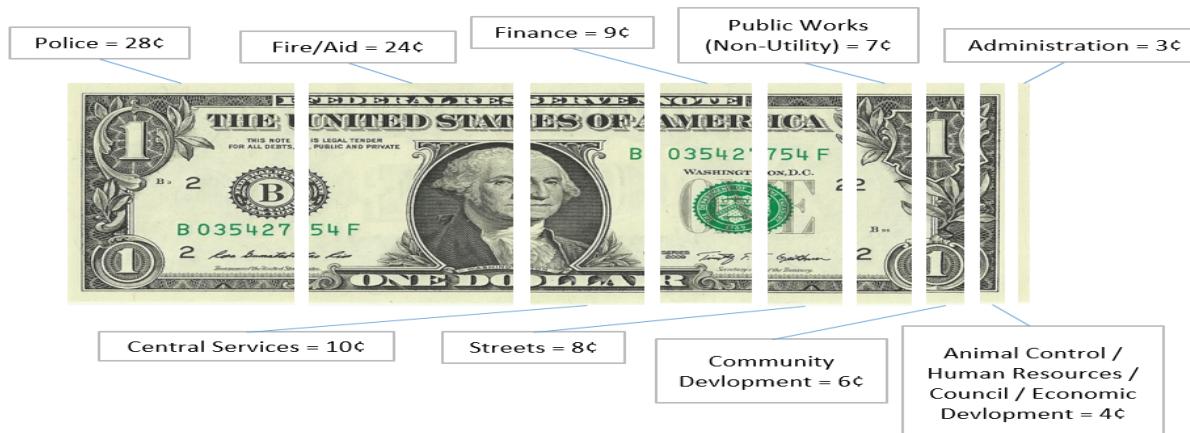
The City collects property taxes from residents residing in the City of Washougal. Of the amount residents pay in property taxes, only a portion of the revenue goes to the City. Below is a graph illustrating where each dollar a residents pays goes.

2018 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 2018 adopted budget.

How every \$1 you pay in CITY PROPERTY TAXES is spent (2018)



Historical City Wide Revenues

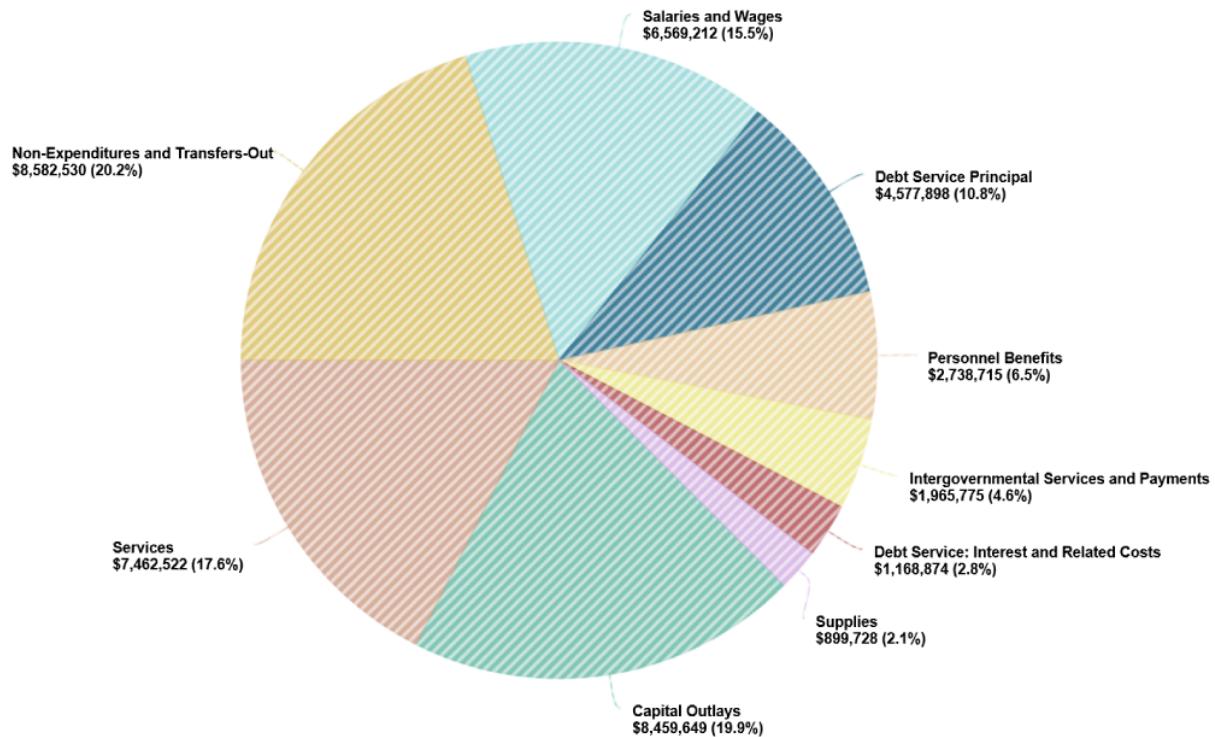
Revenue Type	2013	2014	2015	2016	2017 Budget	2018 Budget
Physical Environment	8,662,635	9,276,517	10,068,338	10,127,537	10,290,703	10,593,696
Transfers In	3,144,744	3,428,499	5,296,378	4,521,013	8,564,414	7,300,846
General Property Taxes	4,309,840	4,646,191	4,806,500	4,920,754	4,514,531	5,568,834
Proceeds L/T Debt	-	8,698,321	10,030,000	-	10,000,000	-
Business Taxes	2,368,386	2,144,963	2,197,926	2,140,511	2,229,648	2,273,968
Retail Sales & Use Taxes	1,374,368	1,484,615	1,766,316	1,948,250	1,924,528	2,015,827
General Government	893,909	1,085,856	1,214,388	699,215	1,305,900	1,337,652
State Grants	658,556	340,679	47,040	1,488,984	1,836,000	1,702,908
Economic Environment	798,397	740,015	1,029,175	975,338	1,040,300	1,019,671
Indirect Federal Grants	81,023	414,409	50,702	199,621	2,748,631	2,008,098
Excise Taxes	534,367	670,003	840,914	1,113,303	692,135	895,324
Business Licenses/Permits	639,854	657,549	593,880	684,196	719,200	704,519
State Entitlements Pilot	547,025	576,613	620,115	683,100	687,190	704,538
Interest/Other Earnings	59,161	79,540	117,429	447,522	58,950	1,083,110
Agency Type Deposits	362,175	319,916	349,727	462,352	800	800
Description Pending	-	-	704,678	52,898	-	82,898
Special Assessments	77,344	79,294	79,325	462,850	2,500	2,500
Other Misc Revenues	41,891	46,637	53,536	58,370	19,600	476,002
State Shared Revenues	82,796	84,480	87,725	86,884	87,000	87,000
Public Safety	136,601	40,421	61,911	61,595	85,500	80,510
Disposition Of Cap Assets	294,270	11,344	63,048	33,647	-	15,000
Other: Specify Below	-	-	-	299,500	-	26,780
Rents/Lease/Concession	26,727	30,031	36,293	34,106	39,300	39,500
Interfund Loan Receipts	67,735	54,714	-	-	53,292	2,802
Contr/Donation Privat Src	31,080	28,974	10,086	15,172	5,300	19,300
Other Non Revenues	70	267	22,634	63,854	-	-
Superior Ct Flny/Mis Pnlt	11,249	11,489	4,425	6,838	12,000	6,200
Other Incr - Net Cash/Inv	39,200	5,620	-	-	-	-
Non-Business Lic/Permits	6,200	4,401	6,581	10,184	6,000	6,108
Interlocal Entitle Pilot	15,379	8,100	-	-	-	-
Fed Entitlements Pilot	-	-	-	14,351	-	-
Culture & Recreation	985	1,734	2,033	1,761	1,600	1,509
Non-Court Fines/Forf/Pnlt	2,569	1,315	2,366	87	-	-
Direct Federal Grants	520	-	-	-	-	3,750
Other: Specify Below	-	-	1,050	2,100	-	-
Civil Parking Penalties	-	100	-	-	-	-
Criminal Costs	-	34	-	-	-	-
Total	25,269,056	34,972,641	40,164,519	31,615,893	46,925,022	38,059,650

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

City Wide Expenditures

This section is a summary of City wide expenditures from 2013 through the 2017 adopted budget. Below is a table of expenditures by type for the adopted 2018 budget.

Total Expenditures \$42,424,903



The City's three largest 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.

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 park, transportation, and utility bond fund.

Facilities Capital Fund	Budget
City Hall Siding Project	150,000
Security improvements	35,000
City Hall restrooms/flex space	35,000
Social Services Building project	15,000
Office remodel at PW house	15,000
General Facility Improvements	15,000
Total Facilities Capital	265,000
Parks Capital Fund	Budget
Steamboat Landing Repair/Replacement	475,000
Waterfront Trail full design/permits	110,000
Downtown Park construction	75,000
Schmid to Hathaway Connector	60,000
Dog Park	60,000
Community Center needs analysis	35,640
Hartwood Park barn roof replacement	35,000
Hamllik Park Pump track	10,000
Oak Tree Park basketball courts	7,500
Other park acquisition/development	337,000
Total Parks Capital	1,205,140
Transportation Capital	Budget
Waterfront Trail	1,750,000
27th/32nd Rail Crossing Alternatives	863,178
SRTS - Jemtegaard Trail	650,000
Index/27th Reconstruct	730,000
K Street Sidewalks/Waterline	377,300
Sidewalks on Evergreen 36-42nd	464,830
32nd/Evergreen Intersection	250,000
39th/Evergreen Realignment	85,000
Advanced Traffic Management System	80,000
Schmid Bus Barn/Frontage Road	44,311
Traffic Information Sign	25,531
Grant Application	20,000
Total Transportation Capital	5,340,150

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 2018 is \$3,268,588. There is also an additional \$1,630,000 for architectural and engineering design related to the Capital Outlay projects above. The remaining services are for repairs and maintenance, utility services, software maintenance agreements, court services, and consulting fees.

Salaries and Wages

In 2018, the City approved a 3% cost of living increase for all employees. The other significant change for 2018 is the employees covered by the Police Bargaining agreement had their medical premium change from the City paying 90% for dependent coverage to 85%. The City approved one new union position for 2018.

Historical City Wide Expenditures

Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Capital Outlays	2,874,089	1,721,853	9,264,310	6,993,958	13,083,772	8,459,649
Services	3,859,794	6,111,448	6,710,155	6,790,723	8,110,441	7,462,522
Non-Expenditures and Transfers-Out	3,940,255	4,361,373	6,340,013	5,094,001	8,787,472	8,582,530
Salaries and Wages	6,199,508	5,667,304	5,568,991	5,722,235	6,292,300	6,569,212
Debt Service Principal	1,157,173	4,796,077	3,661,356	1,869,479	12,042,385	4,577,898
Personnel Benefits	2,615,083	2,343,185	2,209,972	2,406,900	2,421,903	2,738,715
Intergovernmental Services and Payments	2,488,261	2,075,381	1,940,141	1,793,360	2,015,875	1,965,775
Debt Service: Interest and Related Costs	1,100,229	1,115,769	1,466,773	1,390,203	1,564,835	1,168,874
Supplies	644,141	571,347	506,488	547,963	809,708	899,728
Total	24,878,533	28,763,737	37,668,199	32,608,822	55,128,691	42,424,903

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 great than 10%)
001	General	3,791,667	3,474,165	(317,502)	-8.4%	
003	Abatement	65,764	46,564	(19,200)	-29.2%	Fund balance budgeted to fund potential abatement in 2017.
101	Street	-	10,790	10,790	0.0%	
103	Cemetery	6,477	6,477	-	0.0%	
104	REET 1st Qtr %	1,010,293	1,055,393	45,100	4.5%	
105	Park Impact Fee	411,000	-	(411,000)	-100.0%	Move fund balance to Fund 350 to fund capital projects.
106	REET 2nd Qtr %	450,000	375,000	(75,000)	-16.7%	Capital projects planned in 2017.
108	Hotel/Motel Tax	80,000	35,100	(44,900)	-56.1%	Fund balance budgeted to fund tourism events.
110	Transportation Development	1,141,112	-	(1,141,112)	-100.0%	Move fund balance to Fund 353 to fund capital projects.
118	PEG Fee	122,000	114,500	(7,500)	-6.1%	
125	EMS Restricted Revenue	63,000	-	(63,000)	-100.0%	Use of fund balance to pay for Fire Services in 2017.
126	Fire Impact Fee	379,525	414,614	35,089	9.2%	
141	Drug Seizure Fund	24,000	30,200	6,200	25.8%	
212	UTGO Debt	45,000	11,600	(33,400)	-74.2%	Use of Fund balance to pay Bond payments in 2017.
215	Downtown Revitalization Bond	-	-	-	-	
350	Parks Capital Projects	200,136	200,882	746	0.4%	
351	Building Contingency	235,000	200	(234,800)	-99.9%	Fund balance budgeted to fund Capital Projects.
353	Transportation Capital	79,255	192,867	113,612	143.3%	
401	Water/Sewer	6,449,511	6,063,265	(386,246)	-6.0%	
403	Stormwater	1,674,631	1,332,461	(342,170)	-20.4%	Fund balance budgeted to fund Capital Projects.
406	Water/Sewer Capital	3,873,521	4,493,351	619,830	16.0%	
408	Water/Sewer Bond	-	-	-	-	
410	PW Trust Fund Loan	-	289,404	289,404	0.0%	
412	Water/Sewer Loan	1,431	1,441	10	0.7%	
413	Water/Sewer/Storm Bond	2,354,000	96,994	(2,257,006)	-95.9%	Fund balance budgeted to fund Capital Projects.
414	Water/Sewer/Storm Bond Reserve	1,591,538	1,591,538	-	0.0%	
510	Employment Security	140,000	110,550	(29,450)	-21.0%	Fund balance budgeted to fund unemployment costs in 2017.
520	ER&R vehicle	121,840	8,990	(112,850)	-92.6%	Fund balance budgeted to fund vehicle purchases in 2017.
521	ER&R IT	19,200	2,200	(17,000)	-88.5%	Fund balance budgeted to fund IT purchases in 2017.
604	Perpetual Care	-	9,802	9,802	0.0%	
610	Downtown Bond Guarantee	-	-	-	-	
631	Low Income Assistance	4,000	300	(3,700)	-92.5%	Fund balance budgeted to fund Assistance Program in 2017.
Grand Total		24,333,901	19,968,648	(4,365,253)	-17.9%	Accumulation of the changes noted above.

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. For 2018, the budget includes multiple projects using fund balances. The following funds included the use of reserve fund balance: Park Impact Fee Fund, REET 2nd Quarter % Fund, Transportation Development Fund, Building Contingency, Transportation Capital Projects, Parks Capital Fund, and Water/Sewer Revenue Bond Fund. This is the reason the ending fund balances for these funds are lower than their beginning 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 EMS Restricted Fund is budgeted to be used to pay the City of Camas for EMS services. 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 2018, the City is able to provide a slight increase to budgets to account for the increases each department is experiencing due to inflation. Other service enhancements are programmed in the seasonal line item to enhance maintenance City wide, 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

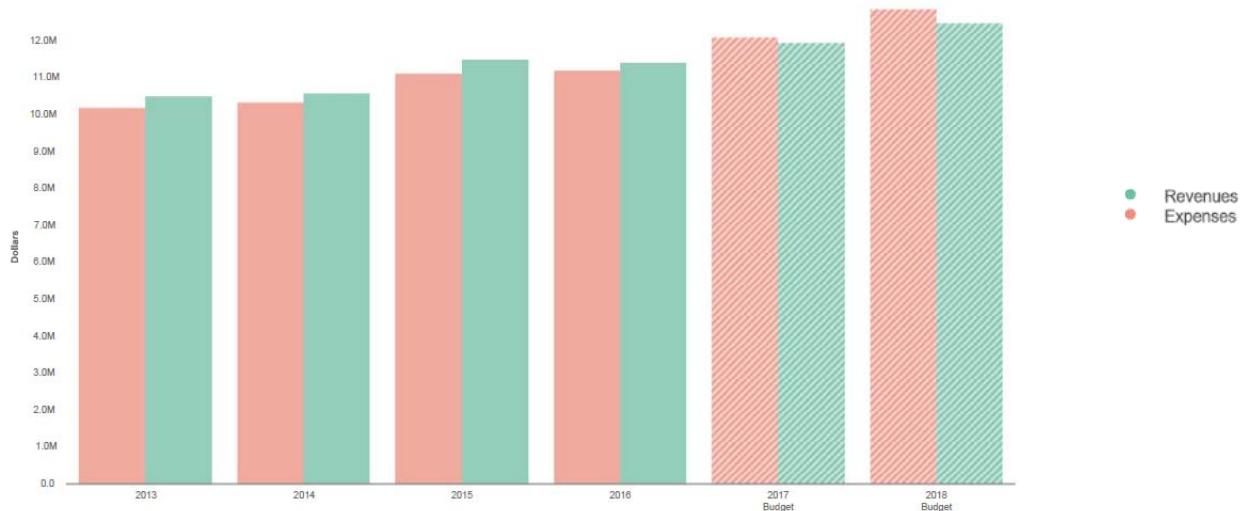


Departmental Budgets

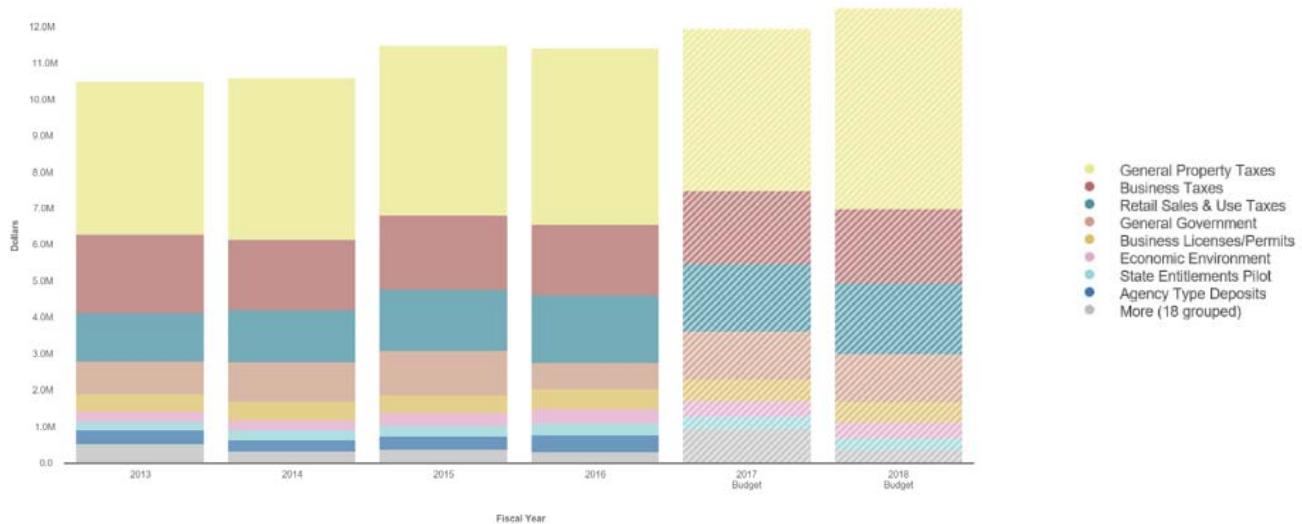
General Fund

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, Mayor & Administration, 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/Expenditure History



General Fund Revenue Sources



General Fund Revenue Types

Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
General Property Taxes	4,186,420	4,437,283	4,675,311	4,849,321	4,444,531	5,488,834
Business Taxes	2,176,300	1,942,614	2,032,957	1,952,652	2,012,648	2,052,845
Retail Sales & Use Taxes	1,324,196	1,426,760	1,693,379	1,863,547	1,864,528	1,935,827
General Government	893,909	1,083,293	1,211,971	693,297	1,302,900	1,334,652
Business Licenses/Permits	477,701	499,740	499,641	555,234	596,200	560,878
Economic Environment	272,699	273,961	346,532	391,859	438,500	417,671
State Entitlements Pilot	250,576	275,869	305,920	340,063	332,100	337,038
Agency Type Deposits	361,393	318,916	349,037	461,407	-	-
Transfers In	173,531	31,272	-	1,256	646,900	63,000
Excise Taxes	72,555	84,294	86,463	93,639	92,135	95,324
State Shared Revenues	82,796	84,480	87,725	86,884	87,000	87,000
Public Safety	136,601	40,421	61,911	61,595	85,500	80,510
Interest/Other Earnings	12,970	14,797	26,874	15,371	20,100	23,300
Rents/Lease/Concession	12,752	16,831	14,893	7,506	10,500	10,700
State Grants	10,063	11,462	8,568	10,862	6,500	11,000
Other Misc Revenues	10,419	29,380	8,430	9,323	100	102
Disposition Of Cap Assets	32,000	-	-	22,323	-	-
Non-Business Lic/Permits	6,200	4,401	6,581	10,184	6,000	6,108
Contributions/Donations	2,515	19,138	4,152	3,007	-	-
Other Non-Revenues	30	-	22,300	(5,970)	-	-
Culture & Recreation	413	711	847	778	1,100	1,000
Other: Specify Below	-	-	1,050	2,100	-	-
Direct Federal Grants	520	-	-	-	-	-
Civil Parking Penalties	-	100	-	-	-	-
Criminal Costs	-	34	-	-	-	-
Total	10,496,559	10,595,757	11,444,542	11,426,238	11,947,242	12,505,789

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 expired at the end of 2016 and was approved by the voters during 2017 for collection in 2018. The following tables present the City's regular, EMS and bond ad valorem tax levy rates, with associated amounts for tax collection years 2013 through 2018:

Tax Collection Year	Levy Rates (Dollars Per \$1,000 of Assessed Value)			
	Regular	EMS	Bond	Total
2018	2.31	0.50	0.04	2.85
2017	2.47	0.00	0.04	2.51
2016	2.67	0.44	0.05	3.16
2015	2.74	0.45	0.09	3.28
2014	2.90	0.49	0.16	3.55
2013	3.10	0.50	0.10	3.70

Tax Collection Year	Levy Amounts in Dollars			
	Regular	EMS	Bond	Total
2018	4,425,585	956,424	80,000	5,462,008
2017	4,292,669	-	70,000	4,362,669
2016	4,117,450	677,065	70,000	4,864,515
2015	4,022,520	658,665	130,000	4,811,185
2014	3,758,651	638,099	205,000	4,601,750
2013	3,615,186	583,094	115,000	4,313,280

Sales Tax: The retail sales tax rate for the City of Washougal is 8.4%, of which the City receives .7%. The remainder goes to the State (6.5%) and Clark County (1.2%). Of the County's portion, .09% comes to the City of Washougal 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.

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.

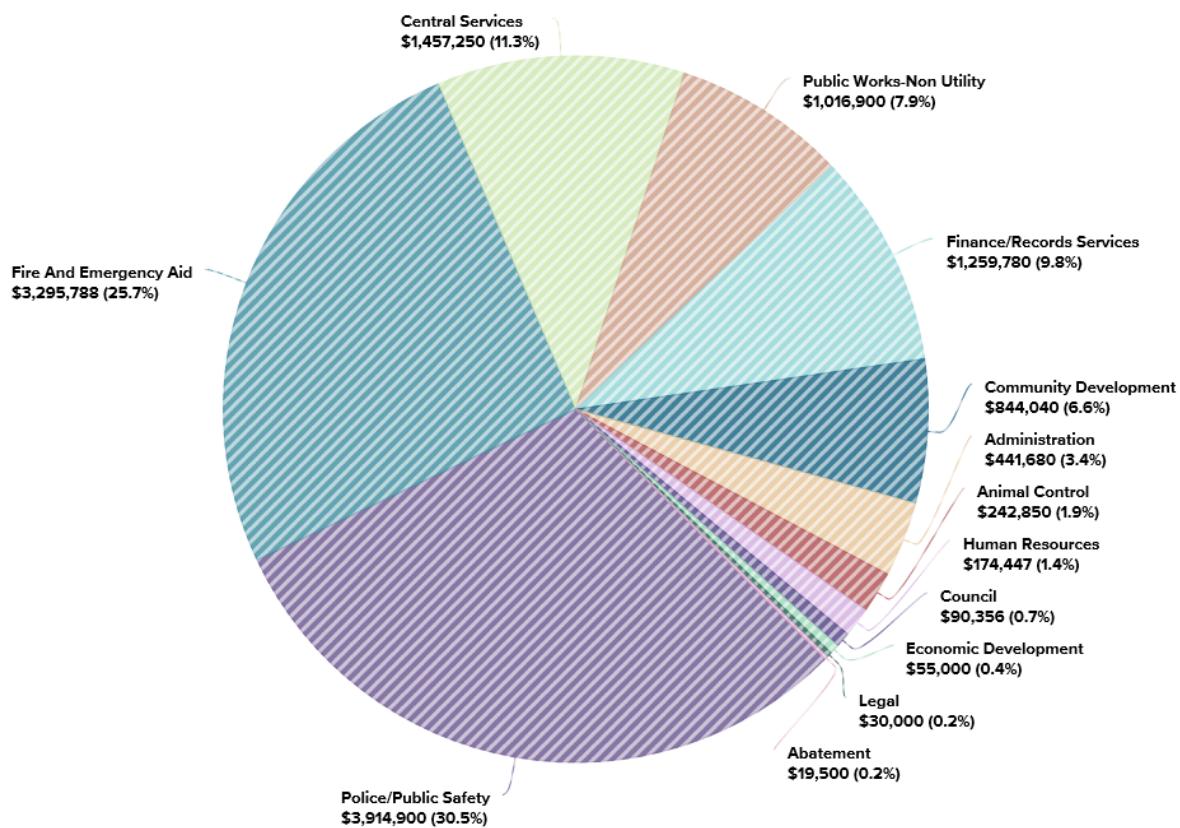
Intergovernmental Revenues: These revenues are those received from the State or County which are not grant funds. These revenues include Liquor Excise Tax and Liquor Board Profits, motor vehicle fuel tax, and City Assistance funds.

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

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:



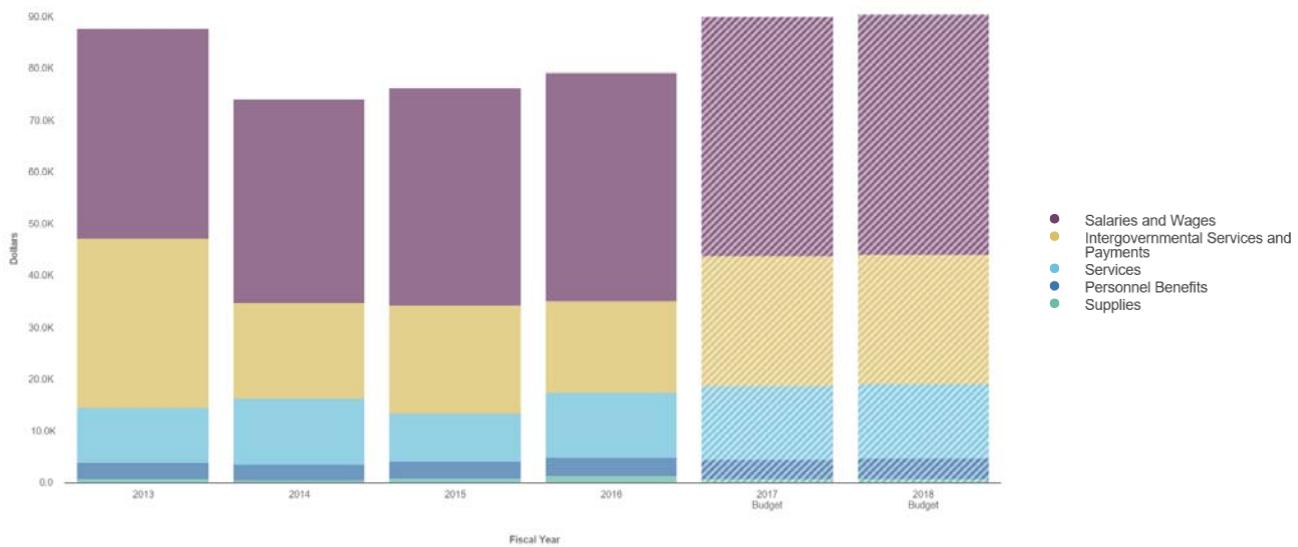
Council

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. One member of the Council serves as Mayor Pro Tem, as appointed by vote of the Council. 2017 is an election year for three 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.



Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Salaries and Wages	40,500	39,188	42,000	44,100	46,200	46,200
Intergovernmental Services and Payments	32,757	18,448	20,904	17,772	25,000	25,000
Services	10,525	12,836	9,192	12,574	14,336	14,336
Personnel Benefits	3,234	3,130	3,342	3,527	3,700	4,000
Supplies	789	543	946	1,372	820	820
Total	87,805	74,145	76,384	79,345	90,056	90,356

Administration

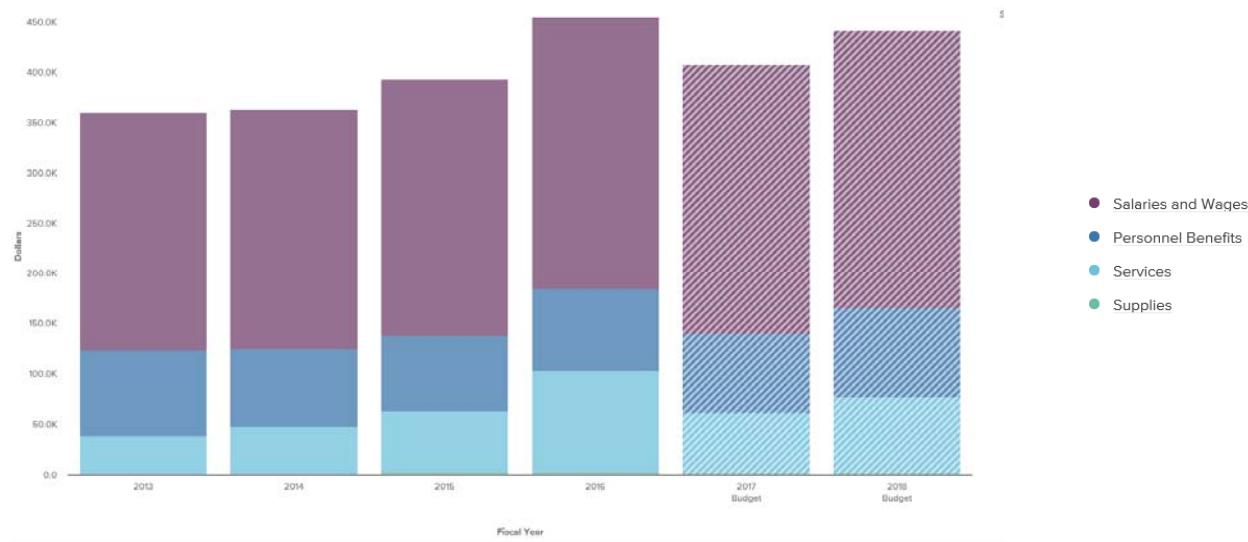
Description:

The Administration Department includes the Mayor, City Administrator, and an Executive Assistant. The Mayor is elected by the citizens of Washougal, serving as the City's Chief Executive Officer, and is assisted by the City Administrator. 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 Mayor appoints directors to each of these departments.

Under the direction of the Mayor, 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:

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



Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Salaries and Wages	236,455	238,356	254,570	270,115	268,200	275,800
Personnel Benefits	85,067	76,284	75,240	81,555	78,600	88,200
Services	38,199	47,748	59,511	99,494	59,120	74,920
Supplies	1,103	987	4,039	3,689	2,760	2,760
Total	360,824	363,375	393,360	454,853	408,680	441,680

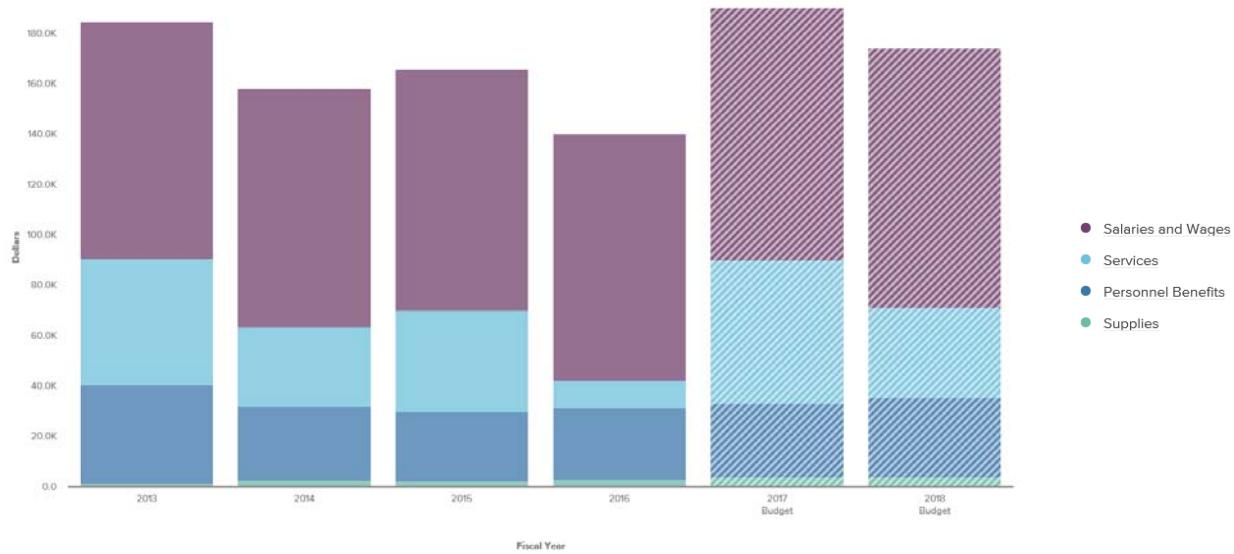
Human Resources

Description:

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. The City went through arbitration with the Police group in 2014, which required the use of a labor attorney, thereby increasing the services line item. This contract expired at the end of 2016 and the 2017 budget included an additional \$30,000 in the event arbitration was necessary again, however, it was not fully utilized as the contract was settled. 2018 includes funding for the tuition reimbursement program.



Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Salaries and Wages	93,817	94,755	95,702	97,755	99,900	103,000
Services	50,322	31,516	40,420	11,189	57,160	35,785
Personnel Benefits	38,941	29,306	27,447	28,292	29,152	31,752
Supplies	1,578	2,681	2,304	3,013	3,910	3,910
Total	184,658	158,258	165,873	140,249	190,122	174,447

Finance/Information Technology

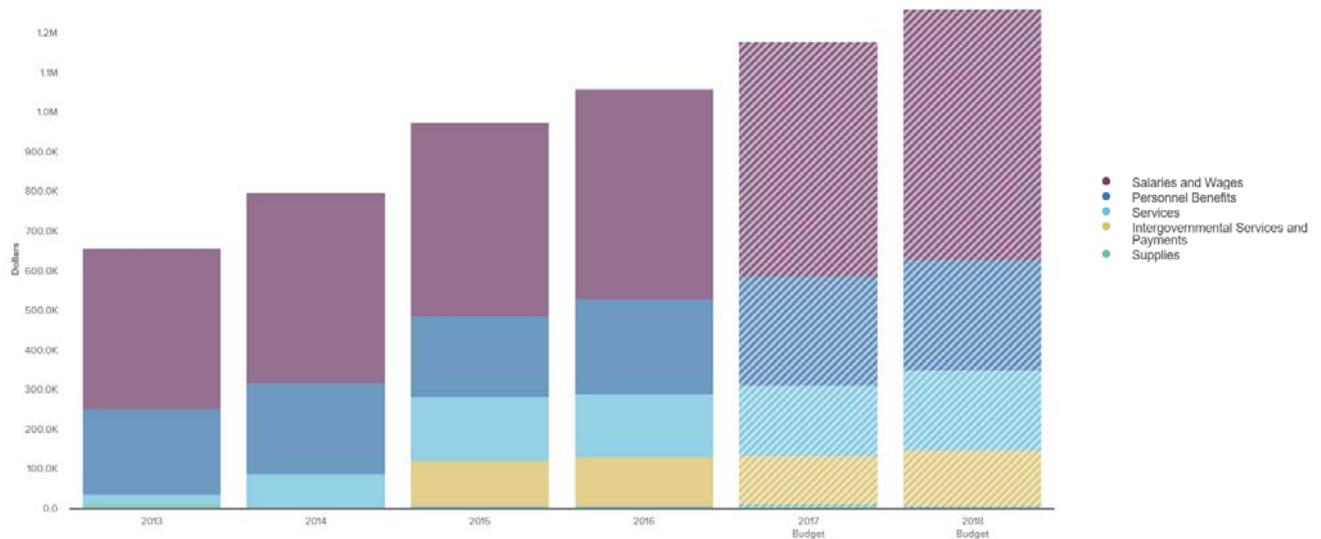
Description:

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 Accounting Supervisor. The City is adding a new communications position to enhance communications with the community (replacing a part-time temporary position). This position will report to the Information Technology Manager and will be split 80/20 with the hotel/motel lodging tax fund. The Information Technology Manager supervises two staff members. The Accounting Supervisor supervises four staff members.

Primary Expenditures:

With nine 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. The increase in salary and benefits in 2017 is due to the addition of a communications specialist. There were no staffing changes for 2018.



Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Salaries and Wages	405,075	481,383	485,630	530,304	590,850	630,000
Personnel Benefits	215,548	228,169	204,416	239,338	274,980	279,730
Services	22,945	83,047	162,377	158,800	179,800	201,050
Intergovernmental Services and Payments	-	-	112,987	122,321	120,000	140,000
Supplies	14,210	6,866	9,571	9,735	13,500	9,000
Total	657,778	799,465	974,981	1,060,498	1,179,130	1,259,780

Economic Development

Description:

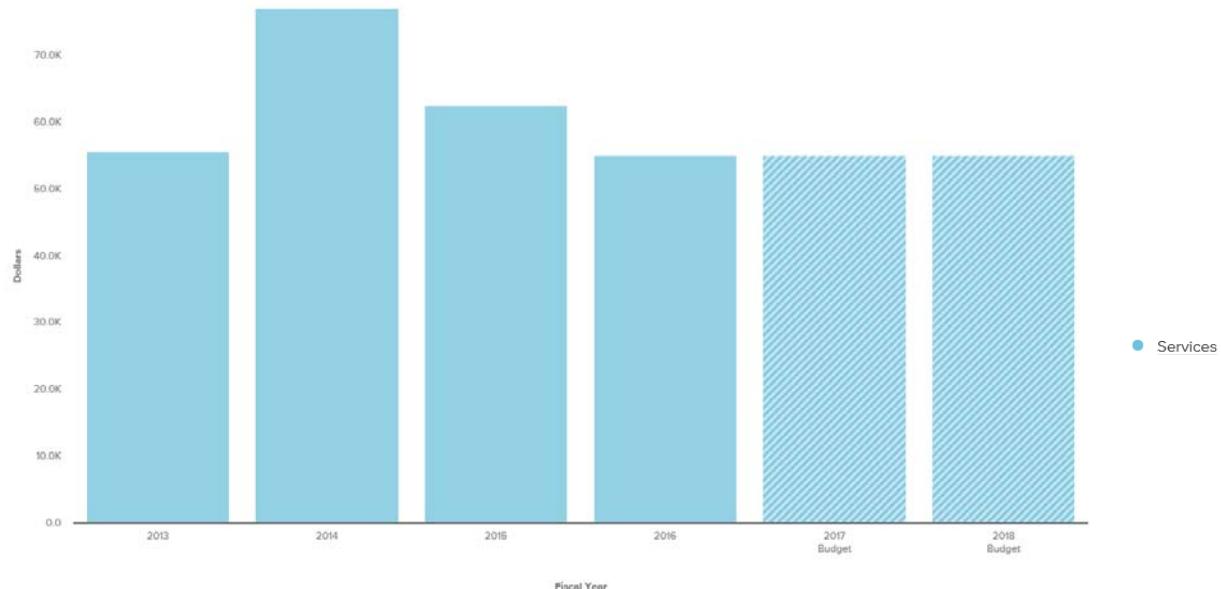
This department is used to make payments to the Camas-Washougal Economic Development Association (CWEDA) and Columbia River Economic Development Council (CREDC).

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 is to support existing business and to bring new businesses and jobs into the local area. It provides one contact for the area, allowing for overall growth.

The annual payment to CREDC is also 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.

Primary Expenditures:

The only expenditures from this department are the contributions to CWEDA and CREDC.



Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Services	55,625	76,875	62,500	55,000	55,000	55,000
Total	55,625	76,875	62,500	55,000	55,000	55,000

Community Development

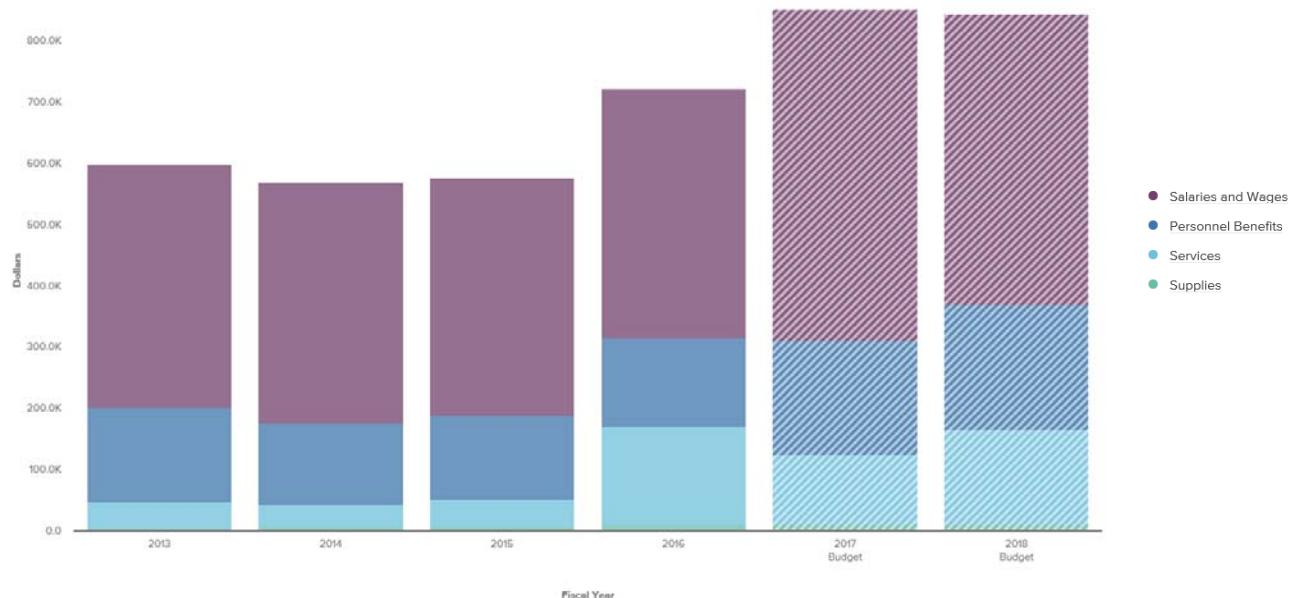
Description:

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 Inspector, and Permit Technician.

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 six full time employees, this department's primary expenditures are salaries and wages. The City also contracts with an engineering firm for private land use development review. Development has been increasing in the City. To maintain service levels, in 2017 an additional full time employee was added to conduct building inspections. Increased fee revenue will cover the cost of the new employee. 2018 will stay status quo.



Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Salaries and Wages	396,736	392,323	389,489	407,827	539,800	474,000
Personnel Benefits	153,277	132,537	135,551	144,799	185,040	204,890
Services	42,981	37,926	45,113	161,583	115,050	154,700
Supplies	5,632	6,294	7,161	8,782	10,950	10,450
Total	598,626	569,080	577,314	722,991	850,840	844,040

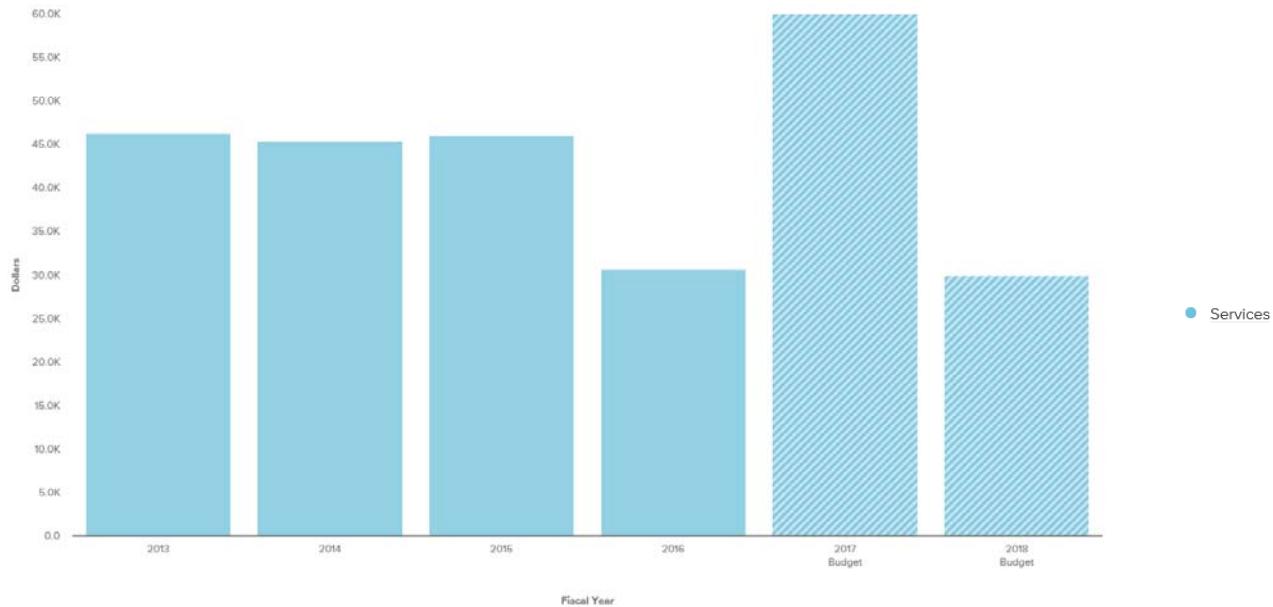
Legal

Description:

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.



Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Services	46,349	45,420	46,064	30,748	60,000	30,000
Total	46,349	45,420	46,064	30,748	60,000	30,000

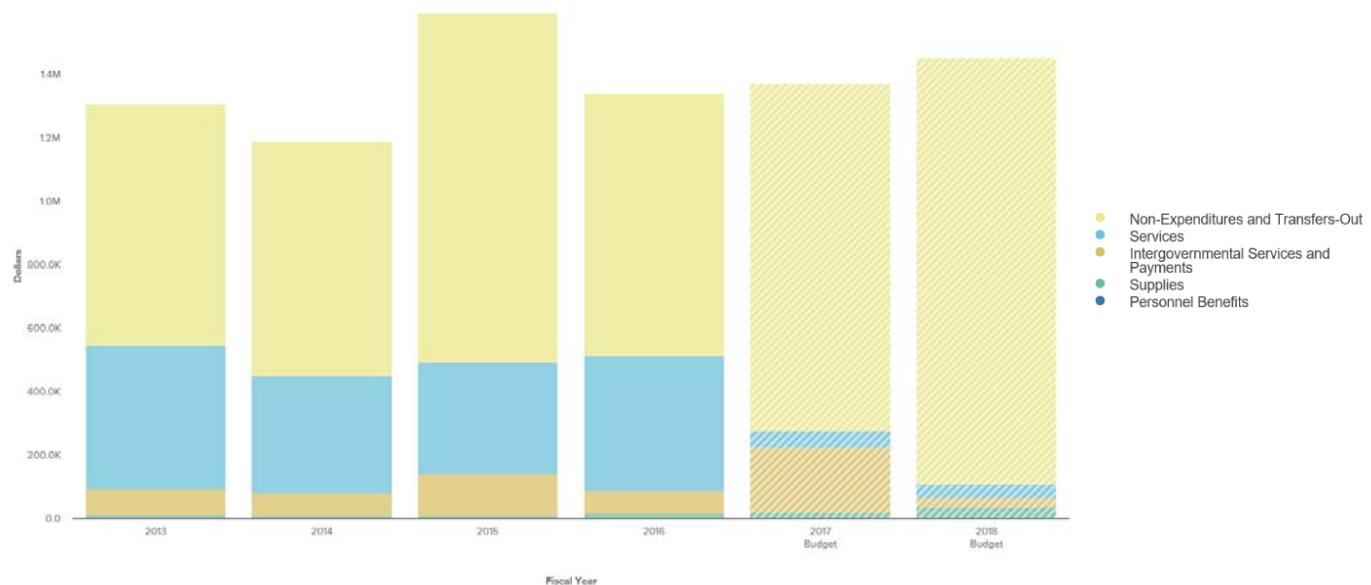
Central Services

Description:

This department includes costs not directly associated with another department.

Primary Expenditures:

Intergovernmental costs, which include: costs for the annual state audit and program support for East County Social Services, Clark County Alcoholism, and Community Education. All transfers from the General fund to other funds come from this department, such as: Equipment Replacement, Cemetery, Street, Transportation Capital, Facilities Capital, and REET. All agency type disbursements are paid out of this department, such as: School Impact Fees, State Court Remittances, Building Code Fee, and Excise Tax.



Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Non-Expenditures and Transfers-Out	759,314	737,543	1,099,000	828,714	1,095,000	1,346,350
Services	454,969	371,539	351,410	424,744	49,700	44,200
Intergovernmental Services and Payments	80,598	72,056	133,531	72,906	207,000	29,500
Supplies	13,227	10,023	9,688	17,101	21,200	37,200
Personnel Benefits	42	41	-	-	-	-
Total	1,308,150	1,191,202	1,593,629	1,343,465	1,372,900	1,457,250

Fire and Emergency Medical Services

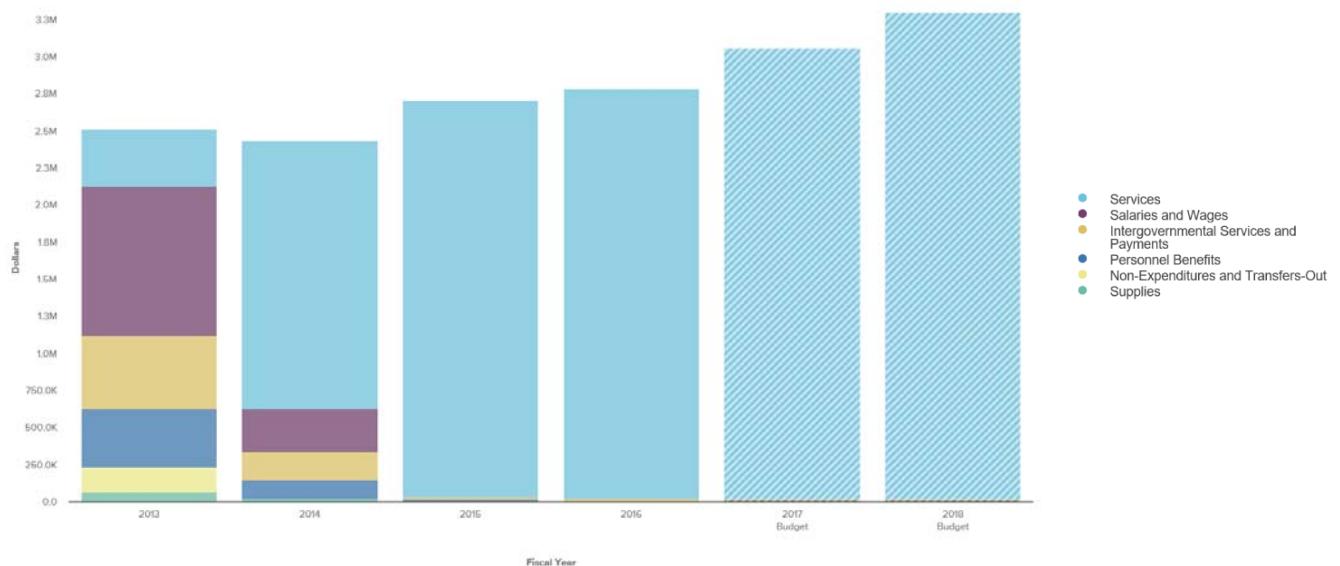
Description:

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 2018, Washougal will be responsible for 39.2% of the overall cost of the program, which is the same as 2017.

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 and per capita emergency management fee remained the responsibility of the City and are included in this department.



Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Services	385,070	1,806,762	2,674,756	2,765,298	3,038,288	3,268,588
Salaries and Wages	1,008,015	291,096	-	-	-	-
Intergovernmental Services and Payments	488,234	189,400	12,758	12,981	14,000	14,000
Personnel Benefits	393,321	123,458	20,818	10,851	12,000	12,000
Supplies	66,563	27,750	1,467	1,055	1,200	1,200
Total	2,341,203	2,438,466	2,709,799	2,790,185	3,065,488	3,295,788

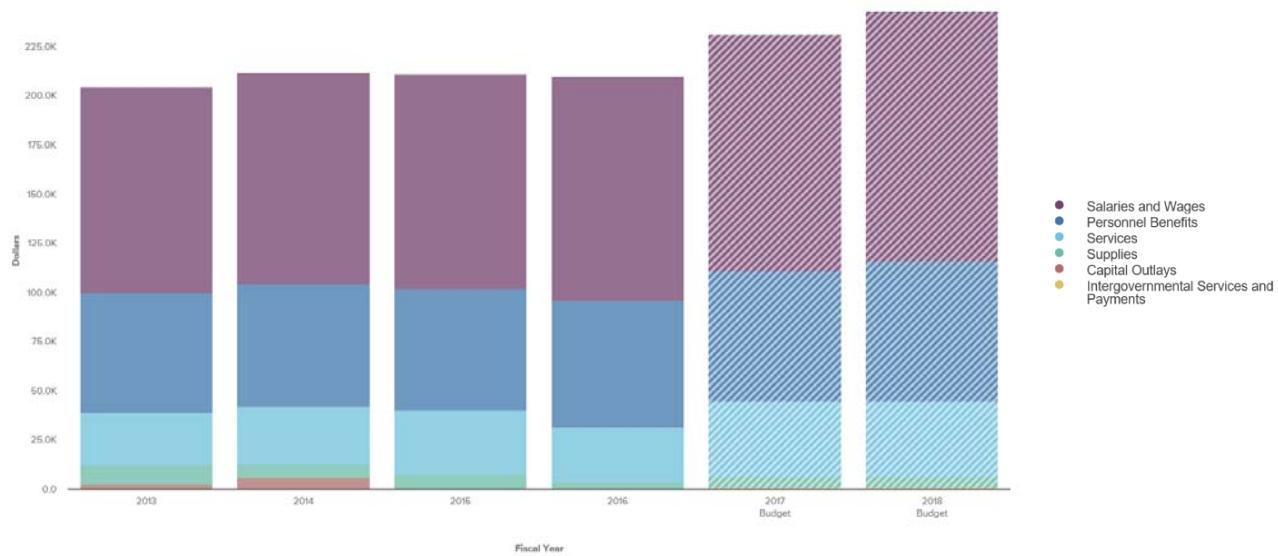
Animal Control

Description:

This department 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, excluding impound charges, which are assessed on a per dog basis.

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.



Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Salaries and Wages	104,772	107,611	109,154	113,929	120,450	126,500
Personnel Benefits	60,612	62,029	61,856	64,654	65,750	71,250
Services	26,904	29,418	32,630	27,675	38,225	38,225
Supplies	9,713	6,844	6,797	3,157	5,875	5,875
Capital Outlays	2,090	5,229	-	-	-	-
Intergovernmental Services and Payments	648	820	820	820	1,000	1,000
Total	204,739	211,951	211,257	210,235	231,300	242,850

Police/Public Safety

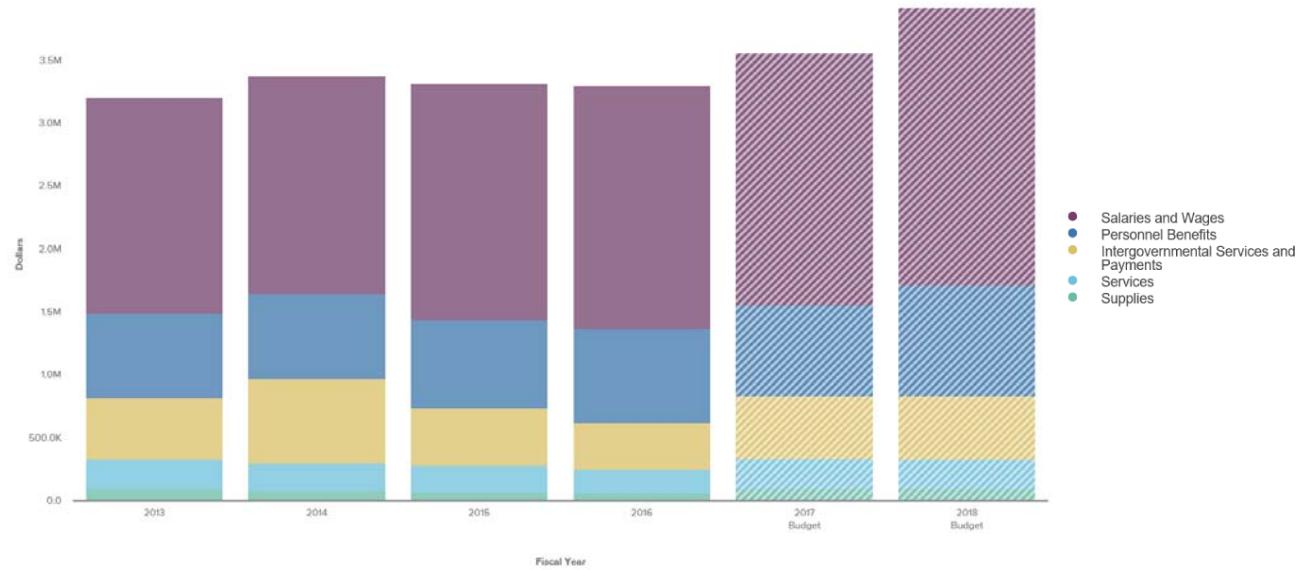
Description:

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

The Police Chief is the head of the department, with the assistance of a Commander. The department has five Sergeants, an administrative Sergeant will be added in 2018, two detectives, one School Resource Officer, one K-9 officer, ten patrol officers, and one code enforcement officer. The department also is supported by two administrative assistants.

Primary Expenditures:

With 24 full time employees, the primary expense for the police department is employee salaries and benefits. The department also pays for the prosecuting attorney; and incarceration costs. Included in 2018 is the addition of an Administrative Sergeant, which will be filled internally and backfilled with a new officer.



Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Salaries and Wages	1,717,023	1,728,994	1,871,984	1,925,880	1,999,400	2,203,100
Personnel Benefits	672,541	674,638	702,966	755,515	721,535	873,235
Intergovernmental Services and Payments	483,186	667,468	453,204	366,572	496,175	504,575
Services	236,021	225,236	217,061	190,602	244,350	238,560
Supplies	95,881	76,995	65,351	60,597	95,430	95,430
Total	3,204,652	3,373,331	3,310,566	3,299,166	3,556,890	3,914,900

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

Description:

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

The Parks department 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.

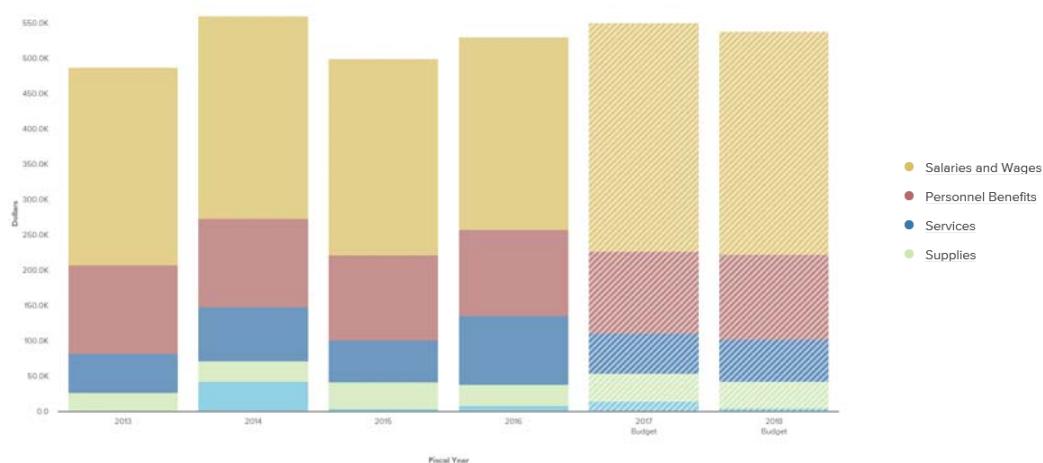
The Engineering department manages the design and oversees construction of capital projects, as well as quality control to ensure each project meets or exceeds city specifications. Engineering also works closely with the Planning Department on private development projects to ensure these projects meet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

The Facilities department 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

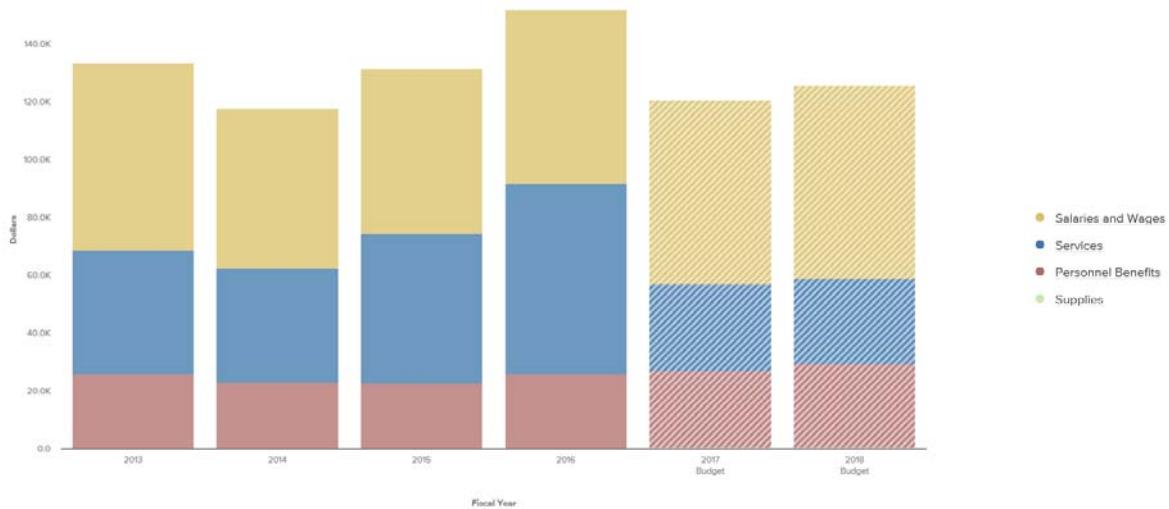
The Parks department has a Manager who also managers the Facilities and Cemetery departments, under the guidance of the Public Works Director. There are additional staff who also support this department and maintenance workers whom also work in other departments. The total General Fund FTE for this department is 3.35. In the spring time, seasonal maintenance workers are hired for six months to assist with maintenance of the parks. Salaries and benefits are the primary expense for this department. In 2017 and 2018 the amount of funds available for seasonal workers was increased by \$26K to enhance services in our parks.



Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Salaries and Wages	279,570	286,432	277,866	273,921	322,800	315,600
Personnel Benefits	125,590	125,152	119,813	120,892	116,483	120,400
Services	55,169	76,435	60,364	97,480	57,150	59,633
Supplies	27,605	28,554	37,993	29,507	39,200	38,000
Capital Outlays	-	43,281	3,000	9,200	15,000	5,000
Total	487,934	559,854	499,036	531,000	550,633	538,633

Engineering

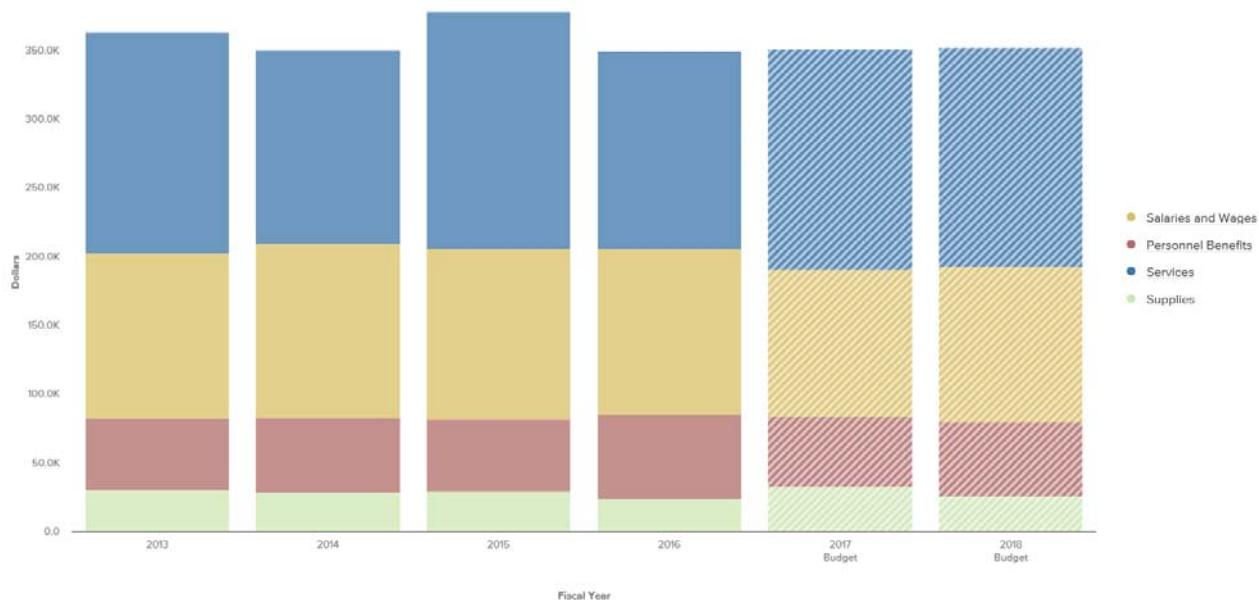
The Engineering department has one City Engineer and an Engineering Technician. Both employees have their time allocated to other departments as well as the general fund. The total General Fund FTE for engineering services is .85 for these two staff members. The City uses an engineering firm for the services provided to Community Development for contract engineering plan review services.



Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Salaries and Wages	64,862	55,151	57,025	59,739	63,500	66,600
Services	42,790	39,431	51,632	65,834	29,780	29,546
Personnel Benefits	25,597	23,021	22,815	25,433	26,525	28,858
Supplies	327	168	125	536	700	700
Total	133,576	117,771	131,597	151,542	120,505	125,704

Facilities

The Facilities department has a Manager who also managers the Parks and Cemetery departments, under the guidance of the Public Works Director. There are also support staff who perform the maintenance work on the facilities, however they split their time with other departments. The total General Fund FTE for this department is 1.4 FTE. This department also pays for the City's security system and contracted custodial service.



Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Services	160,817	140,907	171,132	143,464	159,948	158,963
Salaries and Wages	120,214	127,072	124,634	120,564	106,800	113,600
Personnel Benefits	51,596	53,953	52,654	61,517	51,015	54,000
Supplies	30,726	28,786	30,380	24,130	33,200	26,000
Total	363,353	350,718	378,800	349,675	350,963	352,563

Street Fund

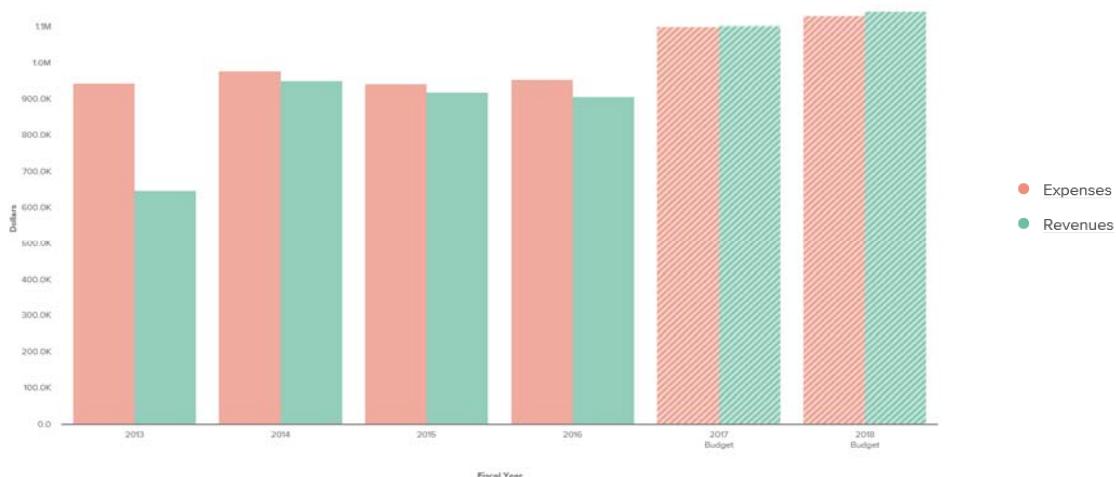
The City's Street Fund preserves and maintains the community's investment in over 150 lane miles of roads, sidewalks, bridges, signs, vegetation and rights-of-way. It utilizes summer-temporary employees to augment its four full-time employees, who respond to various emergency situations, including: winter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

Our Street department 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.

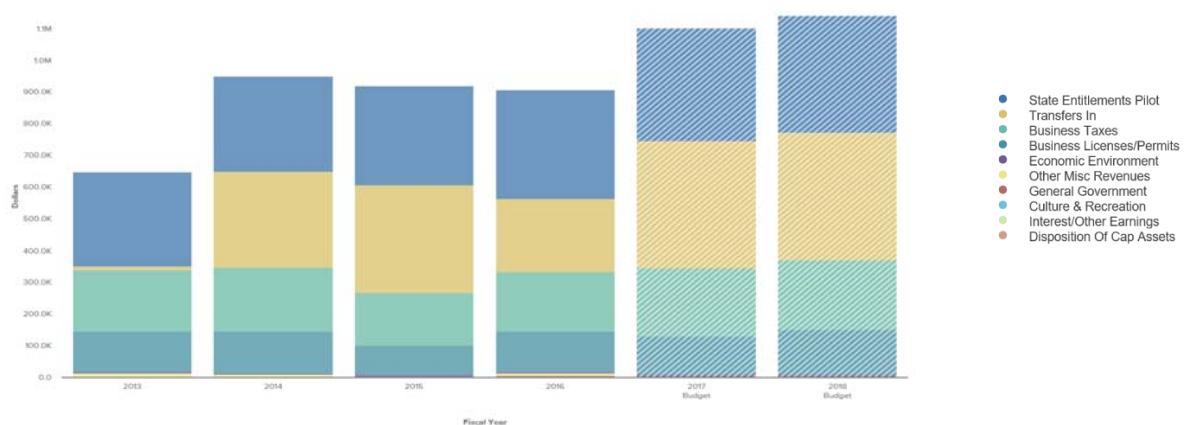
The Street Department works in conjunction with emergency response agencies during inclement weather to remove snow, ice and storm debris from the roadways. Snowplow, sanding and de-icing routes have been pre-planned in order to facilitate a quick response when necessary.

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

Street Fund Revenue/Expenditure History



Street Fund Revenue Sources



Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
State Entitlements Pilot	296,449	300,744	314,183	343,036	355,090	367,500
Transfers In	12,687	301,150	339,000	230,000	400,000	400,000
Business Taxes	192,086	202,349	164,969	187,859	217,000	221,123
Business Licenses/Permits	127,534	131,199	91,796	126,434	120,000	141,641
Economic Environment	6,177	5,000	6,550	5,250	7,000	7,000
Other Misc Revenues	12,554	6,562	856	7,410	-	-
General Government	-	2,564	2,416	5,918	3,000	3,000
Culture & Recreation	572	1,023	1,186	983	500	509
Interest/Other Earnings	293	2	5	180	-	-
Disposition Of Cap Assets	285	-	-	-	-	-
Total	648,637	950,593	920,961	907,070	1,102,590	1,140,773

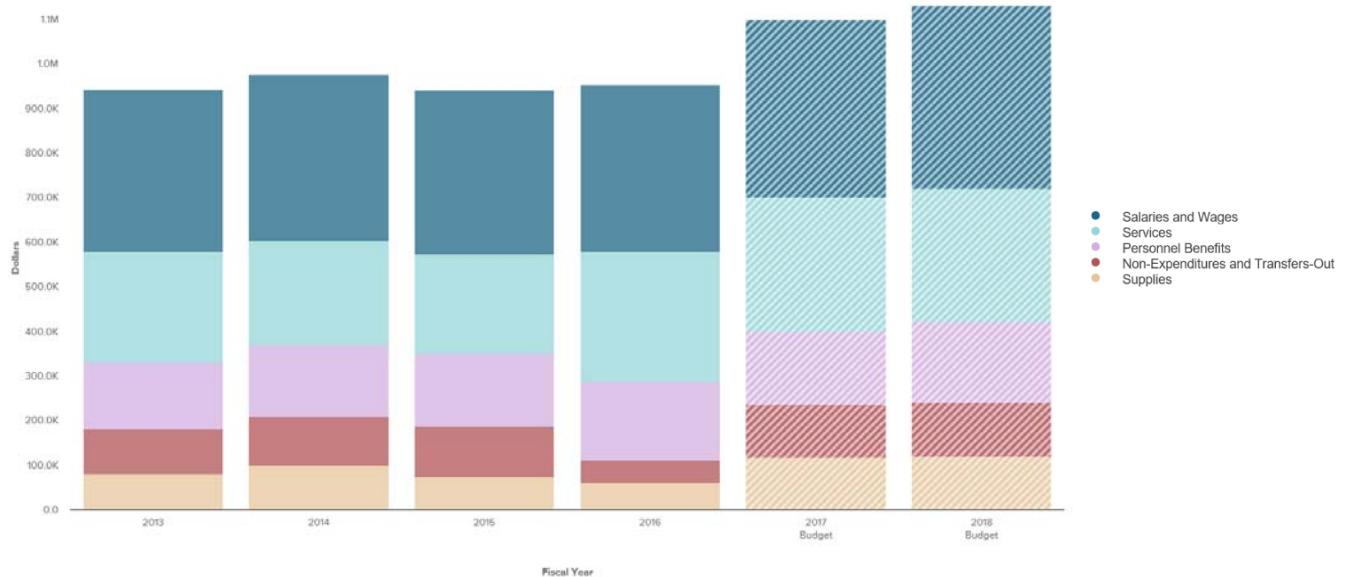
State Entitlements: This is the motor vehicle fuel tax received by the City from the State to be used for city roads.

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 department as other revenues are not sufficient to pay for the operation of this department.

Street Fund Expenditures

The Street department is managed by the Street Manager who also manages the Storm and Fleet departments, 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. Total FTE for this department is 4.55. In the spring time the City hires seasonal workers to help maintain the roadways. In 2017 and 2018 the seasonal budget was increased by \$23K to enhance services in our streets department. Salaries and benefits are the primary expense for this fund. Another primary expense for this fund 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.

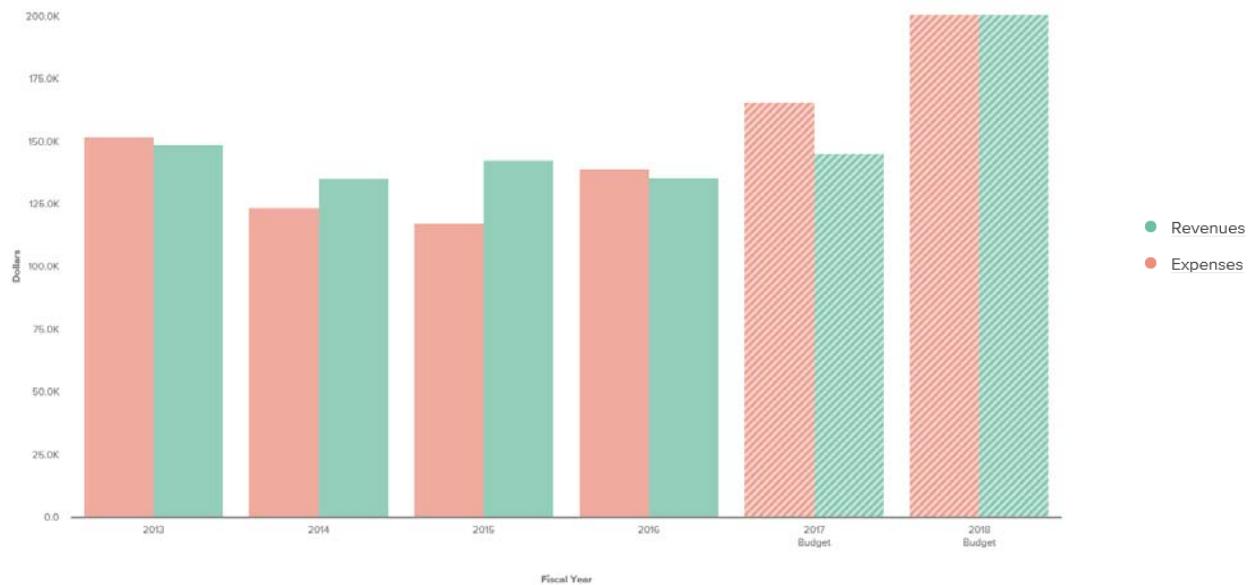


Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Salaries and Wages	362,361	373,706	367,516	373,757	397,400	408,400
Services	248,795	233,324	223,866	290,419	302,850	299,950
Personnel Benefits	149,996	160,864	163,094	177,603	162,300	181,000
Non-Expenditures and Transfers-Out	101,153	109,478	113,162	50,377	120,000	120,000
Supplies	80,727	100,428	74,301	61,801	118,133	120,633
Total	943,032	977,800	941,939	953,957	1,100,683	1,129,983

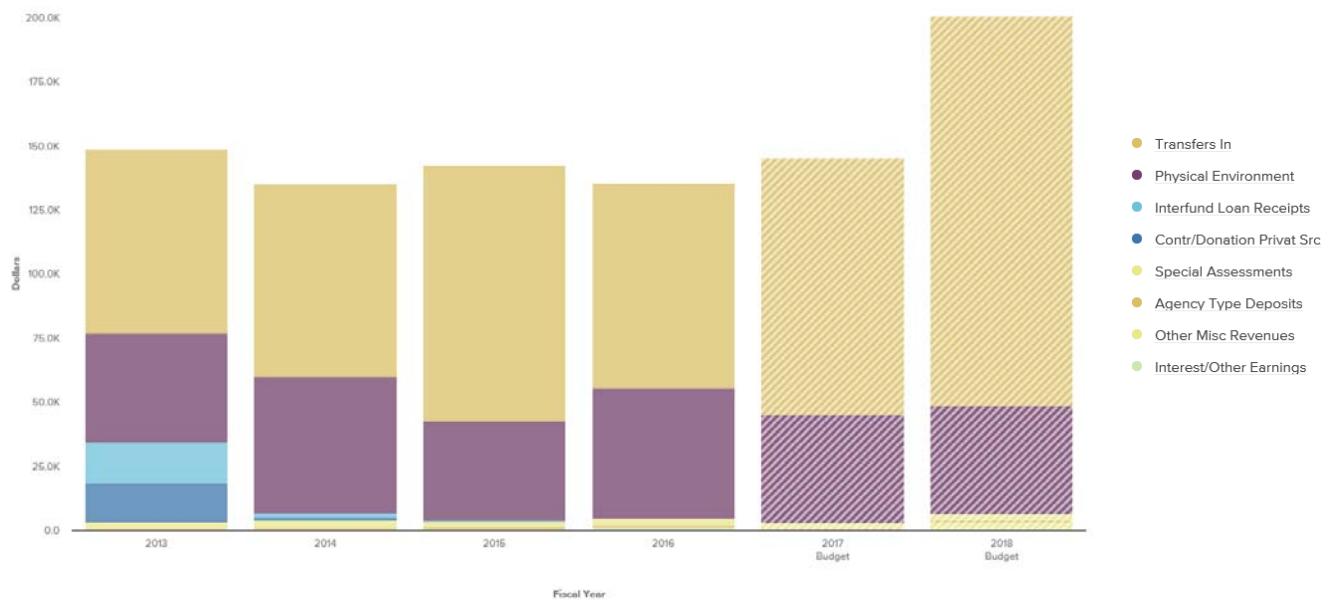
Cemetery Fund

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 Revenue/Expenditure History



Cemetery Revenue Sources



Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
Transfers In	71,756	75,000	100,000	80,000	100,000	151,850
Physical Environment	42,473	53,342	38,159	50,580	42,000	42,000
Interfund Loan Receipts	16,240	1,644	-	-	-	-
Contr/Donation Privat Src	15,100	1,038	853	106	-	-
Special Assessments	2,559	3,107	2,244	2,735	2,500	2,500
Agency Type Deposits	782	1,000	690	945	800	800
Other Misc Revenues	103	72	720	24	-	2,900
Interest/Other Earnings	1	52	41	1,192	-	500
Total	149,014	135,255	142,707	135,582	145,300	200,550

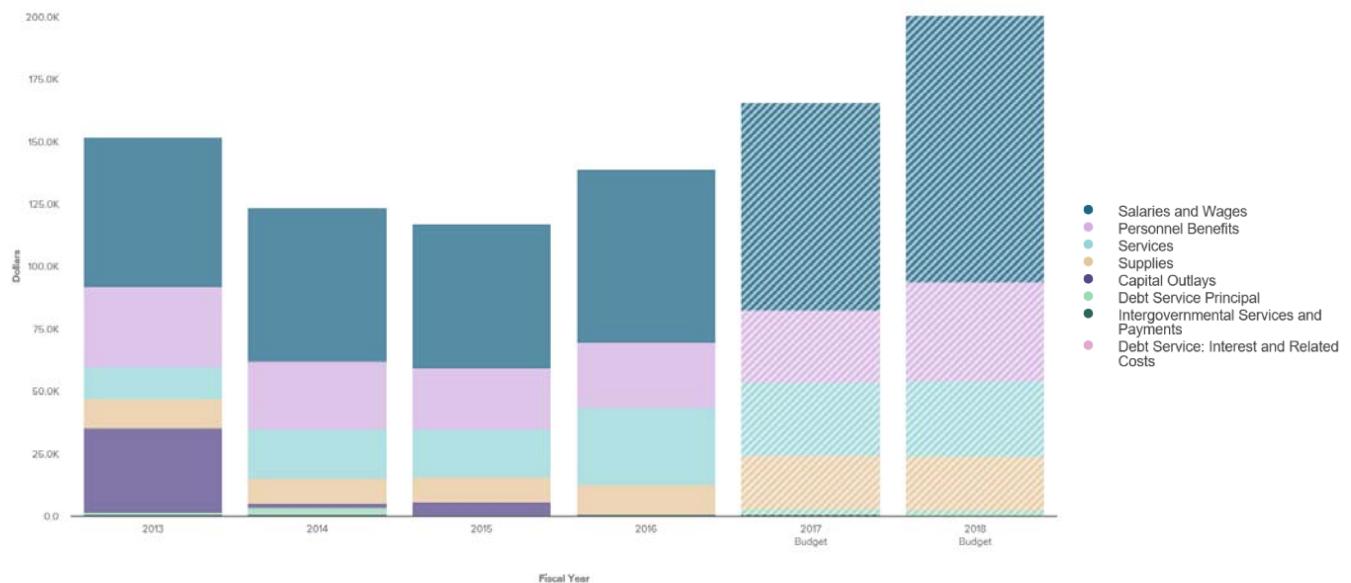
Transfers In: The cemetery fund is supported by the General Fund because Cemetery revenues do not cover all expenses. This is received via this revenue source.

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, Facilities, and Cemetery Manager. For 2018, the Cemetery has one full time staff with additional part time help from other maintenance workers. Total FTE for this fund is 1.3 making salaries and benefits the largest expense to this fund.

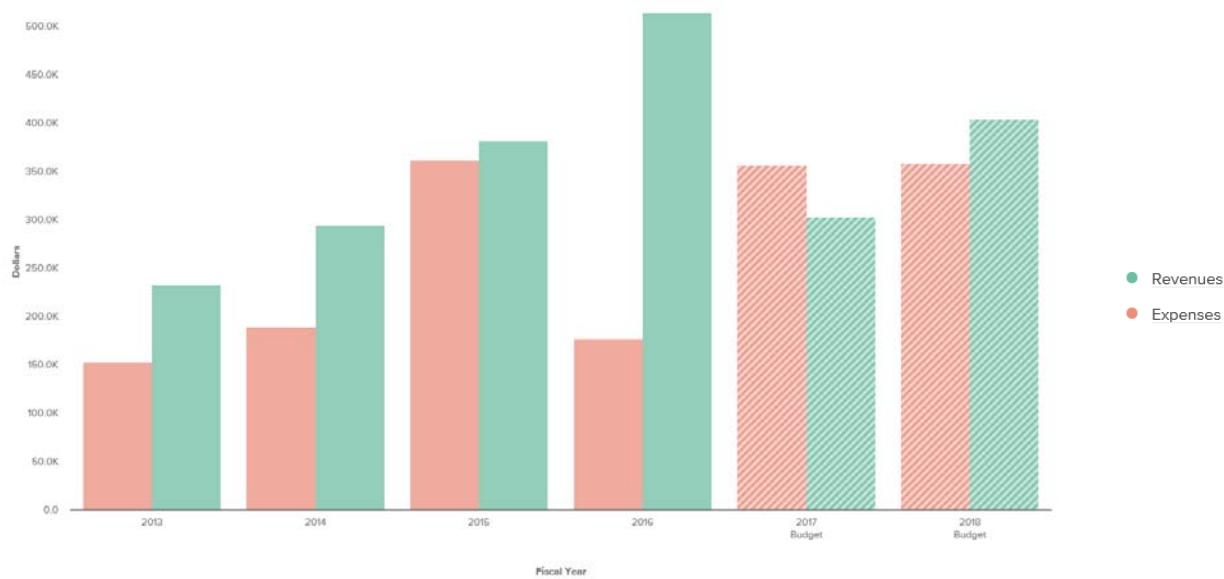


Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Salaries and Wages	59,816	61,309	58,173	69,205	83,200	106,500
Personnel Benefits	32,229	27,222	24,063	26,170	28,973	39,700
Services	12,858	19,861	19,235	30,696	29,157	30,100
Supplies	11,707	10,025	10,161	12,144	21,020	21,450
Capital Outlays	33,652	1,644	5,246	-	-	-
Debt Service Principal	1,000	2,788	-	-	2,600	2,600
Intergovernmental Services and Payments	878	865	702	821	900	-
Debt Service: Interest and Related Costs	-	19	-	-	20	200
Total	152,140	123,733	117,580	139,036	165,870	200,550

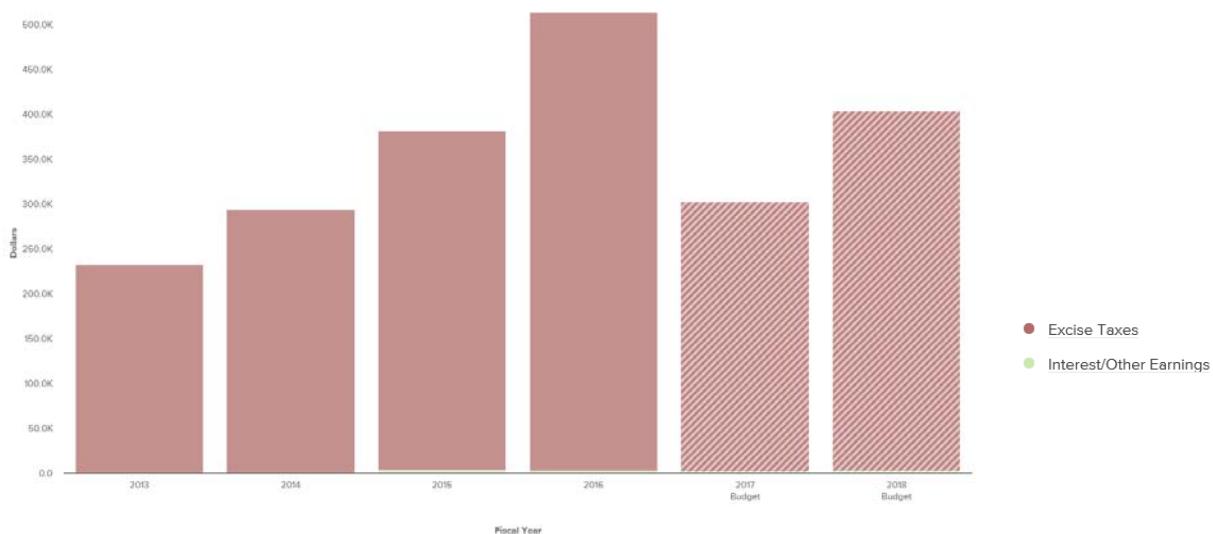
First Quarter Percent REET Fund

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.

First Quarter Percent REET Fund Revenue/Expenditure History



First Quarter Percent REET Fund Revenue Sources

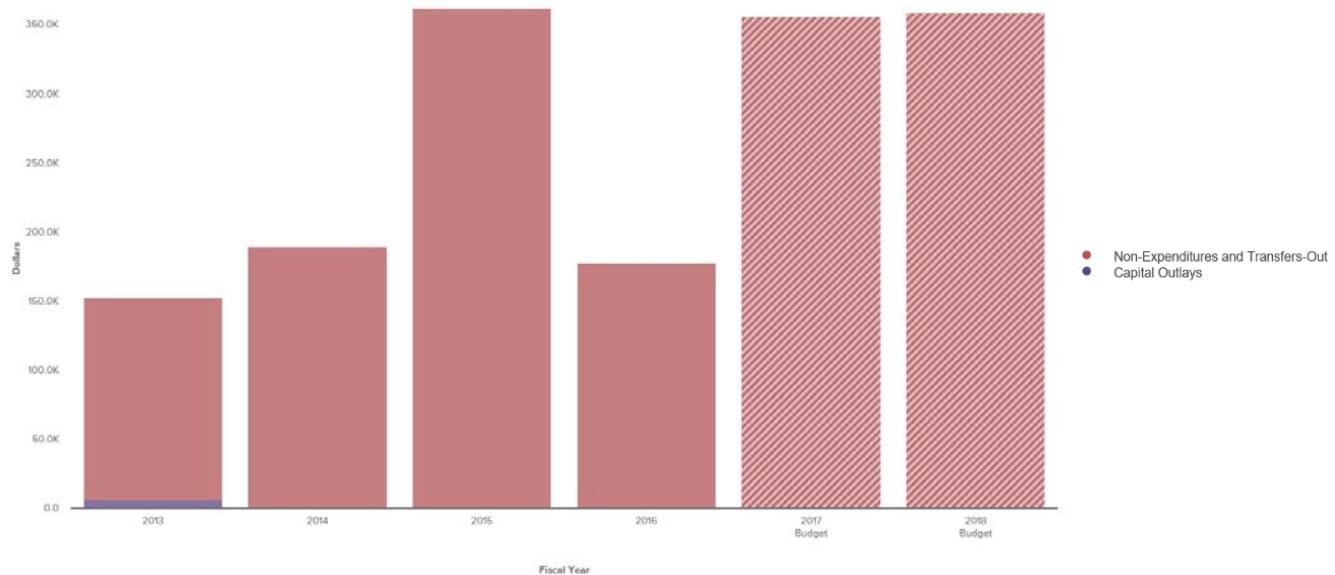


Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
Excise Taxes	230,906	292,854	377,226	509,832	300,000	400,000
Interest/Other Earnings	2,003	1,731	5,162	3,747	3,000	4,000
Total	232,909	294,585	382,388	513,579	303,000	404,000

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.

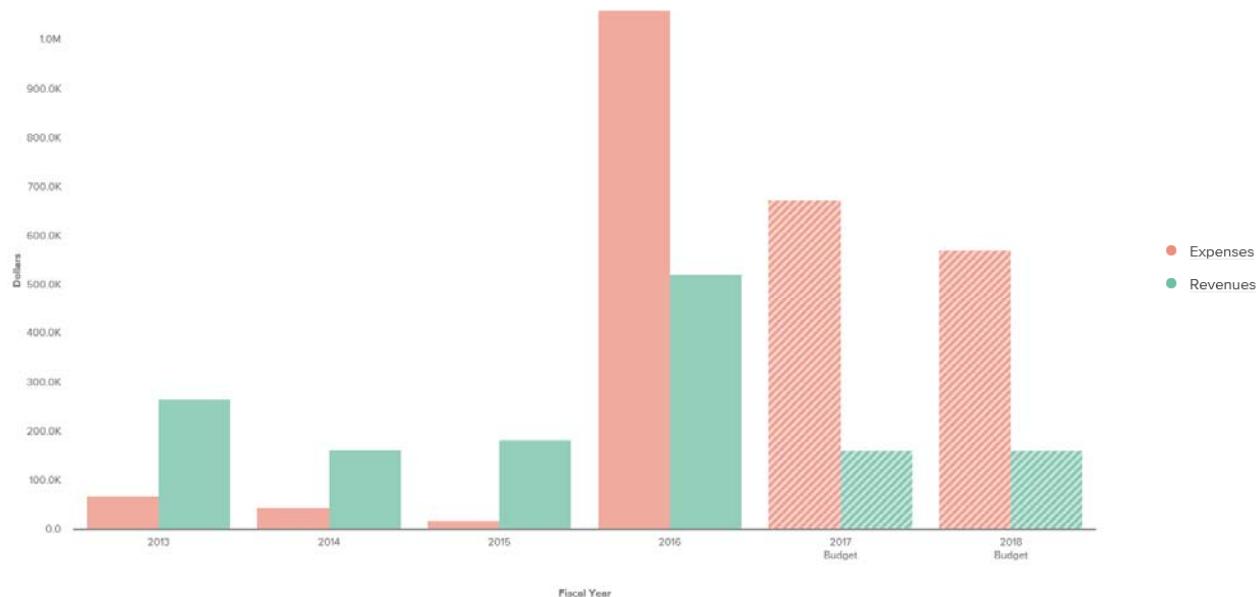


Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Non-Expenditures and Transfers-Out	146,669	189,540	361,611	177,610	356,100	358,900
Capital Outlays	6,254	-	-	-	-	-
Total	152,923	189,540	361,611	177,610	356,100	358,900

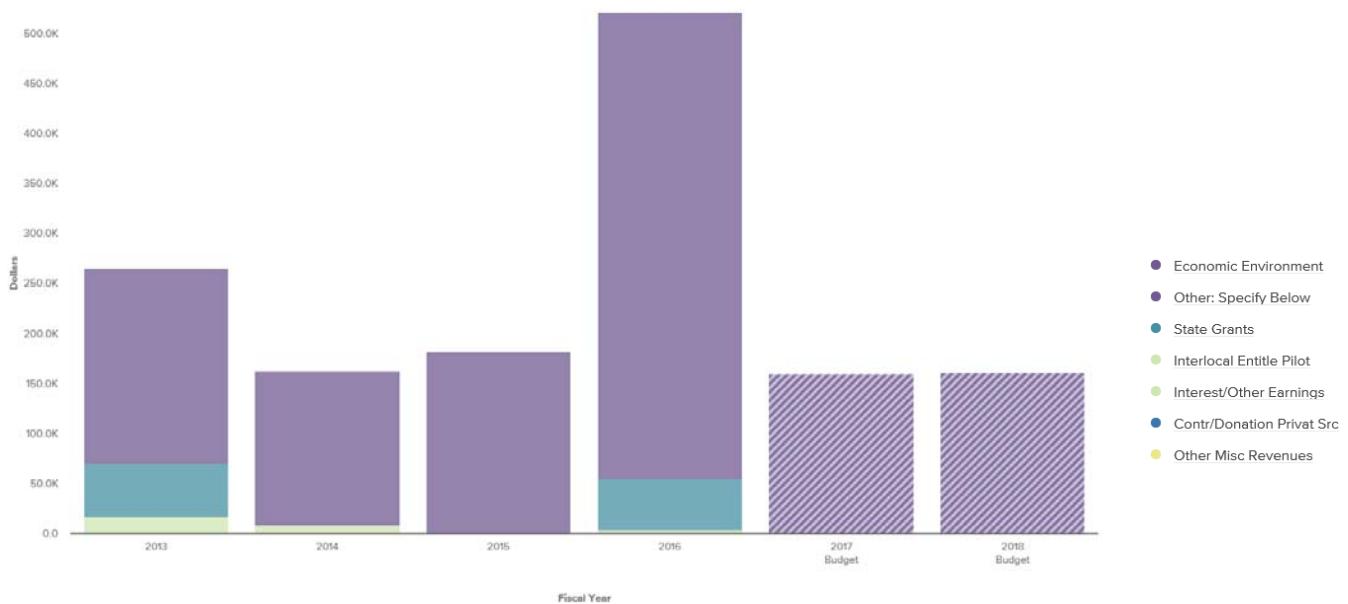
Park Development Fund

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/Expenditure History



Park Development Fund Revenue Sources



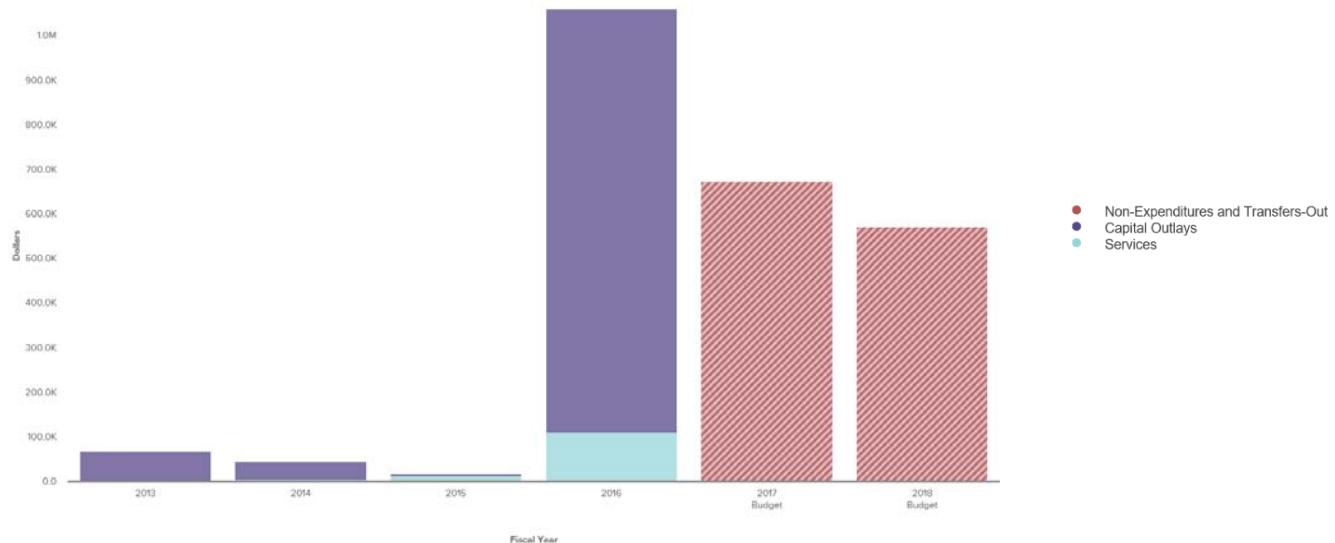
Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
Economic Environment	195,520	153,830	181,080	166,720	160,000	160,000
Other: Specify Below	-	-	-	299,500	-	-
State Grants	53,200	-	-	51,046	-	-
Interlocal Entitle Pilot	15,379	8,100	-	-	-	-
Interest/Other Earnings	937	721	1,563	2,804	500	1,500
Contr/Donation Privat Src	500	-	-	1,000	-	-
Other Misc Revenues	-	-	-	88	-	-
Total	265,536	162,651	182,643	521,158	160,500	161,500

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 2018 are discussed in the Parks Capital Fund. This is a change from previous years where all PIF projects were tracked in this fund.

