

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis is a narrative overview of the City of Vancouver's (the City's) financial activities for the fiscal year ended December 31, 2021. The information presented here should be read in conjunction with the financial statements, and the related notes to the financial statements. The net increase or decrease in activity since the prior year is shown as a positive or (negative) number respectively.

FINANCIAL HIGHLIGHTS

- City of Vancouver assets plus deferred outflows exceeded its liabilities plus deferred inflows at fiscal yearend (FYE) by over \$1.66 billion.
- Net investment in capital assets accounts for 67.2% of the total net position, with a value of \$1.12 billion.
- Of the remaining net position, \$291.1 million may be used to meet the government's ongoing obligations to citizens and creditors, without legal restrictions.
- The City's total net position showed a net change of \$144.6 million in current operations since the prior FYE.
- Total program revenues were \$286.6 million, a net change of \$18.7 million from the prior FYE. The change is comprised of a \$25.2 million change in Charges for Services, Fees, Fines and Forfeitures and a \$(6.4) million change in Operating and Capital Grants and Contributions.
- Program expenses were \$349.1 million, a net change of \$(6.4) million since the prior FYE.
- General revenues, special items, extraordinary items and transfers were \$205.8 million, a net change of \$23.7 million since the prior FYE.
- The City of Vancouver's governmental funds report a combined ending fund balance of \$346.1 million, which was a net change of \$67.6 million since the prior FYE. Of that, \$179.9 million is unrestricted by external parties or formal commitments - comprised of assigned and unassigned fund balances of \$106.0 million for the General Fund and \$74.0 million for all other governmental funds.
- The City of Vancouver's total bonded debt was \$48.92 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis provides an introduction and overview to the City's basic financial statements. This information will assist users in interpreting the basic statements. We will also provide other financial discussion and analysis of certain plans, projects and trends necessary for understanding the full context of the financial condition of the City.

Basic Financial Statements

The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial section of this report also contains required supplementary information, in addition to the basic financial statements.

Government-wide Financial Statements

Government-wide financial statements provide readers with a broad overview of the City of Vancouver's finances in a manner similar to a private-sector business. Functions of the City of Vancouver that are principally supported by taxes and intergovernmental revenues (referred to as "governmental activities") are distinguished from functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as "business-type activities").

The governmental activities of the City of Vancouver provide a full range of local government services to the public. Programs include law enforcement and public safety; fire protection; road construction and maintenance; community economic development; parks and recreation; and the issuance of permits and licenses. In addition, other general government activities include neighborhood support, a senior newsletter, and the revitalization of the downtown core area to name a few. The business-type activities of the City of Vancouver include water, sewer, storm water management and control, downtown parking, an airport, solid waste, building inspection, and a tennis center.

The Statement of Net Position presents information on all City of Vancouver's assets, deferred outflows, liabilities and deferred inflows, with the difference being reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as one indicator of whether the financial position of the City is improving or deteriorating. Some other indicators include the condition of the City's infrastructure systems (roads, drainage systems, bridges, etc.), changes in property tax base, and general economic conditions within the City.

The Statement of Activities presents information showing how the government's revenues and expenses impacted net position during 2021. This statement separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program). This shows the extent to which each program relies on general revenue for funding. All changes in net position are reported using the accrual basis of accounting which requires that revenues are reported when they are earned and expenses are reported as soon as liabilities are incurred. The City has identified five entities as component units in the government-wide financial statements. Two of these entities will be shown in the government-wide financial statements as discretely presented component unit funds, Vancouver Downtown Redevelopment Authority (DRA) and Vancouver Public Facilities District (PFD). One, Vancouver Transportation Benefit District (TBD) is treated as a blended component unit presented as a special revenue fund. The City Center Redevelopment Authority (CCRA) and the Culture, Arts and Heritage Commission are component units of the City, however they have no activity and are not shown on the statements. The City has a joint venture, Clark Regional Emergency Services Agency (CRESA), and a jointly governed organization, the Council for the Homeless. See Note 11 for additional information on these organizations.

Fund Financial Statements

A fund is a self-balancing grouping of related accounts that is used to maintain control over resources that are segregated for specific activities or objectives. The City of Vancouver, like other state and local governments, uses fund accounting for compliance with finance-related legal requirements. All of the funds of the City of Vancouver fall into one of three categories: governmental funds, proprietary funds, or fiduciary funds. Governmental funds account for most, if not all, of a government's tax-supported activities. Proprietary funds account for a government's business-type activities where all or part of the costs of activities are supported by fees and charges paid directly by those who benefit from the activities. Fiduciary funds account for resources held by the government as a trustee or agent for parties outside of the government. The resources of fiduciary funds cannot be used to support the government's own programs.

Governmental Funds

The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances present separate columns of financial data for the General Fund, Street Fund, Consolidated Fire Fund, Park Impact Fee Fund and Capital Improvement Fund. These are considered major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental funds financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating a government's near-term financing requirements in comparison to near-term resources available.

To get a longer term perspective of financial balances and results of operations, the City presents full accrual information in the government wide financial statements. This gives readers a better understanding of the long-term impact of the government's near-term financing decisions. The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City maintains budgetary controls over all city funds at the fund level and in the General Fund, by fund-department level. Budgetary controls ensure compliance with legal provisions embodied in the biennial appropriated budget. Governmental fund budgets are established in accordance with state law, and most are adopted on a fund level. The General Fund budget is adopted on a fund level. Personnel services are budgeted by full-time positions. Budgetary variances are discussed later in this section.

Proprietary Funds

The City has two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water/sewer/drainage utility, solid waste utility, airport, building inspection, parking, and tennis center operations. Internal service funds accumulate and allocate costs among the City's various functions. The City uses internal service funds to account for its facilities replacement, grounds and maintenance activities, rolling stock repair and replacement, computer repair and replacement, self-insurance, administrative services, benefits, health insurance benefits and mail room services.

Those revenues and expenses of internal service funds that are duplicated in other funds are eliminated in the government-wide statements. The remaining balances are allocated and included in the governmental type activities columns. Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail, since both apply the accrual basis of accounting.

In comparing the Proprietary Fund Statement of Net Position to the business-type column on the government-wide Statement of Net Position, the total net position amounts agree, needing no reconciliation. In comparing the total assets and total liabilities between the same two statements, you will notice slightly different amounts. This is because the "Internal balances" line on the government-wide statement combines the "Due from other funds" (assets) and the "Due to other funds" (liabilities) from the proprietary fund statement in a single line in the asset section of the government-wide statement.

The proprietary fund financial statements provide separate information for the Water/Sewer and Parking Services Funds as these are considered major funds. All other enterprise funds are aggregated into a single presentation. Internal Service Funds are also aggregated into a single presentation, but are not included in the totals.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Vancouver's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided, and are an integral part of the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Vancouver's progress in funding its obligations to the citizenry and its employees. Required supplementary information can be found beginning on page 92 of this report.

The aggregated statements for *nonmajor* governmental and proprietary funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

As noted earlier, changes in net position may serve as a useful indicator of a government's financial position. The City of Vancouver's net position totals \$1,664,033,125 at December 31, 2021. The following is a condensed and comparative version of the Government-wide Statement of Net Position.

City of Vancouver's Net Position

	Governmental Activities		Business-type Activities		Total Activities	
	2020	2021	2020	2021	2020	2021
Current and other assets	\$ 408,492,912	\$ 574,747,864	\$ 154,243,588	\$ 193,724,584	\$ 562,736,500	\$ 768,472,448
Capital assets (net of accumulated depreciation)	733,218,180	718,513,444	444,407,966	462,804,436	1,177,626,146	1,181,317,880
TOTAL ASSETS	1,141,711,092	1,293,261,308	598,651,554	656,529,020	1,740,362,646	1,949,790,328
 DEFERRED OUTFLOWS OF RESOURCES	 12,058,860	 11,352,704	 3,651,050	 3,275,986	 15,709,910	 14,628,690
Long-term liabilities	168,330,918	152,070,972	17,944,843	10,509,396	186,275,761	162,580,368
Other liabilities	26,071,414	36,126,413	12,829,626	10,542,041	38,901,040	46,668,454
TOTAL LIABILITIES	194,402,332	188,197,385	30,774,469	21,051,437	225,176,801	209,248,822
 DEFERRED INFLOWS OF RESOURCES	 9,305,491	 73,770,332	 2,129,278	 17,366,739	 11,434,769	 91,137,071
 NET POSITION						
Net investment in capital assets	666,081,836	658,104,768	439,247,966	459,554,438	1,105,329,802	1,117,659,206
Restricted	136,357,084	224,656,452	6,920,655	30,643,180	143,277,739	255,299,632
Unrestricted	147,623,209	159,885,075	123,230,236	131,189,212	270,853,445	291,074,287
TOTAL NET POSITION	\$ 950,062,129	\$ 1,042,646,295	\$ 569,398,857	\$ 621,386,830	\$ 1,519,460,986	\$ 1,664,033,125

During 2021, the City's total assets changed by \$209.4 million and deferred outflows of resources changed by \$(1.1) million, while total liabilities changed by \$(15.9) million and deferred inflows of resources changed by \$79.7 million, primarily related to the recording of GASB 68 pension activity. The net result is a change in total net position of \$144.6 million, or 9.5%.

Of the City's total assets, cash changed by \$87.4 million and restricted cash changed by \$(7.8) million; receivables changed by \$14.4 million, capital assets changed by \$3.7 million, and other assets changed by \$102.14 million from 2020.

The largest portion of the City's net position, 67.2%, reflects its investment in capital, less any related debt still outstanding that was used to acquire those assets. The City's capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Net position representing resources that are subject to external restrictions on how they may be used is 14.6% of the total, and net position that is unrestricted represents the remaining 17.5%.

At December 31, 2021, the City of Vancouver reports positive balances in all three categories of net position, for the government as a whole.

Analysis of Changes in Net Position

Total change in net position from prior year was \$144.6 million, inclusive of the impact of prior period adjustments. This is split between governmental change of \$92.6 million and business-type activities change of \$52.0 million. The Statement of Activities depicts the relationship of revenues and expenses for the City's governmental activities and proprietary funds. A condensed and comparative version of the Statement of Activities is shown below.

Revenues	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2021	2020	2021	2020	2021
Program revenues:						
Charges for Services, Fees, Fines & Forfeitures	\$ 84,784,919	\$ 94,781,858	\$ 127,727,430	\$ 142,887,673	\$ 212,512,349	\$ 237,669,531
Operating Grants & Contributions	26,157,964	18,402,014	2,011,168	934,161	28,169,132	19,336,175
Capital Grants & Contributions	8,627,310	7,699,165	18,498,695	21,847,205	27,126,005	29,546,370
General Revenues						
Property Taxes Levied for General Purposes	57,131,009	58,553,494	-	-	57,131,009	58,553,494
Sales & Use Taxes	50,535,448	68,378,343	-	-	50,535,448	68,378,343
Utility, Excise, Lodging & Other Taxes	72,008,615	78,476,207	-	-	72,008,615	78,476,207
Unrestricted Investment Earnings	-	5,812	1,245,490	(53,342)	1,245,490	(47,530)
Miscellaneous	918,395	-	224,366	442,205	1,142,761	442,205
Total Revenues	300,163,660	326,296,893	149,707,149	166,057,902	449,870,809	492,354,795
Program Expenses						
Governmental Activities:						
General Government	74,483,729	84,956,750	-	-	74,483,729	84,956,750
Security/Persons & Property	110,845,165	83,451,474	-	-	110,845,165	83,451,474
Physical Environment	24,797	22,436	-	-	24,797	22,436
Transportation	18,469,689	27,249,577	-	-	18,469,689	27,249,577
Social Services	452,449	1,230,294	-	-	452,449	1,230,294
Economic Environment	17,014,712	21,894,554	-	-	17,014,712	21,894,554
Intergovernmental Facilities	6,588,049	8,442,912	-	-	6,588,049	8,442,912
Culture & Recreation	7,444,989	6,855,612	-	-	7,444,989	6,855,612
Interest on Long-Term Debt	789,091	1,029,095	-	-	789,091	1,029,095
Business-Type Activities:						
Water Sewer	-	-	106,812,396	103,420,708	106,812,396	103,420,708
Parking	-	-	3,005,276	1,060,159	3,005,276	1,060,159
Airport	-	-	990,225	715,380	990,225	715,380
Building Inspection	-	-	5,756,406	5,687,329	5,756,406	5,687,329
Solid Waste	-	-	1,756,152	1,739,039	1,756,152	1,739,039
Tennis Center	-	-	1,035,785	1,322,337	1,035,785	1,322,337
Total Expenses	236,112,670	235,132,704	119,356,240	113,944,952	355,468,910	349,077,656
Excess (deficiency) of revenues over expenses	64,050,990	91,164,189	30,350,909	52,112,950	94,401,899	143,277,139
Transfers - Governmental	707,721	124,977	-	-	707,721	124,977
Transfers - Business-Type	-	-	(707,721)	(124,977)	(707,721)	(124,977)
Income (loss) before special & extra	64,758,711	91,289,166	29,643,188	51,987,973	94,401,899	143,277,139
Change in Net Position	64,758,711	91,289,166	29,643,188	51,987,973	94,401,899	143,277,139
Net Position - Beginning	885,638,705	950,062,129	532,590,698	569,398,857	1,418,229,403	1,519,460,986
Prior year adjustments	(335,287)	1,295,000	7,164,971	-	6,829,684	1,295,000
Net Position - Ending	\$ 950,062,129	\$ 1,042,646,295	\$ 569,398,857	\$ 621,386,830	\$ 1,519,460,986	\$ 1,664,033,125

Governmental Activity Analysis

Governmental net position changed by \$92.6 million in 2021 from operations.

Revenues from Charges for Services, Fees, and Fines and Forfeitures saw a change from the prior year of \$10.0 million, or 11.8%; while revenues from Property Taxes changed by \$1.4 million, or 2.5%. A continued improving local economy is the driving force behind the tax increase. The Washington State Constitution limits the total regular property taxes to 1% of assessed valuation plus new constructions. Total governmental activities revenues changed by \$26.1 million, or 8.75%, including a change of \$17.9 million, or 35.4%, in revenues associated with Sales and Use taxes received by the City in 2021, compared to 2020.

Governmental activities expenses in total changed by \$(1.0) million, or (0.4)%.

Business-Type Activities Analysis

Business-type net position changed by \$52.0 million in 2021 from operations.

The Business-Type Activity revenue and expenses experienced a change of \$16.4 million and \$(5.4) million, respectively. As depicted in the table below, the Water/Sewer activity is the largest business-type activity in the City. As a result, the financial position of the City's business-type activities is strongly influenced by the Water/Sewer activity. This year, Water/Sewer had a

change from prior year of \$16.0 million in operating revenue and a \$(3.4) million in operating expenses. Revenue increased primarily from the increase in water and sewer rates, along with an increase in usage.

Other business-type activities had changes in expenses, including the Building Inspection fund at \$(69) thousand, and the Solid Waste fund at \$(17) thousand compared to last year due to increase in city-wide cost allocation and professional services.

<u>Share of Business-Type Program Expenses & Revenues by Function</u>			
Total Business-Type Program Expenses		Total Business-Type Program Revenues	
113,944,951		165,669,039	
Program Expense by Function	Portion of Total	Program Revenue by Function	Portion of Total
Water/Sewer	90.8%	Water/Sewer	88.9%
Parking	0.9%	Parking	2.2%
Airport	0.6%	Airport	0.7%
Building Inspection	5.0%	Building Inspection	6.2%
Solid Waste	1.5%	Solid Waste	1.3%
Tennis Center	1.2%	Tennis Center	0.7%
	100.0%		100.0%

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds Analysis

The City's governmental funds are categorized into four types consisting of Consolidated General, Special Revenue, Debt Service, and Capital Project funds. Each fund type has a unique purpose. Consolidated General Fund, Consolidated Fire Fund, Consolidated Street Fund, Consolidated Capital Improvement Fund, Consolidated Park Impact Fees Fund, American Rescue Plan Act Fund and General Obligation Debt Service Fund are classified as major funds for the purposes of this report, based on criteria set forth by the Government Accounting Standards Board (GASB).

The Consolidated General Fund is the primary governmental fund. Consolidated General Fund revenues experienced a net change of 8.7% over the prior year. The largest positive contribution to the revenues came from an increase in sales tax, driven by multiple rounds of fiscal stimulus. During 2021 residents continued greater reliance on internet shopping compared to historical trends. As a result, the City was able to re-capture sales tax that likely was avoided by residents making purchases on the Oregon side of the river. The construction activity was also unprecedented, resulting in a large amount of one time retail sales. During 2021 the City's recreation centers opened up after being largely closed due to the restrictions placed on operations by the Washington Governor's emergency declarations during 2020. This resulted in the increase in Charges for Services of approximately \$1.2 million during the year. The City's Business License Surcharge program, suspended during 2020, re-started in 2021 with some exceptions. There was also a rate increase on utility rates, resulting in an increased utility tax revenue to the Utilities and to the General Fund.

Consolidated General Fund expenditures accounted for 41.4% of total governmental funds' expenditures for the year. Ending fund balance of the Consolidated General Fund changed by \$31.6 million. Its fund balance includes a number of non-cash activities. The ending cash balance of the fund changed by \$27.0 million. In late 2021-2022 the City started a paced transition of staff to the office environment and opened City Hall to residents. Council meetings transitioned to an in-person format combined with on-line participation options. A number of new programs were started in 2021 in the General Fund, including an enhanced in-house Diversity, Equity and Inclusion program, expanded Economic Development program, expanded Services for unsheltered individuals and the General Services program. All of these programs are led by new city directors and have additional staff to manage the program needs.

The Consolidated Fire Fund is a special revenue fund that encompasses both the operations and the equipment for the City's fire departments and Clark County Fire Protection District No. 5. Services provided by this fund include firefighting, emergency medical services and rescue. As reported in the Statement of Revenues, Expenditures and Changes in Fund Balances, major funding for the Consolidated Fire Fund is provided by Clark County Fire District No. 5 for services the City provides to its service district and transfers from the City's Consolidated General Fund. The Consolidated Fire Fund in 2021 accounted for 22.2% of the governmental funds expenditures - a change of \$3.2 million from the prior year due primarily to an increase in personnel costs and supplies. The fund balance changed by \$(0.6) million as expenses were slightly higher than revenues and transfers in.

The Consolidated Street Fund is a special revenue fund comprised of the two City funds that provide for street maintenance and pavement management. Revenues have historically been derived from tax contributions distributed from the Consolidated General Fund, state shared gasoline tax, an excise tax of ¼ of 1% of property value of transferred property and rents and royalties. A total of

11.4% of governmental fund expenditures was attributable to the Street fund in 2021; with a change due primarily to capital outlay, of \$7.05 million from last year. Fund balance changed by approximately \$4.2 million, mostly due to the timing delay of expenditures and enhanced real estate excise tax revenues, fueled by a robust real estate activity within city limits..

The Consolidated Capital Improvement Fund, established in 1977 to fund major capital projects in the City, is being reported as a major fund in 2021 due to the amount of capital projects during the year. Fund expenditures accounted for 3.78% of total governmental fund expenditures, a change of \$5.9 million compared to 2020, mostly due to Fire Station 11 project being constructed in 2021. Fund balance changed by \$7.7 million.

The Consolidated Park Impact Fees Fund was established in 1995 to account for the accumulation and disposition of impact fees assessed against new development under the Growth Management Act of 1990. Fund expenditures accounted for 0.02%, less than 1% of total governmental operating expenditures. Fund balance changed by \$2.7 million from last year due to a robust development within City boundaries, and a fee increase that went into effect as of January 1, 2021. Funds are accumulating cash for future capital projects that will serve new population of the City.

There are two changes to the Major Fund schedule for 2021. A new fund was added -- the Americal Rescue Plan. Like many other governments, the City received the first installment of the ARPA grant from the federal government. In 2021 the City has reported \$.99 million of expenditures, directly related to the pandemic and funded by the proceeds from the grant. Future plans for these received funds include almost \$15 million to be used to offset revenue losses due to the COVID pandemic. City Council made a decision to invest the grant dollars into the capital projects along the Fourth Plain corridor to improve public infrastructure, including parks, in the corridor and fund a portion of the Main Street Transportation project. City staff is working with the community to prioritize the projects to be built within the Fourth Plain corridor. The General Obligation Debt Service Fund was also added to the Major Funds schedule for 2021 due to the refunding of 2011 General Obligation bonds and the issuance of new 2021 General Obligation bonds.

All other non-major governmental operating, debt service and capital construction funds comprise the remaining governmental expenditures.

Business-Type Funds Analysis

Proprietary, or business-type, funds are those funds that account for government operations where the intent is for the costs to be primarily paid by user charges. Enterprise funds are those funds that provide services primarily to external users, and the internal service funds provide their services primarily within the City. The City has twelve business-type funds: six enterprise funds, and six internal service funds.

The Consolidated Water Sewer Fund is the largest business-type fund in the City, accounting for 93.80% of net position for the enterprise funds at \$582.8 million. This fund encompasses three legally consolidated utilities: water, sewer, and drainage operations. The Water Sewer Fund's net position changed by \$44.3 million in 2021. This fund also reported operating income of \$22.8 million in 2021, a change of \$15.13 million from the prior year. Of that, operating revenue changed \$10.3 million or 8.9% from the prior year due to an increase in utility rates, and operating expenses also changed \$(4.8) million or (4.5)%, related to an increase in taxes and professional services for maintenance. Additionally, Water Sewer Fund net capital assets were \$446.6 million.

The Parking Services Fund reported a change in net position of \$2.6 million. Operating income totaled \$1.0 million.

The non-major business-type funds present a total operating income of \$4.9 million. The Building Inspection, Solid Waste and Airport funds reported operating income while the Tennis Center reported an operating loss. The Building Inspection Fund had \$4.6 million in operating income, which was a change of \$2.0 million from the prior year. Solid Waste had \$428 thousand in operating income, which was a change of \$376 thousand from the prior year. The Airport fund reported a \$75 thousand net operating income which was a change of \$182 thousand from the prior year. The non-major business-type funds represent \$0.3 million of the Net Pension Liability in 2021.

Internal Service Funds operate similar to enterprise funds, but perform services primarily for other funds within the City. Because of the nature of these funds, they are charged with operating as close as possible to a break-even point. They bill other funds based on estimated costs which are reconciled to actual annually or biennially depending on the fund. City Internal Service funds as reported in 2021 realized a net position change of \$9.5 million, reflective of the change to move some plans from a biennial reconciliation of rates to an annual one. In total Internal Service funds reported an operating income of \$6.6 million. The Internal Service Funds proportionate share of the Pension Liability is \$1.0 million at the end of 2021.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City has been enjoying several years of revenues in the General Fund coming in above forecasts mostly due to elevated levels of Sales Tax revenue. On an on-going basis, the budget anticipates an ongoing structural deficit each biennium that is a result of growth in on-going expenditures outpacing growth in on-going revenues. Contributing factors to this deficit include the following:

- Voters' passage of Initiative 695, which eliminated the motor vehicle excise tax in 2000.
- Initiative 747, which beginning in 2002 limited increases in property taxes to the lower of 1 percent or the implicit price deflator.
- The phase out and elimination of the city's Business and Occupation Tax beginning in 1993.
- Significantly greater City reliance on revenues that fluctuate with the economy.

The City has had relative financial stability from 2011 through 2019 fiscal year. There were no service-level or staffing reductions taken during this period of time. The City has taken this time to evaluate and reinforce its Financial Policies for the General Fund and other funds and re-build its General Fund balance to allow for future fluctuations of the economy. These policies are reviewed every two years during the budget development process. The policies ensure that the City maintains a healthy financial foundation into the future. These policies address such items as debt, future capital needs, and adequate reserves to build a stable and sustainable future and guide creation of City budgets.

In 2020-21 City experienced the impact of the COVID-19 caused pandemic. Most services provided by the city changed as a direct result of the pandemic. City recreation centers remained closed for majority of the year. A number of services migrated to being transacted in an on-line environment, protocols for safety of city staff and the customers has been changed, most office functions moved to a tele-commuting environment. Early in the pandemic the city froze a number of vacant positions and paused capital projects. As the financial impact of the pandemic on the City became clear, the capital projects were re-started, but due to the weather patterns of the Pacific, many were postponed until 2021. The impact on the pandemic on the sales tax and property tax revenues has proven to be not as large as originally anticipated due to large federal fiscal programs that helped to support families and businesses in 2020 and 2021.

CITYWIDE BUDGETARY HIGHLIGHTS

The final 2021-2022 biennial budget totals \$1.4 billion in operating and capital expenditures, including 1,204 employee positions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Vancouver's investment in capital assets, including construction in progress, for its governmental and business type activities as of December 31, 2021, amounts to \$1.12 billion (net of accumulated depreciation).

The table that follows is a comparison of the summary information for year-end 2020 and 2021 capital assets.

	Governmental Activities		Business-type Activities		Total Activities	
	2020	2021	2020	2021	2020	2021
Land and land improvements	\$ 129,055,729	\$ 131,776,948	\$ 40,174,811	\$ 40,193,431	\$ 169,230,540	\$ 171,970,379
Capital artwork	96,920	96,920	-	-	96,920	96,920
Intangible - Easements	9,147,847	9,319,599	15,570,250	18,586,838	24,718,097	27,906,437
Buildings and systems	100,583,176	93,764,330	16,884,130	17,198,314	117,467,306	110,962,644
Machinery and equipment	26,301,215	26,721,746	1,824,189	2,215,064	28,125,404	28,936,810
Infrastructure	441,230,556	431,490,774	340,425,167	344,680,795	781,655,723	776,171,569
Intangible assets	7,017,105	6,396,877	582,336	447,792	7,599,441	6,844,669
Construction in progress	19,785,632	18,946,250	28,947,083	39,482,202	48,732,715	58,428,452
Total	\$ 733,218,180	\$ 718,513,444	\$ 444,407,966	\$ 462,804,436	\$ 1,177,626,146	\$ 1,181,317,880

Total net capital assets changed 0.3% from prior year. Land assets changed \$2.7 million, or 1.6%, Intangible assets \$(0.8) million, or (9.9)%, and infrastructure changed \$(5.5) million or (0.7)%. Some of the major capital projects and acquisitions that took place during the year include construction of Fire Station 11, several large scale Water projects, SE 1st Street construction, continued development of the downtown waterfront, purchase of fleet vehicles, and infrastructure additions related to the City's utility funds. Additional information on City of Vancouver's capital assets can be found in Note 4 of this report. As of fiscal year end, the City had

\$58.4 million of capital projects in various stages of completion. Of this amount, 32.4% are related to Governmental Activities with the remaining 67.6% benefiting Business-type Activities.

Long-Term Debt

At December 31, 2021, the City of Vancouver had total bonded debt outstanding of \$48.9 million. Of this amount, \$47.4 million is General Obligation debt, which is backed by the full faith and credit of the government. The remainder of the City's debt of \$1.5 million represents issuance premiums and discounts. The table below is a comparison of the summary information for year-end 2020 and 2021 bonded debt. The City of Vancouver's total bonded debt changed by \$(8.1) million, the result of scheduled principal payments made throughout 2021.

City of Vancouver Outstanding Bonded Debt (in thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2020	2021	2020	2021	2020	2021
General obligation bonds	\$ 48,627	\$ 44,152	\$ 5,160	\$ 3,250	\$ 53,787	\$ 47,402
Revenue bonds	-	-	-	-	-	-
Net Amounts for:						
Issuance premiums						
(discounts)	3,233	1,520	-	-	3,233	1,520
Total	<u>\$ 51,859</u>	<u>\$ 45,671</u>	<u>\$ 5,160</u>	<u>\$ 3,250</u>	<u>\$ 57,019</u>	<u>\$ 48,921</u>

The City of Vancouver maintains an "AA2"/"AA+" issuer rating from Moody's/Standard and Poor's (S & P) rating services, respectively. The City's LTGO bonds are rated AA3/AA+. Additional information on the City's long-term debt can be found in Note 7 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the end of 2021, revenue projections for 2022 indicate that revenues are anticipated to continue increasing over the projected time period, driven mostly by the continued economic stabilization. Despite the COVID-19 pandemic, the city experienced a lesser than anticipated impact to revenue, as sales and property taxes remained elevated, and customers continued to pay their utility charges. The City suspended the business license fee and surcharge program for 2020 to support local businesses, but restarted collections in 2021 with minor exemptions. The exemptions are anticipated to sunset at the end of 2022. After a brief contraction at the beginning of the pandemic, housing prices rapidly increased within the city and overall region and construction activity expansion in single family, commercial and affordable housing sectors. Federal funding received through the Coronavirus Aid, Relief and Economic Security Act (CARES Act), lessened the impact of the pandemic on city's operations. The city took proactive measures as well, including furloughs and halting planned improvement projects. Future financial impacts will be dependent on the length of time social distancing and stay at home measures are necessary and in place. The City continues working with its partners at the state, federal and local level to understand the potential economic impacts related to the pandemic. The City has enjoyed several years of stability and was able to set aside funding for several high priority capital projects, such as the Replacement Operations Center, remodel of the new Police Headquarters building, major maintenance of the City's buildings, including roof replacements and future Tower Mall redevelopment.

City management continues its commitment to seeking out and implementing new cost containment and service delivery options to ensure the most efficient and effective way of service delivery and savings over the long run. The City agencies have continued on a process of developing their business plans and priorities at the same time as City Council is developing the vision and strategic plan for the City of Vancouver over the long term.

Requests for Information

This financial report is designed to provide a general overview of City of Vancouver's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Financial and Management Services, City of Vancouver, P.O. Box 1995, Vancouver, WA, 98668-1995.

CITY OF VANCOUVER
STATEMENT OF NET POSITION
December 31, 2021

	Primary Government				
	Governmental Activities	Business-type Activities	Total Primary Government	Vancouver Downtown Redevelopment Authority	Vancouver Public Facilities District
ASSETS					
Cash and cash equivalents	\$ 401,950,800	\$ 133,721,791	\$ 535,672,591	\$ 91,972	\$ 187,626
Cash with fiscal/escrow agents	-	-	-	6,470,106	-
Restricted assets					
Restricted Cash	-	14,741,717	14,741,717	-	-
Accrued interest receivable	-	7,290	7,290	-	-
Cash with fiscal/escrow agent	-	-	-	5,900,145	-
Receivables (net of allowance for uncollectible accounts)	43,749,213	25,126,055	68,875,268	2,644,216	387,959
Inventories	539,544	878,432	1,417,976	43,205	-
Prepaid items	257,972	-	257,972	187,116	-
Internal Balances	666,277	(666,277)	-	-	-
Due from other governmental units	1,156,728	725,904	1,882,632	-	475,055
Noncurrent capital assets held for resale	634,506	2,455,839	3,090,345	-	-
Net pension asset	125,792,824	16,733,833	142,526,657	-	-
Capital assets (net of accumulated depreciation)					
Land & land improvements	131,776,948	40,193,431	171,970,379	-	3,603,691
Capital artwork	96,920	-	96,920	-	-
Easements	9,319,599	18,586,838	27,906,437	-	-
Buildings	93,764,330	17,198,314	110,962,644	29,906,825	-
Machinery and equipment	26,721,746	2,215,064	28,936,810	1,747,967	-
Infrastructure	431,490,774	344,680,795	776,171,569	-	-
Intangible assets	6,396,877	447,792	6,844,669	-	-
Construction work in progress	18,946,250	39,482,202	58,428,452	79,480	-
Total assets	<u>1,293,261,308</u>	<u>656,529,020</u>	<u>1,949,790,328</u>	<u>47,071,032</u>	<u>4,654,331</u>
DEFERRED OUTFLOWS OF RESOURCES					
Related to unamortized loss on refunding	759,203	-	759,203	834,507	-
Related to pensions	10,521,806	2,209,006	12,730,812	-	-
Related to asset retirement obligations	71,695	1,066,980	1,138,675	-	-
Total deferred outflows of resources	<u>11,352,704</u>	<u>3,275,986</u>	<u>14,628,690</u>	<u>834,507</u>	<u>-</u>
LIABILITIES					
Accounts payable and other current liabilities	14,381,988	10,091,709	24,473,697	1,167,898	-
Accrued interest payable	147,257	7,274	154,531	1,115,481	-
Unearned revenue	21,324,452	330,018	21,654,470	744,103	-
Custodial accounts	272,716	80,395	353,111	-	-
Noncurrent liabilities					
Net Pension Liability	2,583,909	1,597,096	4,181,005	-	-
Total OPEB liabilities due in one year	1,640,288	-	1,640,288	-	-
Total OPEB liabilities due in more than one year	44,906,257	-	44,906,257	-	-
Asset retirement obligations	450,000	2,468,200	2,918,200	-	-
Due within one year	34,377,807	3,689,069	38,066,876	2,224,304	-
Due in more than one year	68,112,711	2,787,676	70,900,387	54,196,589	1,043,258
Total liabilities	<u>188,197,385</u>	<u>21,051,437</u>	<u>209,248,822</u>	<u>59,448,375</u>	<u>1,043,258</u>
DEFERRED INFLOWS OF RESOURCES					
Amounts related to pension	73,770,332	17,366,739	91,137,071	-	-
Total deferred inflows of resources	<u>73,770,332</u>	<u>17,366,739</u>	<u>91,137,071</u>	<u>-</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	658,104,768	459,554,438	1,117,659,206	(19,581,886)	3,603,691
Restricted for					
Capital purposes	44,880,434	13,909,347	58,789,781	1,081,689	-
Culture & recreation	12,272,689	-	12,272,689	-	-
Debt service	53,480	-	53,480	4,818,456	-
Economic environment	38,829,627	-	38,829,627	-	-
Grants	139,160	-	139,160	-	-
Pension	125,792,824	16,733,833	142,526,657	-	-
Security of persons & property	2,688,238	-	2,688,238	-	-
Unrestricted	159,885,075	131,189,212	291,074,287	2,138,905	7,382
Total net position	<u>\$ 1,042,646,295</u>	<u>\$ 621,386,830</u>	<u>\$ 1,664,033,125</u>	<u>\$ (11,542,836)</u>	<u>\$ 3,611,073</u>

The notes to the financial statements are an integral part of this statement

CITY OF VANCOUVER
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services, Fees, Fines and Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Vancouver Downtown Redevelopment Authority	Vancouver Public Facilities District
PRIMARY GOVERNMENT									
Governmental Activities:									
General government	\$ 84,956,750	\$ 74,758,343	\$ 5,948,505	\$ (917,196)	\$ (5,167,098)	\$ -	\$ (5,167,098)	\$ -	\$ -
Security/persons & property	83,451,474	4,419,091	4,580,002	151,181	(74,301,200)	-	(74,301,200)	-	-
Physical environment	22,436	1,393,093	-	-	1,370,657	-	1,370,657	-	-
Transportation	27,249,577	3,783,292	3,932,334	9,212,219	(10,321,732)	-	(10,321,732)	-	-
Social Services	1,230,294	-	-	-	(1,230,294)	-	(1,230,294)	-	-
Economic environment	21,894,554	2,085,659	3,482,324	-	(16,326,571)	-	(16,326,571)	-	-
Intergovernmental facilities	8,442,912	8,440,630	-	-	(2,282)	-	(2,282)	-	-
Culture and recreation	6,855,612	(98,250)	458,849	(747,039)	(7,242,052)	-	(7,242,052)	-	-
Interest/fiscal charges	1,029,095	-	-	-	(1,029,095)	-	(1,029,095)	-	-
Total governmental activities	235,132,704	94,781,858	18,402,014	7,699,165	(114,249,667)	-	(114,249,667)	-	-
Business-type Activities:									
Water/Sewer	103,420,707	124,958,095	834,263	21,481,629	-	43,853,280	43,853,280	-	-
Parking	1,060,159	3,612,775	-	(13,721)	-	2,538,895	2,538,895	-	-
Airport	715,380	705,822	91,179	409,480	-	491,101	491,101	-	-
Building Inspection	5,687,329	10,324,253	3,577	(26,486)	-	4,614,015	4,614,015	-	-
Solid Waste	1,739,039	2,117,578	49,700	(3,697)	-	424,542	424,542	-	-
Tennis Center	1,322,337	1,169,148	(44,556)	-	-	(197,745)	(197,745)	-	-
Total business-type activities	113,944,951	142,887,671	934,163	21,847,205	-	51,724,088	51,724,088	-	-
Total Primary Government	\$ 349,077,655	\$ 237,669,529	\$ 19,336,177	\$ 29,546,370	(114,249,667)	51,724,088	(62,525,579)	-	-
COMPONENT UNITS									
Downtown Redevelopment Authority	14,985,331	13,147,585	-	-			(1,837,746)		-
Public Facilities District	2,163,065	-	-	-			-		(2,163,065)
Total Component Units	\$ 17,148,396	\$ 13,147,585	\$ -	\$ -			(1,837,746)		(2,163,065)
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes					58,553,494	-	58,553,494	-	-
Sales and Use Taxes					68,378,343	-	68,378,343	3,367,706	2,164,478
B&O Taxes					58,139,604	-	58,139,604	-	-
Excise, Lodging and Other Taxes					20,336,603	-	20,336,603	-	-
Unrestricted Investment Earnings (loss)					5,812	(53,342)	(47,530)	1,139	(578)
Miscellaneous					-	442,204	442,204	-	-
Special Item - Gain on extinguishment of debt					-	-	-	107,813	-
Extraordinary Item - Bankruptcy settlement					-	-	-	5,638	-
Transfers					124,977	(124,977)	-	-	-
Total General Revenues, Special Items, Extraordinary Items and Transfers					205,538,833	263,885	205,802,718	3,482,296	2,163,900
Change in Net Position					91,289,166	51,987,973	143,277,139	1,644,550	835
Net Position - Beginning					950,062,129	569,398,857	1,519,460,986	(13,187,386)	3,610,238
Prior period adjustment					1,295,000	-	1,295,000	-	-
Net Position - Ending					\$ 1,042,646,295	\$ 621,386,830	\$ 1,664,033,125	\$ (11,542,836)	\$ 3,611,073