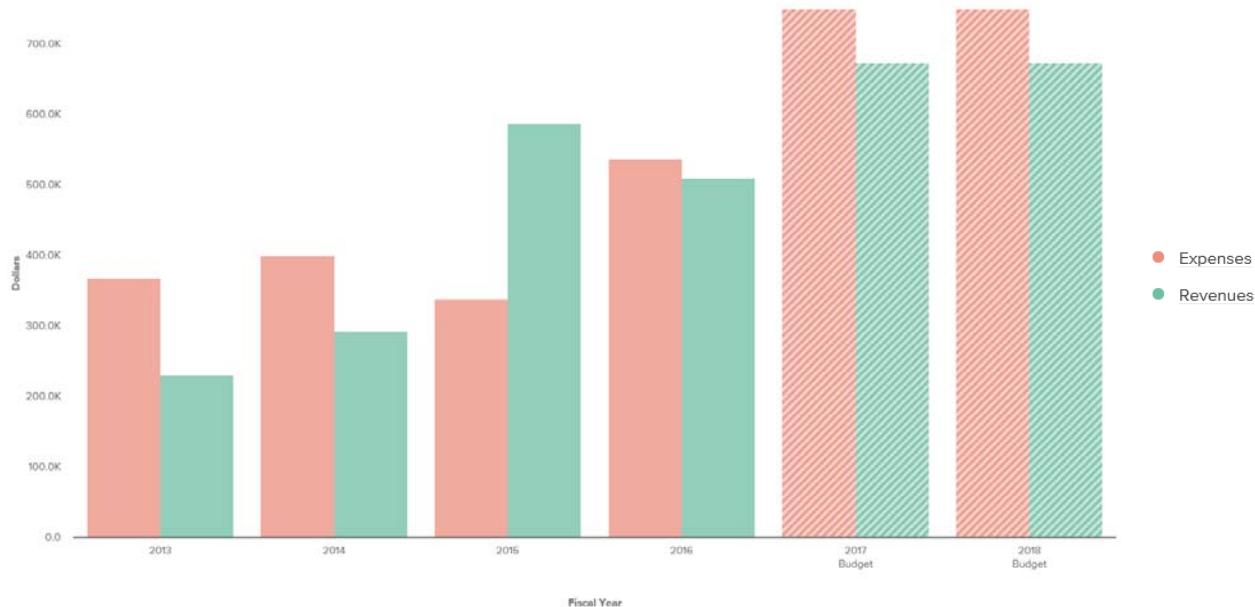


Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Non-Expenditures and Transfers-Out	-	-	-	-	672,574	572,500
Capital Outlays	64,750	39,497	4,693	947,972	-	-
Services	3,960	4,912	12,861	110,813	-	-
Total	68,710	44,409	17,554	1,058,785	672,574	572,500

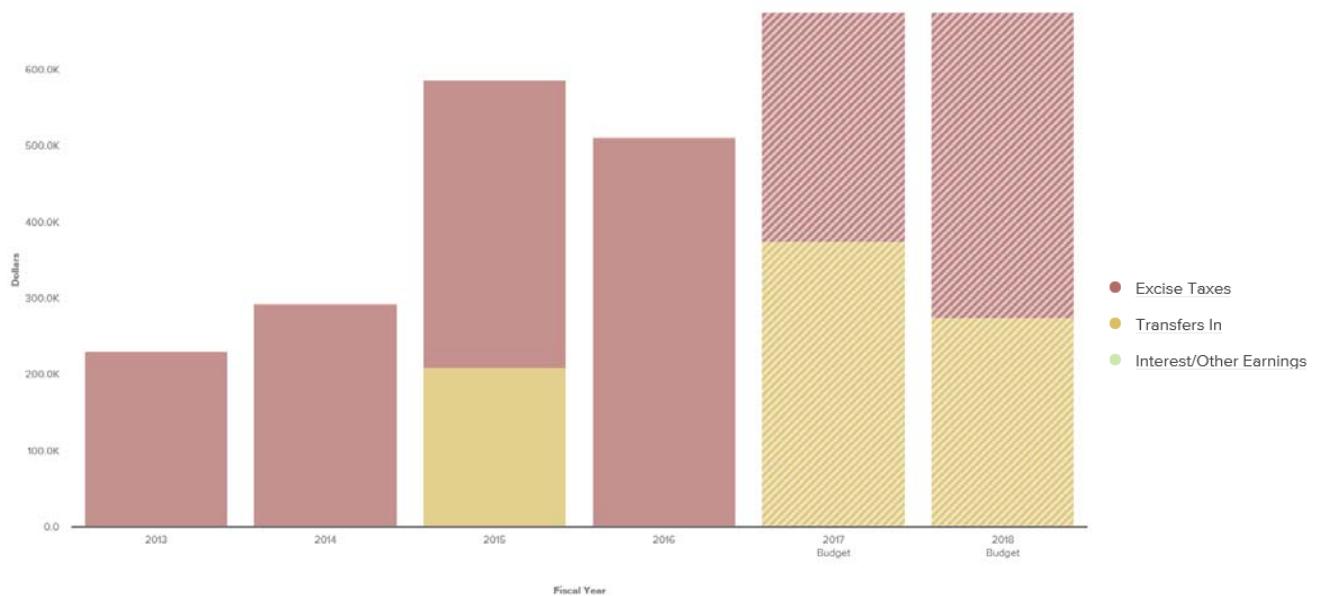
Second Quarter Percent REET Fund

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 2018. In addition, this fund pays debt payments for the downtown bond.

Second Quarter Percent REET Fund Revenue/Expenditure History



Second Quarter Percent REET Fund Revenue Sources



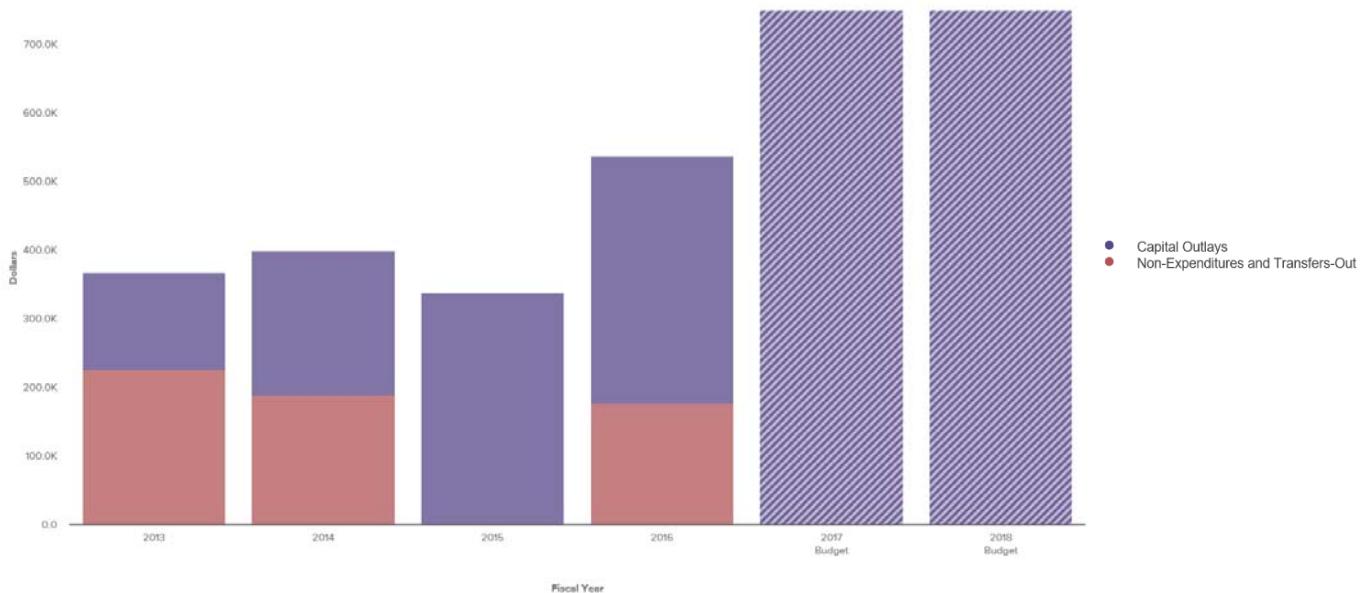
Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
Excise Taxes	230,906	292,854	377,226	509,832	300,000	400,000
Transfers In	-	-	210,000	-	375,000	275,000
Interest/Other Earnings	414	152	104	1,528	-	-
Total	231,320	293,006	587,330	511,360	675,000	675,000

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: The transfers into this fund are from the General fund in the amount of \$275,000 in support of the Pavement Management Program.

Second Quarter Percent REET Fund Expenditures

The primary expenditure for this fund is the 2017 Pavement Management Program. The City increased this line item from \$500K in 2016 to \$750K in 2017, as this is the Council's number one priority. 2018 continues allocating \$750K.

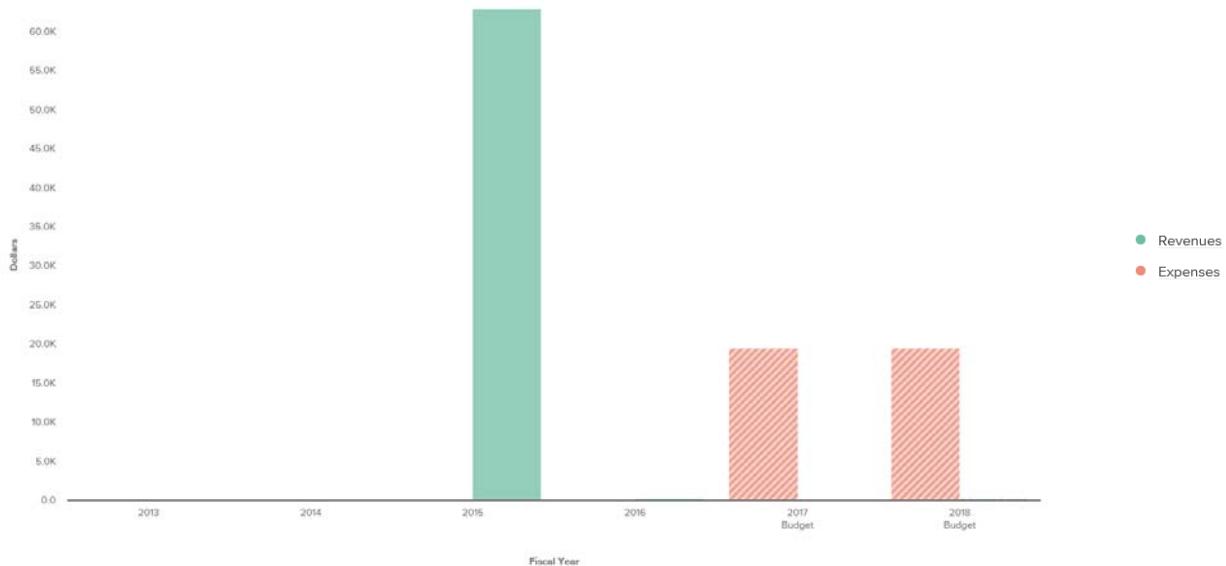


Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Capital Outlays	140,808	211,205	338,968	360,643	750,000	750,000
Non-Expenditures and Transfers-Out	227,687	189,540	-	177,610	-	-
Total	368,495	400,745	338,968	538,253	750,000	750,000

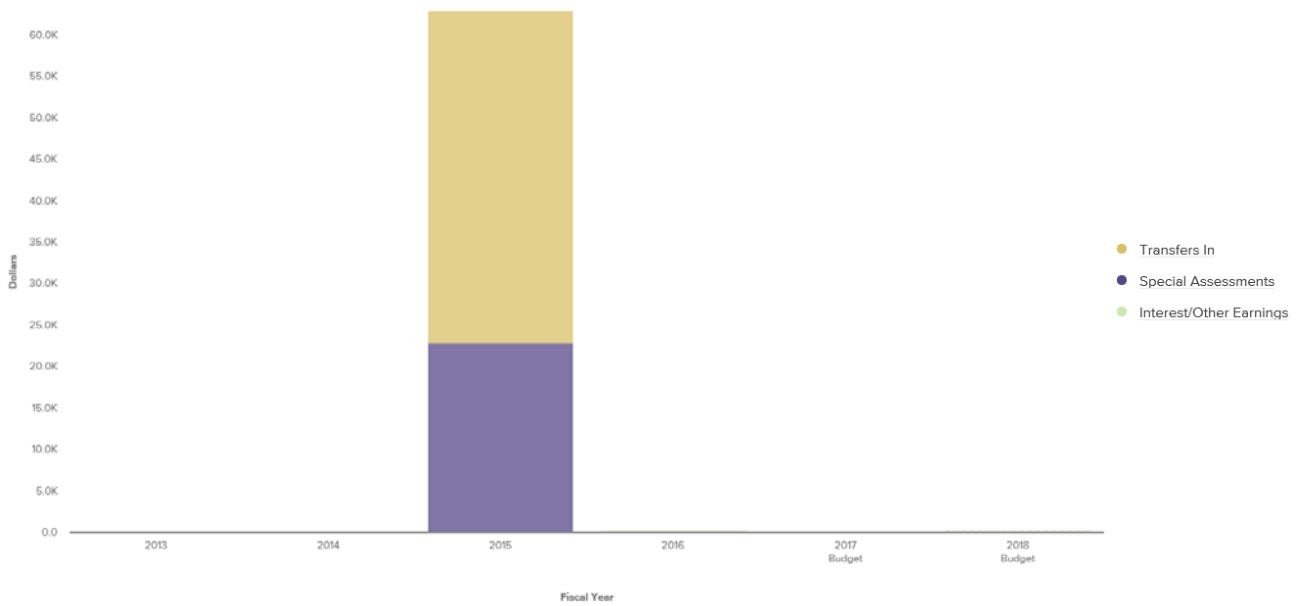
Abatement Fund

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/Expenditure History



Abatement Fund Revenues

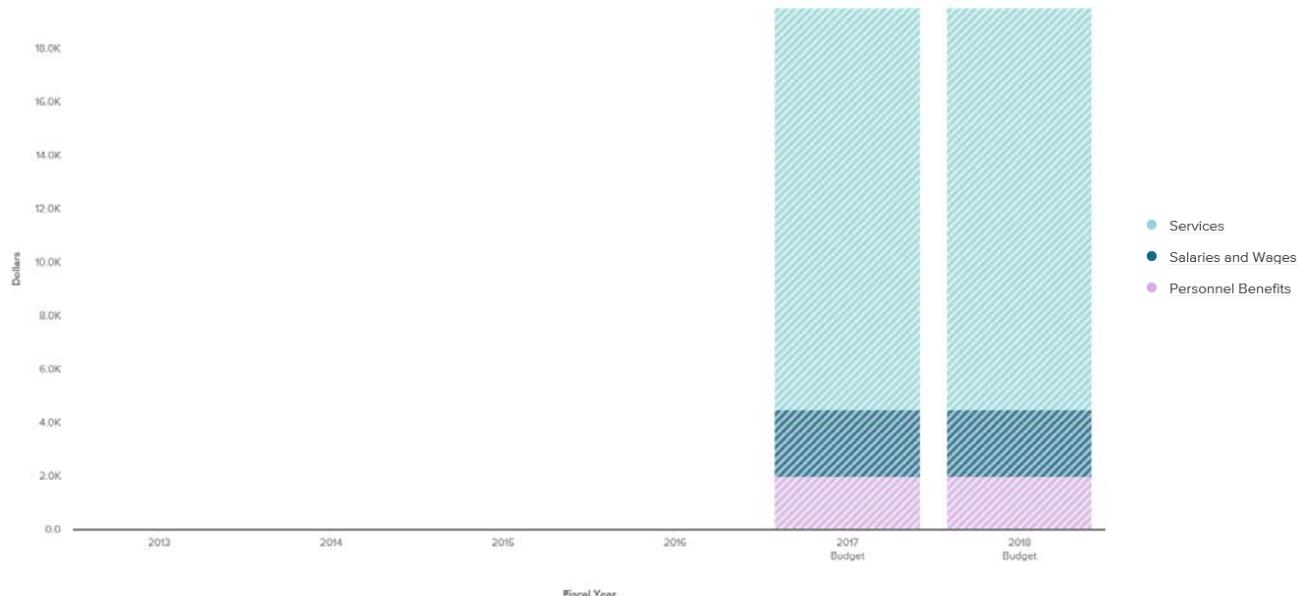


Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
Transfers In	-	-	40,000	-	-	-
Special Assessments	-	-	22,848	-	-	-
Interest/Other Earnings	-	-	13	265	100	300
Total	0	0	62,861	265	100	300

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. There are no regular FTEs working in this department.

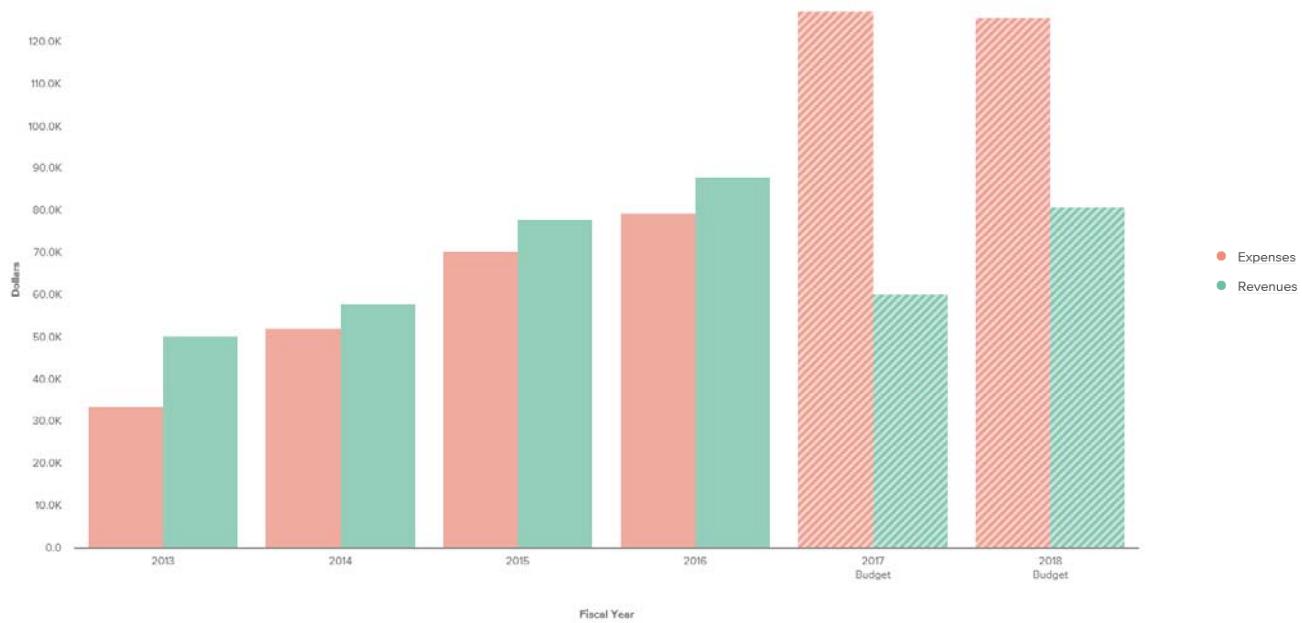


Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Services	-	-	-	-	15,000	15,000
Salaries and Wages	-	-	-	-	2,500	2,500
Personnel Benefits	-	-	-	-	2,000	2,000
Total	0	0	0	0	19,500	19,500

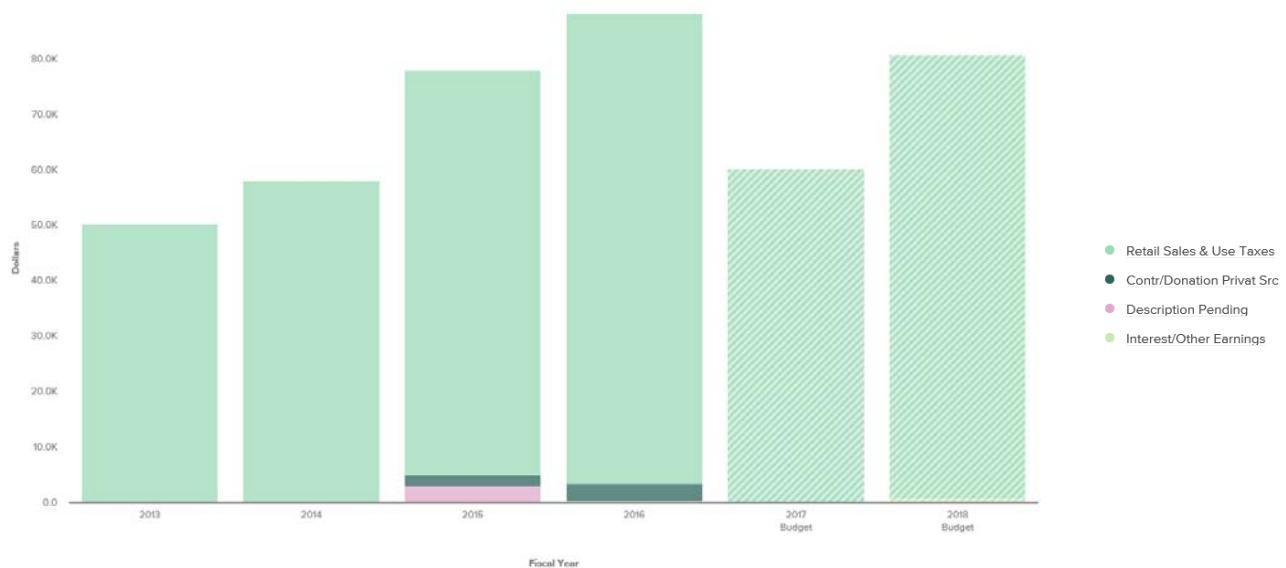
Hotel Motel Tax Fund

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 Tax Fund Revenue/Expenditure History



Hotel Motel Tax Fund Revenue Sources



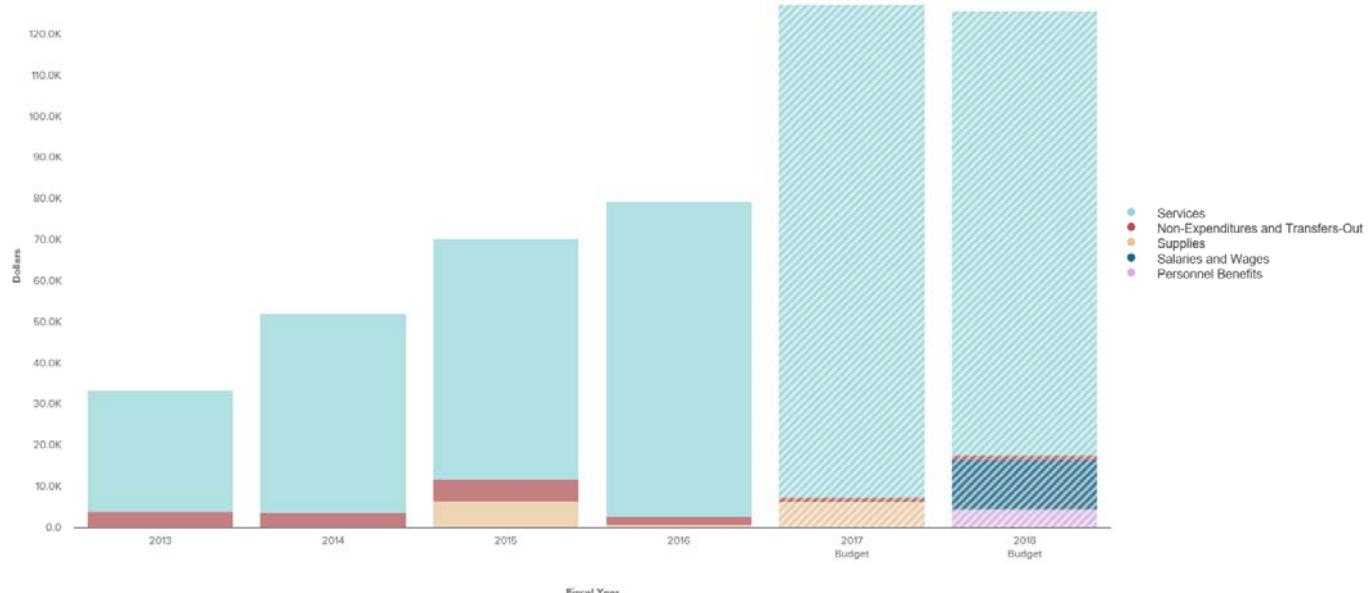
Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
Retail Sales & Use Taxes	50,170	57,855	72,937	84,704	60,000	80,000
Contr/Donation Privat Src	-	-	2,000	3,000	-	-
Description Pending	-	-	2,841	-	-	-
Interest/Other Earnings	107	90	186	458	200	800
Total	50,277	57,945	77,964	88,162	60,200	80,800

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 tourism events and promotion of the City. The following events were approved in 2017 during the 2018 budget process to promote overnight stays in the City during 2018:

Tourism Consultant	20,000
20% of Communications Specialist	16,500
Runs/Sports Festivals	26,000
Art Festival/Artist Tour/Mural/Map	17,200
Firework Show	16,500
Pirates in the Plaza	7,300
Advertising	7,000
Weird Beer Festival	4,000
Additional event/tourism support	11,500

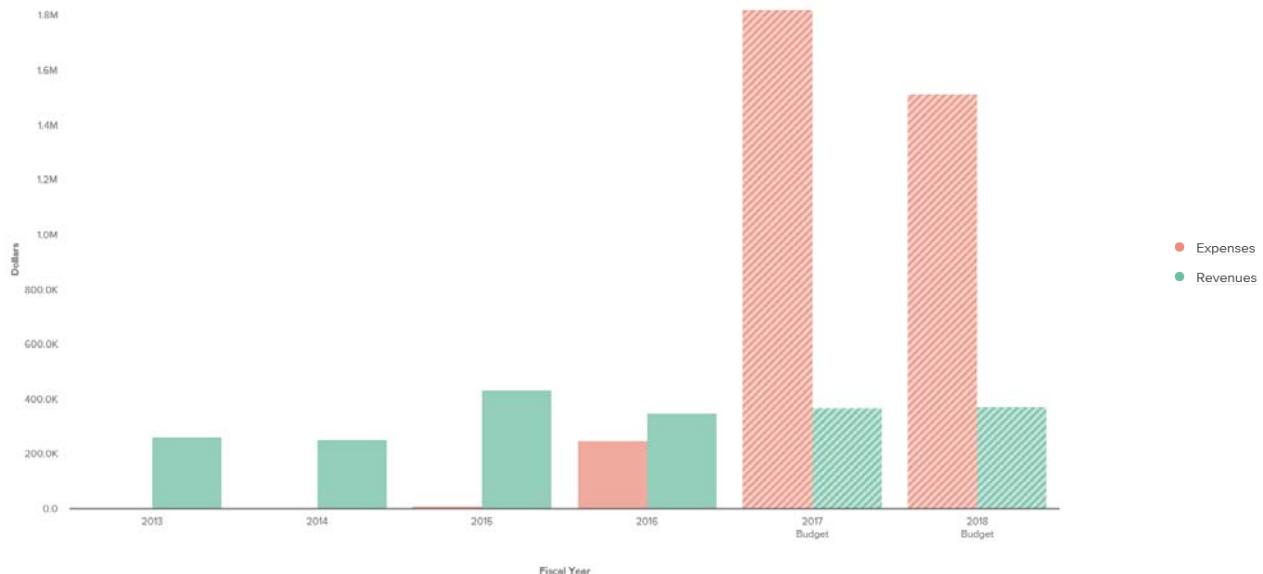


Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Services	29,569	48,203	58,549	76,662	119,700	108,000
Non-Expenditures and Transfers-Out	3,952	3,890	5,211	2,149	1,000	1,000
Supplies	-	-	6,702	721	6,500	-
Salaries and Wages	-	-	-	-	-	12,000
Personnel Benefits	-	-	-	-	-	4,700
Total	33,521	52,093	70,462	79,532	127,200	125,700

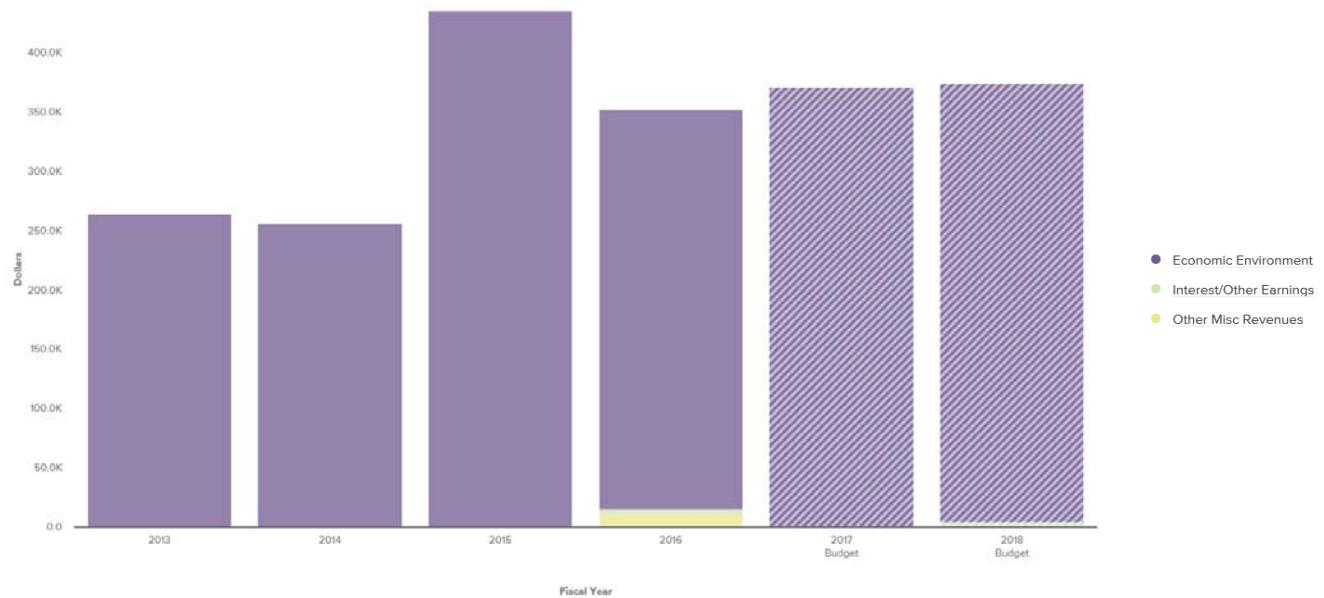
Transportation Development Fund

Traffic Impact Fees 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/Expenditure History



Transportation Development Fund Revenue Sources

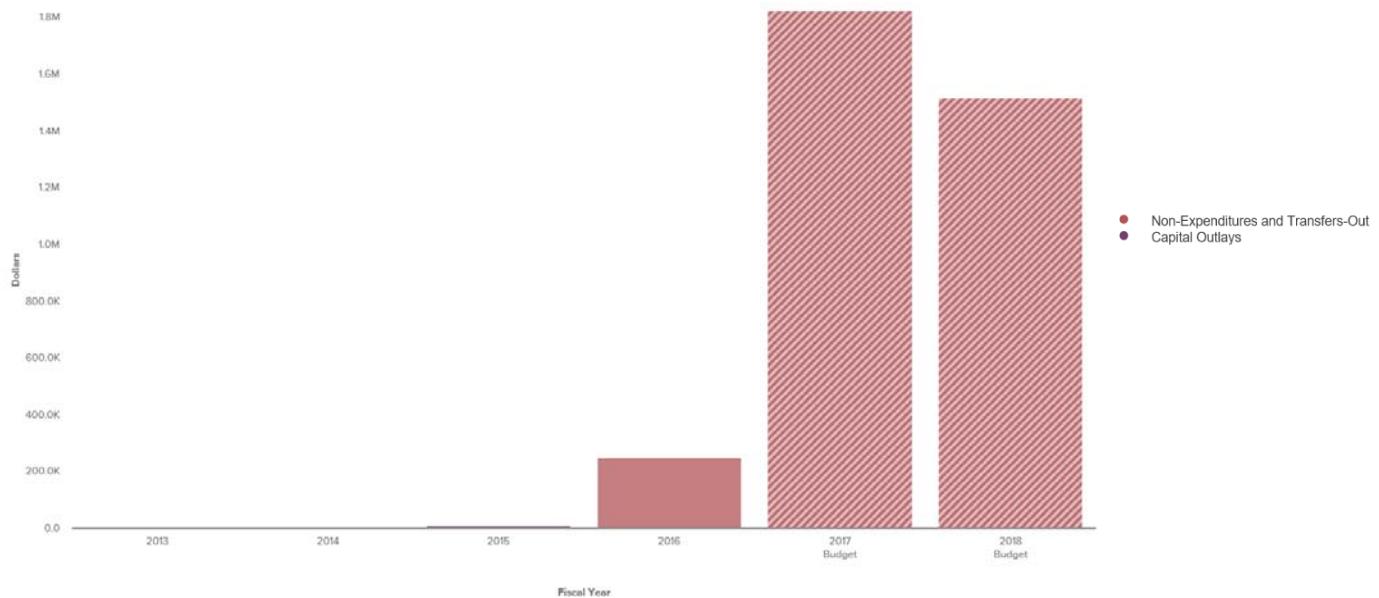


Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
Economic Environment	264,279	255,820	433,848	335,793	370,000	370,000
Interest/Other Earnings	278	522	1,382	4,914	1,500	4,500
Other Misc Revenues	-	-	-	11,174	-	-
Total	264,557	256,342	435,230	351,881	371,500	374,500

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 in 2018 to improve roadways, sidewalks, and transportation in the City.