The notes to the basic financial statements are an integral part of this statement

CITY OF VANCOUVER
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021

	Major Funds				
	Consolidated General Fund	Consolidated Fire Fund	Consolidated Street Fund	Consolidated Capital Improvement Fund	Consolidated Parks Impact Fees
ASSETS					
Cash and cash equivalents	\$ 131,770,211	\$ 12,907,633	\$ 22,671,951	\$ 54,487,363	\$ 12,834,939
Receivables (net)					
Taxes/assessments	15,524,028	-	1,228,355	-	-
Accounts	1,100,894	5,613,344	367,756	301,414	-
Interest	64,932	6,414	11,243	26,969	6,370
Notes	-	-	-	-	-
Due from other funds	3,280,967	211,947	116,415	1,747,375	-
Due from interfund advances	3,050,041	-	-	-	-
Due from other governmental units	588,475	95,393	-	122,275	-
Prepaid items	157,972	-	-	-	-
Inventory	774	-	-	-	-
Total assets	<u>155,538,294</u>	<u>18,834,731</u>	<u>24,395,720</u>	<u>56,685,396</u>	<u>12,841,309</u>
DEFERRED OUTFLOWS OF RESOURCES					
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 155,538,294</u>	<u>\$ 18,834,731</u>	<u>\$ 24,395,720</u>	<u>\$ 56,685,396</u>	<u>\$ 12,841,309</u>
LIABILITIES					
Accounts payable	\$ 2,325,038	\$ 92,419	\$ 900,414	\$ 2,207,682	\$ -
Due to other funds	2,645,894	1,570,847	704,985	562,105	18,578
Due to interfund advances	-	-	-	-	550,042
Due to other governmental units	-	19,414	-	-	-
Accrued interest payable	-	-	-	-	-
Accrued liabilities	3,306,725	824,089	153,529	-	-
Custodial accounts	194,283	512	1,189	-	-
Unearned revenue	598,646	69,444	-	5,047,608	-
Total liabilities	<u>9,070,586</u>	<u>2,576,725</u>	<u>1,760,117</u>	<u>7,817,395</u>	<u>568,620</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	552,994	-	-	-	-
Unavailable revenue-grants and other	542,496	148,408	83,193	301,414	-
Total deferred inflows of resources	<u>1,095,490</u>	<u>148,408</u>	<u>83,193</u>	<u>301,414</u>	<u>-</u>
FUND BALANCES					
Nonspendable	708,787	-	-	-	-
Restricted	19,514,714	-	-	-	12,272,689
Committed	19,162,981	14,516,510	7,128,821	2,939,102	-
Assigned	1,277,668	1,593,088	15,423,589	45,627,485	-
Unassigned	104,708,068	-	-	-	-
Total fund balances	<u>145,372,218</u>	<u>16,109,598</u>	<u>22,552,410</u>	<u>48,566,587</u>	<u>12,272,689</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 155,538,294</u>	<u>\$ 18,834,731</u>	<u>\$ 24,395,720</u>	<u>\$ 56,685,396</u>	<u>\$ 12,841,309</u>

The notes to the financial statements are an integral part of this statement

CITY OF VANCOUVER
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021

	Major Funds			
	American Rescue Plan Act	General Obligation Debt	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 16,518,828	\$ -	\$ 86,568,536	\$ 337,759,461
Receivables (net)				
Taxes/assessments	-	-	3,140,844	19,893,227
Accounts	-	-	1,177,351	8,560,759
Interest	8,189	-	42,943	167,060
Notes	-	-	14,973,321	14,973,321
Due from other funds	-	-	915,547	6,272,251
Due from interfund advances	-	-	-	3,050,041
Due from other governmental units	-	-	421,382	1,227,525
Prepaid items	-	-	-	157,972
Inventory	-	-	-	774
Total assets	<u>16,527,017</u>	<u>-</u>	<u>107,239,924</u>	<u>392,062,391</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 16,527,017</u>	<u>\$ -</u>	<u>\$ 107,239,924</u>	<u>\$ 392,062,391</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 2,118,538	\$ 7,644,091
Due to other funds	999,439	-	780,034	7,281,882
Due to interfund advances	-	-	2,500,000	3,050,042
Due to other governmental units	-	-	311,389	330,803
Accrued interest payable	-	-	167	167
Accrued liabilities	-	-	20,477	4,304,820
Custodial accounts	-	-	72,725	268,709
Unearned revenue	15,568,495	-	23,108	21,307,301
Total liabilities	<u>16,567,934</u>	<u>-</u>	<u>5,826,438</u>	<u>44,187,815</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	-	-	62,595	615,589
Unavailable revenue-grants and other	-	-	98,934	1,174,445
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>161,529</u>	<u>1,790,034</u>
FUND BALANCES				
Nonspendable	-	-	-	708,787
Restricted	-	-	86,091,779	117,879,182
Committed	-	-	3,807,540	47,554,954
Assigned	-	-	11,352,638	75,274,468
Unassigned	(40,917)	-	-	104,667,151
Total fund balances	<u>(40,917)</u>	<u>-</u>	<u>101,251,957</u>	<u>346,084,542</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 16,527,017</u>	<u>\$ -</u>	<u>\$ 107,239,924</u>	<u>\$ 392,062,391</u>

The notes to the financial statements are an integral part of this statement

CITY OF VANCOUVER

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE GOVERNMENT WIDE STATEMENT OF NET POSITION

December 31, 2021

Fund Balance - Total Governmental Funds
Fund Balance - Total Internal Service Funds

\$ 346,084,539
\$ 76,310,176

Amounts reported for governmental activities in the statement of net position are different because the following activities are not current financial resources or uses. These balances are added to the statements, removed or adjusted as noted below.

Increase (Decrease) of Reported Assets, Liabilities and Deferred Balances	Effect to Governmental Fund Balance
---	---

Amounts for Assets reported, changed due to:

The addition of long-lived capital assets, net of accumulated depreciation.	695,795,992	Increase
The addition of net pension assets which represent the fair value of pension assets is greater than the present value of pension benefits to be paid. Local governments report a net pension liability or asset, deferred outflows and deferred inflows for their share of the Washington State pension plans amounts, measured as of June 30.		
Police single employer plan	2,570,210	Increase
Fire single employer plan	8,533,338	Increase
Multi-employer plans	103,779,150	Increase
The remaining amounts due from other funds for interfund payments related to capital assets	3,926	Increase

Amounts for Deferred Outflows reported, changed due to:

The addition of the unamortized loss on debt refunding which will be amortized as an interest expense. Noncurrent liability amounts, such as long-lived debt are excluded from the current resources measurement.	759,203	Increase
The addition of net pension deferred outflows. Local governments report a net pension liability or asset, deferred outflows and deferred inflows for their share of the Washington State pension plans amounts, measured as of June 30. Additionally, deferred outflows represent the City's contributions subsequent to the pension plan measurement date and up to the end of the City's reporting period, December 31.	9,081,578	Increase

Amounts for Liabilities reported, changed due to:

The addition of long-lived liabilities (payables), including the portion due within one year after yearend.		
GO Bonds	44,151,500	Decrease
Issuance Premium/discount	1,519,842	Decrease
Governmental loans	4,719,649	Decrease
Impact Fee Credit	19,419,042	Decrease
Capital Lease Payable	10,775,888	Decrease
Accrued Interest Payable	147,092	Decrease
The addition of net pension liabilities which represent the fair value of pension assets that are less than the present value of pension benefits to be paid. Local governments report a net pension liability or asset, deferred outflows and deferred inflows for their share of the Washington State pension plans amounts, measured as of June 30.	1,542,635	Decrease
The addition of OPEB liabilities which represent the fair value of OPEB assets that are less than the present value of OPEB benefits to be paid. These liabilities are related to the single employer plans.	46,546,545	Decrease
The addition of compensated absence liabilities which represent the future potential cost of paying employees' accrued leave hours.	10,743,404	Decrease
The remaining amounts due to other funds for interfund payments related to capital assets	48,694	Decrease

Amounts for Deferred Inflows reported, changed due to:

The removal of unavailable revenue. Under the current resources approach, accounts receivable that will be received more than 60 days beyond yearend are considered earned but not available as a liquid resource. Therefore the receivable recorded is offset with a deferred inflow for unavailable revenue. For full accrual reporting the unavailable revenue is converted to revenue.	(1,790,034)	Increase
The addition of net pension deferred inflows. Local governments report a net pension liability or asset, deferred outflows and deferred inflows for their share of the Washington State pension plans amounts, measured as of June 30.	62,447,563	Decrease

Eliminations:

When reported separately, City funds can have payables and receivables to other City funds. When those funds are rolled together to be presented as governmental activities the activity between them must be removed. This will not result in a net change to the fund balance.

Remove due to other funds between governmental and internal service funds	(8,117,318)	
Remove due from other funds between governmental and internal service funds	(8,117,318)	No net effect
Remove advances receivable between governmental funds	(3,050,042)	
Remove advances payable between governmental funds	(3,050,042)	No net effect

Total net position of government-wide governmental activities

\$ 1,042,646,295

The notes to the financial statements are an integral part of this statement.

CITY OF VANCOUVER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2021

	Major Funds				
	Consolidated General Fund	Consolidated Fire Fund	Consolidated Street Fund	Consolidated Capital Improvement Fund	Consolidated Parks Impact Fees
REVENUES					
Property taxes	\$ 52,614,858	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	60,211,284	-	-	-	-
Business & Occupation Taxes	58,139,604	-	-	-	-
Excise Taxes	727,267	-	6,529,013	-	-
License and permits	2,249,698	1,010,486	1,043,220	-	-
Intergovernmental	6,471,724	527,001	3,932,335	122,275	-
Charges for services	7,995,068	12,488,120	472,297	4,350,229	3,574,567
Fines and penalties	932,764	4,927	-	-	-
Investment earnings	(205,236)	(4,964)	(32,772)	(90,258)	(21,647)
Rents and royalties	2,333,299	57,612	252,095	252,262	-
Contributions/donations	93,367	36,450	-	-	-
Miscellaneous	211,512	56,852	2,113	-	-
Total revenues	191,775,209	14,176,484	12,198,301	4,634,508	3,552,920
EXPENDITURES					
Current					
General government	7,511,900	-	-	2,503,971	-
Security of persons & property	58,008,908	49,052,896	-	971,410	-
Physical environment	-	-	-	-	21,676
Transportation	-	-	17,430,975	-	-
Economic environment	15,142,011	-	-	-	-
Social services	1,230,294	-	-	-	-
Culture and recreation	12,598,562	-	-	-	-
Intergovernmental facilities	-	-	-	-	-
Capital outlay	335,643	1,799,348	8,714,847	5,178,700	-
Debt service					
Principal retirement	-	-	-	-	-
Interest/fiscal charges	-	-	-	-	-
Total expenditures	94,827,318	50,852,244	26,145,822	8,654,081	21,676
Excess (deficiency) of revenues over (under) expenditures	96,947,891	(36,675,760)	(13,947,521)	(4,019,573)	3,531,244
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	1,627,438	35,500	-	1,896,530	-
Proceeds from refunding of debt	-	-	-	-	-
Transfers in	1,117,984	37,286,748	19,208,934	10,427,942	-
Transfers out	(68,083,678)	(1,253,431)	(1,041,332)	(645,390)	(837,485)
Total other financing sources (uses)	(65,338,256)	36,068,817	18,167,602	11,679,082	(837,485)
Net change in fund balances	31,609,635	(606,943)	4,220,081	7,659,509	2,693,759
FUND BALANCES - BEGINNING	113,762,583	16,716,541	18,332,329	40,907,078	9,578,930
FUND BALANCES - ENDING	\$ 145,372,218	\$ 16,109,598	\$ 22,552,410	\$ 48,566,587	\$ 12,272,689

The notes to the financial statements are an integral part of this statement

CITY OF VANCOUVER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2021

	Major Funds		Non-Major	Total
	American Rescue Plan Act	General Obligation Debt	Governmental Funds	Governmental Funds
REVENUES				
Property taxes	\$ -	\$ -	\$ 6,003,654	\$ 58,618,512
Sales and use taxes	-	-	8,167,059	68,378,343
Business & Occupation Taxes	-	-	-	58,139,604
Excise Taxes	-	-	11,848,493	19,104,773
License and permits	-	-	1,566,704	5,870,108
Intergovernmental	999,439	-	5,726,986	17,779,760
Charges for services	-	-	12,367,162	41,247,443
Fines and penalties	-	-	10,079	947,770
Investment earnings	(40,917)	-	(81,654)	(477,448)
Rents and royalties	-	-	395,675	3,290,943
Contributions/donations	-	-	420,678	550,495
Miscellaneous	-	-	829,755	1,100,232
Total revenues	958,522	-	47,254,591	274,550,535
EXPENDITURES				
Current				
General government	-	-	1,056,723	11,072,594
Security of persons & property	-	-	165,896	108,199,110
Physical environment	-	-	22,856	44,532
Transportation	-	-	2,084,362	19,515,337
Economic environment	-	-	8,558,472	23,700,483
Social services	-	-	-	1,230,294
Culture and recreation	-	-	616,163	13,214,725
Intergovernmental facilities	-	-	8,442,912	8,442,912
Capital outlay	-	-	2,090,643	18,119,181
Debt service				
Principal retirement	-	6,030,259	5,000	6,035,259
Interest/fiscal charges	-	19,309,559	225	19,309,784
Total expenditures	-	25,339,818	23,043,252	228,884,211
Excess (deficiency) of revenues over (under) expenditures	958,522	(25,339,818)	24,211,339	45,666,324
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	3,060,859	6,620,327
Proceeds from refunding of debt	-	17,540,812	-	17,540,812
Transfers in	-	7,799,006	4,236,841	80,077,455
Transfers out	(999,439)	-	(9,430,810)	(82,291,565)
Total other financing sources (uses)	(999,439)	25,339,818	(2,133,110)	21,947,029
Net change in fund balances	(40,917)	-	22,078,229	67,613,353
FUND BALANCES - BEGINNING	-	-	79,173,728	278,471,189
FUND BALANCES - ENDING	<u>\$ (40,917)</u>	<u>\$ -</u>	<u>\$ 101,251,957</u>	<u>\$ 346,084,542</u>

The notes to the financial statements are an integral part of this statement

CITY OF VANCOUVER

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2021

Net Change in Fund Balance - Total Governmental Funds	\$ 67,613,353
Net Change in Fund Balance - Total Internal Service Funds	\$ 9,458,698

Amounts reported for governmental activities in the statement of activities are different because the following activities are not current financial resources or uses. These balances are added to the statements, removed or adjusted as noted below.

Amounts for Revenues reported, changed due to:

Related to changes in Assets:

Long-lived capital assets, are presented on the government-wide statements. The addition of capital assets that are donated to the City from outside sources represent a non-cash revenue.	5,277,117	Increase
Long-lived pension assets are presented on the government-wide statement. Contributions to the asset are reported as revenue.	1,759,291	Increase

Related to changes in Liabilities:

Long-lived liabilities, such as debt, are presented on the government-wide statements. The proceeds or gain from debt issuance or re-finance convert from revenue proceeds reported as a current resource to changes in the long-lived liability balances.	(17,535,000)	Decrease
The long-lived impact fee credit liabilities are added to the government-wide statements. The changes in the liability balance represent changes in revenue as the credit is granted to and used by participants in the program.	(493,445)	Decrease

Related to changes in Deferred Inflows:

The removal of unavailable revenue. Under the current resources approach, accounts receivable that will be received more than 60 days beyond yearend are considered earned but not available as a liquid resource. Therefore the receivable recorded is offset with a deferred inflow for unavailable revenue. For full accrual reporting the unavailable revenue is converted to revenue.	(525,259)	Increase
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Amounts for Expenditures reported, changed due to:

Related to changes in Assets:

Current expenditures related to the construction or acquisition of long-lived capital assets are converted to increases in capital assets.	(4,686,845)	Increase
Long-lived capital assets, net of accumulated depreciation, are presented on the government-wide statements. The change in the accumulated depreciation balance is added to the statements as depreciation expense.	25,576,587	Decrease

Related to changes in Deferred Outflows:

Premiums related to long-lived liabilities are amortized and reduce amortization expense	(795,103)	Decrease
Discounts related to long-lived liabilities are decreased through amortization expense	401,980	Increase

Related to changes in Liabilities:

Debt payments convert to decreases of long-lived liabilities.	(23,526,614)	Increase
The long-lived compensated absence liabilities are added to the government-wide statements. The changes in the liability balance represent changes in expenditures.	446,811	Decrease
The long-lived OPEB liabilities are added to the government-wide statements. The changes in the liability balance represent changes in expenditures.	(2,148,542)	Decrease
The long-lived pension liabilities, deferred inflows and outflows are added to the government-wide statements. The changes in the those balances represent changes in expenditures.	(20,606,476)	Increase
The addition of interest payables related to long-lived liabilities also represent an expense.	(52,280)	Decrease
Payments of other long-lived payables converted to decreases of those liabilities	(343,931)	Increase

Eliminations:

Various City funds provide internal services to other funds. When reported separately, they show revenues and expenditures related to these services. Additionally, City funds transfer cash to other funds. When those funds are rolled together to be presented as governmental activities, the activity between them must be removed. This will not result in a net change to the Change in Fund Balance.

Remove internal service revenue for funds rolled together for governmental activities	(40,037,483)	
Remove internal service expenditures for funds rolled together for governmental activities	(40,037,483)	No net effect
Remove transfer in balances for funds rolled together for governmental activities	(82,218,149)	
Remove transfer out balances for funds rolled together for governmental activities	(82,218,149)	No net effect

Total net position of government-wide governmental activities	\$ 91,289,166
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The notes to the financial statements are an integral part of this statement.

CITY OF VANCOUVER
CONSOLIDATED GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
COMPARED TO BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended December 31, 2021

	Budget Amounts		Actual Biennium To-Date Thru 12/31/22	Variance Thru 12/31/22
	Original 2021-22 Biennium	Final 2021-22 Biennium		
REVENUES				
Property taxes	\$ 103,496,623	\$ 105,996,623	\$ 52,614,858	\$ (53,381,765)
Sales and use taxes	92,276,365	99,476,365	60,211,284	(39,265,081)
Business & Occupation Taxes	112,136,258	112,736,258	58,139,604	(54,596,654)
Excise Taxes	1,600,000	1,400,000	727,267	(672,733)
License and permits	3,076,991	2,903,238	2,249,698	(653,540)
Intergovernmental	12,553,215	13,958,033	6,471,724	(7,486,309)
Charges for services	15,820,814	14,932,507	7,995,068	(6,937,439)
Fines and penalties	1,750,000	1,750,000	932,764	(817,236)
Investment earnings	1,550,000	1,550,000	(205,236)	(1,755,236)
Rents and royalties	3,607,935	3,607,935	2,333,299	(1,274,636)
Contributions/donations	50,000	50,000	93,367	43,367
Miscellaneous	5,020,000	5,020,000	211,512	(4,808,488)
Total revenues	352,938,201	363,380,959	191,775,209	(171,605,750)
EXPENDITURES				
Current:				
General government	28,807,048	41,571,409	7,511,900	34,059,509
Security of persons & property	151,987,852	152,195,968	58,008,908	94,187,060
Economic environment	19,521,227	21,234,562	15,142,011	6,092,551
Social services	2,344,950	2,120,172	1,230,294	889,878
Culture and recreation	36,083,150	36,074,345	12,598,562	23,475,783
Capital outlay	10,560,500	41,969	335,643	(293,674)
Total expenditures	249,304,727	253,238,425	94,827,318	158,411,107
Excess (deficiency) of revenues over expenditures	103,633,474	110,142,534	96,947,891	(13,194,643)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	200,000	1,525,000	1,627,438	102,438
Transfers in	1,496,619	1,963,756	1,117,984	(845,772)
Transfers out	(117,565,661)	(129,523,511)	(68,083,678)	61,439,833
Total other financing sources (uses)	(115,869,042)	(126,034,755)	(65,338,256)	60,696,499
Net change in fund balance	(12,235,568)	(15,892,221)	31,609,635	47,501,856
FUND BALANCES - BEGINNING RESTATED	113,762,585	113,762,585	113,762,585	-
FUND BALANCES - ENDING	\$ 101,527,017	\$ 97,870,364	\$ 145,372,220	\$ 47,501,856

The notes to the financial statements are an integral part of this statement

CITY OF VANCOUVER
CONSOLIDATED FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
COMPARED TO BUDGET (GAAP BASIS) AND ACTUAL
For the Year ended December 31, 2021

	Budget Amounts		Actual Biennium To-Date Thru 12/31/22	Variance Thru 12/31/22
	Original 2021-22 Biennium	Final 2021-22 Biennium		
REVENUES				
License and permits	\$ 27,455	\$ 27,455	\$ 1,010,486	\$ 983,031
Intergovernmental	439,677	1,162,804	527,001	(635,803)
Charges for services	27,321,726	27,653,442	12,488,120	(15,165,322)
Fines and penalties	-	-	4,927	4,927
Investment earnings	324,000	324,000	(4,964)	(328,964)
Rents and royalties	-	92,500	57,612	(34,888)
Contributions/donations	-	19,540	36,450	16,910
Miscellaneous	50,000	51,545	56,852	5,307
Total revenues	28,162,858	29,331,286	14,176,484	(15,154,802)
EXPENDITURES				
Security of persons & property	96,063,373	97,393,115	49,052,896	48,340,219
Capital outlay	3,701,914	4,568,961	1,799,348	2,769,613
Total expenditures	99,765,287	101,962,076	50,852,244	51,109,832
Excess (deficiency) of revenues over expenditures	(71,602,429)	(72,630,790)	(36,675,760)	35,955,030
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	35,500	35,500
Transfers in	74,919,832	76,298,765	37,286,748	(39,012,017)
Transfers out	(4,491,912)	(4,947,743)	(1,253,431)	3,694,312
Total other financing sources (uses)	70,427,920	71,351,022	36,068,817	(35,282,205)
Net change in fund balance	(1,174,509)	(1,279,768)	(606,943)	672,825
FUND BALANCES - BEGINNING	16,716,542	16,716,542	16,716,542	-
FUND BALANCES - ENDING	\$ 15,542,033	\$ 15,436,774	\$ 16,109,599	\$ 672,825

The notes to the financial statements are an integral part of this statement

CITY OF VANCOUVER

Consolidated Street Fund

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
COMPARED TO BUDGET (GAAP BASIS) AND ACTUAL**

For the Year ended December 31, 2021

	Budget Amounts		Actual Biennium To-Date Thru 12/31/22	Variance Thru 12/31/22
	Original 2021-22 Biennium	Final 2021-22 Biennium		
REVENUES				
Excise Taxes	\$ 8,244,054	\$ 8,244,054	\$ 6,529,013	\$ (1,715,041)
License and permits	-	-	1,043,220	1,043,220
Intergovernmental	7,800,000	8,031,487	3,932,335	(4,099,152)
Charges for services	1,962,900	1,962,900	472,297	(1,490,603)
Investment earnings	1,850,000	1,850,000	(32,772)	(1,882,772)
Rents and royalties	655,492	655,492	252,095	(403,397)
Miscellaneous	-	-	2,113	2,113
Total revenues	<u>20,512,446</u>	<u>20,743,933</u>	<u>12,198,301</u>	<u>(8,545,632)</u>
EXPENDITURES				
Transportation	38,439,756	39,054,044	17,430,975	21,623,069
Capital outlay	<u>19,877,818</u>	<u>21,258,265</u>	<u>8,714,847</u>	<u>12,543,418</u>
Total expenditures	<u>58,317,574</u>	<u>60,312,309</u>	<u>26,145,822</u>	<u>34,166,487</u>
Excess (deficiency) of revenues over expenditures	(37,805,128)	(39,568,376)	(13,947,521)	25,620,855
OTHER FINANCING SOURCES (USES)				
Transfers in	35,792,376	39,931,859	19,208,934	(20,722,925)
Transfers out	<u>(2,779,645)</u>	<u>(10,833,625)</u>	<u>(1,041,332)</u>	<u>9,792,293</u>
Total other financing sources (uses)	<u>33,012,731</u>	<u>29,098,234</u>	<u>18,167,602</u>	<u>(10,930,632)</u>
Net change in fund balance	(4,792,397)	(10,470,142)	4,220,081	14,690,223
FUND BALANCES - BEGINNING	<u>18,332,328</u>	<u>18,332,328</u>	<u>18,332,328</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 13,539,931</u>	<u>\$ 7,862,186</u>	<u>\$ 22,552,409</u>	<u>\$ 14,690,223</u>

The notes to the financial statements are an integral part of this statement

CITY OF VANCOUVER

American Rescue Plan Act

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
COMPARED TO BUDGET (GAAP BASIS) AND ACTUAL**

For the Year ended December 31, 2021

	Budget Amounts		Actual Biennium To-Date Thru 12/31/22	Variance Thru 12/31/22
	Original 2021-22 Biennium	Final 2021-22 Biennium		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 999,439	\$ 999,439
Investment earnings	-	-	(40,917)	(40,917)
Total revenues	-	-	958,522	958,522
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(999,439)	(999,439)
Total other financing sources (uses)	-	-	(999,439)	(999,439)
Net change in fund balance	-	-	(40,917)	(40,917)
FUND BALANCES - BEGINNING	-	-	-	-
FUND BALANCES - ENDING	\$ -	\$ -	\$ (40,917)	\$ (40,917)

The notes to the financial statements are an integral part of this statement

CITY OF VANCOUVER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2021

	Consolidated Water Sewer Fund	Parking Services	Non-Major Enterprise Funds	Total	(Governmental Activities) Internal Service Funds
ASSETS					
Current assets					
Cash and cash equivalents	\$ 108,258,963	\$ 7,187,821	\$ 18,275,007	\$ 133,721,791	\$ 64,191,339
Restricted cash, cash equivalents and investments:					
Cash and cash equivalents	14,741,717	-	-	14,741,717	-
Accrued interest receivable	7,290	-	-	7,290	-
Receivables (net)					
Accounts	19,514,173	1,534,943	293,888	21,343,004	123,039
Interest	53,657	3,561	9,056	66,274	31,807
Due from other funds	429,911	36,837	20,287	487,035	2,977,168
Due from other governmental units	310,030	-	415,874	725,904	260,006
Inventory	878,432	-	-	878,432	538,770
Prepaid expenses	-	-	-	-	100,000
Net Pension Asset	13,537,883	518,827	2,677,123	16,733,833	10,910,126
Total current assets	<u>157,732,056</u>	<u>9,281,989</u>	<u>21,691,235</u>	<u>188,705,280</u>	<u>79,132,255</u>
Noncurrent assets					
Contracts receivable	3,716,777	-	-	3,716,777	-
Noncurrent capital assets held for resale	2,455,839	-	-	2,455,839	-
Capital assets					
Land and land improvements	39,240,572	468,657	484,202	40,193,431	-
Intangible - Easements	18,586,838	-	-	18,586,838	-
Construction in progress	39,464,473	-	17,729	39,482,202	817,510
Infrastructure and other improvements	652,344,877	78,937	3,519,445	655,943,259	-
Buildings	10,745,691	13,497,441	9,517,252	33,760,384	-
Intangible assets	9,930,732	128,712	1,837,338	11,896,782	7,744,372
Machinery and equipment	25,371,729	2,053,216	324,321	27,749,266	44,117,965
Accumulated depreciation	<u>(349,063,439)</u>	<u>(8,016,444)</u>	<u>(7,727,842)</u>	<u>(364,807,725)</u>	<u>(29,327,891)</u>
Capital assets (net)	<u>446,621,473</u>	<u>8,210,519</u>	<u>7,972,445</u>	<u>462,804,437</u>	<u>23,351,956</u>
Total noncurrent assets	<u>452,794,089</u>	<u>8,210,519</u>	<u>7,972,445</u>	<u>468,977,053</u>	<u>23,351,956</u>
Total assets	<u>610,526,145</u>	<u>17,492,508</u>	<u>29,663,680</u>	<u>657,682,333</u>	<u>102,484,211</u>
DEFERRED OUTFLOWS OF RESOURCES					
Amounts Related to Asset Retirement Obligations	1,060,458	-	6,522	1,066,980	71,695
Amounts related to pension	1,787,114	68,489	353,403	2,209,006	1,440,228
Total deferred outflows of resources	<u>2,847,572</u>	<u>68,489</u>	<u>359,925</u>	<u>3,275,986</u>	<u>1,511,923</u>

The notes to the financial statement are an integral part of this statement

CITY OF VANCOUVER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2021

	Consolidated Water Sewer Fund	Parking Services	Non-Major Enterprise Funds	Total	(Governmental Activities) Internal Service Funds
LIABILITIES					
Current liabilities					
Accounts payable	8,885,585	95,328	447,745	9,428,658	1,412,242
Claims and judgments payable	-	-	-	-	3,188,325
Due to other funds	805,115	160,143	188,055	1,153,313	1,256,483
Accrued interest payable	-	7,274	-	7,274	-
Accrued liabilities	518,259	12,632	132,160	663,051	1,020,839
Custodial accounts	11,273	7,682	61,440	80,395	4,007
Unearned revenues	2,694	197,866	129,458	330,018	17,151
Bonds, notes and loans payable	-	785,000	-	785,000	-
Total current liabilities	10,222,926	1,265,925	958,858	12,447,709	6,899,047
Noncurrent liabilities					
Bonds, notes and loan payable	-	2,465,000	-	2,465,000	-
Claims and judgments	-	-	-	-	6,121,054
Accrued employee benefits	2,660,292	74,702	491,751	3,226,745	1,851,814
Net pension liability	1,292,071	49,517	255,508	1,597,096	1,041,274
Asset Retirement Obligations	2,318,200	-	150,000	2,468,200	450,000
Total noncurrent liabilities	6,270,563	2,589,219	897,259	9,757,041	9,464,142
Total liabilities	16,493,489	3,855,144	1,856,117	22,204,750	16,363,189
DEFERRED INFLOWS OF RESOURCES					
Amounts related to pension	14,049,911	538,450	2,778,378	17,366,739	11,322,769
Total deferred inflows of resources	14,049,911	538,450	2,778,378	17,366,739	11,322,769
NET POSITION					
Net investment in capital assets	446,621,474	4,960,519	7,972,444	459,554,437	23,351,958
Restricted for capital purposes	13,909,347	-	-	13,909,347	360,000
Unrestricted	122,299,496	8,206,884	17,416,666	147,923,046	52,598,218
Total net position	\$ 582,830,317	\$ 13,167,403	\$ 25,389,110	\$ 621,386,830	\$ 76,310,176

The notes to the financial statement are an integral part of this statement

CITY OF VANCOUVER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2021

	Consolidated Water Sewer Fund	Parking Services	Non-Major Enterprise Funds	Total	(Governmental Activities) Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 124,310,850	\$ 302,454	\$ 13,584,230	\$ 138,197,534	\$ 68,203,021
Fines and penalties	82,504	448,715	-	531,219	-
Rents and royalties	564,741	2,861,606	694,770	4,121,117	7,196,550
Operating grants and contributions	834,263	-	137,697	971,960	(611,434)
Miscellaneous	431,745	10,699	(240)	442,204	131,598
Total operating revenues	<u>126,224,103</u>	<u>3,623,474</u>	<u>14,416,457</u>	<u>144,264,034</u>	<u>74,919,735</u>
OPERATING EXPENSES					
Personnel services	17,834,091	780,749	3,783,385	22,398,225	16,234,412
Supplies and contractual services	19,387,385	825,886	2,929,130	23,142,401	42,129,745
Interfund services	12,366,275	321,751	2,320,742	15,008,768	5,789,293
Intergovernmental payments	38,925,344	67,025	6,128	38,998,497	193,604
Depreciation	14,896,522	633,527	424,700	15,954,749	3,917,011
Amortization of ARO deferred outflows	46,820	-	6,522	53,342	28,678
Total operating expenses	<u>103,456,437</u>	<u>2,628,938</u>	<u>9,470,607</u>	<u>115,555,982</u>	<u>68,292,743</u>
Operating income (loss)	22,767,666	994,536	4,945,850	28,708,052	6,626,992
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	54,409	(13,721)	(31,913)	8,775	6,613
Interest and fiscal charges	(135,600)	(162,470)	-	(298,070)	-
Gain (Loss) on disposal of capital assets	124,510	1,731,249	-	1,855,759	359,324
Non-capital insurance recoveries	-	-	-	-	126,681
Total nonoperating revenues (expenses)	<u>43,319</u>	<u>1,555,058</u>	<u>(31,913)</u>	<u>1,566,464</u>	<u>492,618</u>
Income (loss) before contributions and transfers	22,810,985	2,549,594	4,913,937	30,274,516	7,119,610
Capital contributions	21,427,223	-	411,210	21,838,433	-
Transfers in	82,238	8,211	10,755	101,204	2,365,666
Transfers out	<u>(59,199)</u>	<u>(977)</u>	<u>(166,004)</u>	<u>(226,180)</u>	<u>(26,578)</u>
Change in net position	44,261,247	2,556,828	5,169,898	51,987,973	9,458,698
TOTAL NET POSITION - BEGINNING	<u>538,569,070</u>	<u>10,610,575</u>	<u>20,219,212</u>	<u>569,398,857</u>	<u>66,851,478</u>
TOTAL NET POSITION - ENDING	<u>\$ 582,830,317</u>	<u>\$ 13,167,403</u>	<u>\$ 25,389,110</u>	<u>\$ 621,386,830</u>	<u>\$ 76,310,176</u>

The notes to the financial statements are an integral part of this statement

CITY OF VANCOUVER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2021

Page 1 of 2

	Business-Type Activities - Enterprise Funds				(Governmental Activities)
	Major Fund		Non-Major Enterprise Funds	Total	Internal Service Funds
	Consolidated Water Sewer	Parking Services			
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 123,779,470	\$ 3,171,784	\$ 14,186,893	\$ 141,138,147	\$ 75,544,444
Cash received from other operating activities	287,921	454,171	899	742,991	134,787
Receipt of operating grants and contributions	834,263	-	110,539	944,802	-
Cash payments for goods and services	(61,101,245)	(782,125)	(2,540,982)	(64,424,352)	(42,997,114)
Internal activity - payments from other funds	5,819	(36,320)	(20,287)	(50,788)	-
Internal activity - payments to other funds	(11,909,659)	(175,045)	(2,202,315)	(14,287,019)	(6,928,391)
Cash payments to employees	(23,276,380)	(962,129)	(4,827,169)	(29,065,678)	(20,654,184)
Net cash provided by operating activities	28,620,189	1,670,336	4,707,578	34,998,103	5,099,542
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Unrestricted funds received	-	-	-	-	-
Non-capital insurance recoveries	-	-	-	-	126,681
Contracts receivable	147,308	-	-	147,308	-
Contributions from contracted service provider	-	-	-	-	-
Transfers from other funds	82,238	8,211	10,755	101,204	2,365,666
Transfers to other funds	(59,199)	(977)	(166,004)	(226,180)	(26,578)
Net cash provided by noncapital financing activities	170,347	7,234	(155,249)	22,332	2,465,769
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Receipt of capital grant funds	-	-	(358,697)	(358,697)	-
Principal paid on capital debt	-	(1,910,000)	-	(1,910,000)	-
Interest paid on capital debt	-	(3,979)	-	(3,979)	-
Purchase of capital assets	(24,108,746)	1,714,508	(183,400)	(22,577,638)	(3,273,603)
Proceeds from sale of capital assets	124,510	1,731,249	-	1,855,759	359,324
Capital contributions	11,996,006	-	-	11,996,006	-
Net cash used by capital and related financing activities	(11,988,230)	1,531,778	(542,097)	(10,998,549)	(2,914,279)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment earnings (losses)	(88,663)	(177,822)	(34,326)	(300,811)	2,469
Net cash provided by investing activities	(88,663)	(177,822)	(34,326)	(300,811)	2,469
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,713,643	3,031,526	3,975,906	23,721,075	4,653,501
CASH AND CASH EQUIVALENTS - BEGINNING	106,287,037	4,156,295	14,299,101	124,742,433	59,537,838
CASH AND CASH EQUIVALENTS - ENDING	\$ 123,000,680	\$ 7,187,821	\$ 18,275,007	\$ 148,463,508	\$ 64,191,339
Cash and cash equivalents	\$ 108,258,965	\$ 7,187,821	\$ 18,275,007	\$ 133,721,793	\$ 64,191,339
Restricted cash and cash equivalents	14,741,715	-	-	14,741,715	-
Cash and cash equivalents - ending	\$ 123,000,680	\$ 7,187,821	\$ 18,275,007	\$ 148,463,508	\$ 64,191,339

The notes to the financial statements are an integral part of this statement.