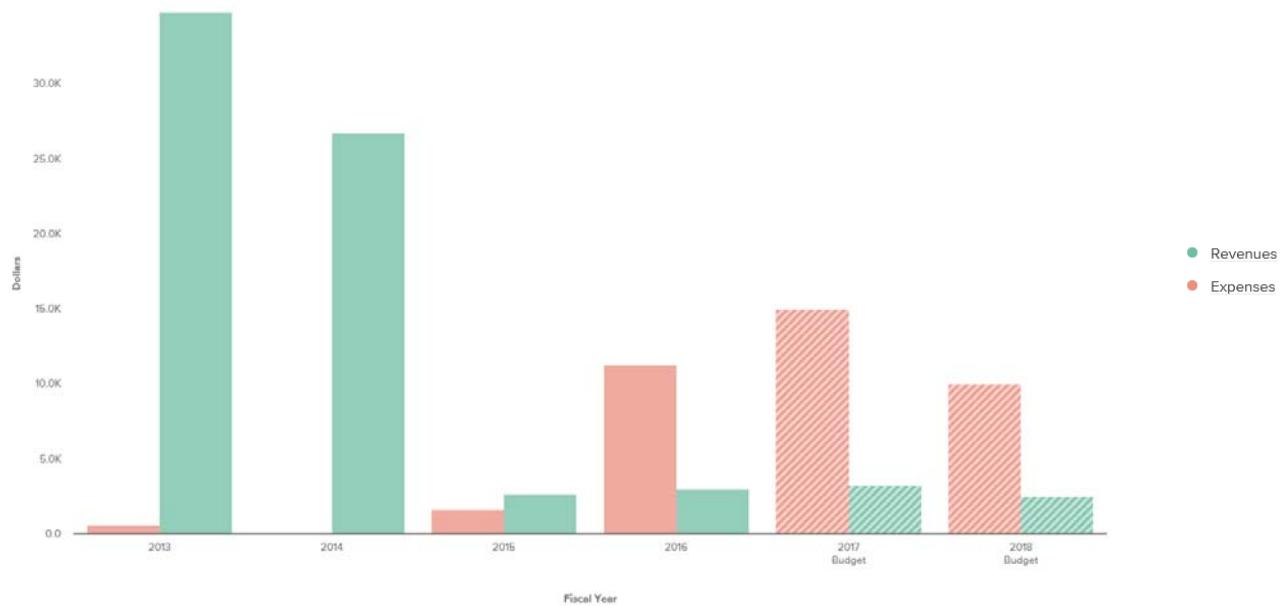


Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Non-Expenditures and Transfers-Out	-	-	-	250,000	1,821,500	1,515,612
Capital Outlays	-	-	11,174	-	-	-
Total	0	0	11,174	250,000	1,821,500	1,515,612

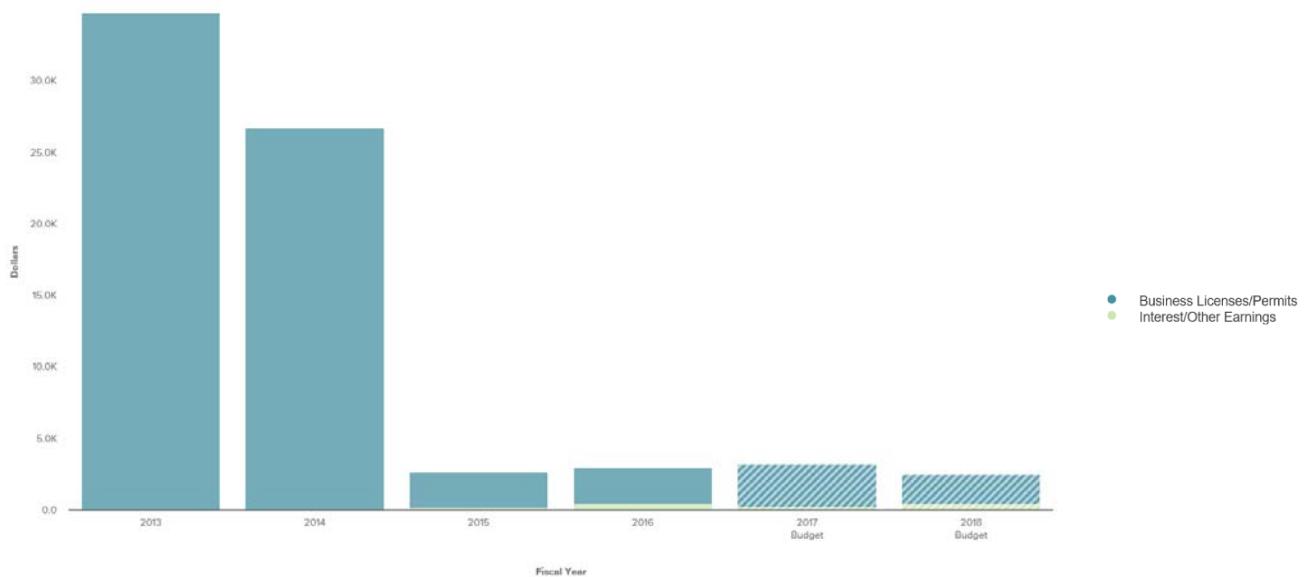
PEG Fee Fund

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 will be used to replace capital equipment when depreciated. The City will reinstate the fee when necessary to ensure recording equipment can be replaced in the future when necessary.

PEG Fee Fund Revenue/Expenditure History



PEG Fee Fund Revenue Sources

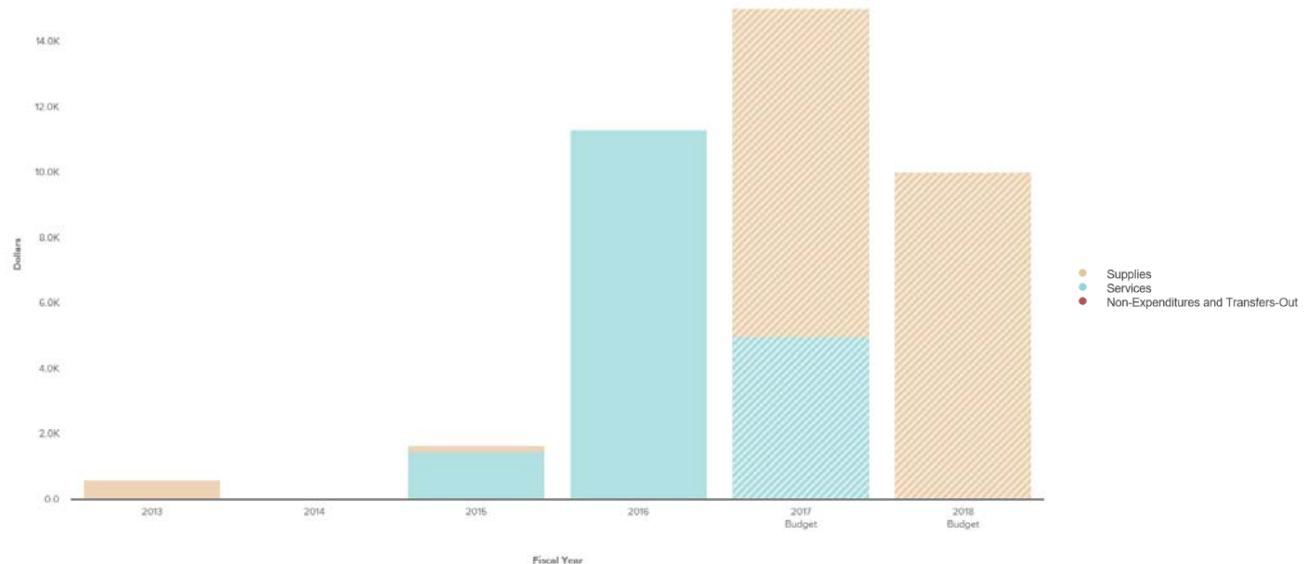


Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
Business Licenses/Permits	34,619	26,610	2,443	2,527	3,000	2,000
Interest/Other Earnings	115	125	215	499	250	500
Total	34,734	26,735	2,658	3,026	3,250	2,500

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.

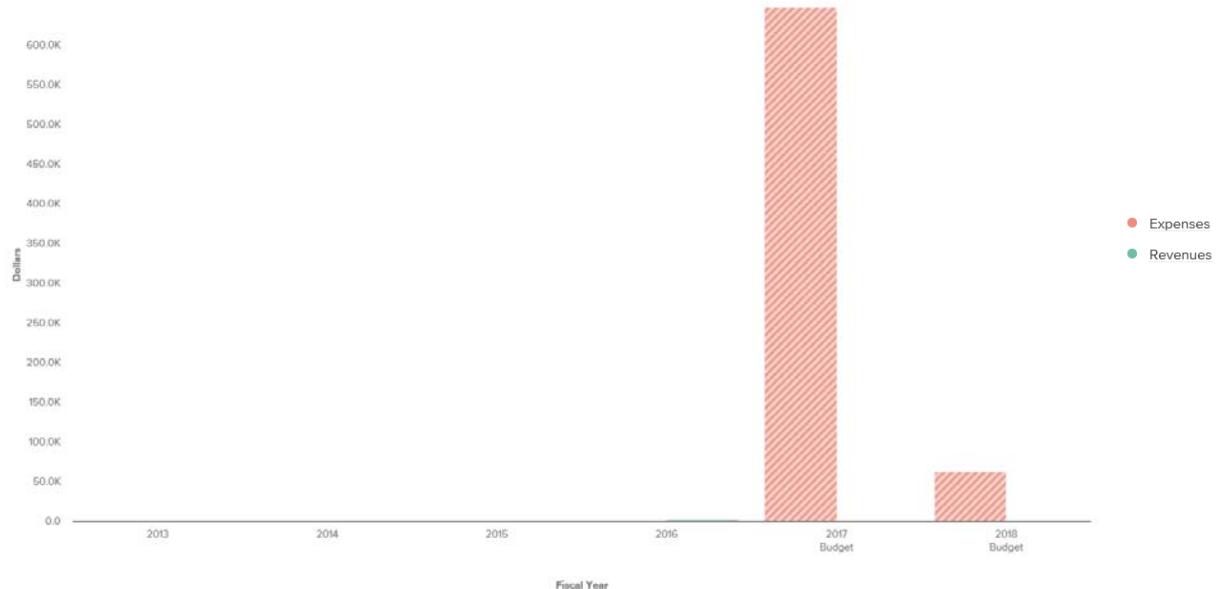


Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Supplies	582	-	179	-	10,000	10,000
Services	-	-	1,436	11,306	5,000	-
Non-Expenditures and Transfers-Out	-	-	38	-	-	-
Total	582	0	1,653	11,306	15,000	10,000

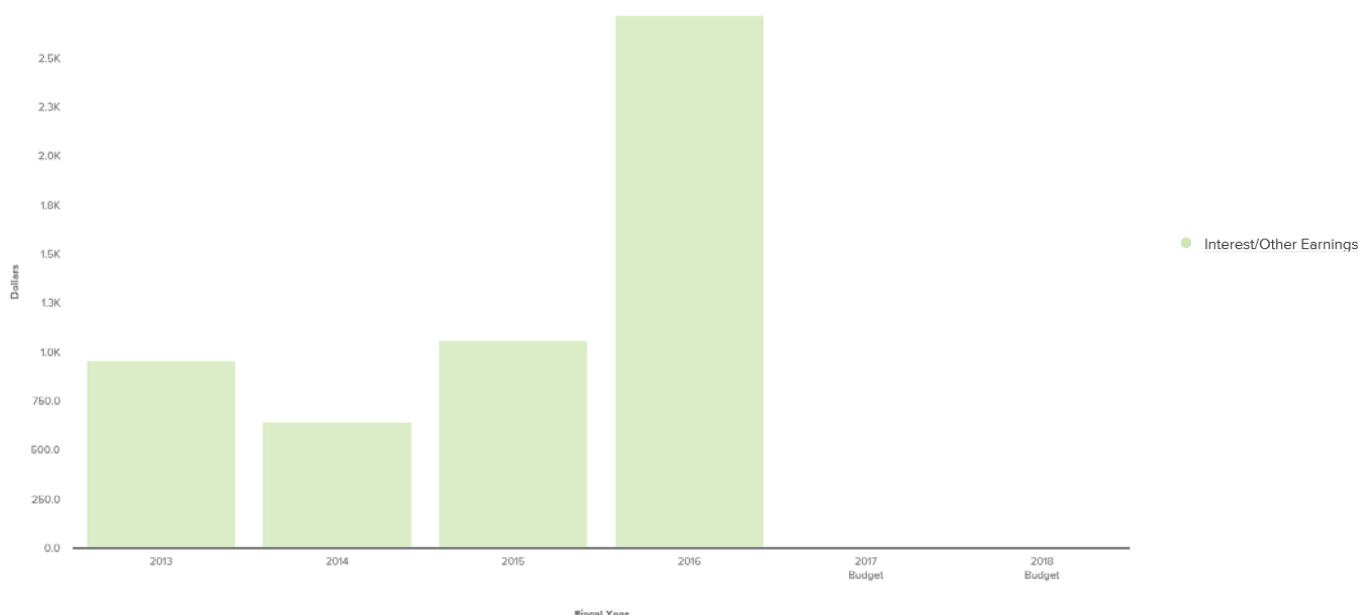
EMS Restricted Revenue Fund

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 Restricted Revenue Fund Revenue/Expenditure History



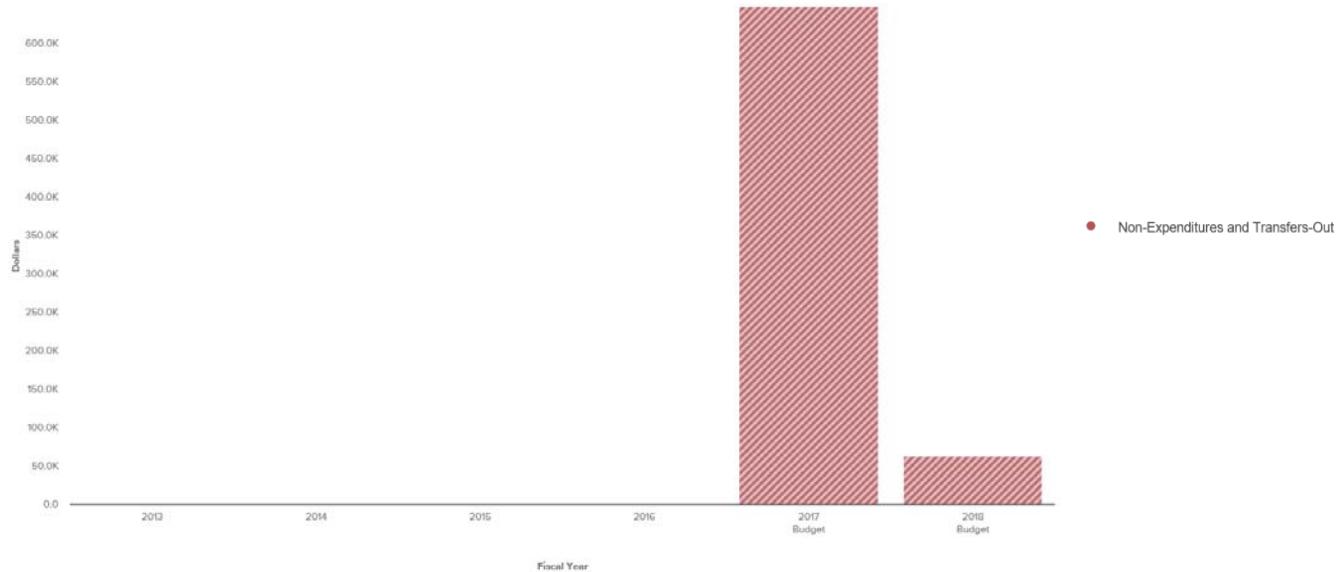
EMS Restricted Revenue Fund Revenue Sources



Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
Interest/Other Earnings	959	646	1,065	2,718	-	-
Total	959	646	1,065	2,718	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.

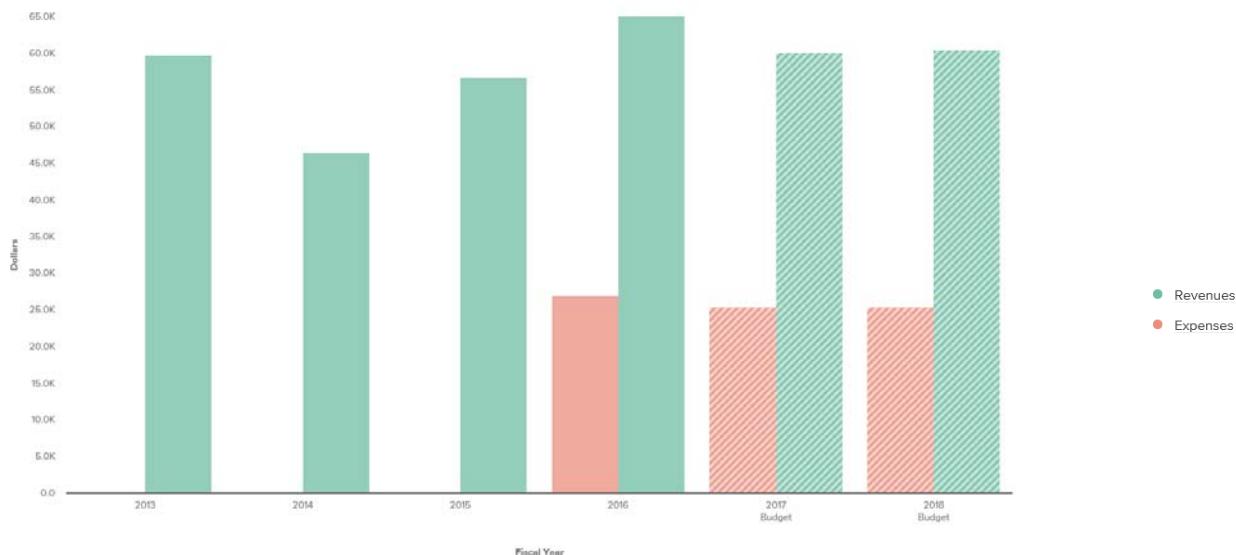


Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Non-Expenditures and Transfers-Out	-	-	-	-	646,900	63,000
Total	0	0	0	0	646,900	63,000

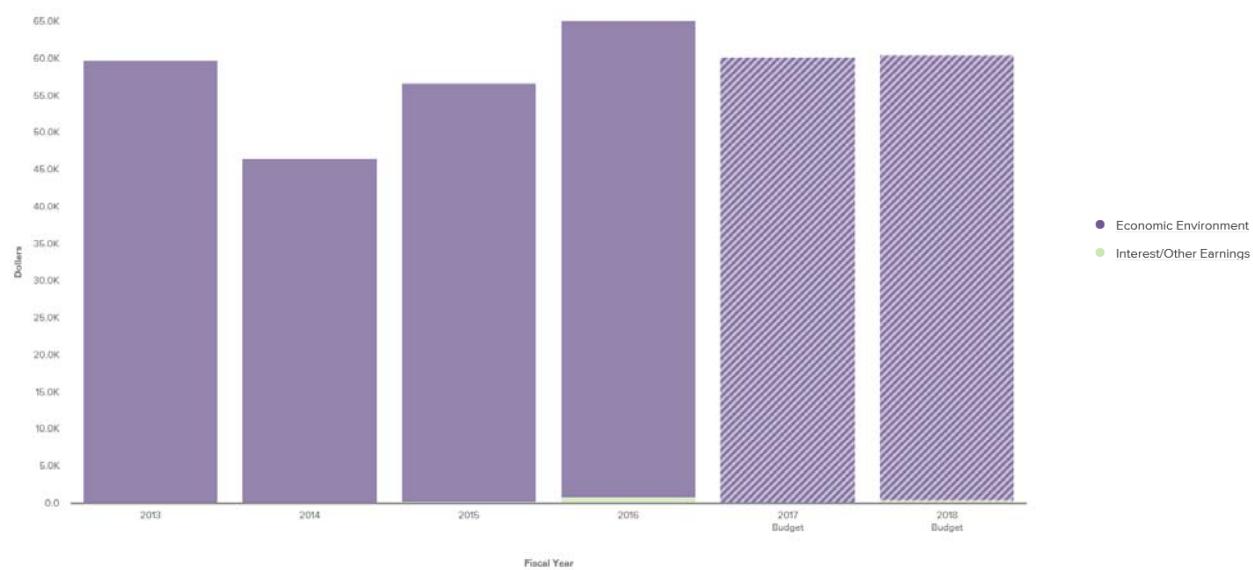
Fire Impact Fees Fund

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/Expenditure History



Fire Impact Fees Fund Revenue Sources

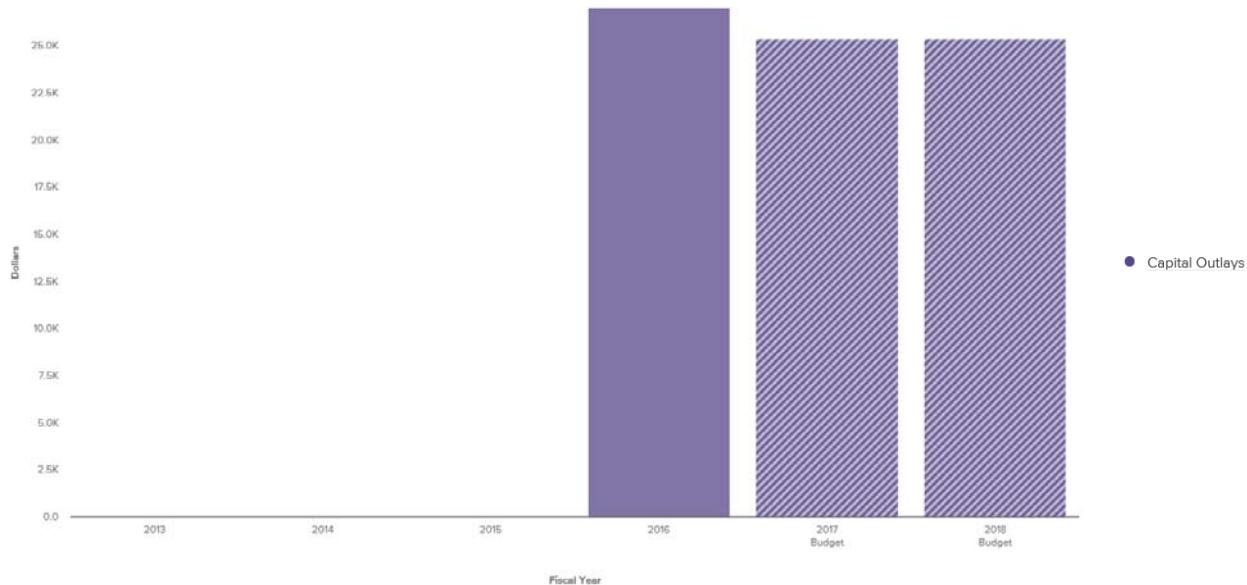


Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
Economic Environment	59,722	46,408	56,333	64,093	60,000	60,000
Interest/Other Earnings	110	161	336	926	200	500
Total	59,832	46,569	56,669	65,019	60,200	60,500

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 2018, these funds will be utilized to make debt payments to the City of Camas for fire apparatus. In addition, funds are being accumulated for future capital facilities needs for the Fire Department.

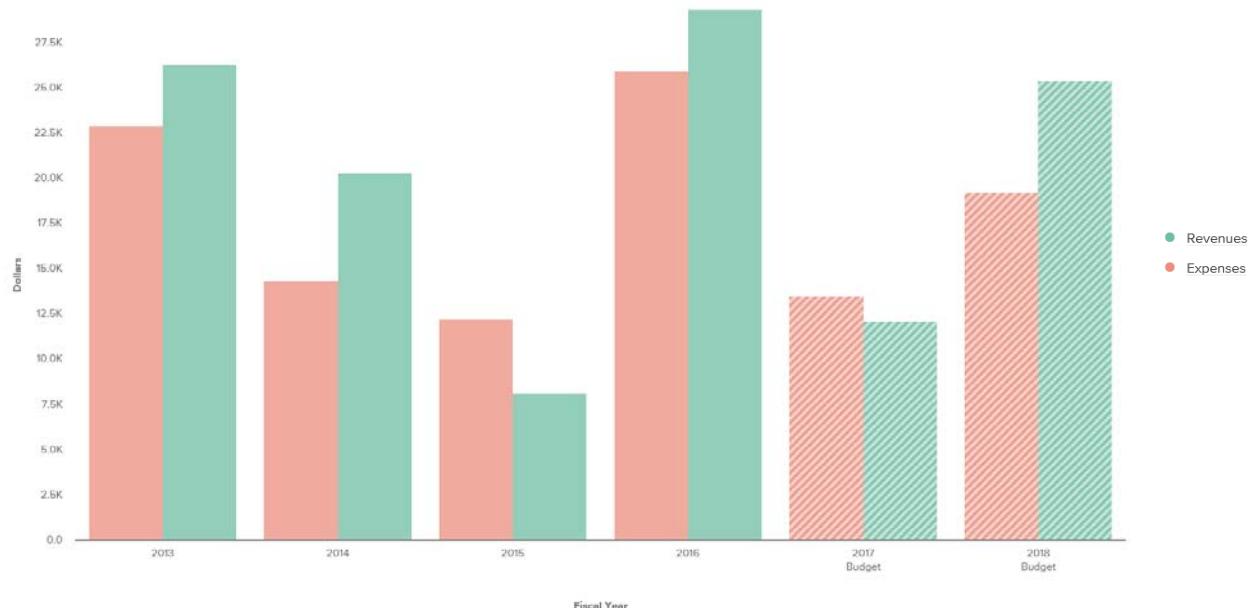


Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Capital Outlays	-	-	-	27,013	25,411	25,411
Total	0	0	0	27,013	25,411	25,411

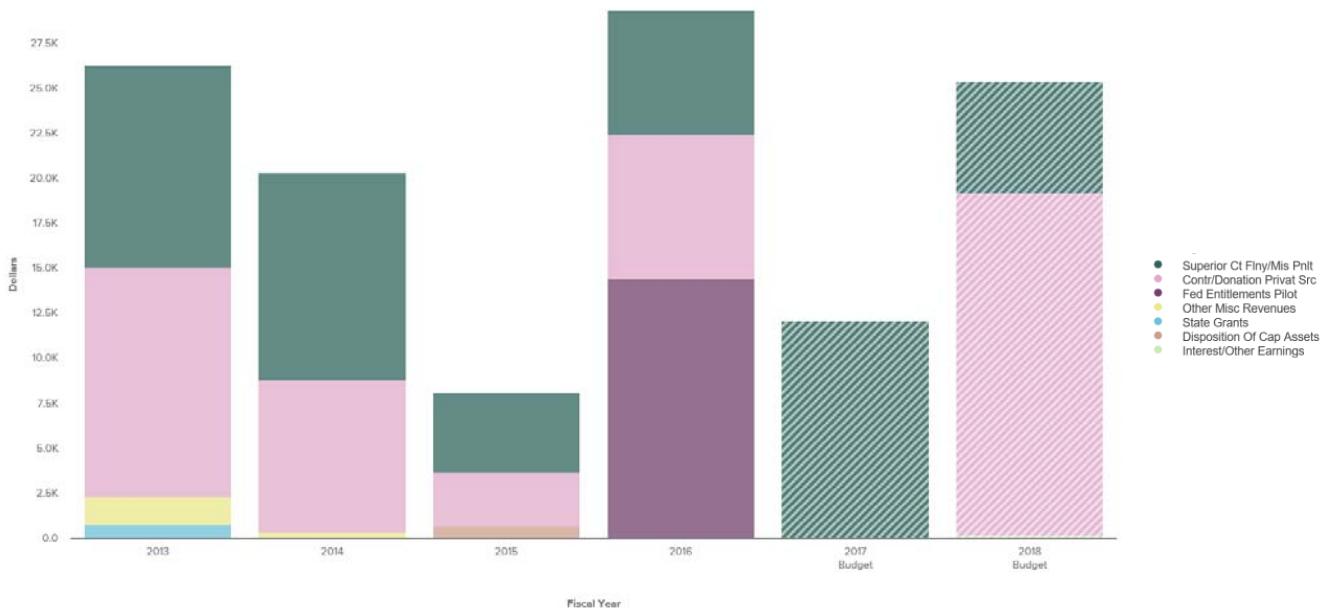
Drug Seizure Fund

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/Expenditure History



Drug Seizure Fund Revenue Sources

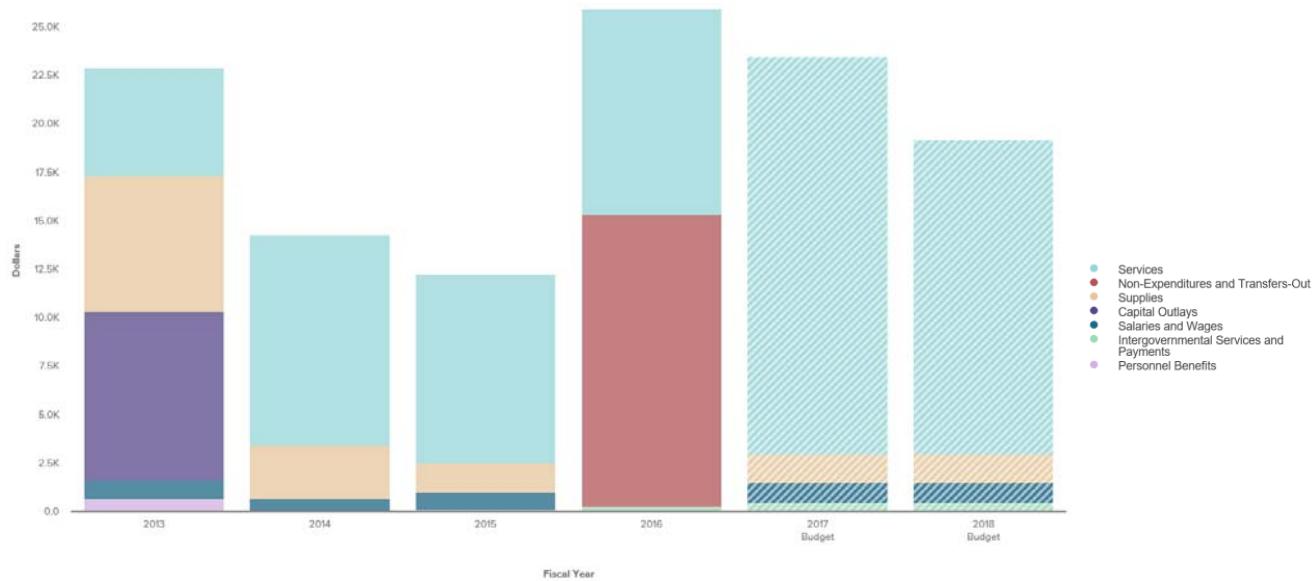


Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
Superior Ct Flny/Mis Pnlt	11,249	11,489	4,425	6,838	12,000	6,200
Contr/Donation Privat Src	12,715	8,458	3,000	8,002	-	19,000
Fed Entitlements Pilot	-	-	-	14,351	-	-
Other Misc Revenues	1,543	322	-	-	-	-
State Grants	756	-	-	-	-	-
Disposition Of Cap Assets	-	-	648	-	-	-
Interest/Other Earnings	32	42	65	89	100	200
Total	26,295	20,311	8,138	29,280	12,100	25,400

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

Drug Seizure Fund Expenditures

The City has one K-9 officer. These funds pay for overtime associated with drug investigations. This fund also supports the K-9 program. The spike in expenditures for 2016 was due to the purchase of a new K-9 vehicle.

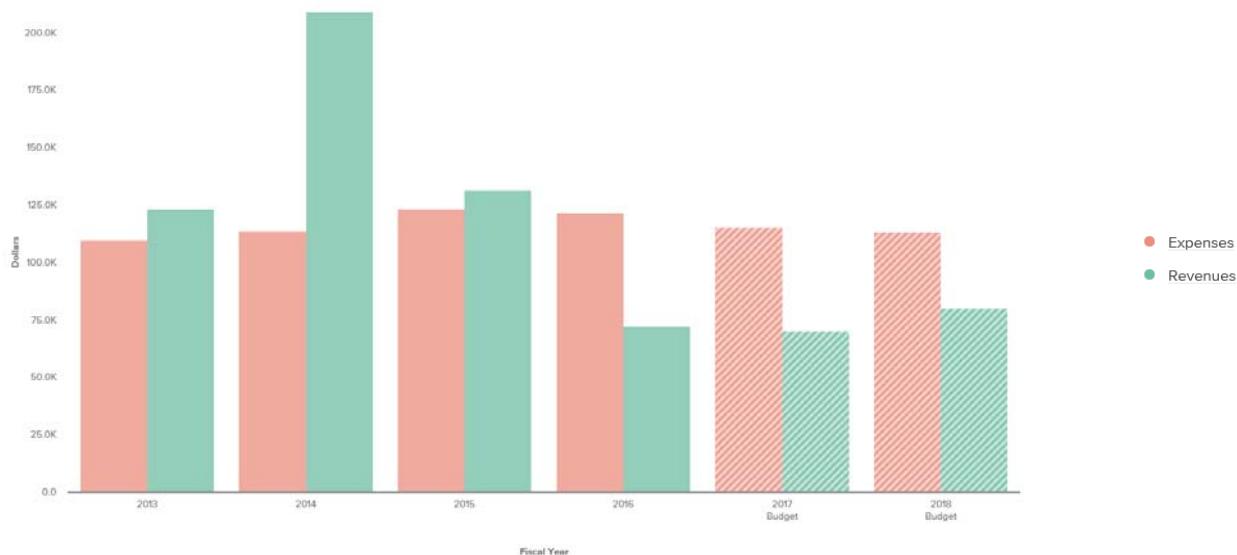


Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Services	5,536	10,861	9,776	10,596	20,500	16,200
Non-Expenditures and Transfers-Out	-	-	-	15,000	-	-
Supplies	7,034	2,773	1,448	52	1,500	1,500
Capital Outlays	8,710	-	-	-	-	-
Salaries and Wages	912	588	891	-	1,000	1,000
Intergovernmental Services and Payments	40	-	-	250	500	500
Personnel Benefits	670	87	133	-	-	-
Total	22,902	14,309	12,248	25,898	23,500	19,200

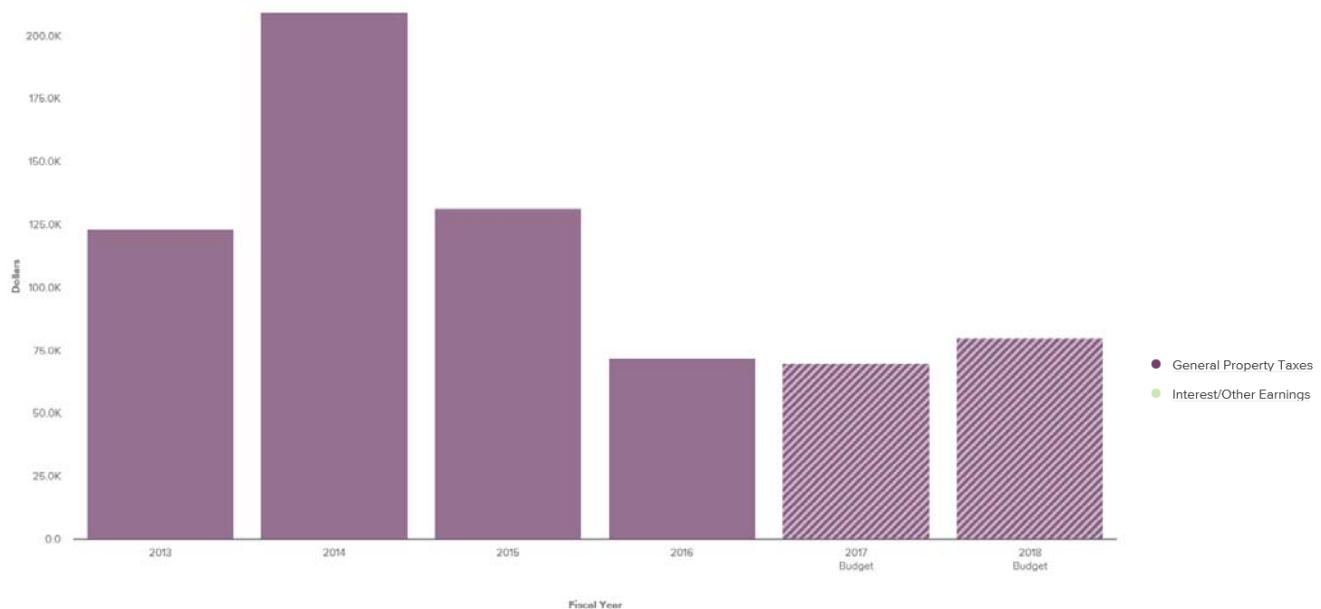
Unlimited General Obligation Debt Fund

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, which shows as revenue and expenditures in the charts below.