CITY OF VANCOUVER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2021

Page 2 of 2

	Business-Type Activities - Enterprise Funds				(Governmental Activities)
	Major Fund		Non-Major Enterprise Funds	Total	Internal Service Funds
	Water/Sewer	Parking Services			
Reconciliation of operating income (loss) to net cash used by operating activities:					
Net operating income (loss)	\$ 22,767,666	\$ 994,536	\$ 4,983,651	\$ 28,745,853	\$ 6,626,992
Adjustments to reconcile net operating income (loss) to net cash provided by operations:					
Depreciation expense	14,896,522	633,527	424,700	15,954,749	3,917,011
Decrease (increase) in receivables	(777,671)	11,602	(133,019)	(899,088)	353,568
Increase (Decrease) in deposits	(13,991)	(5,243)	130	(19,104)	-
Decrease (increase) in inventories	17,887	-	-	17,887	(31,023)
Decrease (increase) in prepaid assets	-	-	-	-	-
Increase (decrease) in current payables	(2,821,212)	25,099	252,622	(2,543,491)	(272,459)
Increase (decrease) in accrued liabilities	12,330,480	573,044	2,372,318	15,275,842	9,802,870
Decrease (increase) in receivable from other funds	5,819	(36,320)	(20,287)	(50,788)	(2,640,732)
Decrease (increase) in receivable from other government	(212,337)	-	19,360	(192,977)	746,025
Increase (decrease) in payables due to other funds	456,616	146,706	118,427	721,749	883,367
Increase (decrease) in payable to other government	-	-	-	-	-
Increase (decrease) in claims and judgments payable	-	-	-	-	203,844
Increase (decrease) in pension liability	(18,029,590)	(672,615)	(3,310,324)	(22,012,529)	(14,489,921)
Total adjustments	<u>5,852,523</u>	<u>675,800</u>	<u>(276,073)</u>	<u>6,252,250</u>	<u>(1,527,450)</u>
Net cash provided by operating activities	<u>\$ 28,620,189</u>	<u>\$ 1,670,336</u>	<u>\$ 4,707,578</u>	<u>\$ 34,998,103</u>	<u>\$ 5,099,542</u>
Noncash, investing, financing and capital activities					
Capital assets donated	\$ 9,431,217	\$ -	\$ 411,210	\$ 9,842,427	\$ -
Net change in fair value of investments	\$ (412,890)	\$ (21,173)	\$ (55,587)	\$ (489,650)	\$ (196,136)
Capital assets financed with accounts payable	\$ 4,864,286	\$ -	\$ -	\$ 4,864,286	\$ -

The notes to the financial statements are an integral part of this statement.

CITY OF VANCOUVER
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2021

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 1,062,929
Receivables:	
Accounts	-
Taxes	166,959
Interest	526
Total assets	<u>1,230,414</u>
LIABILITIES	
Accounts and accrued employee payables	<u>3,914</u>
Total liabilities	<u>3,914</u>
NET POSITION	
Restricted for:	
Restricted for intergovernmental contracts	<u>1,226,500</u>
Total net position	<u><u>\$ 1,226,500</u></u>

The notes to the financial statements are an integral part of this statement

CITY OF VANCOUVER
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended December 31, 2021

	Custodial Funds
ADDITIONS	
Licenses & Permits	\$ 689,783
Net increase in fair value of investments	(3,682)
Investment Interest	2,535
Total additions	<u>688,636</u>
DEDUCTIONS	
Intergovernmental services	<u>770,870</u>
Total deductions	<u>770,870</u>
Change in net position	(82,234)
Net position - beginning	<u>1,308,734</u>
Net position - ending	<u><u>\$ 1,226,500</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Vancouver (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. REPORTING ENTITY

The City was incorporated January 23, 1857 and operates under a Council-Manager form of government. Services are provided per its charter adopted February 10, 1952, as last amended November, 2019.

As required by the generally accepted accounting principles (GAAP) the financial statements present the City, the primary government, and its component units. The component units discussed below are included with the City because of the significance of their operational or financial relationships with the City.

Discretely Presented Component Units

The *Vancouver Public Facilities District* (PFD) is a special purpose government established to participate in the development of the Hotel/Convention Center in downtown Vancouver. The PFD board is comprised of five (5) members appointed by the City Council of Vancouver. The City is able to impose its will on the district; however, PFD's services do not exclusively or almost exclusively benefit the City of Vancouver. Therefore, financial statements are discretely presented in the City's annual financial report on the government-wide statements.

The *Downtown Redevelopment Authority* (DRA) is a special purpose government established in 1997 to plan, design, finance, acquire, construct, equip, own, maintain, operate, repair, remodel, expand, and promote the Vancouver Convention Center and Hotel Project. The DRA Board is composed of seven (7) members who are appointed by the City Council of Vancouver to four-year terms. The City is able to impose its will on the authority; however, the DRA's services do not exclusively or almost exclusively benefit the City of Vancouver. Therefore, financial statements are discretely presented in the City's annual financial report on the government-wide statements.

The *City Center Redevelopment Authority* (CCRA) is an independent legal entity. On February 27, 2006, the Vancouver City Council passed Ordinance M-3739 creating the CCRA. The CCRA board is responsible for overseeing downtown redevelopment consistent with the Vancouver City Center Vision (VCCV) plan. The board advises the mayor and city council on public-private partnerships, public assistance to private developments, and the business aspects of redevelopment projects and agreements in downtown Vancouver. However, since it has no employees and only provides advisory services, it does not have any reportable assets or operational transactions and therefore is not shown in the financial statement portion of this report.

Blended Component Unit

The *Vancouver Transportation Benefit District* (TBD) is presented as a blended component unit of the City and reported as a special revenue fund. On November 2, 2015, the Vancouver City Council passed Ordinance M-4139 creating the TBD. Boundaries for TBD are identical to the City limits. TBD is a separate legal entity, but has the same governance as the City of Vancouver. Through an Interlocal agreement, funds generated from a vehicle registration fee will be passed to the City and used for transportation improvements that construct, reconstruct, preserve, maintain and operate the existing transportation infrastructure of the City of Vancouver consistent with the Revised Code of Washington (RCW) 36.73.

The Culture, Arts and Heritage Commission was created in September 2019. Its purpose is to undertake and facilitate the development and promotion of cultural, arts and heritage environment in the City of Vancouver through programs, community partnerships and advisory services to the City. It is managed by a nine member board appointed by the City Council. During 2020, the commission did not have any reportable assets, operational transaction or a separate fund.

Unless noted otherwise in this report, the accounting policies of the component units are consistent with those described for the primary government. PFD, DRA and TBD issue separate financial statements which can be obtained from the City of Vancouver, Financial and Management Services, PO Box 1995, Vancouver, WA 98668-1995.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide financial statements (Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Our policy is to allocate indirect costs to specific functions. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are

CITY OF VANCOUVER

NOTES TO THE BASIC FINANCIAL STATEMENTS

restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Separate fund financial statements are provided for governmental funds, enterprise funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Starting for 2020 reporting, reported funds that include multiple budgeted funds used in daily accounting have the word "consolidated" added to their title.

The City reports the following major governmental funds:

The *Consolidated General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Consolidated Fire Fund* accounts for money received and the expenditures made in providing fire services to the combined City fire departments and Clark County Fire Protection District No. 5 service area. The significant resources accounted for in this fund are intergovernmental revenue from Fire District No. 5, charges for services, licenses and permits and an operating transfer from the City's General Fund.

The *Consolidated Street Fund* is a general government service fund established in accordance pursuant to Revised Code of Washington (RCW) 35A.37.010 for the administration of street-oriented maintenance and construction. Revenues are derived from tax contributions distributed from the General Fund, state shared gasoline tax, fines and fees.

The *Consolidated Capital Improvement Fund* is to fund major capital improvement projects. Funding is currently derived from interest income, grants and contributions from the General Fund.

The *Consolidated Parks Impact Fees Fund* was established in 1995 to account for the accumulation and disposition of impact fees assessed against new development under the Growth Management Act of 1990.

The *American Rescue Plan Act Fund* was established in 2021 to account for a Department of Treasury grant utilized for Coronavirus recovery activities.

The *GO Debt Service Fund* was established to accumulate monies for the payment of general obligation debt of the City of Vancouver.

The City reports the following major proprietary funds:

The *Consolidated Water Sewer Fund* accounts for the City's utility activities. Revenues are received from water and sewer services provided. Expenses are comprised of maintenance and extensions of drainage, water and sewer service facilities, operating a water supply system, maintaining sewer treatment plants and operating a water drainage system. This fund also encompasses the accounting for revenue bonds outstanding, the funds available for redemption of bonds, cumulative reserve and construction funds.

The *Parking Services Fund* accounts for revenues received from operations of City owned or operated public parking spaces. Expenses are directly related to the operations and maintenance of those facilities.

Additionally, the City reports the following fund types:

Special revenue funds account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes.

Debt service funds account for the accumulation of resources for and payments of general long-term debt principal and interest, except those required to be accounted for in another fund.

Capital project funds account for the acquisition or development of capital facilities for governmental activities. Their major sources of revenues are from proceeds from general obligation bonds, grants from other agencies and contributions from other funds.

Internal service funds account for services provided to other departments or agencies of the government, or to other governments on a cost reimbursement basis. The internal service funds account for the activities of health insurance for employees, fleet, facilities replacement, mail distribution, liability insurance, workers' compensation insurance, and technology services.

Fiduciary funds represent assets held in a trustee or custodial capacity for others and do not report results of operations. The City acts as the collection and disbursing agent for the PEG Capital Support Fund.

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

Government-wide and Governmental Funds

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Governmental fund financial statements report the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The City considers property taxes available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary Funds

The proprietary statements are reported using the economic resources measurement focus and full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liability is incurred regardless of the timing of the cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water/Sewer and non-major enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. BUDGETARY INFORMATION

1. Scope of Budget

Biennially appropriated budgets are adopted for all funds on the accrual basis of accounting. Budgets for debt service and capital project funds are adopted at the level of the individual debt issue or project and for fiscal periods that correspond to the lives of debt issues or projects.

Other budgets are adopted at the level of the fund, except in the general (current expense) fund, where expenditures may not exceed appropriations at the department level and the budgets constitute the legal authority for expenditures at that level.

Appropriations for general and special revenue funds lapse at year-end (except for appropriations for capital outlays, which are carried forward from year to year until fully expended or the purpose of the appropriation has been accomplished or abandoned).

Encumbrances accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservation of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

2. Amending the Budget

The City Manager or his designee is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that increase the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, or other conditions of employment must be approved by the City Council.

When the City Council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund or department, it may do so by ordinance approved by one more than the majority after holding public hearings.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

3. Excess of Expenditures over Appropriations

The City has not had any occurrences of excesses of expenditures over appropriations for the 2021-2022 biennium budget period.

CITY OF VANCOUVER

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. Deficit Funds Net Position

At December 31, 2021, the American Rescue Plan Act fund had a deficit fund balance of \$(40,917) due to investment losses not funded with grant funds. The City will determine how to fund any future investments losses in lieu of utilizing grant funds. Also, a nonmajor capital projects fund is reporting a deficit fund balance of \$(1,823) due to investment losses of \$698 and an expenditure in excess of resources of \$1,125.

Vancouver Downtown Redevelopment Authority (DRA), a component unit of the City, had a deficit in the fund net position of \$(11.54) million. The DRA activities involve the operation of a hotel and convention center in the City's central downtown area. This is a cashflow based project and the negative net position balance is primarily attributed to accumulated depreciation, a non-cash item. Additionally, during the recession the economic environment had a negative impact on the convention and lodging business which is also reflected in the net position change. Deep cost-cutting measures have been put in place now for many years. The Board and the management of the DRA as well as the project monitor activities monthly. A series of revenue generating guidelines and on-going expense reductions have been implemented. **The impact of COVID-19 significantly affected operations in 2021 resulting in a larger deficit fund net position when compared to 2020.**

E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Cash and Cash Equivalents

It is the City's policy to invest all temporary cash surpluses. At December 31, 2021, the treasurer was holding \$536.0 million for the primary government and component units in short-term residual investments of surplus cash. This amount is classified on the balance sheet as cash and cash equivalents in various funds. The interest on these investments is prorated to the various funds and component units.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

2. Investments

See Note 3, *Deposits and Investments*

3. Receivables

Taxes receivable consists of property taxes and related interest and penalties (See Note 14, *Property Tax*). Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year.

Special assessments are recorded when levied. Special assessments receivable consists of current and delinquent assessments and related interest and penalties. As of December 31, 2021, \$3,145 of special assessments receivable were delinquent.

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. Notes and contracts receivable consist of amounts owed on open account from private individuals or organizations for goods and services rendered. Unbilled utility service receivables and special assessments that are liens against property are recorded at year end.

4. Amounts Due to and from Other funds and Government's, Interfund Loans and Advances Receivable

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund loans receivable/payable or advances to/from other funds. All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances. A separate schedule of interfund loans receivable and payable is furnished in Note 5, *Interfund Balances and Transfers*.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

5. Inventories

Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as expenditure at the time individual inventory items are purchased. The reserve for inventory is equal to the ending amount of inventory to indicate that a portion of the fund balance is not available for future expenditures. A comparison to market value is not considered necessary. Inventories in proprietary funds are valued by the weighted average method (which approximates the market value).

CITY OF VANCOUVER

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. Restricted Assets and Liabilities

Reported in *Restricted cash, cash equivalents and investments* and *Restricted accrued interest receivable*, these accounts contain resources for construction and debt service, including current and delinquent special assessments receivable. The specific debt service reserve requirements, restricting the assets, are described in Note 7, *Long-Term Debt*.

As of the financial statement presentation date, the proprietary funds' restricted assets consist of \$14.74 million in restricted cash and equivalents, and \$7,290 in restricted interest receivable.

7. Capital Assets

Capital assets include property, plant, equipment (PP&E) and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 for PP&E, \$100,000 for infrastructure and \$5,000 for federally funded assets that have an estimated useful life in excess of one (1) year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. However, buildings are not componentized.

The costs for normal maintenance and repairs are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

PP&E of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

Asset Category	Useful Life
Buildings	40
Infrastructure	15-40
Structures	20
Leasehold Improvements	5
Utility Improvements	5-60
Other Improvements	5-30
Rolling Stock	5-15
Information Tech Equipment	4
Equipment	5-15
Software (Intangibles)	5

For additional detail, see Note 4, *Capital Assets*.

8. Deferred Outflows/Inflows of Resources

The purpose of deferred items is shown on the face of the financial statements.

9. Compensated absences

Compensated absences are absences for which employees will be paid upon resignation and/or retirement or death, such as vacation leave. All compensated absences are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

Depending on the bargaining unit or exempt status and years of service, City employees can accumulate certain amounts of earned but unused absence time. The payoff amount for PTO and vacation at separation is limited by schedule based on longevity of the incumbent. The City also reports a liability for certain types of sick leave accrual equal to 50% of the accrued balance. Sick leave that is payable is limited to 50% of their accrual or 25% depending on their standing when they leave the City. See Note 8, *Changes in Long Term Liabilities*.

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Amounts reported as restricted for pensions are consistent with amounts reported as net pension assets.

CITY OF VANCOUVER

NOTES TO THE BASIC FINANCIAL STATEMENTS

11. Other Accrued Liabilities

These accounts consist of accrued wages and employee related benefits and liabilities.

12. Long-term Debt

See Note 8, *Changes in Long Term Liabilities*.

13. Unearned revenues

This includes amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criteria have not been met.

14. Miscellaneous revenues

Reported on several statements, miscellaneous revenues represent operating and nonoperating immaterial revenues that have not been separately identified on the face of the statements. For the City, these mostly represent employer trust contributions, contracted contributions towards debt service from external parties, sale of non-capital surplus, confiscated and forfeited property, small judgements and settlements, unclaimed money and property, nonsufficient funds (NSF) fees, and cashier over/short adjustments

15. Fund Balance Classification and Net Position

Governmental funds report fund equity as fund balance where proprietary funds and government-wide statements report fund equity as net position. Fund balance is either the net investment in capital assets, nonspendable, restricted, committed, assigned and/or unassigned.

Net investment in capital assets represents total capital assets plus deferred outflows of unamortized amounts on refunding less accumulated depreciation less debt directly related to capital assets less unspent bond proceeds.

Restricted net position represents resources whose use is *not* subject solely to the government's own discretion. Restrictions may be placed on net position by an external third party that provided the resources, by laws or regulations of other governments, by enabling legislation, by endowment agreements, or by the nature of the asset.

Unrestricted net position represents amounts not included in other net position categories and is shown as either surplus or a deficit.

Nonspendable fund balance represents resources that are either in a nonspendable form or are legally or contractually required to be maintained intact, such as inventories and prepaid items.

Restricted fund balance represents resources that are either: (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance represents resources that can be used only for specific purposes with constraints imposed by resolutions and ordinances approved by the highest level of decision-making authority, the City Council.

Assigned fund balance represents amounts not included in other fund balance categories for all funds except the General Fund. For the General Fund, assigned fund balance represents surplus remaining that is intended for a specific use but has not been committed as described above. Per the City's fund balance administrative policy, the City Manager, Assistant City Manager and the Finance Director have the authority to assign amounts.

Unassigned fund balance represents the deficient balance resulting from overspending for specific purposes for all funds except the General Fund. For the General Fund, assigned fund balance represents amounts not included in other fund balance categories and is shown as a surplus or deficit.

When expenditures are incurred for purposes for which both restricted and unrestricted net position are available, restricted monies are applied to the cost first in the calculation of net position. When expenditures are incurred for purposes for which restricted, committed, assigned and/or unassigned fund balance are available, monies are applied to the cost in that order for the calculation of ending fund balance.

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

16. Fund Balance Details

The specific purpose of the nonspendable, restricted, committed and assigned governmental fund balances is presented below:

	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	American	Non-major	Total
Fund Balance Classifications	General Fund	Fire Fund	Street Fund	Capital Improvement Fund	Park Impact Fees Fund	Rescue Plan Act Fund	Governmental Funds	Governmental Funds
Nonspendable								
Inventory	\$ 774	\$ -	\$ -	\$ -	\$ -		\$ -	\$ 774
Long-term Receivables	\$ 550,041	\$ -	\$ -	\$ -	\$ -		\$ -	\$ 550,041
Prepays	\$ 157,972	\$ -	\$ -	\$ -	\$ -		\$ -	\$ 157,972
	<u>708,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>708,787</u>
Restricted								
Federal grants	139,160	-	-	-	-		7,687,329	7,826,489
Capital purposes	-	-	-	-	-		49,050,660	49,050,660
Economic Development	-	-	-	-	-		26,612,071	26,612,071
Security/safety services	-	-	-	-	-		2,688,238	2,688,238
Pension and OPEB	19,375,554	-	-	-	-		-	19,375,554
Debt service	-	-	-	-	-		53,481	53,481
Culture and recreation	-	-	-	-	12,272,689		-	12,272,689
	<u>19,514,714</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,272,689</u>		<u>86,091,779</u>	<u>117,879,182</u>
Committed								
Working capital	614,425	14,516,510	-	-	-		-	15,130,935
Debt Service	-	-	-	-	-		-	-
Capital purposes	-	-	-	-	-		-	-
Emergency reserves	14,123,647	-	-	-	-		-	14,123,647
Revenue stabilization	4,424,909	-	-	-	-		-	4,424,909
Economic Programs	-	-	-	-	-		3,330,000	3,330,000
Cemetery	-	-	-	-	-		477,540	477,540
Street-oriented Maintenance and construction	-	-	7,128,821	2,939,102	-		-	10,067,923
	<u>19,162,981</u>	<u>14,516,510</u>	<u>7,128,821</u>	<u>2,939,102</u>	<u>-</u>		<u>3,807,540</u>	<u>47,554,954</u>
Assigned								
Federal grants	-	-	-	-	-	-	-	-
Capital purposes	-	-	-	45,627,485	-		6,195,647	51,823,132
Debt service	-	-	-	-	-		3,703	3,703
Economic development	-	-	-	-	-		1,112,839	1,112,839
Cemetery	-	-	-	-	-		27,699	27,699
Security/safety services	396,202	1,593,088	-	-	-		305,128	2,294,418
Street-oriented maintenance and construction	-	-	15,423,589	-	-		1,840,746	17,264,335
Culture and recreation	881,466	-	-	-	-		1,866,876	2,748,342
Compensated absences	-	-	-	-	-		-	-
	<u>1,277,668</u>	<u>1,593,088</u>	<u>15,423,589</u>	<u>45,627,485</u>	<u>-</u>	<u>-</u>	<u>11,352,638</u>	<u>75,274,468</u>
Unassigned	<u>104,708,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,917)</u>	<u>-</u>	<u>104,667,151</u>
Total	<u>\$ 145,372,218</u>	<u>\$ 16,109,598</u>	<u>\$ 22,552,410</u>	<u>\$ 48,566,587</u>	<u>\$ 12,272,689</u>	<u>\$ (40,917)</u>	<u>\$ 101,251,957</u>	<u>\$ 346,084,542</u>

*Minor differences may exist due to rounding.

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

Additionally, the reported General Fund is composed of the general fund from the ledger and several smaller funds. The following table shows the breakout of the general fund from the other funds of the reported fund on the statements:

<u>Fund Balance</u>	<u>General fund from ledger</u>	<u>Other funds included in roll-up</u>	<u>Total</u>
Nonspendable	608,787	100,000	708,787
Restricted	139,160	19,375,554	19,514,714
Committed	18,548,557	614,424	19,162,981
Assigned	881,466	396,202	1,277,668
Unassigned	104,708,169	(101)	104,708,068
	\$ 124,886,139	\$ 20,486,079	\$ 145,372,218

*Minor differences may exist due to rounding.

17. Minimum Fund Balance

The City has a minimum target policy for operating funds, equal to 60-90 days of the cost of operations.

18. Stabilization Arrangements

The city reports two stabilization arrangements, both as Consolidated General Fund committed fund balances, emergency reserves and revenue stabilization. These reserves were committed by Council Resolution M-3370 and adopted on May 7, 2012. The Financial Policies are reviewed with City Council every two years, during the budget adoption process, and are re-affirmed at budget adoption.

The emergency reserve is specifically to be used for large-scale events where damage in excess of \$1 million is incurred, and immediate, remedial action must be taken to protect the health and safety of residents (e.g. major flood, earthquake, etc.).

Revenue stabilization funds are specifically used to provide funding to temporarily offset the cost of unexpected external mandates and/or reductions in City revenues to ensure the City has adequate time to restructure its operations in a deliberate manner to ensure continuance of critical city activities.

19. Use of Estimates

These financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP), requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates and assumptions.

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2. ACCOUNTING AND REPORTING CHANGES

For the fiscal year ended December 31, 2021, the City implemented the following GASB Pronouncements:

- **GASB Statement No. 89, *Accounting for Interest-cost Incurred before the End of a Construction period*.** There were no financial impacts on the City's financial statements due to this implementation.

The following GASB pronouncements have been issued, but are not yet effective as of December 31, 2021, some as a result of GASB 95 postponement of certain effective dates:

- **GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for IRC 457***
- **GASB Statement No. 96, *Subscription-based Information Technology Arrangements***
- **GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.**
- **GASB Statement No. 93, *Replacement of Interbank Offered Rates***
- **GASB Statement No. 92, *Omnibus 2020***
- **GASB Statement No. 91, *Conduit Debt Obligations***
- **GASB Statement No. 87, *Leases***

The City of Vancouver will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The City has not yet determined if the above listed new GASB pronouncements will have a significant financial impact to the City or in issuing its financial statements.

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS

A. Deposits

The carrying amount of the City's deposits, including certificates of deposit, was \$6,670,598 and the bank balance was \$7,371,460.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the City would not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The City's deposits are covered by federal depository insurance (FDIC) and by the Washington Public Deposit Protection Commission (PDPC). The City has a policy for deposit custodial credit risk. All of the City's funds as of fiscal yearend are held within insured bank accounts.

B. Investments

The City maintains an Internal Investment Pool. The Pool has an average maturity of approximately ten months. Some funds are invested for the benefit of the respective fund. Remaining monies are aggregated in a residual account and invested in the pool for the benefit of all funds. As required by state law, all investments of the City funds are obligations of the U.S. Government, U.S. agency issues, the State Treasurer's Investment Pool. Regulatory oversight is performed by the CFO, the Treasurer, and the Treasury accountant. At the times when City funds are invested in the State Treasurer's Investment Pool, the only limitation on withdrawal is a 24 hour notice for withdrawal of amounts. For the State Treasurer's Investment Pool the notice is required for amounts in excess of \$10 million. Because we are a government, at this point, we do not need any other type of regulatory oversight.

As of December 31, 2021, the fair value of the City's investment portfolio was \$546,747,355 of which \$7,263,498 was invested on behalf of the Firemen's Pension Fund, and \$539,483,856 was invested in the City's Internal Investment Pool for the benefit of all funds. Investments of pension funds are not subject to the preceding limitations under state law. The fair value of the investment portfolio is obtained through the City's third-party safekeeping custodian, US Bank Corporate Trust Services, who obtains pricing on Federal Agencies and Corporate Bonds through ICE Intercontinental Exchange Quotes, and uses Standard & Poor's for pricing Municipal Bonds.

Investments are subject to the following risks.

Interest Rate Risk: Interest rate risk is the risk the City may face should interest rate variances affect the fair value of investments. In accordance with its investment policy, the City manages its exposure to declines in fair values by keeping the average maturity of its investment portfolio to less than two years.

		Investment Maturities (in Years)			
		amounts in thousands			
Investment Type	Fair Value	Less Than 1	1 to 5	6 to 10	More than 10
Debt Securities					
U.S. Agencies	196,971	-	196,971	-	-
Municipals	43,607	22,769	20,838	-	-
Total Debt Securities	\$ 240,578	\$ 22,769	\$ 217,809	-	-
Other Securities					
Local Government Investment Pool	306,170	306,170	-	-	-
Total Investments	\$ 546,748	\$ 328,939	\$ 217,809	-	-

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To limit risk, Washington State law and the City of Vancouver's investment policy limits the amount of the portfolio invested in commercial paper, banker's acceptances, and corporate bonds. It is the City's policy to limit its credit risk by only investing in commercial paper or banker's acceptances with a credit rating of A1 or P1, and investing in corporate bonds for the pension fund, with a credit rating of "A" or better (or equivalent) by nationally recognized statistical rating organizations.

At December 31, 2021, the City's investments (in thousands) had the following credit quality distribution for securities with credit exposure:

Investment Type	Fair Value	Not Rated	AAA	AA	A
U.S. Government Agencies	196,971	-	196,971	-	-
Municipal Bonds	43,607	6,197	6,795	14,048	16,567
State Pool	306,170	306,170	-	-	-
Total	\$ 546,748	\$ 312,367	\$ 203,766	\$ 14,048	16,567

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributable to the magnitude of an investment in a single issuer. The City places limits on the amount it may invest in any one issuer depending on the security type of the investment. At the end of 2021, the City's portfolio had the following concentration of securities in it:

- 0.91% of Federal National Mortgage Association
- 15.91% of Federal Farm Credit Bank
- 9.14% of Federal Home Loan Bank
- 8.23% of Federal Home Loan Mortgage Corporation
- 56.00% of Washington State LGIP
- 7.98% in various Municipal Bonds

The City has several investments in government-sponsored enterprises which are not explicitly backed by the federal government. However, the federal government has provided significant support by increasing its investments in Federal National Mortgage Association and Federal Home Loan Mortgage Corporation and stated they would not allow these enterprises to fail.

Investments in Local Government Investment Pool (LGIP)

The City is a participant in the Local Government Investment Pool was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASBS 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose fees on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov>.

Investments Measured at Fair Value

The Washington State Investment Pool operates within the parameters outlined in GASB 79, and qualifies to report investments at amortized cost. The City measures and records its other investments at fair value using the valuation input hierarchy established by generally accepted accounting principles, as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable. The values are provided by US Bank, the City's trust bank.
- Level 3: Unobservable inputs for an asset or liability. Securities are valued using the rates and values provided by the State of Washington LGIP.

At December 31, 2021, the City had the following recurring fair value and amortized cost measurement investments (in thousands):

Investment Type	Level 1	Level 2	Level 3	Amortized Cost	Total Value
State Pool	-	-	-	306,170	306,170
Federal Agency Coupon Securities	-	196,971	-	-	196,971
Municipal Bonds	-	43,607	-	-	43,607
Total Fair Value	-	\$ 240,578	-	\$ 306,170	\$ 546,748

* Fair value of pooled investments does not include adjustments made for accrued interest distributed to pooled participants.

Investment Type	Fair Value	Amortized Cost	Total Value	Weighted Average Maturity (Years)	Percent of Portfolio
State Pool	-	306,170	306,170	0.009000	56.00%
Federal Agency Coupon Securities	196,971	-	196,971	7.077000	36.03%
Municipal Bonds	43,607	-	43,607	3.814000	7.98%
Total Fair Value	\$ 240,578	\$ 306,170	\$ 546,748		100.0%

* Fair value of pooled investments does not include adjustments made for accrued interest distributed to pooled participants

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

C. Summary of Deposits and Investment Balances

The City's deposit and investment statement balances of the fiscal year end reconcile to the balances on the financial statements as follows. For financial reporting, investments in the State and Clark County Investment Pool are classified as cash equivalents.

Bank Statement Balances

Account	Balance as of FYE
Investments	\$ 544,884,092
Bank of America	6,670,598
JPM Chase	100,000
Key Bank	19,142
DRA Operating Account	45,333
DRA Petty cash	20,000
Change funds	22,975
Utility postage	40,000
USB DRA	12,324,943
Total	\$ 564,127,083

Government-wide Financial Statement Balances

Account	Governmental	Business-Type	Vancouver Downtown Redevelopment Authority	Vancouver Public Facilities District	Fiduciary	Balance as of FYE
Cash and equivalents	\$ 401,950,800	\$ 133,721,791	\$ 91,972	\$ 187,626	\$ 1,062,929	\$ 537,015,118
Cash and Cash Equivalents - Restricted		14,741,717				14,741,717
Cash with Fiscal /Escrow agents			6,470,106			6,470,106
Cash with Fiscal /Escrow agents - Restricted			5,900,145			5,900,145
Total	\$ 401,950,800	\$ 148,463,508	\$ 12,462,223	\$ 187,626	\$ 1,062,929	\$ 564,127,083

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

A. Capital Assets – Governmental Activities

Capital asset activity for the year ended December 31, 2021, is as follows:

	Beginning Balance 01/01/2021	Increases	Decreases	Ending Balance 12/31/2021
Governmental activities:				
Capital assets, not being depreciated				
Land and land improvements	128,692,663	5,061,112	2,337,088	\$ 131,416,687
Construction in progress	19,785,638	24,887,513	25,726,901	18,946,250
Intangible - easements and right of way	9,147,847	171,752	-	9,319,599
Artwork	96,920	-	-	96,920
Total capital assets, not being depreciated	<u>157,723,068</u>	<u>30,120,377</u>	<u>28,063,989</u>	<u>159,779,456</u>
Capital assets, being depreciated/depleted:				
Cemetery land	1,101,047	-	-	1,101,047
Buildings	152,681,888	-	3,002,597	149,679,292
Machinery and equipment	71,387,877	4,246,170	1,907,902	73,726,145
Computer and IT equipment	4,093,561	459,733	36,487	4,516,807
Intangible - Software	12,134,817	-	100,834	12,033,983
Intangible - Other	1,974,976	-	-	1,974,976
Improvements other than buildings	45,069,588	322,377	-	45,391,965
Infrastructure	703,648,334	11,155,457	1,310,123	713,493,668
Total capital assets, being depreciated/depleted	<u>992,092,088</u>	<u>16,183,737</u>	<u>6,357,943</u>	<u>1,001,917,883</u>
Less accumulated depreciation for:				
Cemetery land	737,981	2,805	-	740,786
Buildings	52,098,713	4,110,254	294,005	55,914,962
Machinery and equipment	46,035,764	4,544,418	2,508,656	48,071,526
Computer and IT equipment	3,144,458	341,709	36,487	3,449,680
Intangible - Software	5,117,712	574,852	55,458	5,637,106
Intangible - Other	1,974,976	-	-	1,974,976
Improvements other than buildings	19,341,376	834,179	-	20,175,555
Infrastructure	288,145,989	19,085,379	12,065	307,219,303
Total accumulated depreciation	<u>416,596,969</u>	<u>29,493,596</u>	<u>2,906,671</u>	<u>443,183,894</u>
Total capital assets, being depreciated, net	<u>575,495,119</u>	<u>(13,309,859)</u>	<u>3,451,272</u>	<u>558,733,988</u>
Governmental activities capital assets, net	<u>\$ 733,218,187</u>	<u>\$ 16,810,518</u>	<u>\$ 31,515,261</u>	<u>\$ 718,513,444</u>

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

B. Capital Assets – Business-Type Activities

	Beginning Balance 01/01/21	Increases	Decreases	Ending Balance 12/31/21
<i>Business-type activities:</i>				
Capital assets, not being depreciated:				
Land and land improvements	40,174,811	24,500	5,880	40,193,431
Construction in progress	28,947,083	42,604,991	32,069,872	39,482,203
Intangible - easements and right of way	15,570,250	3,016,588	-	18,586,838
Total capital assets, not being depreciated	<u>84,692,144</u>	<u>45,646,079</u>	<u>32,075,752</u>	<u>98,262,472</u>
Capital assets, being depreciated:				
Buildings and system	34,369,767	2,877,750	3,487,132	33,760,385
Machinery and equipment	26,540,133	797,760	81,547	27,256,346
Computer and IT equipment	492,921	-	-	492,921
Intangible - software	11,255,387	-	-	11,255,387
Intangible - other	641,396	-	-	641,396
Improvements other than buildings	2,253,910	220,048	-	2,473,958
Infrastructure	634,953,268	18,537,692	21,658	653,469,302
Total capital assets, being depreciated	<u>710,506,782</u>	<u>22,433,250</u>	<u>3,590,337</u>	<u>729,349,695</u>
Less accumulated depreciation for:				
Buildings and system	17,485,636	849,061	1,772,626	16,562,072
Machinery and equipment	24,728,788	405,588	81,547	25,052,829
Computer and IT equipment	480,075	1,298	-	481,373
Intangible - software	10,673,051	134,544	-	10,807,595
Intangible - other	641,396	-	-	641,396
Improvements other than buildings	2,245,156	7,003	-	2,252,159
Infrastructure	294,536,857	14,557,253	83,806	309,010,304
Total accumulated depreciation	<u>350,790,959</u>	<u>15,954,747</u>	<u>1,937,979</u>	<u>364,807,728</u>
Total capital assets, being depreciated, net	<u>359,715,823</u>	<u>6,478,503</u>	<u>1,652,358</u>	<u>364,541,967</u>
Business-type activities capital assets, net	<u>\$ 444,407,967</u>	<u>\$ 52,124,582</u>	<u>\$ 33,728,110</u>	<u>\$ 462,804,438</u>

C. Noncurrent Capital Assets Held for Resale

Retired capital assets that have been surplus by the City Council are recorded separately on the statements. The reclassification to this category will cause decreases on the capital asset tables. As of December 31, 2021 these amounts totaled:

	Amount
Governmental activities	634,506
Business-type activities	<u>2,455,839</u>
TOTAL	\$ 3,090,345

Parcels designated as surplus for governmental activities were mostly land assets originally acquired for future transportation purposes and for the waterfront development project. These parcels are no longer needed due to project completion and progression, respectively. Additionally, the land and building assets of the original fire stations one and two were surplus previously and remain outstanding, after they were replaced with new fire stations in other locations. All of these assets were reported at the net book value at the time of retirement.