Unlimited General Obligation Debt Fund Revenue/Expenditure History



Unlimited General Obligation Debt Fund Revenue Sources

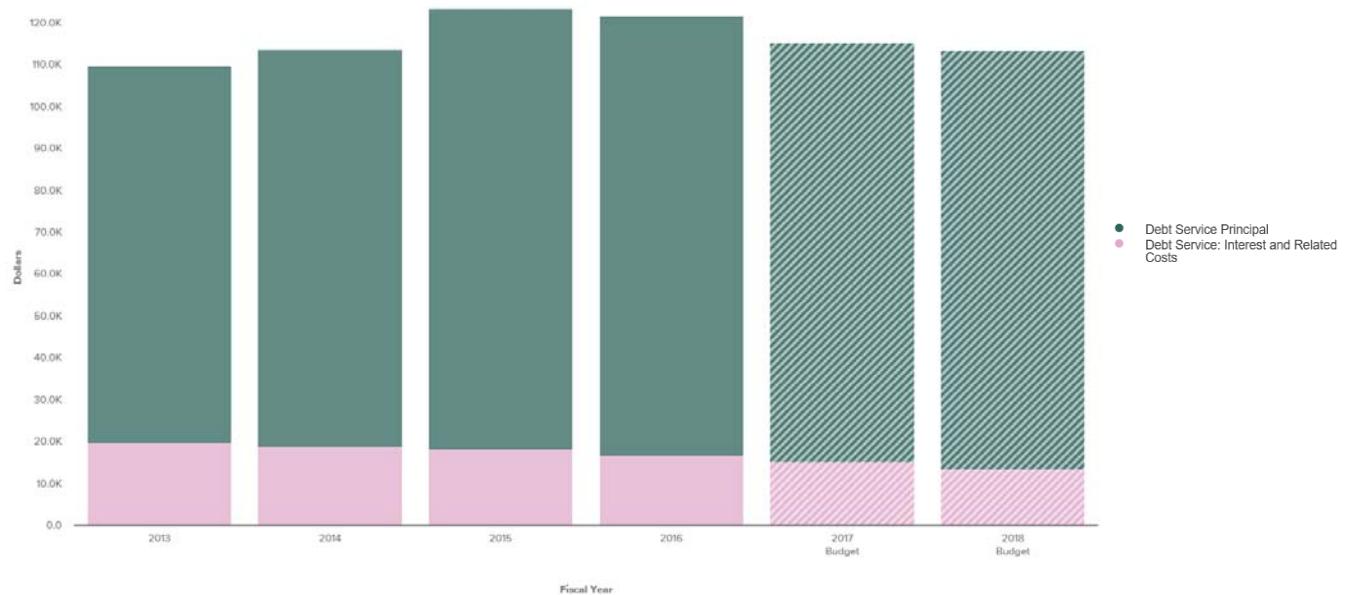


Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
General Property Taxes	123,421	208,908	131,189	71,432	70,000	80,000
Interest/Other Earnings	83	194	301	645	200	200
Total	123,504	209,102	131,490	72,077	70,200	80,200

General Property Taxes: As part of a voted levy, a portion of property taxes goes to this fund to support the debt payments on the City's Police Station building.

Unlimited General Obligation Debt Fund Expenditures

Expenditures from this fund are for the annual principal and interest payments on the outstanding General Obligation bonds.

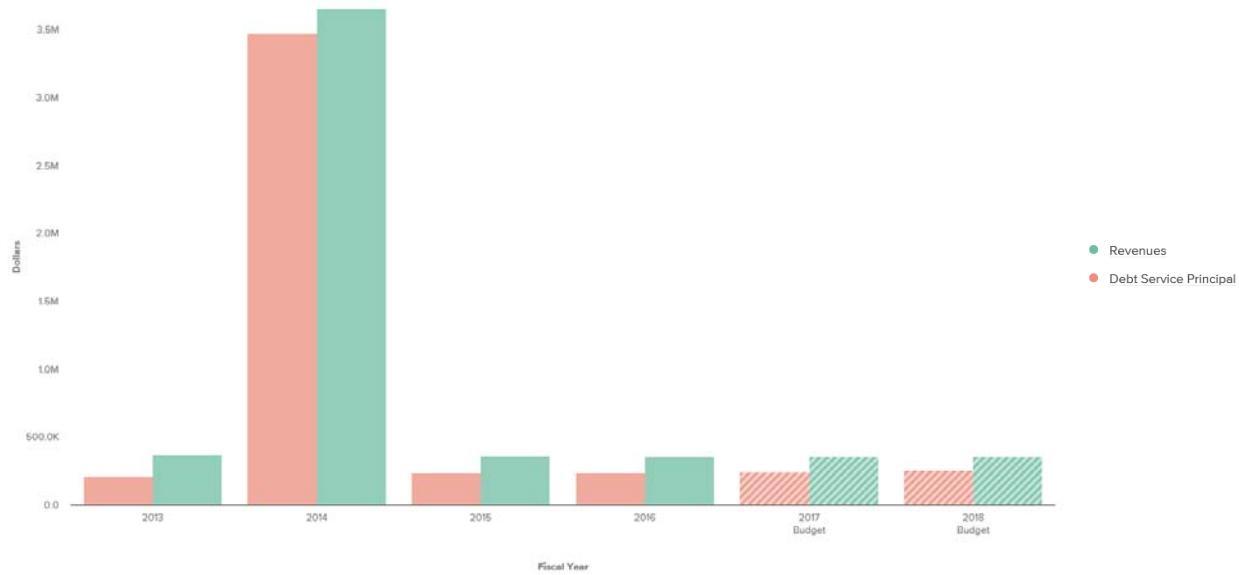


Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Debt Service Principal	90,000	95,000	105,000	105,000	100,000	100,000
Debt Service: Interest and Related Costs	19,894	18,823	18,298	16,718	15,300	13,600
Total	109,894	113,823	123,298	121,718	115,300	113,600

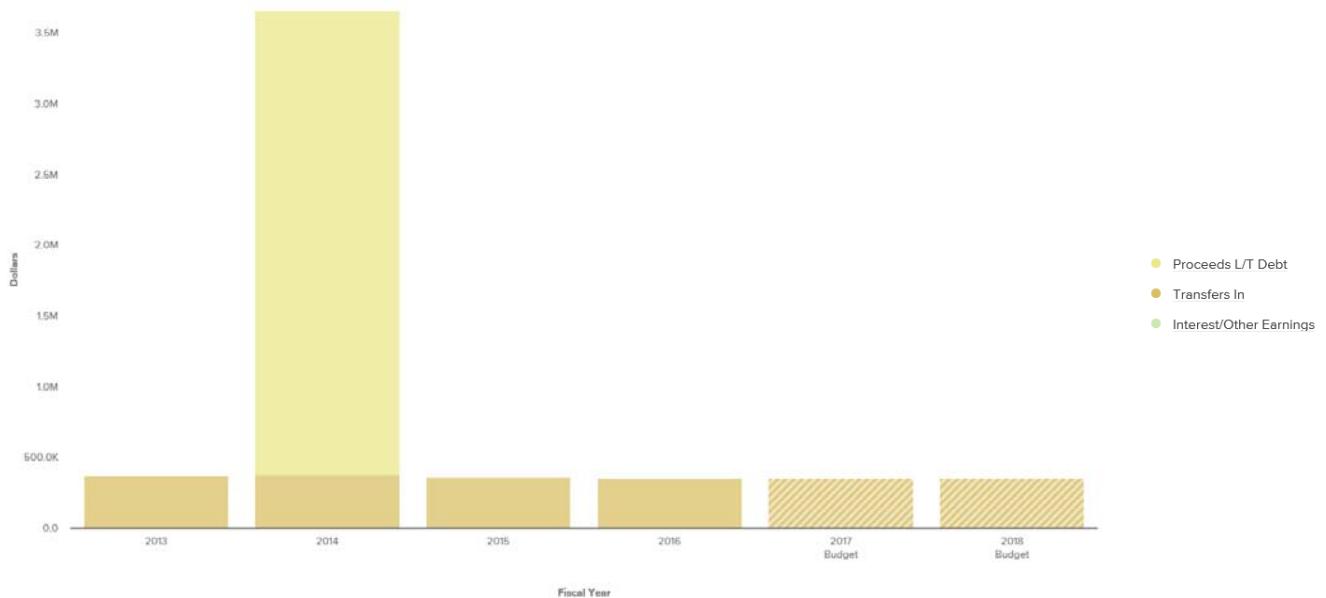
Downtown Revitalization Bond Fund

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 Fund Revenue/Expenditure History



Downtown Revitalization Bond Fund Revenue Sources

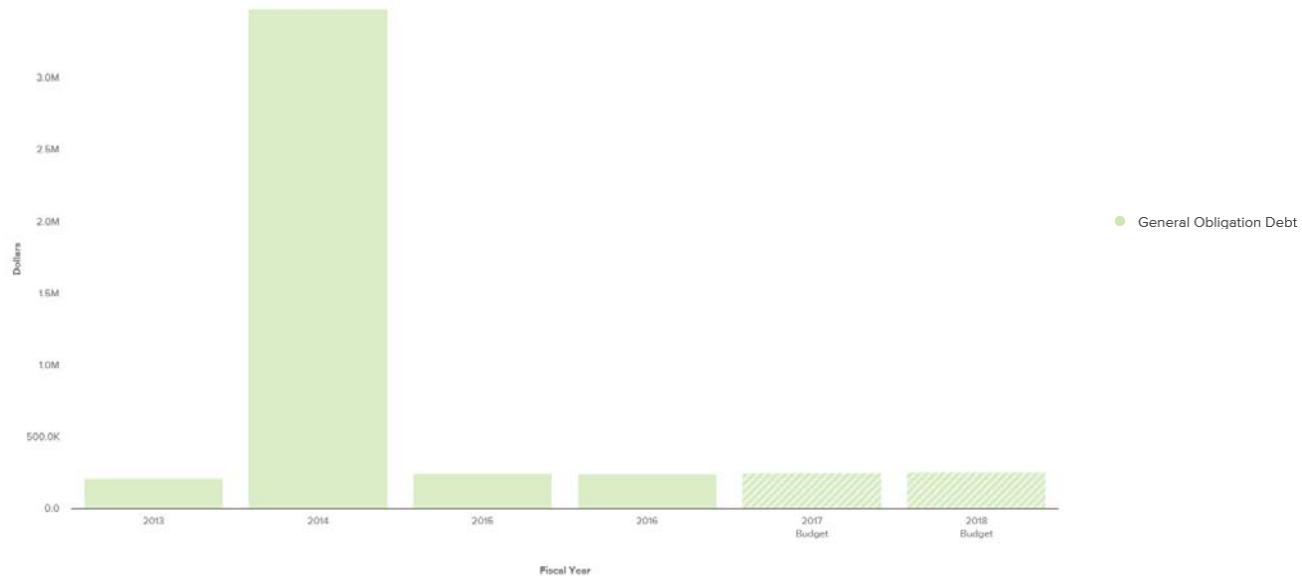


Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
Proceeds L/T Debt	-	3,278,422	-	-	-	-
Transfers In	374,356	379,080	361,611	355,220	356,100	358,900
Interest/Other Earnings	1	-	1	3	-	-
Total	374,357	3,657,502	361,612	355,223	356,100	358,900

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.

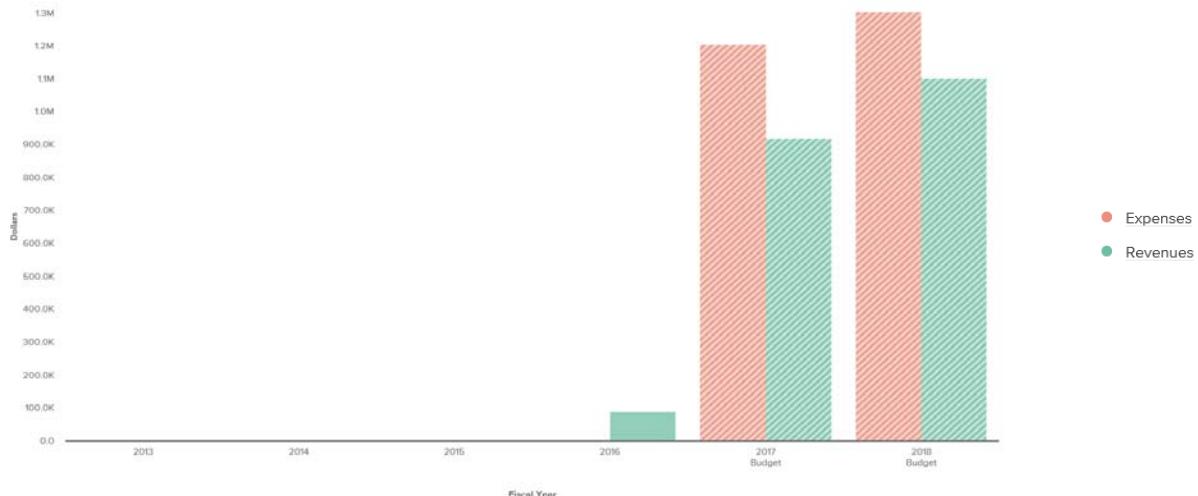


Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
General Obligation Debt	215,000	3,479,182	245,000	240,000	250,000	260,000
Interest/Other Debt Costs	162,035	177,580	116,611	115,220	106,100	98,900
Total	377,035	3,656,762	361,611	355,220	356,100	358,900

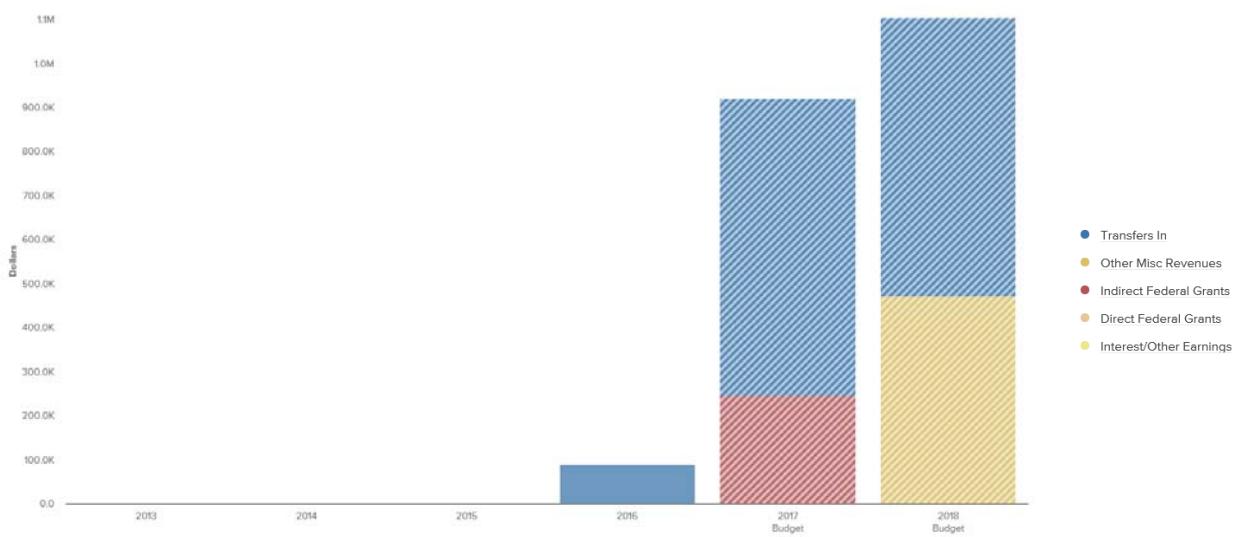
Park Capital Project Fund

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. This Fund was created through a Budget amendment during 2016. General Fund reserves were used to seed the fund.

Park Capital Improvement Fund Revenue/Expenditure History



Park Capital Fund Revenue Sources



Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
Transfers In	-	-	-	89,714	672,574	630,000
Other Misc Revenues	-	-	-	-	-	670,136
Indirect Federal Grants	-	-	-	-	247,524	-
Direct Federal Grants	-	-	-	-	-	3,750
Interest/Other Earnings				862	300	-
Total	0	0	0	90,576	920,398	1,303,886

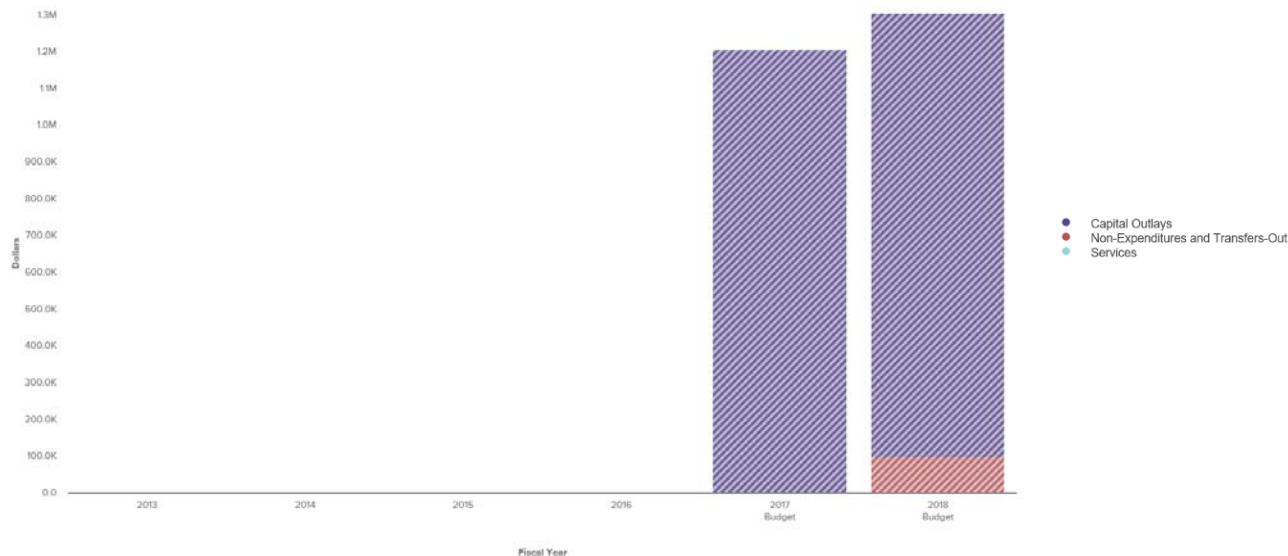
Indirect Federal Grants: The City is anticipating several grants from the Recreation and Conservation Office, see project table below in the expenditure section.

Transfers In: The City's General and Park Impact Fee Funds both transfer funds for the Park Capital Projects tracked by this fund.

Park Capital Fund Expenditures

This fund pays for Capital Projects for the City's Parks. For 2018 we are anticipating the following projects to acquire, improve, and repair City Parks:

Steamboat Landing Replacement – Fund balance and insurance	475,000
Downtown Park Construction – PIF funds	75,000
Waterfront Trail Design/Permits – RCO Grant and PIF funds	110,000
Schmid to Hathaway Connector property purchases – Conservation Futures and PIF funds	60,000
Dog Park – PIF funds	60,000
Community Center needs analysis – PIF funds	35,640
Hartwood Park barn roof replacement – fund balance	35,000
Oak Tree Park basketball courts – Grant and fund balance	7,500
Hamllik Park Pump Track – fund balance	10,000
Transfer to Transportation Capital fund – fund balance	98,000
Park Acquisitions and Improvements – PIF Funds and Fund Balance	337,000 (260,000 is PIF)

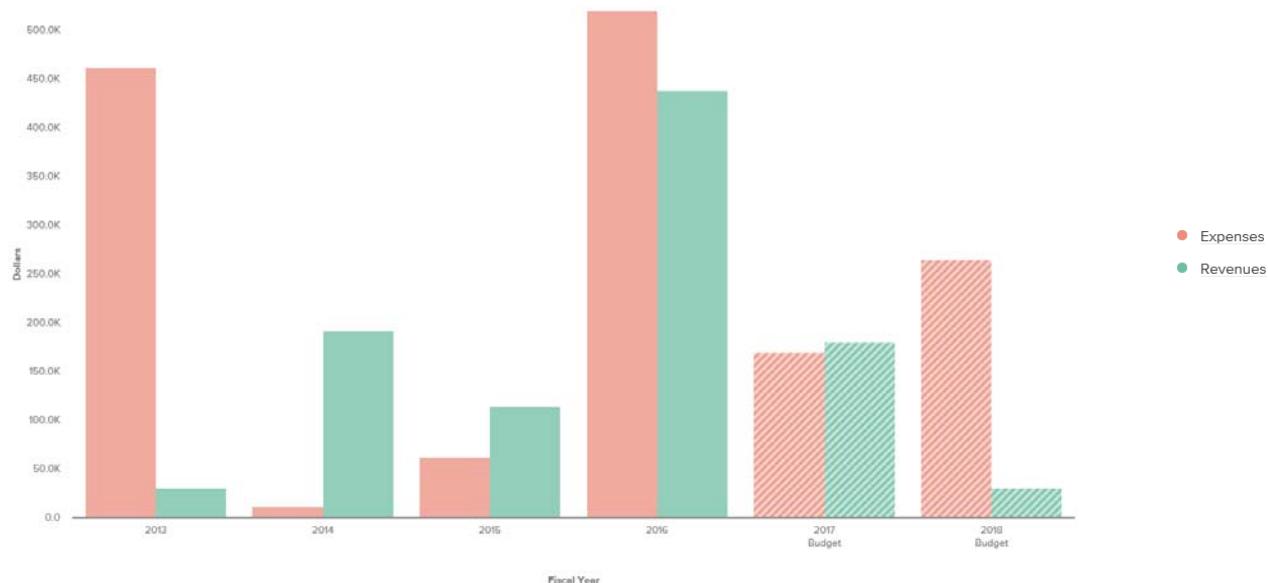


Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Capital Outlays	-	-	-	-	1,206,141	1,205,140
Non-Expenditures and Transfers-Out	-	-	-	-	-	98,000
Services	-	-	-	2,051	-	-
Total	0	0	0	2,051	1,206,141	1,303,140

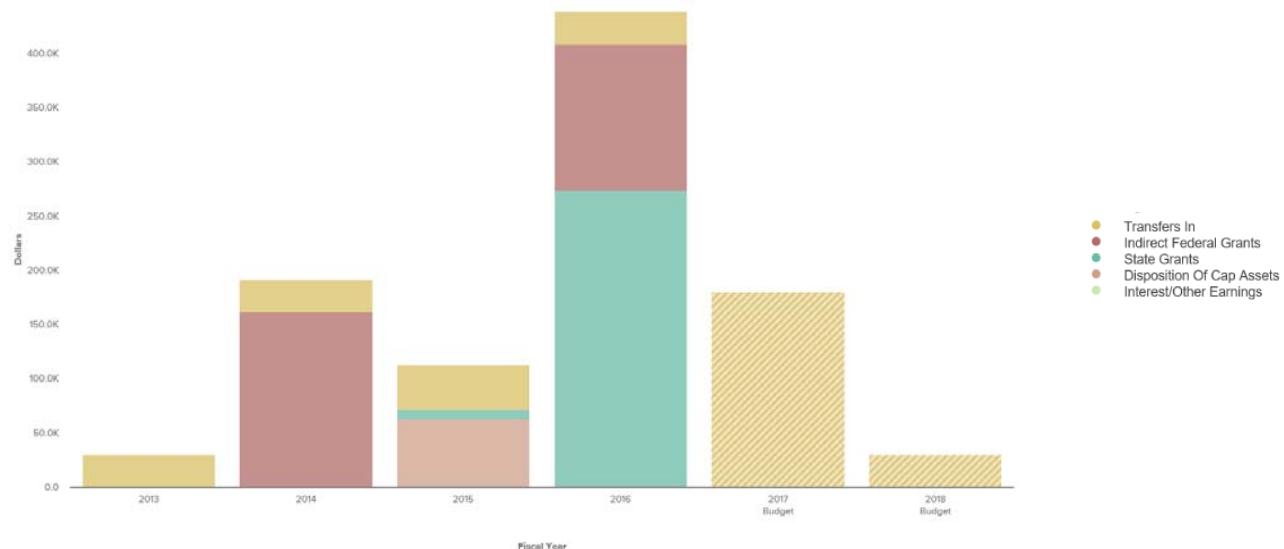
Building Contingency Fund

This is a Capital Project Fund to track the City's Facility Capital Projects. Funds for the projects come from the general fund and grants.

Building Contingency Fund Revenue/Expenditure History



Building Contingency Fund Revenue Sources



Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
Transfers In	30,000	30,000	42,000	30,000	180,000	30,000
Indirect Federal Grants	-	161,603	-	134,431	-	-
State Grants	-	-	8,806	273,967	-	-
Disposition Of Cap Assets	-	-	62,400	-	-	-
Interest/Other Earnings	481	156	444	149	300	200
Total	30,481	191,759	113,650	438,547	180,300	30,200

Indirect Federal Grants: The City received an award for CDBG funds to pay for the City's Community Center Kitchen Remodel in 2016. There are no anticipated grants for 2018.

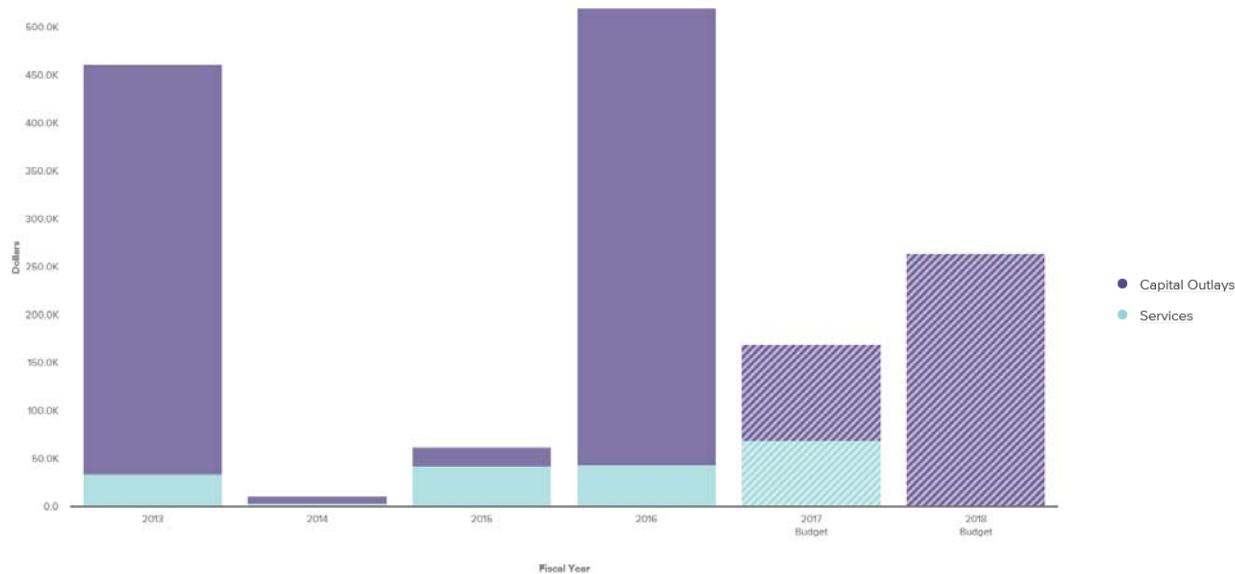
State Grants: The City received an award for the Community Center HVAC and Re-roof project from the Department of Commerce in 2016. There are no anticipated grants for 2018.

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

Building Contingency Fund Expenditures

This project pays for Capital Projects for the City's Facilities. For 2018 the following are the projects to improve and repair City Facilities:

City Hall Siding project – fund balance	150,000
Security Improvements – fund balance	35,000
City Hall restrooms/flex space design – fund balance	35,000
Social Services Building paint and fascia repair – fund balance	15,000
Office Remodel of PW House garage – fund balance	15,000
General Facility improvements – fund balance	15,000

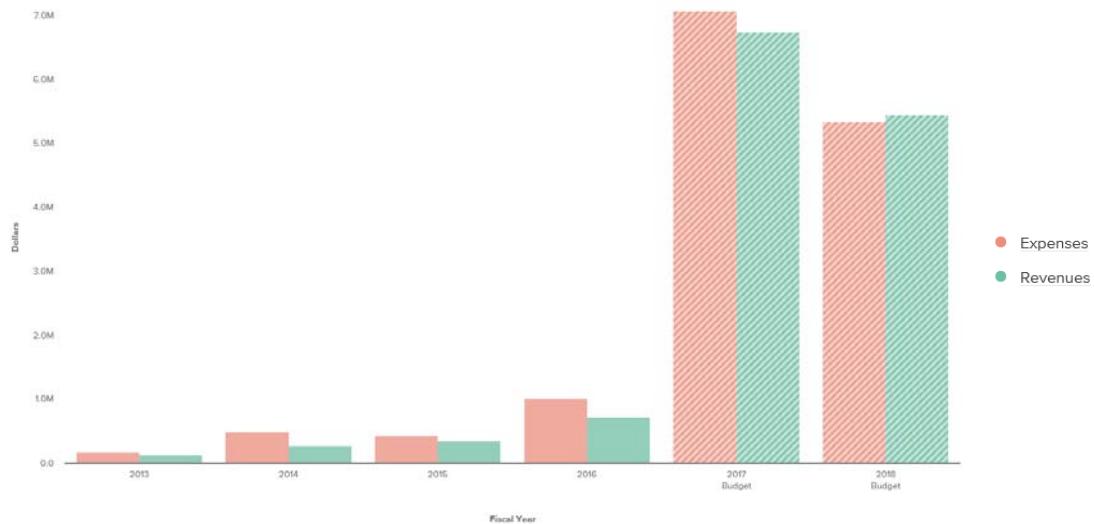


Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Capital Outlays	427,546	7,770	19,604	475,467	100,000	265,000
Services	34,035	4,065	42,608	44,193	70,000	-
Total	461,581	11,835	62,212	519,660	170,000	265,000

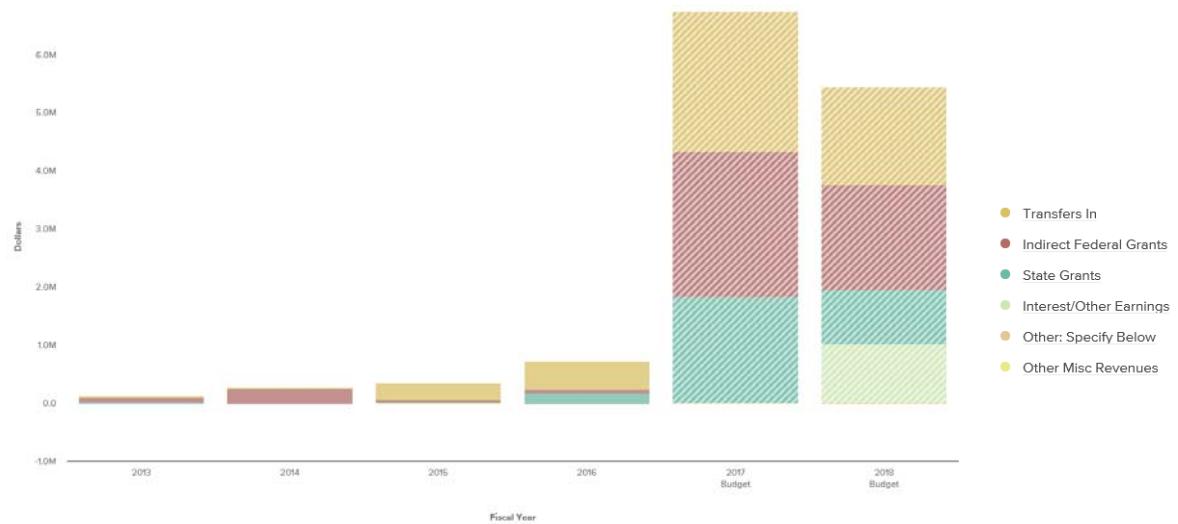
Transportation Capital Projects Fund

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.