Assets as surplus for business-type activities were land parcels acquired during 2006, in anticipation of constructing a new operations center in east Vancouver. In 2019, the City cancelled its planned construction of the east-side Operations Center in favor of a larger, more centrally located Operations Center. Consequently, the land parcels were designated as surplus. All of these assets were reported at the net book value at the time of retirement.

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

D. Depreciation by Function

Depreciation was charged to functions/programs of the primary government as follows:

Governmental Activities:

General government	994,385
Security of persons & property	2,910,678
Transportation, including depreciation of general infrastructure	18,489,777
Physical Environment	97,288
Economic Environment	664,689
Culture and recreation	2,419,770
Capital assets held by the government's internal service funds are charged to various functions based on their usage of the assets	3,917,009
Total depreciation expense - Governmental Activities	<u>\$ 29,493,596</u>

Business-type Activities:

Water/Sewer	14,896,520
Airport	307,838
Building Inspection	110,263
Solid Waste	6,599
Parking	633,528
Total depreciation expense - Business-type Activities	<u>\$ 15,954,748</u>

E. Discretely Presented Component Units

A summary of capital asset activity for component units for the year ended December 31, 2021, is as follows:

	Beginning Balance 1/1/2021	Increases	Decreases	Ending Balance 12/31/2021
Vancouver Downtown Redevelopment Authority				
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	32,775	46,705		79,480
Capital assets, being depreciated:				
Buildings and system	51,362,897			51,362,897
Machinery and equipment	7,781,682	26,790		7,808,472
Total capital assets, being depreciated	59,144,579	26,790	-	59,171,369
Less accumulated depreciation for:				
Buildings and system	19,756,763	1,699,310		21,456,073
Machinery and equipment	5,534,746	525,760		6,060,506
Total accumulated depreciation	25,291,509	2,225,070	-	27,516,579
Total capital assets, being, depreciated, net	33,853,070	(2,198,280)	-	31,654,790
Business-type activities capital assets, net	<u>\$ 33,885,845</u>	<u>\$(2,151,575)</u>	<u>\$ -</u>	<u>\$ 31,734,270</u>

The Vancouver Downtown Redevelopment Authority (DRA) for the year ending December 31, 2021 had depreciation expense of \$2,225,070.

	Beginning Balance 01/01/21	Increases	Decreases	Ending Balance 12/31/21
Vancouver Public Facilities District				
Business-type activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 3,603,691	-	-	\$ 3,603,691

The Vancouver Public Facilities District (PFD) does not have any depreciable assets.

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 5. INTERFUND BALANCES AND TRANSFERS

A Interfund Balances

Interfund transactions represent activity other than transfers and loans that happen between funds after the cash function in the general ledger is frozen at year-end. These can be for any types of internal service transactions, adjustments, or other activity where a due-to or due-from are recorded instead of moving cash. The due-to/from balances will be cleared immediately the following year. Interfund balances at December 31, 2021 were as follows:

		Due From other Funds					
		Consolidated General	Consolidated Fire	Consolidated Street	Consolidated Capital Improvement	Consolidated Park Impact Fees	American Rescue Plan Act
Due to other Funds	Consolidated General	\$ -	\$ 964,301	\$ 256,718	\$ 370,345		\$ 214,372
	Consolidated Fire	24,145	-	17,526	28,500		86,995
	Consolidated Street	38,836	-	-	-		28,426
	Consolidated Capital Improvement	1,583,675					
	Other Governmental	68,192	-	150,000	-	18,578	290
	Water/Sewer	151,714		38,202	85,710		81,028
	Parking				28,627		8,210
	Other Proprietary			4,815			10,755
	Internal Service	779,332	606,546	237,724	91,778		569,365
Total Due From		\$ 2,645,894	\$ 1,570,847	\$ 704,985	\$ 562,105	\$ 18,578	\$ 999,439

		Due From other Funds					
		Other Governmental	Consolidated Water/Sewer	Parking Services	Other Non-Major Enterprise	Internal Service	Total
Due to other Funds	Consolidated General	\$ 50,175	\$ 480,199	\$ 18,282	\$ 129,239	\$ 797,336	\$ 3,280,967
	Consolidated Fire	-	17,526	-	35,801	1,453	211,947
	Consolidated Street	45,475	3,679	-		-	116,415
	Consolidated Capital Improvement		7,825	66,249		89,625	1,747,375
	Other Governmental	570,642	-	-		107,847	915,547
	Water/Sewer	47,709				25,548	429,911
	Parking						36,837
	Other Proprietary					4,717	20,287
	Internal Service	66,079	295,886	75,612	23,015	231,831	2,977,168
Total Due From		\$ 780,034	\$ 805,115	\$ 160,143	\$ 188,055	\$ 1,256,483	\$ 9,736,454

**Minor differences may exist due to rounding.*

B. Interfund Transfers

Interfund transfers at December 31, 2021 were as follows:

		Transfers In					
		Consolidated General	Consolidated Fire	Consolidated Street	Consolidated Capital Improvement	General Obligation Debt	Nonmajor Governmental
Transfers Out	Consolidated General		\$ 36,468,460	\$ 17,496,601	\$ 9,518,573	\$ 2,427,731	\$ 713,314
	Consolidated Fire	\$ 281			891,600	361,550	
	Consolidated Street	38,382	16,942			255,062	485,500
	Consolidated Capital Improvement		645,390				
	Consolidated Parks Impact Fees						837,485
	American Rescue Plan Act	214,372	86,995	28,425			290
	Nonmajor Governmental	858,126		1,600,000	17,769	4,754,663	2,200,252
	Water/Sewer	5,565	16,941				
	Parking	977					
	Nonmajor Enterprise	281	52,020	83,908			
	Internal Service						
Total Transfers In		\$ 1,117,984	\$ 37,286,748	\$ 19,208,934	\$ 10,427,942	\$ 7,799,006	\$ 4,236,841

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

		Transfers In				
		Consolidated Water/Sewer	Parking Services	Nonmajor Enterprise	Internal Service	Total Transfers Out
Transfers Out	Consolidated General				\$ 1,458,999	\$ 68,083,678
	Consolidated Fire					1,253,431
	Consolidated Street				245,446	1,041,332
	Consolidated Capital Improvement					645,390
	Consolidated Parks Impact Fees					837,485
	American Rescue Plan Act	\$ 81,029	\$ 8,211		580,119	999,441
	Nonmajor Governmental					9,430,810
	Water/Sewer				36,693	59,199
	Parking					977
	Nonmajor Enterprise	1,209		10,755	17,831	166,004
	Internal Service				26,578	26,578
Total Transfers In		\$ 82,238	\$ 8,211	\$ 10,755	\$ 2,365,666	\$ 82,544,325

**Minor differences may exist due to rounding.*

C. Interfund Loans/Advances

Interfund loans/advances at December 31, 2021 were as follows:

		Due From		Total
		Nonmajor Governmental Funds	Consolidated Park Impact Fees	
Due To	General	2,500,000	550,042	3,050,042

**Minor differences may exist due to rounding.*

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 6. LEASES

A. Operating Leases

The City leases the office building and other equipment under noncancelable operating leases. Total cost for such leases was \$558,415 for the year ended December 31, 2021. The future minimum lease payments for these leases are as follows:

	Governmental Activities	Business-type Activities
2022	113,233	7,200
2023	116,541	7,200
2024	120,253	7,200
2025	124,077	7,200
2026	51,912	3,600
	<u>\$ 526,016</u>	<u>\$ 32,400</u>

Major changes in future leases included the tenant on the sixth floor of the City Hall not renewing its lease and the current tenant of the Weber building delivered a notice to vacate in September of 2022. The dollar impact of both changes is reflected in the table below.

The following is a schedule of the minimum future rental income required under these leases:

	Governmental Activities	Business-type Activities
2022	\$ 1,378,593	\$ 10,000
2023	1,002,713	10,000
2024	620,022	10,000
2025	554,096	10,000
2026	419,941	7,500
2027-2031	1,244,973	-
2032-2036	533,875	-
2037-2041	90,005	-
2042-2046	90,005	-
2047-2051	18,005	-
2052-2056	5	-
2057-2061	5	-
	<u>\$ 5,952,238</u>	<u>\$ 47,500</u>

B. Capital Leases

The City has entered into a lease agreement for leasing the new police headquarters building with a purchase option after three years of \$10.46 million.

The lease agreement qualifies as a capital lease for accounting purposes. It has been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Police HQ	\$ 11,352,034
Less: Accumulated Depreciation	576,146
	<u><u>\$ 10,775,888</u></u>

The future minimum lease obligation payments as of December 31, 2021 were as follows:

Year Ending December 31	Governmental Activities
2022	\$ 10,775,888
Total Minimum Lease Payments	<u>10,775,888</u>
Present Value of Minimum Lease Payments	\$ 10,775,888

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

A. Long-Term Debt

The City issues general obligation and revenue bonds to finance the acquisition or construction of major capital projects. Bonded indebtedness has also been entered into (currently and in prior years) to advance refund several general obligation and revenue bonds. General obligation bonds have been issued for both general government and business-type activities and are being repaid from the applicable resources. In 2021, the final outstanding revenue bond was repaid in full by proprietary fund revenues.

General obligation bonds currently outstanding (in thousands) are as follows:

Name of Issuance	Purpose	Original	Issuance	Maturity	Interest	Govt'l Debt Outstanding	Business Debt Outstanding
		Debt	Date	Date	Rate		
2012B&C LTGO Bond	Business Type Activities Refunding	\$ 9,515	12/12/2012	12/1/2025	2.36%		\$ 3,250
2015A LTGO Bond	Governmental Activities	1,297	6/15/2015	12/1/2028	4.33%	1,097	
2015B LTGO Bond	Governmental Activities & Refunding	23,100	6/15/2015	12/1/2034	2.72%	13,545	
2016 LTGO Bond	Governmental Activities Refunding	7,810	6/22/2016	12/1/2028	1.89%	5,630	
2020 LTGO Bond	Governmental Activities Refunding	7,045	9/10/2020	12/1/2035	1.56%	6,565	
2021A LTGO Bond	Governmental Activities Refunding	7,495	9/7/2021	12/1/2035	1.67%	7,390	
2021B LTGO Bond	Governmental Activities Refunding	10,040	9/7/2021	12/1/2029	1.41%	9,925	
Total General Obligation Bonds		\$ 66,302				\$ 44,152	\$ 3,250

The annual debt service requirements (in thousands) to maturity for general obligation bonds are as follows:

	Governmental Activities			Business Type Activities		
	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2022	5,075	1,332	6,406	785	87	872
2023	5,240	1,173	6,412	800	68	868
2024	5,368	1,051	6,419	820	47	867
2025	5,525	892	6,417	845	24	869
2026	4,520	715	5,235	-	-	-
2027-2031	12,955	1,775	14,730	-	-	-
2032-2035	5,470	349	5,819	-	-	-
	<u>\$ 44,152</u>	<u>\$ 7,287</u>	<u>\$ 51,438</u>	<u>\$ 3,250</u>	<u>\$ 227</u>	<u>\$ 3,477</u>

At December 31, 2021, the City had \$0 available in debt service funds to service the general bonded debt. Several other funds are responsible for payment of the GO bonded debt. Through the budget appropriation process, arrangements are made for transfers from those funds to the debt service funds prior to payment of the debt.

B. Refunded Debt

The city issued \$7,495,000 of general obligation refunding bonds to provide resources to purchase U.S. Government and State and Local Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$7,290,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. This advance refunding was undertaken to reduce total debt service payments over the next 14 years by \$1,603,322 and resulted in an economic gain of 19.6%.

The city issued \$10,040,000 of general obligation refunding bonds (2021B) to provide resources to purchase U.S. Government and State and Local Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$9,805,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. This current refunding was undertaken to reduce total debt service payments over the next 8 years by \$939,833 and resulted in an economic gain of 9.08%.

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

C. Governmental Loans

The City is also liable for notes that were entered into for the construction of capital projects. These notes are considered obligations of the general government and are being repaid with general governmental revenue sources. Governmental loans outstanding (in thousands) at year-end are as follows:

Name of Issuance	Purpose	Original Debt	Issuance Date	Maturity Date	Interest Rate	Debt Outstanding
2006 PWTF	Governmental Activities	\$ 2,200	11/30/2006	7/1/2026	1%	\$ 582
Section 108 HUD Loan	Governmental Activities	5,419	7/7/2010	8/1/2029	3.70%	2,071
Clark County - Annexation Obligation	Governmental Activities	344	8/1/2017	4/1/2022	0%	63
2018 PWTF	Governmental Activities	2,855	5/22/2018	6/1/2038	1.16%	2,004
		\$ 10,818				\$ 4,720

Governmental loan debt service requirements to maturity (in thousands) are as follows:

Governmental Activities			
	Principal	Interest	Total
2022	\$ 532	\$ 88	\$ 620
2023	474	81	555
2024	484	72	556
2025	489	63	552
2026	494	53	547
2027-2031	1,420	123	1,543
2032-2036	590	34	624
2037-2038	237	5	242
Total	\$ 4,720	\$ 519	\$ 5,239

D. Special Assessments

The City also issues special assessment debt to provide funds for the construction of street safety improvements in connection with a train noise quiet zone. Special assessment bonds are created by ordinance, adopted by the City Council, and financed by assessments on property owners within the special assessment area. Special assessment bonds are serial bonds and are called yearly based on assessments received. In 2021 the last assessment was called and paid in full. The amount of delinquent receivables at December 31, 2021, was \$3,145. A separate guarantee fund is available to cover the outstanding delinquencies at the end of the assessment period.

The City has a Local Improvement District (LID) Guarantee Fund to finance any uncollectible special assessment debt. The LID 545 assessment is secured by a pledge of the assessments levied by the City against the benefited properties within LID 545 and is not a general obligation of the City. The LID Service Fund and the LID Guaranty Debt Service Fund have cash balances of \$16,194 and \$35,872, respectively, to service the local improvement district bonds.

E. Impact Fee Credits

In 1995, the City of Vancouver adopted an impact fee ordinance to ensure that adequate facilities are available to serve new growth and development. An impact fee is charged at the issuance of a building permit. In addition, the developer may be entitled to a non-refundable "credit" against the applicable impact fee component for the fair market value of appropriate dedications of land, improvements or new construction of system improvements provided by the developer. In the event that the amount of the "credit" is calculated to be greater than the amount of the impact fee due, the developer may apply the excess "credit" toward future impact assessment on other developments within the same service district.

As of December 31, 2021, the amount of credits that may be applied against future impact fees is \$19,419,041. This is recorded as a governmental activity in the government-wide financial statements.

F. Debt Of Discretely Presented Component Units

Revenue Bonds

In 2003, the DRA issued bonds in which it pledged income derived from the acquired or constructed assets to pay debt service. The revenue bonds were authorized by resolution adopted by the DRA Board, and financed from operating revenues. The revenue bonds

CITY OF VANCOUVER
NOTES TO THE BASIC FIANCIAL STATEMENTS

were issued to finance construction of the Conference Center and Hotel capital project. In June 2013, the remaining outstanding balance of \$63,105,000 of the 2003 DRA Revenue bonds were refunded by issuing two series of revenue refunding bonds.