Capital Transportation Projects Fund Revenue/Expenditure History



Capital Transportation Projects Fund Revenue Sources



Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
Transfers In	30,000	30,000	280,000	484,000	2,391,500	1,677,112
Indirect Federal Grants	81,023	252,806	50,702	65,190	2,501,107	1,807,962
State Grants	20,000	-	11,067	183,109	1,829,500	941,908
Interest/Other Earnings	959	529	574	1,711	-	1,000,000
Other: Specify Below	-	-	-	-	-	26,780
Other Misc Revenues	-	-	10,700	(11,174)	16,500	-
Total	131,982	283,335	353,043	722,836	6,738,607	5,453,762

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 grants applications in for 2018, which include:

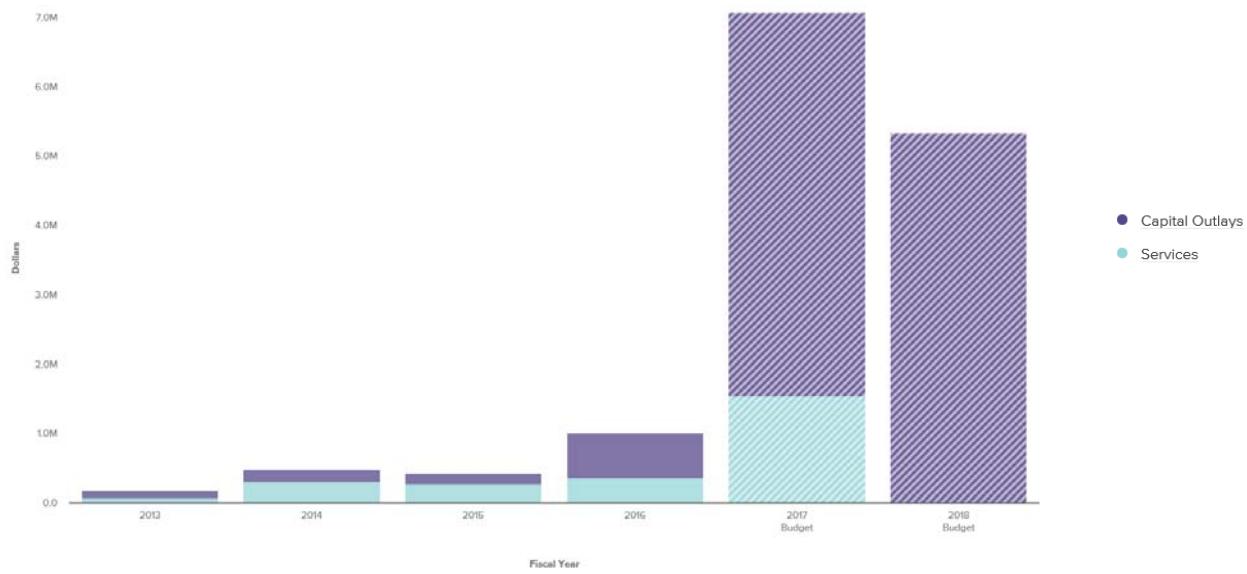
CDBG Grant	300,000
WSDOT Grant	576,000
CMAQ Grant	47,040
TIB Grant	843,908
State Appropriation	1,000,000
Federal Grant (Ped Tunnel)	863,178

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.

Capital Transportation Projects Fund Expenditures

This project pays for Capital Projects for the City's Transportation Facilities. For 2018 the following are the projects to improve the roadways, sidewalks, and transportation in the City:

Waterfront Trail construction – State Appropriation and TIF/PIF Funds	1,750,000
27 th / 32 nd Rail Crossing Alternatives Analysis – federal grant (ped tunnel)	863,178
Jemtegaard Trail North – WSDOT Grant and Fund Balance	650,000
Index/27 th Reconstruct – TIB grant funding and TIF funds	730,000
K Street Sidewalks/Waterline – CDBG grant funds and fund balance	377,300
Evergreen Sidewalks 36 th -39 th – TIB Grant and TIF Funds	214,830
Evergreen Sidewalks 39 th – 42 nd – TIB Grant and TIF Funds	250,000
32 nd / Evergreen Intersection Project (started in 2017) – WSDOT grant, TIB grant, TIF funds	250,000
Traffic Information Sign – CMAQ Grant and Fund Balance	25,531
39 th /Evergreen Alignment – TIF Funds	85,000
Advanced Traffic Management System – joint project – CMAQ grant and fund balance	80,000
Grant App SR 14 – TIF Funds	20,000
Schmid Bus Barn/Frontage Road – joint project - TIF Funds	44,311



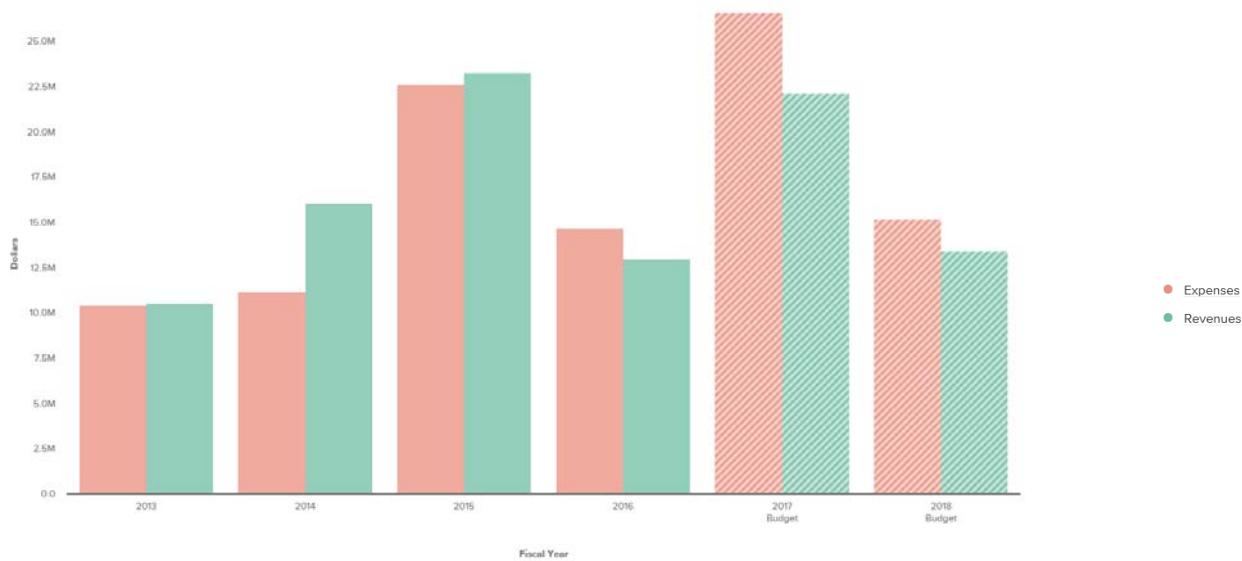
Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Capital Outlays	106,453	173,310	154,904	650,886	5,515,300	5,340,150
Services	75,545	311,494	274,693	363,234	1,550,000	-
Total	181,998	484,804	429,597	1,014,120	7,065,300	5,340,150

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 last rate study was completed in 2015 for commercial sewer accounts to establish equity among the sewer classes. Previously the water and sewer rate study was completed in 2013 establishing rates through 2018. City Council approves the proposed rates through City Ordinance which is than codified in the Washougal Municipal Code.

Water/Sewer Funds Revenue/Expenditure History



Water Utility

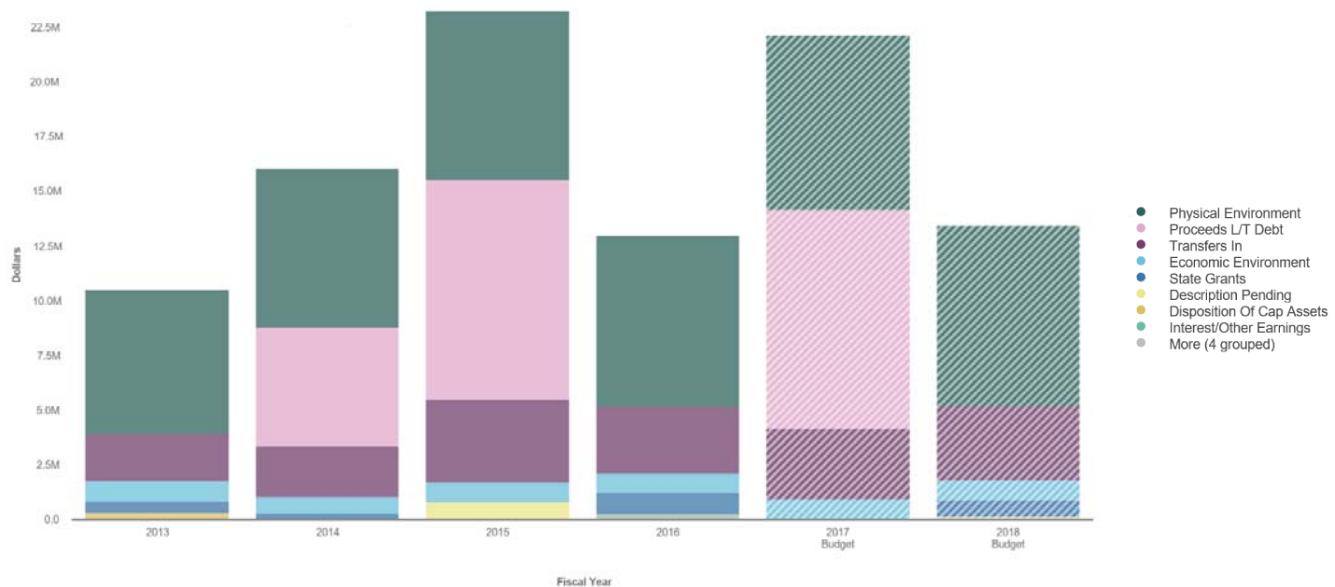
The Water Division of Public Works is responsible for the daily operation and maintenance of water production, storage and delivery facilities. Examples of typical duties in the water division include well pump checks, reservoir and pump station inspections, leak repairs, customer calls for service, 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 ultra violet disinfection process before being discharged as treated effluent to the Columbia River.

Water/Sewer Funds Revenue Sources



Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
Physical Environment	6,590,436	7,279,884	7,721,450	7,800,443	7,979,703	8,242,696
Proceeds L/T Debt	-	5,419,899	10,030,000	-	10,000,000	-
Transfers In	2,165,514	2,339,417	3,793,163	3,060,162	3,228,340	3,406,984
Economic Environment	937,575	773,079	938,493	892,784	914,800	915,000
State Grants	524,537	230,338	-	970,000	-	750,000
Description Pending	-	-	701,837	52,898	-	82,898
Disposition Of Cap Assets	256,000	-	-	11,324	-	-
Interest/Other Earnings	6,884	25,334	39,629	73,879	19,000	39,510
Rents/Lease/Concession	13,975	13,200	21,400	26,600	28,800	28,800
Other Misc Revenues	15,566	8,581	30,337	32,548	2,000	2,000
Other Non Revenues	-	267	334	69,824	-	-
Other Incr - Net Cash/Inv	39,200	5,620	-	-	-	-
Total	10,549,687	16,095,619	23,276,643	12,990,462	22,172,643	13,467,888

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 2018 the City anticipates the following revenue from the Water and Sewer utilities for services:

Water Utility Revenue	3,966,419
Sewer Utility Revenue	4,276,277

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.

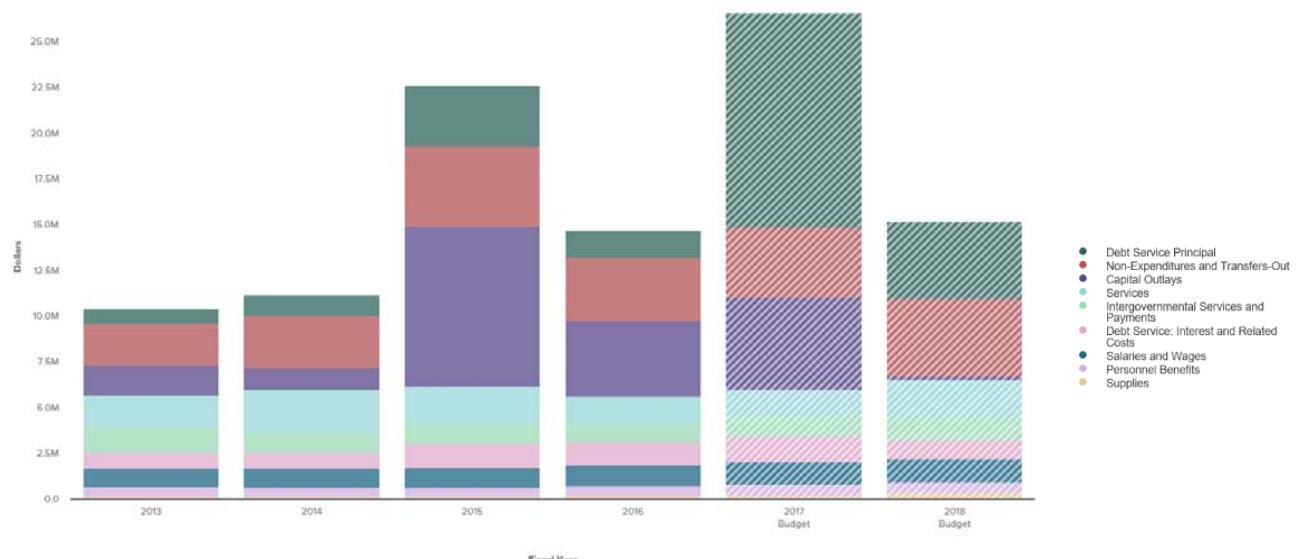
State Grants: For 2016, the State appropriated 1,000,000 to the City for the construction of the Wastewater Treatment Plant expansion. They City has also submitted a grant application for 1,000,000 for an automated water meter reading system. There are no anticipated State grants in 2018.

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	360,000
Sewer System Development Charges	550,000

Water/Sewer Funds Expenses

The Water and Sewer Utilities each have a System Manager to oversee operations 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.



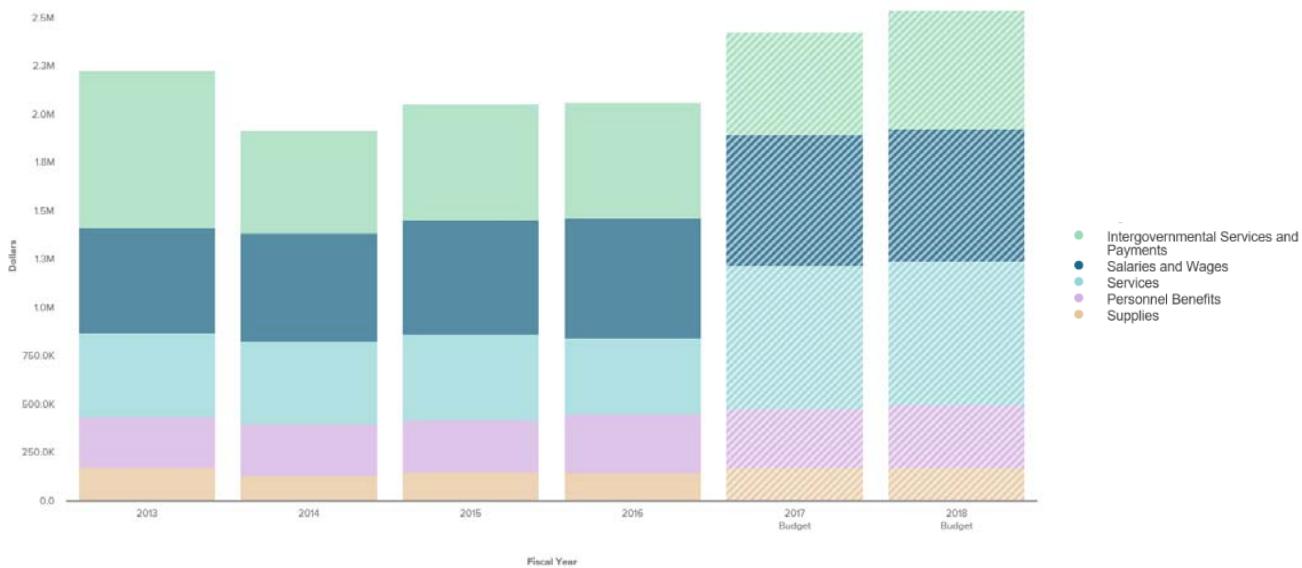
Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Debt Service Principal	784,933	1,112,462	3,300,875	1,474,404	11,689,785	4,215,298
Non-Expenditures and Transfers-Out	2,318,282	2,864,345	4,413,136	3,457,202	3,820,689	4,231,698
Capital Outlays	1,616,762	1,148,420	8,697,080	4,120,499	5,028,040	211,948
Services	1,732,411	2,340,541	1,982,578	1,368,230	1,429,828	2,070,466
Intergovernmental Services and Payments	1,372,096	1,092,254	1,165,352	1,163,407	1,100,500	1,200,400
Debt Service: Interest and Related Costs	892,172	896,620	1,315,189	1,242,042	1,443,415	1,056,174
Salaries and Wages	1,002,381	1,039,107	1,088,098	1,110,888	1,228,200	1,250,912
Personnel Benefits	474,504	479,699	466,322	525,728	524,250	574,000
Supplies	228,943	195,945	200,193	247,187	300,000	391,000
Total	10,422,484	11,169,393	22,628,823	14,709,587	26,564,707	15,201,896

Water Utility Operation and Maintenance Expenses

The Water Operations Manager manages six full-time 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 charged to this department on a regular basis is 8.67, 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. This 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 2018, some repairs/maintenance were included for the Water Utility as follows:

Pump & Motor Services/SCADA Maintenance	180,000
Hydrant/Reservoir/Valve Maintenance	75,000
Meter Replacements/Maintenance	110,000
Service Line Improvements	50,000
Chemical/Inventory Supplies	95,000

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



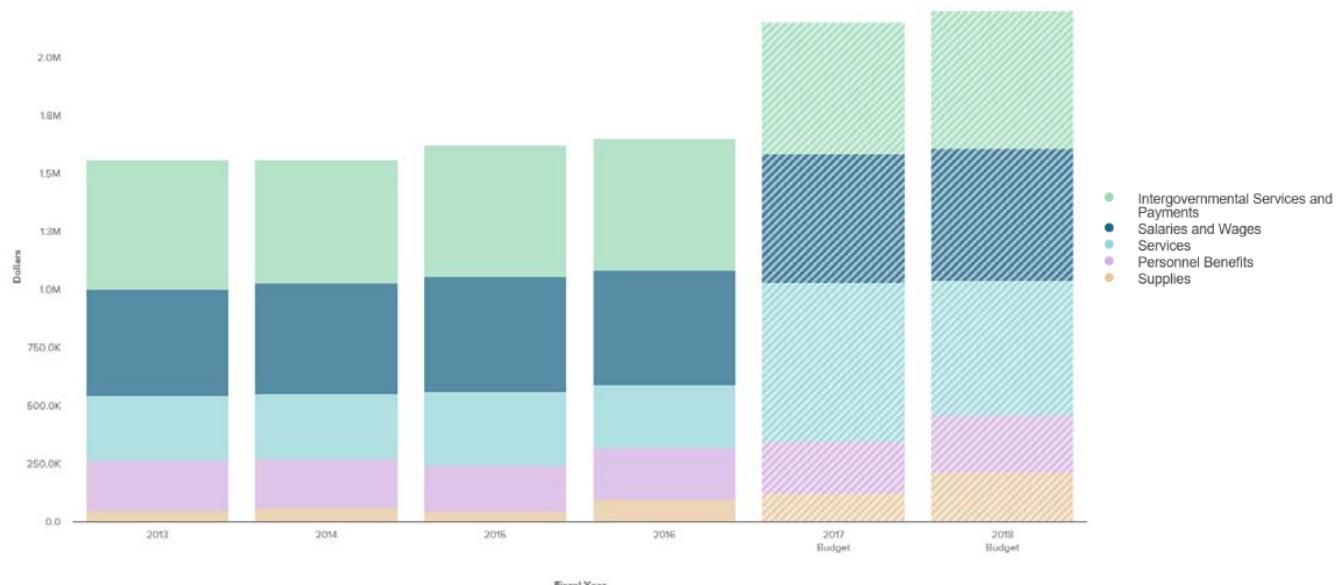
Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Intergovernmental Services and Payments	814,053	530,126	598,755	598,312	531,000	608,400
Salaries and Wages	542,024	560,946	592,846	618,493	675,400	683,300
Services	435,113	427,516	444,173	392,616	741,866	741,416
Personnel Benefits	259,446	267,346	268,611	303,542	303,500	327,500
Supplies	177,642	133,234	150,823	148,157	174,000	174,000
Total	2,228,278	1,919,168	2,055,208	2,061,120	2,425,766	2,534,616

Sewer Utility Operation and Maintenance Expenses

The Wastewater Operations Manager manages four full-time maintenance workers for the operations of the Utility. Total FTE charged to this department on a regular basis is 6.58, 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, this is the second largest expense for the Utility. 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 2018 the sewer utility will be making some repairs such as:

SCADA maintenance	60,000
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The following are the operations and maintenance expenses for the Sewer Utility:



Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Intergovernmental Services and Payments	558,044	530,856	566,597	565,095	569,500	592,000
Salaries and Wages	460,357	478,161	495,253	492,395	552,800	567,612
Services	278,769	280,026	317,248	274,051	687,962	579,050
Personnel Benefits	215,058	212,353	197,711	222,186	220,750	246,500
Supplies	51,301	62,710	49,370	99,030	126,000	217,000
Total	1,563,529	1,564,106	1,626,179	1,652,757	2,157,012	2,202,162

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 2018 Water and Sewer Capital Projects:

Water Capital Projects

John Deere Boom Mower – split purchase between funds – fund balance from Capital Fund	112,500
John Deere lawn mower – fund balance from Capital Fund	11,285
#1 Well Replacement – Bond Funds	1,100,000

K Street Sidewalk / Waterline project – Bond funds	290,000
Reservoir 4A Painting/Interior repair – Bond funds	225,000
Woodburn Hill transmission line design – Bond funds	150,000
Automated Meter Reading – Bond funds	140,000
Steigerwald Levee Coordination – Bond funds	50,000
Zone 6 Reservoir design – Bond funds	50,000

Sewer Capital Projects

Biosolids Contract – Dredge/Haul – Capital Fund balance	750,000
Wastewater Facility Plan – Bond funds	100,000
SR 14 Roundabout Utility Coordination – Bond funds	50,000

Water/Sewer Debt Service

As of 2018, the City has \$32,072,473 in outstanding debt for water, sewer, and storm infrastructure. Of this amount, \$3,000,423 is from Public Works Trust Fund Loans and \$29,072,000 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 2018, the total debt service, principal and interest, funded by Water/Sewer rate revenues is \$2,673,849.

Stormwater Fund

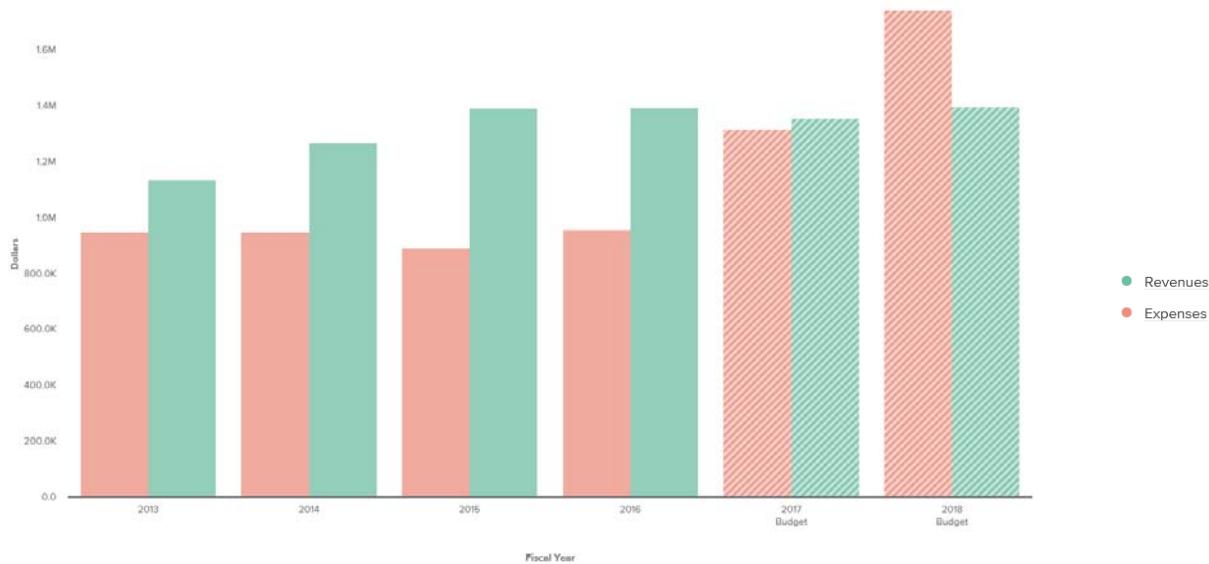
In general terms, Stormwater is rainfall or snowmelt which flows over the ground. Impervious surfaces such as rooftops, driveways, sidewalks, and streets prevent Stormwater runoff from naturally soaking into the ground. Stormwater runoff can pick up pollutants such as fertilizers, pesticides, animal 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.

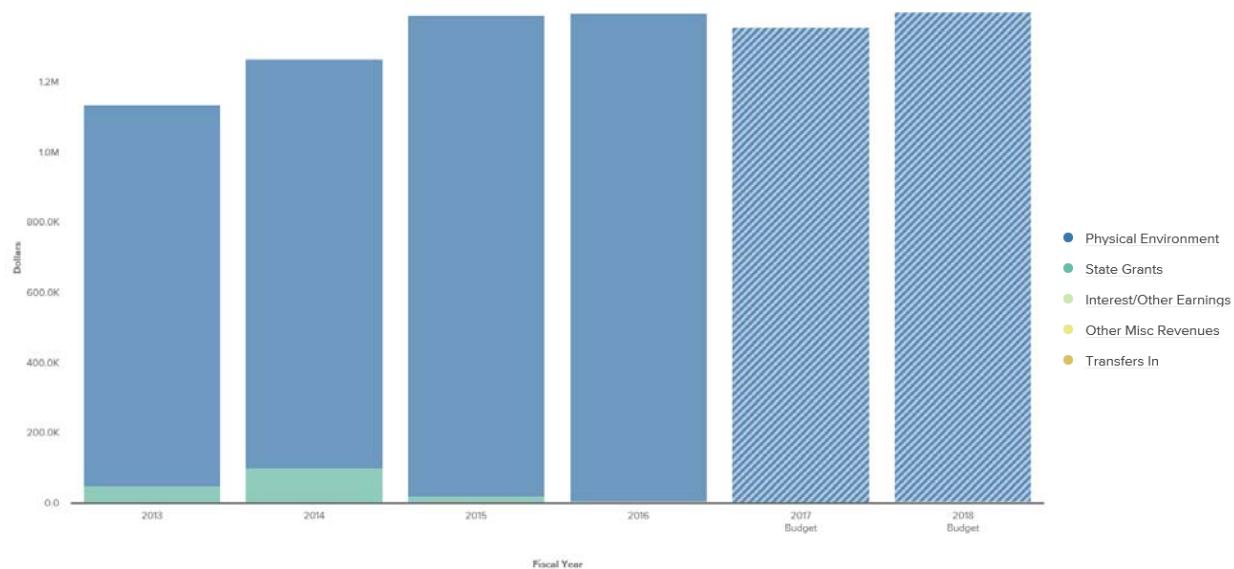
The City has developed a comprehensive Stormwater Management Plan (SWMP), outlining the City's efforts to prevent Stormwater pollution and minimize runoff. Generally, the SWMP has five components: public education, public outreach and involvement, the formation of an illicit dumping elimination program, 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 rates currently in place were set by a rate study in 2010. The next analysis is set to occur in 2017/2018 for future rates.

Stormwater Fund Revenue/Expenditure History



Stormwater Fund Revenue Sources



Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
Physical Environment	1,085,066	1,165,430	1,369,772	1,388,219	1,352,500	1,392,500
State Grants	50,000	98,879	18,599	-	-	-
Interest/Other Earnings	350	577	1,588	5,602	2,000	5,000
Other Misc Revenues	-	1,653	1,662	1,423	1,000	1,000
Transfers In	221	579	603	661	-	-
Total	1,135,637	1,267,118	1,392,224	1,395,905	1,355,500	1,398,500

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.

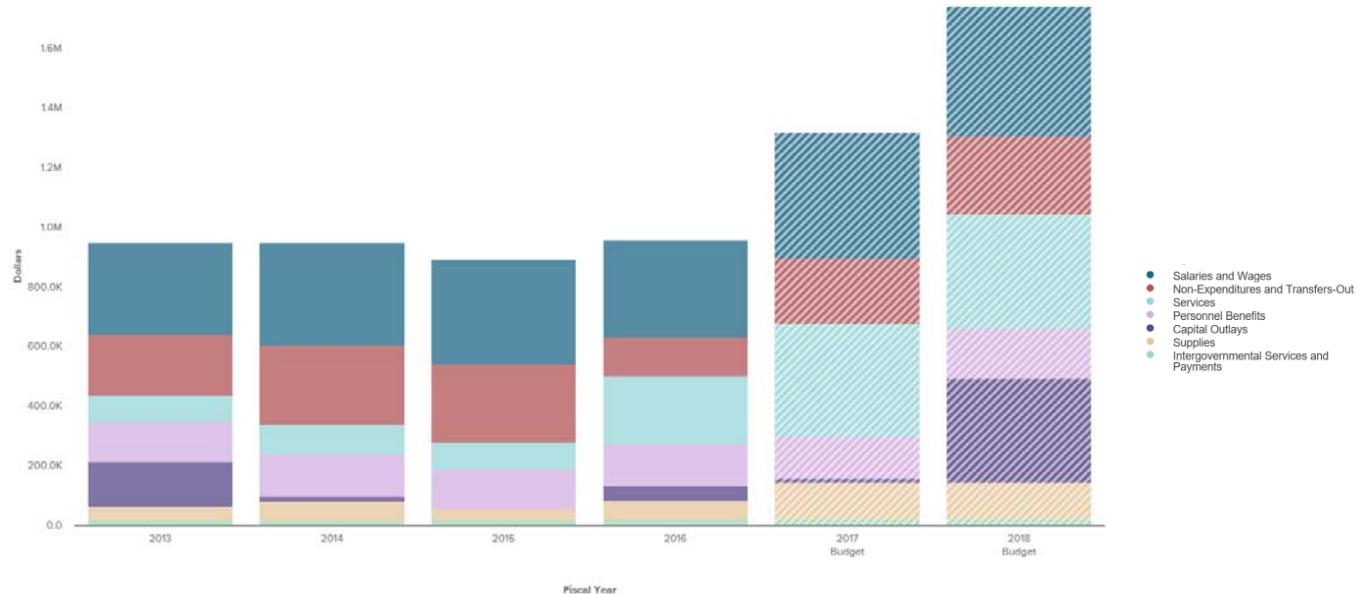
State Grant: The City does not anticipate any state grants for 2018.

Stormwater Fund Expenses

The Fleet, Street, and Stormwater Manager oversee this fund with oversight by the Public Works Director. There are four full-time maintenance workers who maintain this Utility. Total FTE regularly charging to this fund is 5.3. 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 responsible for is \$1,174,800. This fund transfers funds to a Utility debt fund from which the payments are made. Total principal and interest for 2018 is \$95,020.

In addition to regular maintenance and operations of the Stormwater fund, the following capital projects funded by previously issued revenue bonds, grants, and system development fees are included for 2018:

John Deere Boom Mower – joint purchase – Rate Revenues	56,250
Street Sweeper – Rate/Capital Funds	292,000
Jemtegaard Trail Stormwater work – Bond Funds	12,000
Point Repairs – Rate Revenues	50,000
NPDES Compliance – Rate Revenues	85,000

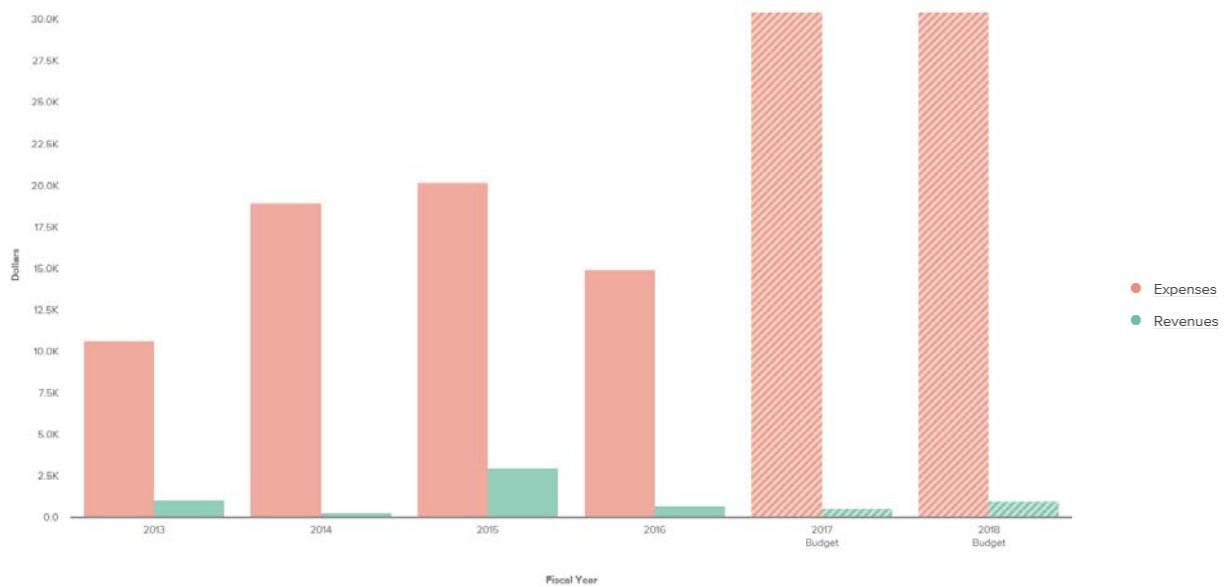


Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Salaries and Wages	307,000	347,906	346,259	324,251	422,100	433,500
Non-Expenditures and Transfers-Out	207,151	261,758	264,250	128,942	217,259	261,020
Services	88,211	100,134	92,417	228,071	379,500	384,300
Personnel Benefits	132,315	142,536	129,442	141,025	139,600	169,000
Capital Outlays	148,023	17,003	-	50,328	15,625	348,250
Supplies	47,795	65,685	38,700	63,383	123,810	123,800
Intergovernmental Services and Payments	19,458	15,630	20,149	20,884	20,800	20,800
Total	949,953	950,652	891,217	956,884	1,318,694	1,740,670

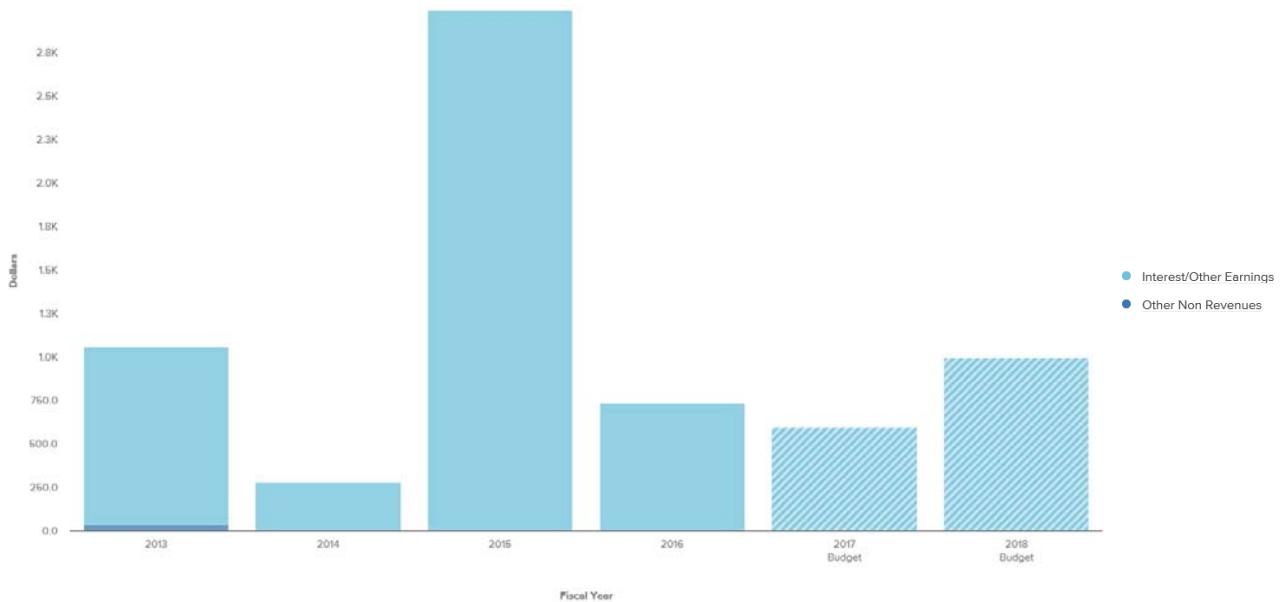
Employment Security Fund

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 2018 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/Expenditure History



Employment Security Fund Revenue Sources

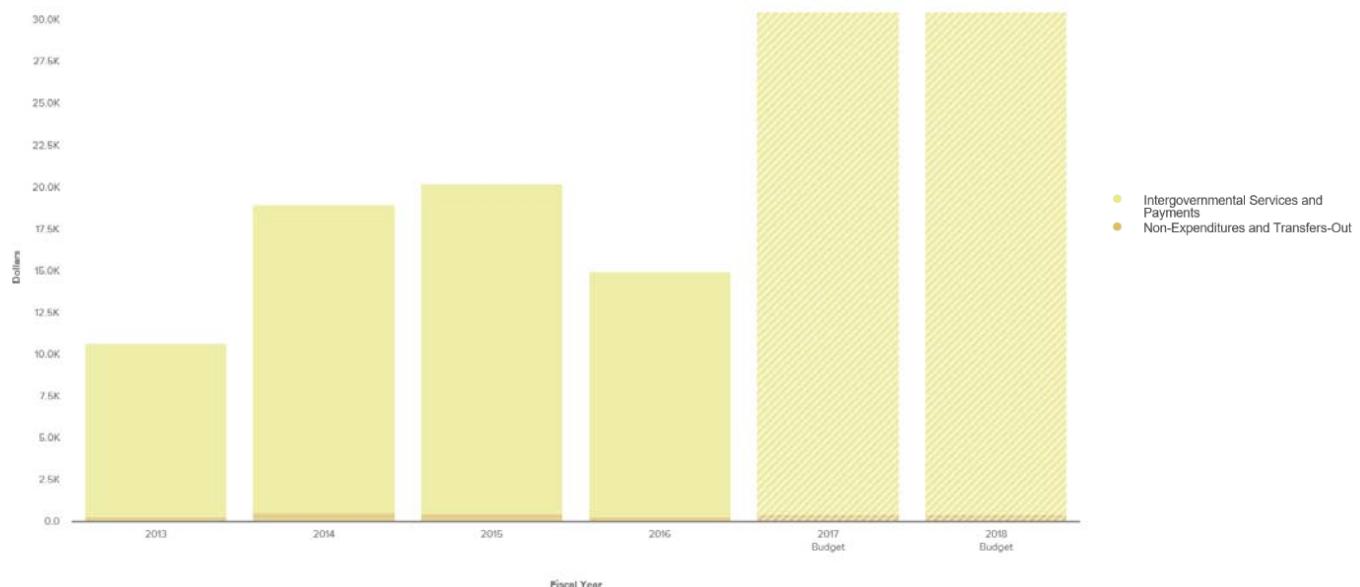


Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
Interest/Other Earnings	1,022	284	2,992	738	600	1,000
Other Non Revenues	40	-	-	-	-	-
Total	1,062	284	2,992	738	600	1,000

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.

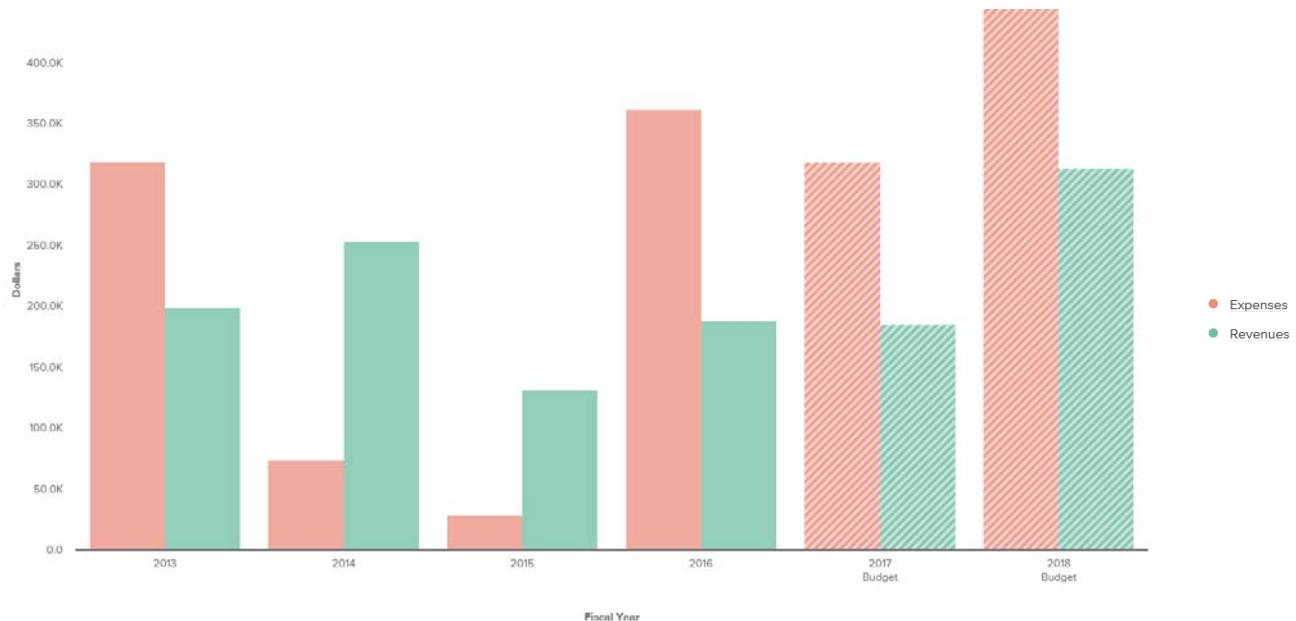


Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Intergovernmental Services and Payments	10,367	18,440	19,734	14,627	30,000	30,000
Non-Expenditures and Transfers-Out	271	523	473	312	450	450
Total	10,638	18,963	20,207	14,939	30,450	30,450

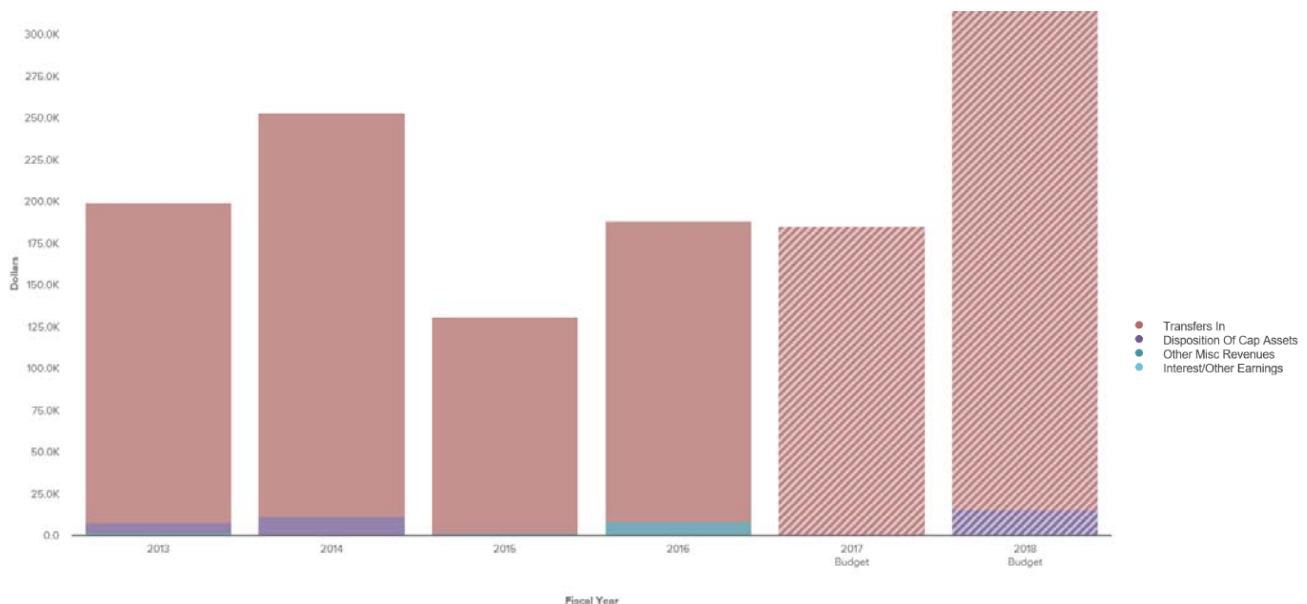
Equipment, Rental, and Repair Funds

The City has two Internal Service funds for Vehicles and 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/Expenditure History



Equipment, Rental, and Repair Funds Revenue Sources



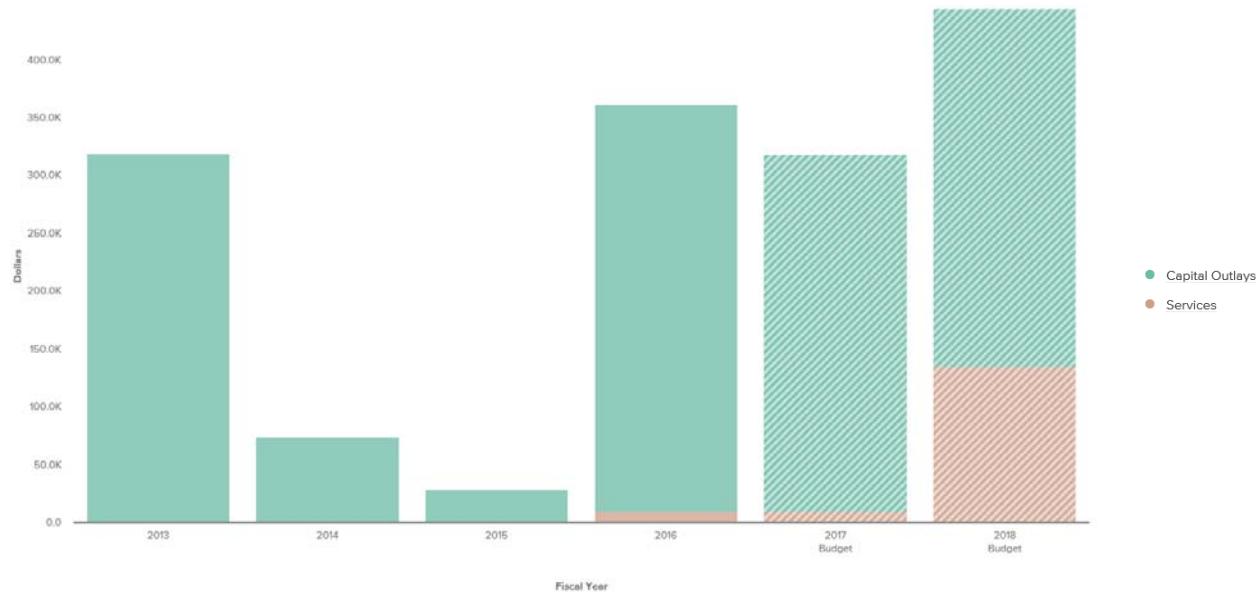
Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
Transfers In	191,678	242,000	130,000	180,000	185,000	298,000
Disposition Of Cap Assets	5,985	11,344	-	-	-	15,000
Other Misc Revenues	1,706	68	831	7,553	-	-
Interest/Other Earnings	118	71	562	948	400	900
Total	199,487	253,483	131,393	188,501	185,400	313,900

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 2018 the following are included for replacement:

Dump Truck	79,500
John Deere Boom Mower (split between depts.)	56,250
1 Police SUV's/Police Chief/Animal Control	122,000
Code Enforcement	26,000
IT System Replacement	123,000
IT Equipment Replacements/Professional Services	20,000

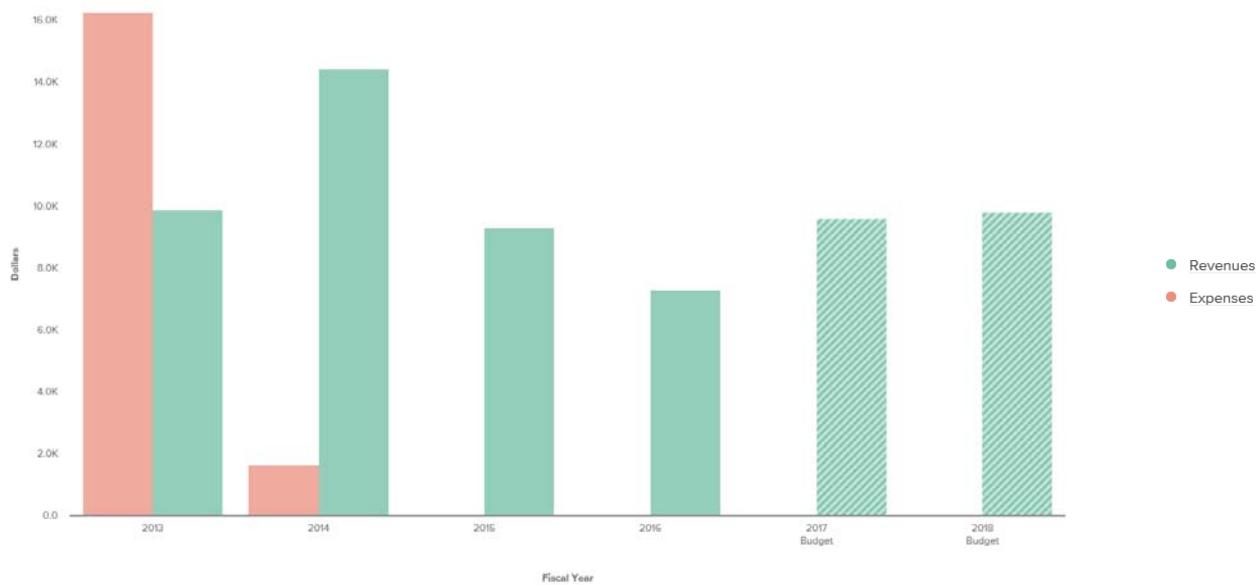


Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Capital Outlays	319,041	74,494	28,622	351,949	308,255	308,750
Services	-	-	-	9,967	10,000	135,000
Total	319,041	74,494	28,622	361,916	318,255	443,750

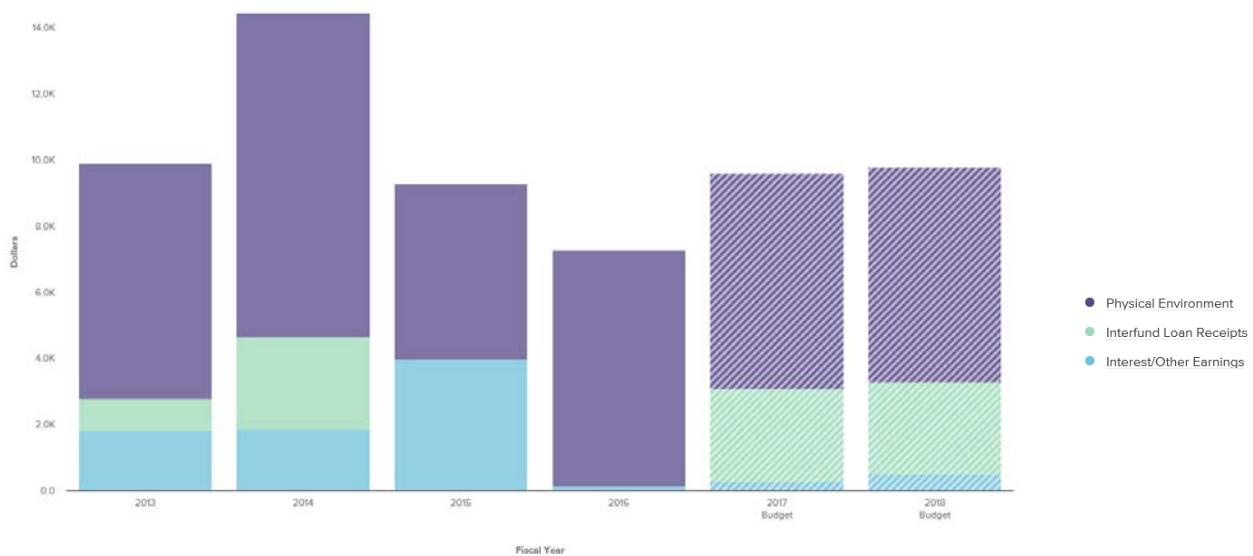
Perpetual Care Fund

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/Expenditure History



Perpetual Care Fund Revenue Sources

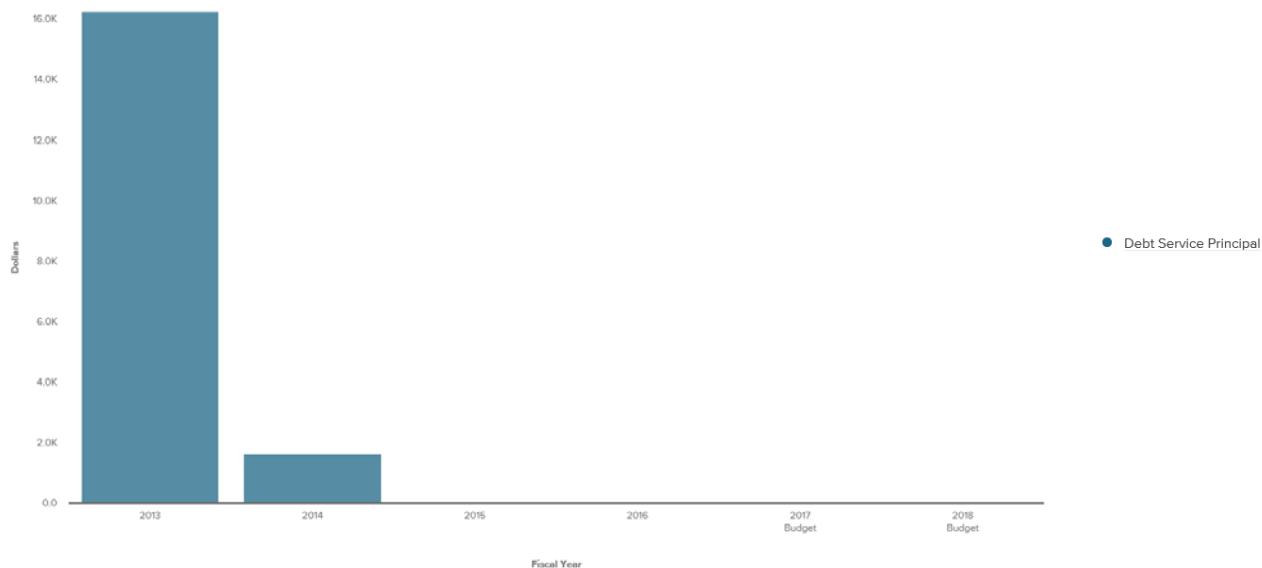


Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
Physical Environment	7,085	9,777	5,298	7,134	6,500	6,500
Interfund Loan Receipts	1,000	2,807	-	-	2,802	2,802
Interest/Other Earnings	1,812	1,857	3,995	162	300	500
Total	9,897	14,441	9,293	7,296	9,602	9,802

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

Perpetual Care Fund Expenses

No expenses are budgeted for 2018.

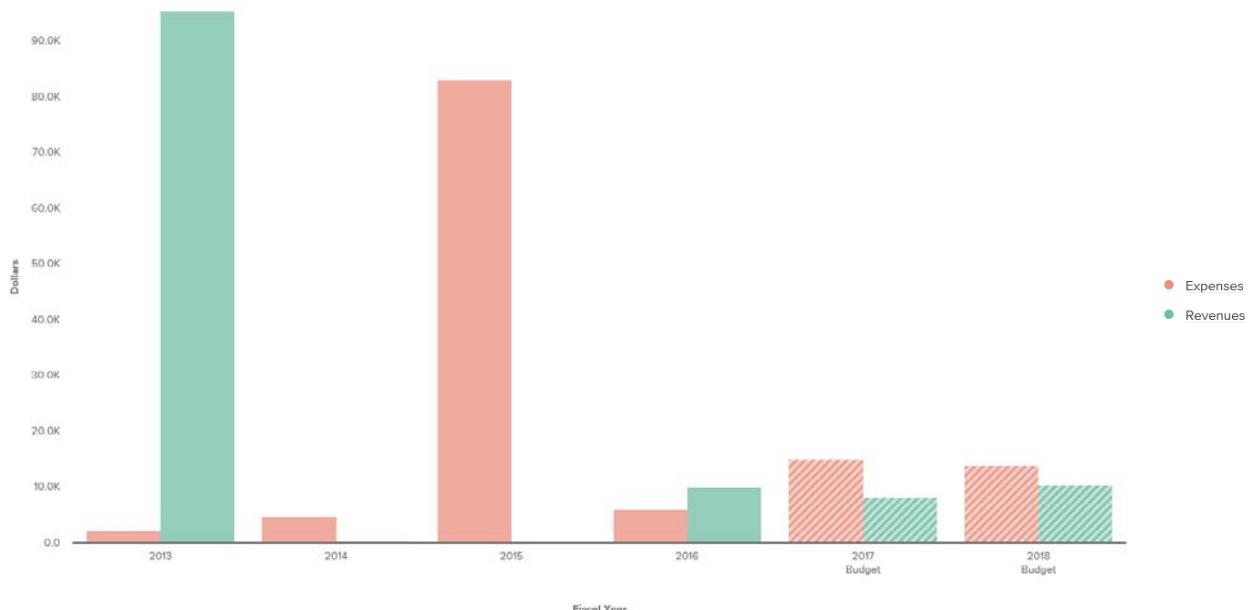


Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Debt Service Principal	16,240	1,644	-	-	-	-
Total	16,240	1,644	0	0	0	0

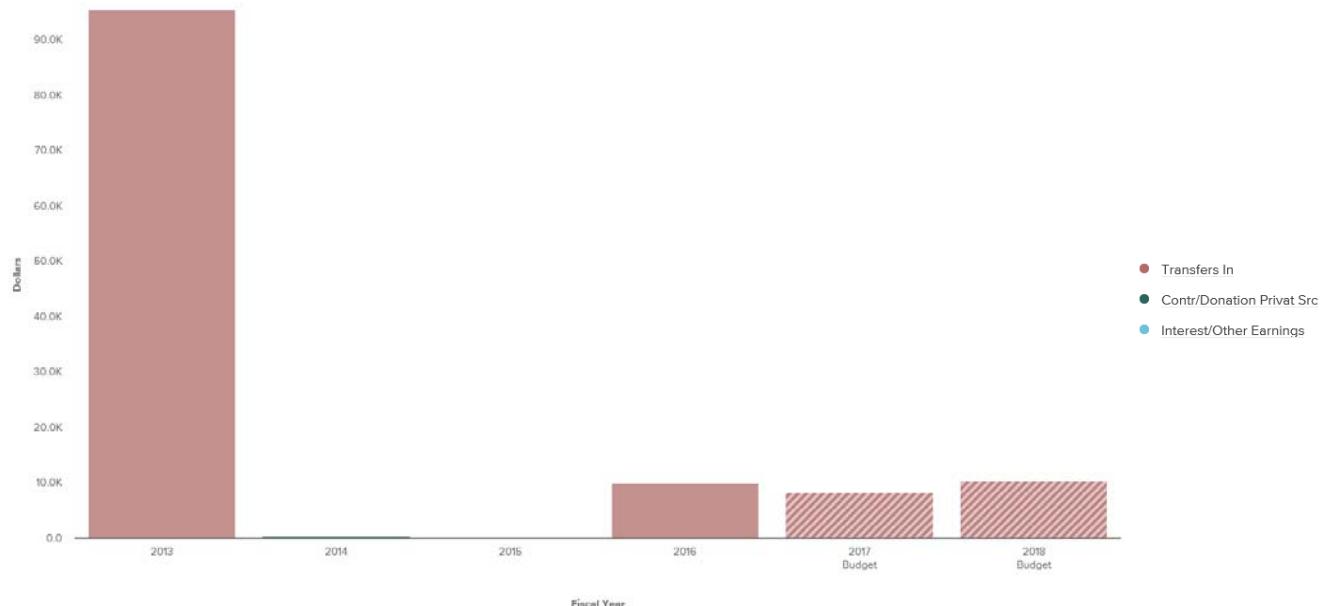
Low Income Assistance Fund

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/Expenditure History



Low Income Assistance Fund Revenue Sources

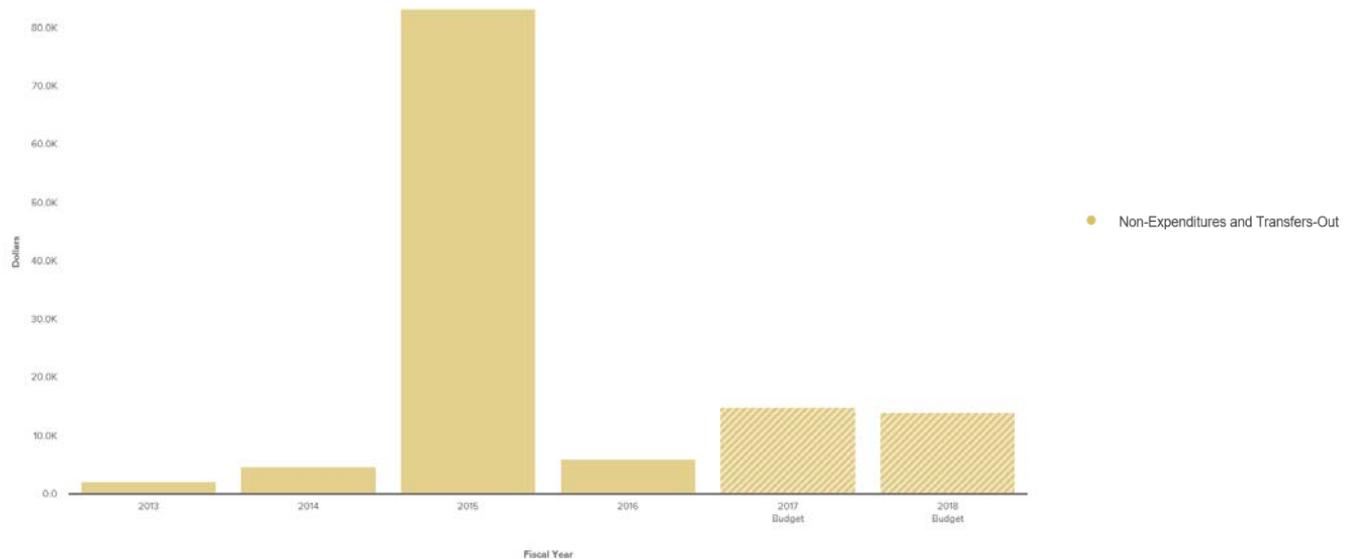


Contributions/Private Donations: Citizens make donations to this fund to support low income customers who cannot afford their utility bill.

Revenue	2013	2014	2015	2016	2017 Budget	2018 Budget
Transfers In	95,000	-	-	10,000	8,000	10,000
Contr/Donation Privat Src	250	340	80	57	300	300
Interest/Other Earnings	27	91	19	10	-	-
Total	95,277	431	99	10,067	8,300	10,300

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.



Expenditure	2013	2014	2015	2016	2017 Budget	2018 Budget
Non-Expenditures and Transfers-Out	2,244	4,757	83,131	6,084	15,000	14,000
Total	2,244	4,757	83,131	6,084	15,000	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 following is the City's 2018 General Obligation Bonds debt calculation:

**CITY OF WASHOUGAL
SCHEDULE OF LIMITATION OF INDEBTEDNESS
As of December 31, 2017**

		<u>Total Taxable Property Value (2017 Assessment for 2018 Revenue)</u>	<u>\$ 1,891,000,000</u>	<u>Remaining Debt Capacity</u>
<u>FOR GENERAL PURPOSES</u>				
<u>NON-VOTED DEBT LIMITS</u>				
(1)	2.5% general purposes limit is allocated between:		\$ 47,275,000	
(2)	<i>Up to 1.5% debt without a vote (councilmanic)</i>	\$ 28,365,000		
(3)	Less: Outstanding Debt	\$ (2,665,000)		
(4)	Less: Contracts Payable	\$ -		
(5)	Less: Excess of debt with a vote	\$ -		
(6)	Add: Available Assets	\$ -		
(7)	Equals: Remaining debt capacity without a vote		<u>\$ 25,700,000</u>	
<u>VOTED DEBT LIMITS:</u>				
(8)	<i>1% general purposes debt with a vote</i>	\$ 18,910,000		
(9)	Less: Outstanding Debt	\$ (510,000)		
(10)	Less: Contracts Payable	\$ -		
(11)	Add: Available Assets	\$ -		
(12)	Equals: Remaining debt capacity with a vote		<u>\$ 18,400,000</u>	

The City has two general obligation bonds outstanding. One was voted on to fund the construction of a new Police Station. The other was a non-voted bond for the downtown revitalization project. The following are the outstanding General Obligation Bonds as of December 31, 2017:

Bond	Outstanding
General Obligation Bonds Voted (Police Station)	510,000
General Obligation Bond Non-Voted (Downtown Revitalization Project)	2,665,000
Total General Obligation Bonds Outstanding	3,175,000

The Police Station Bond is funded by a levy on property taxes. 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 2018 adopted budget the following are the total principal and interest payments for General Obligation Bonds:

Principle	360,000
Interest	111,900
Total Debt Service GO Bonds	471,900

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 \$3,000,422.51. 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 2018 adopted budget the following are the total principal and interest payments for Public Works Trust Fund Loans:

Principle	289,404
Interest	17,689
Total Debt Service PWTF Loans	307,093

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 dollar Wastewater Treatment Plant expansion. The City has issued four series of Revenue Bonds. The total principal of revenue bonds outstanding is \$29,072,000 as of December 31, 2017. 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 2018 adopted budget the following are the total principal and interest payments for Revenue Bonds:

Principle	1,338,000
Interest	1,035,785
Total Debt Service Revenue Bonds	2,373,785

City of Washougal



Capital Projects

Capital Projects

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. The six year projection anticipated \$7 million in projects.

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 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 enterprise, 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 rate has been designed to recover the forecasted costs and financial obligations of each individual utility, without subsidy.

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

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.

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.

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.

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 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.

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

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.

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.

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.

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.

PERS – Public Employees Retirement System.

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

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.