DRA Revenue Refunding bonds outstanding at year-end are as follows:

Name of Issuance	Original Debt	Issuance Date	Maturity Date	Interest Rate	Debt Outstanding
2013 DRA Conference Center Project Refunding Revenue Bonds	\$ 38,730,000	6/27/2013	1/1/2044	4.38%	\$ 37,810,000
2013 DRA Conference Center Project Sales & Lodging Tax Refunding Revenue Bonds	13,680,000	6/27/2013	1/1/2034	4.05%	12,550,000
Total Revenue Bonds	\$ 52,410,000				\$ 50,360,000

DRA 2013 Project Revenue Bonds and the DRA 2013 Tax Revenue Bonds debt service requirements to maturity are as follows:

<u>2013 Project Revenue Refunding Bonds</u>				<u>2013 Tax Revenue Refunding Bonds</u>		
	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2022	\$ 965,000	\$ 1,653,488	\$ 2,618,488	\$ 1,230,000	\$ 522,600	\$ 1,752,600
2023	\$ 1,015,000	\$ 1,603,988	\$ 2,618,988	\$ 1,340,000	\$ 458,350	\$ 1,798,350
2024	\$ 1,070,000	\$ 1,551,863	\$ 2,621,863	\$ 1,455,000	\$ 395,750	\$ 1,850,750
2025	\$ 1,120,000	\$ 1,497,113	\$ 2,617,113	\$ 1,565,000	\$ 335,350	\$ 1,900,350
2026	\$ 1,175,000	\$ 1,439,738	\$ 2,614,738	\$ 1,675,000	\$ 270,550	\$ 1,945,550
2027-2031	\$ 6,750,000	\$ 6,343,438	\$ 13,093,438	\$ 3,690,000	\$ 712,775	\$ 4,402,775
2032-2036	\$ 8,250,000	\$ 4,807,650	\$ 13,057,650	\$ 1,595,000	\$ 118,900	\$ 1,713,900
2037-2041	\$ 10,185,000	\$ 2,821,531	\$ 13,006,531	\$ -	\$ -	\$ -
2042-2044	\$ 7,280,000	\$ 501,075	\$ 7,781,075	\$ -	\$ -	\$ -
Total	\$ 37,810,000	\$ 22,219,881	\$ 60,029,881	\$ 12,550,000	\$ 2,814,275	\$ 15,364,275

In order to make the 2013 refunding economically viable, ACA contributed \$4,000,000 to the Authority, \$1,430,555 of which is in consideration of the execution of a Note issued by the Authority to ACA, and the balance of which is in consideration for the elimination of any exposure ACA may have in respect to the Series 2003A Bonds. This Note is subordinate to the Project Revenue and Tax Revenue Bonds. There is a note associated with this contribution. Depending on the cash flows of the project, payments may start on 1/1/2033.

Amounts on deposit in the Authority Reserve Fund held by the Trustee is the source of repayment for this direct borrowing loan. In the event of a default on the direct borrowing loan, in which the principal and interest payments are not made when due, the unpaid principal shall bear interest at the note rate plus 2%. The prepayment of principal plus interest is allowed at any time without incurring a premium.

The subordinate note to ACA, as described above, debt service requirements to maturity are estimated as follows:

<u>Other long-term loans and notes payable</u>			
	Principal	Interest	Total Requirements
2022	\$ -	\$ -	\$ -
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027-2031	-	-	-
2032-2036	204,660	191,185	395,845
2037-2041	611,032	697,538	1,308,570
2042-2044	614,863	803,883	1,418,746
Total	\$ 1,430,555	\$ 1,692,606	\$ 3,123,161

CITY OF VANCOUVER
NOTES TO THE BASIC FIANCIAL STATEMENTS

G. City Debt Guarantee of the DRA

The City is contractually obligated to gaurantee the bond debt of the DRA if the DRA is unable to make payments. As of the end of 2021, the City does not foresee the obligation to pay any portion of their debt in 2022. The DRA's reserves are expected to be sufficient to make those payments.

H. Capital Lease

The City has entered into a lease agreement for leasing the new police headquarters building with a purchase option after three years of \$10.46 million. The City will make the final lease payment in 2022.

The lease agreement qualifies as a capital lease for accounting purposes. It has been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Police HQ	\$ 11,352,034
Less: Accumulated Depreciation	576,146
Total	\$ 10,775,888

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 8. CHANGES IN LONG TERM LIABILITIES

A. During the year ended December 31, 2021, the following changes occurred in long-term liabilities:

	Balance 1/1/21	Additions	Reductions	Balance 12/31/21	Due Within One Year
Governmental activities					
Bonds payable:					
General obligation bonds	\$ 48,626,500	\$ 17,535,000	\$ 22,010,000	\$ 44,151,500	\$ 5,074,500
Issuance premiums	3,232,795	-	1,712,953	1,519,842	57,173
Issuance discounts	-	-	-	-	-
Total GO bonds payable	51,859,295	17,535,000	23,722,953	45,671,342	5,131,673
Special assessment debt with governmental commitment	5,000	-	5,000	-	-
Governmental loans	5,898,113	-	1,178,464	4,719,649	532,269
Claims and judgements	8,977,777	748,701	417,099	9,309,379	3,188,325
Total OPEB Liability	48,695,087	-	2,148,542	46,546,545	1,640,288
Net Pension Liability	11,096,351	-	8,512,442	2,583,909	-
Compensated absences	12,221,727	373,491	-	12,595,218	11,335,697
Asset Retirement Obligations	450,000	-	-	450,000	-
Capital Lease Payable	11,119,819	-	343,931	10,775,888	10,775,888
Impact Fee Credit	18,925,596	493,445	-	19,419,041	3,413,956
Governmental activity long-term liabilities	<u>\$ 169,248,765</u>	<u>\$ 19,150,637</u>	<u>\$ 36,328,431</u>	<u>\$ 152,070,971</u>	<u>\$ 36,018,096</u>
Business-type activities					
Bonds payable:					
General obligation bonds	\$ 5,160,000	\$ -	\$ 1,910,000	\$ 3,250,000	\$ 785,000
Revenue bonds	-	-	-	-	-
Issuance premiums (discounts)	-	-	-	-	-
Total bonds payable	5,160,000	-	1,910,000	3,250,000	785,000
Net Pension Liability	7,109,754	-	5,512,659	1,597,096	-
Compensated absences	3,206,888	19,855	-	3,226,743	2,904,069
Asset Retirement Obligations	2,468,200	-	-	2,468,200	-
Business-type activity long-term liabilities	<u>\$ 17,944,842</u>	<u>\$ 19,855</u>	<u>\$ 7,422,659</u>	<u>\$ 10,542,039</u>	<u>\$ 3,689,069</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. For the governmental activities, claims and judgments and compensated absences are generally liquidated by operating funds, such as the General Fund, Consolidated Fire and the Street funds. The General Fund provides funding for the payment of benefits related to OPEB.

B. Compensated Absences

Accumulated amounts of vacation leave are accrued as expenses when incurred in the government-wide and enterprise fund financial statements. At year end, the compensated absences liability was \$12,595,218 in governmental activities (which includes the internal service funds) and \$3,226,743 in business-type activities. For the governmental activities, compensated absences are generally liquidated by operating funds, such as the Consolidated General Fund and Consolidated Fire funds. See additional details about compensated absences in Note 1.

C. Discretely Presented Component Units

The following is a summary of long-term debt changes of DRA for the year:

	Beginning Balance 1/1/21	Additions	Reductions	Ending Balance 12/31/21	Due Within One Year
Bonds payable:					
Revenue bonds	\$ 52,410,000	\$ -	\$ 2,050,000	\$ 50,360,000	\$ 2,195,000
Premiums (discounts)	389,414	-	29,304	360,110	29,304
Total bonds payable	52,799,414	-	2,079,304	50,720,110	2,224,304
Due to other governments	4,379,140	2,542,461	2,705,280	4,216,321	-
Other long-term loans and notes	1,430,555	-	-	1,430,555	-
Subordinate management fee	269,532	-	107,813	161,719	107,813
Component units long term liabilities	<u>\$ 58,878,641</u>	<u>\$ 2,542,461</u>	<u>\$ 4,892,397</u>	<u>\$ 56,528,705</u>	<u>\$ 2,332,117</u>

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 9. CONTINGENCIES AND LITIGATIONS

The City has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved but where, based on available information, management believes it is probable that the City will have to make payment. In the opinion of management, the City's insurance policies and/or self-insurance reserves are adequate to pay all known or pending claims.

The City is contingently liable in pending litigation claims which are not yet resolved but where, based on available information, management believes it is reasonably possible that a liability has been incurred but cannot be estimated and so are not reflected in the financial statements.

The City participates in a number of federal- and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. City management believes that such disallowances, if any, will be immaterial.

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 10. OTHER SIGNIFICANT COMMITMENTS

Related Party Commitments

1. Commitment to Downtown Redevelopment Authority (DRA), with respect to the Vancouver Conference Center

The City signed an agreement on December 1, 2003, to participate in the construction and operation of the Vancouver Conference Center, using tourism funds. In June 2013 DRA refinanced the debt associated with the Center with a guarantee from the City.

If the DRA has insufficient funds in their debt service and reserve accounts to cover a principal and interest payment, the City has guaranteed to cover the insufficient amount, if prior notice is provided. Any coverage the City provides shall be construed as an interest-bearing loan to the DRA.

During 2021, the City made no payments under its contingent payment obligation. The City has no current expectation of having to make any such payments, as it expects project revenues and tax revenues to be sufficient for such purposes, unless the pandemic related business shut downs continue to impact project revenues for a period longer than 12 months.

2. Commitment to Clark County, with respect to the Exhibition Hall

Per a 2004 interlocal agreement, the City supports the Clark County Exhibition Hall, a tourism-related facility. The agreement will be terminated once the bonds that financed the building are redeemed or defeased - no later than 2027.

If the County has insufficient funds from its dedicated revenue stream to cover its semi-annual debt service obligation, the City has pledged to cover the insufficient amount, if prior notice is provided. The contract has various maximum limits on City contributions depending on the year. Since 2017 through termination, the maximum is \$150,000. Under the terms of the interlocal agreement, the City's pledge is reduced by the amount of any rental reduction the County grants to the amphitheater lessee. Since July 2008, the County reduced the rental rates for the amphitheater to such an extent that this commitment has been reduced to zero.

To date, the City has made no payments under its contingent payment obligation.

3. Commitment to Hilton Hotel, with respect to the Subordinate and Super-subordinate Management Fees

Since 2003, DRA, the City's component unit, operates the Vancouver Conference Center, using a contracted manager, Hilton Hotels. Between 2009 and 2013 DRA was obligated to pay Hilton Hotels a subordinate management fee for its services, as funds were available in the Subordinate Management Fee Fund, but was unable to pay the fee since funds were not available.

In June 2013, DRA and Hilton Hotels revised their agreement, allowing for the forgiveness of the 2009-2013 subordinate fees. The amount will be forgiven gradually over a ten year period. DRA reports the forgiveness as a Special Item, Gain on Extinguishment of Debt, calculated on a straight-line basis.

During 2021 \$107,813 was recorded as forgiven with an outstanding obligation reported on the Statement of Net Position.

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 11. JOINT VENTURES & JOINTLY GOVERNED ORGANIZATIONS

Joint Ventures

Clark Regional Emergency Services Agency (CRESA)

The City is involved in a joint venture with ongoing financial responsibilities with other governmental entities in the establishment and operation of the CRESA. CRESA was created under the Interlocal Cooperation Act (RCW 39.4) by agreement between the City and other governmental units and political districts. Its purpose is to provide a consolidated public safety communications service to participating cities, political districts, and Clark County. Participating governmental entities have representation on the CRESA board. Clark County maintains the accounting records for CRESA. Detailed financial statements for this entity can be obtained from Clark Regional Emergency Services Agency at 710 W 13th St, Vancouver, WA 98660-2810.

In October 2017, Clark County passed Ordinance 2017-10-08 which created Clark Regional Emergency Services Agency Public Authority (CRESA-PA) under RCW35.21.730-759. That agreement is not currently valid and the City and CRESA continue to operate under their interlocal agreement.

Jointly Governed Organizations

Council for the Homeless

The City, Clark County, and the Vancouver Housing Authority entered into an Intergovernmental Cooperation Act (RCW 39.4) on December 20, 1989, for the establishment of the Council for the Homeless (Council) as a collaborative effort to address issues of homelessness. Each jurisdiction appoints one board member. The remaining 12 members of the Council are selected by the Council's bylaws. Clark County and Vancouver Housing Authority provides annual fiscal support for operations. The City only provides funding to the Council as a grant subrecipient if applicable. For the year ending December 31, 2021, the City made subrecipient grant payments to the Council totaling \$147,715. The relationship between the City and the Council does not create an ongoing financial interest or financial responsibility.

Related Organizations

Vancouver Housing Authority

Vancouver Housing Authority is a municipal corporation created under Washington State Chapter 35.82 RCW in 1942 by the City of Vancouver and governed by a six member Board appointed by the Mayor of the City of Vancouver.

NOTE 12. RELATED PARTY TRANSACTIONS

DRA, a component unit of the City of Vancouver, constructed the Vancouver Conference Center and a hotel in downtown Vancouver. The project was funded by proceeds from the sale of tax-exempt bonds issued by the DRA. The bonds were secured by project revenues, together with a credit from the State of Washington equal to 0.033% of 1% of the sales and use tax collected within the City and Clark County, and a dedication of 50% of the lodging taxes collected within the City.

During 2021, the City recognized \$1,203,228 in expenditures associated with lodging tax revenues dedicated to the project.

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 13. RISK MANAGEMENT

The City self-insures for general liability, property, certain employees' healthcare coverage, workers' compensation, and unemployment coverage as a qualified self-insurer. The City maintains self-insurance internal service funds to account for and finance its insured and uninsured risks of loss. The City does not include non-incremental claims adjustment expenses in the reported accrued claims liabilities. Settlements did not exceed insurance coverage in any of the prior three fiscal years.

The cost of excess loss coverage has been increasing over time. For the year 2021-2022 the cost of annual excess coverage for the City exceeds \$1.7 mil. The total combined cost of insurance coverage for the City is \$3.0 million per year. .

A. General Liability and Property

The fund pays the majority of claims involving general liability, but has other liability coverage through specific policies. Currently, specific policies include the airport liability. Coverage totals \$10,000,000 for liability and \$10,000,000 for hangar keepers legal. In addition, the City purchases excess liability insurance for all City operations including auto, for a limit of \$10,000,000 plus \$10,000,000. The excess policy provides \$1,000,000 for self-insured retention, this is unchanged from 2020. The City also purchases liability on specific vehicles up to \$1,000,000 and inland marine coverage for the equipment fleet. The deductible for fleet physical damage is 5% subject to \$10,000 minimum. In 2021 the City paid out \$206,178 in General Liability claims.

Property claim costs in 2021 were \$44,491, compared to \$79,116, reported in 2020, with new first party property and vehicle claims reported in 2021. The City carries fire damage insurance (buildings and business personal property), earth movement, equipment breakdown, valuable papers, computer virus, accounts receivable and flood insurance coverage. Policy coverage for property damage is up to \$550 million with adjustable deductibles based on specific event types. This represents replacement cost for City buildings and contents.

B. Workers' Compensation

The cost for claims and claims administration was \$2,635,615 in 2021, compared with \$1,132,853 in Workers Compensation claims reported in 2020. In addition to self-insurance, the City also maintains an excess coverage policy with a \$1,000,000 deductible.

C. Self-Insured Workers' Compensation and Liability Fund

Both workers' compensation and liability self-insurance are reported in the same fund. The City contributions to the fund are determined using information from the contributing funds past claims experience and loss exposures. The claims liability reported in the fund totaled \$9,309,379 at December 31, 2021. The current portion is \$3,188,325. The non-current portion is \$6,121,054.

The claims liability, as reported in the fund, is based on the requirements of GASB Statement 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. The following was prepared based on an actuarial analysis by Bickmore. These are actuarial estimated amounts reflecting expected losses - actual losses may vary. Changes in the fund's liabilities from claims in 2021, 2020 and 2019, are as follows:

Year	Beginning of Fiscal Year Liability	Current Year Claims	Change in Estimates for Claims of Prior Periods	Claim Payments	Balance at Fiscal Year End
2021	\$ 8,977,777	\$ 3,397,000	\$ (179,113)	\$ (2,886,285)	\$ 9,309,379
2020	8,056,486	1,248,637	1,446,000	(1,773,346)	8,977,777
2019	7,787,000	3,376,941	195,000	(3,302,455)	8,056,486

D. Employee Healthcare

Beginning January 2015, the City established an internal service fund for the purpose of self-insuring employee medical costs. The City pays claims and expenses for employees choosing this plan and contracts with a third-party administrator to process claims. The plan carries reinsurance coverage with a \$250,000 individual stop loss, and an aggregate stop loss of 125% of claims, with one named covered person with a \$275,000 deductible.

The City is obligated to establish and has maintained a 16 week contingency reserve for the internal service fund. As of December 31, 2021, net position for the self-insured health insurance fund is \$6,820,703. Based on an average of claim payments made for the last three years, which is \$2,654,029, this contingency reserve appears to be sufficient.

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 14. PROPERTY TAX

The Clark County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities.

Property Tax Calendar

January 1	Taxes are levied and become an enforceable lien against properties.
February 14	Tax bills are mailed.
April 30	First of two equal installment payments is due.
May 31	Assessed value of property established for next year's levy at 100 percent of market value.
October 31	Second installment is due.

Property tax is recorded as a receivable and revenue when levied. Property tax collected in advance of the fiscal year to which it applies is recorded as a deferred inflow and recognized as revenue of the period to which it applies. The balance of taxes receivable includes related interest and penalties. No allowance for uncollectible tax is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principal, and delinquent taxes are evaluated annually.

The City may levy up to \$3.10 and \$0.225 per \$1,000 of assessed valuation for general governmental services and local Fire Pension Funds respectively, for a maximum levy rate of \$3.325/\$1,000.

For 2021, the City's regular tax levy was \$2.038 per \$1,000 on a total taxable assessed valuation of \$26,564,915,246 for a total regular levy of \$52,527,179

Special levies approved by the voters are not subject to the limitations above. In 2021, the City levied an additional \$0.238 per \$1,000 for the Affordable Housing Levy resulting in a total additional levy of \$6,000,000.

Washington State Constitution and Washington State Law, RCW 84.55.010, limit the rate.

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 15. TAX ABATEMENT

Multifamily Tax Exemption Program

Washington State RCW 84.14 and Vancouver Municipal Code Chapter 3.22 allow for multiple-family residential building property tax exemptions. The program's purpose is to increase residential opportunities, including affordable housing, in designated urban centers. The City may grant abatements up to eight, 10 or 12 years for newly constructed or rehabbed residential units, depending on eligibility and City Council approval.

Program eligibility includes:

- An eight year exemption is available for market-rate projects with an approved development agreement.
- Three tax exemption options are available for housing projects with an affordability component:
 - Eight-year exemption for projects with 20% of units affordable to households earning up to 100% of area median income (AMI).
 - 10-year exemption for projects with 20% of units affordable to households earning up to 80% AMI.
 - 12-year exemption for projects with 20% of units affordable to households earning up to 60% AMI.
- Additionally, households in income-restricted units must pay no more than 30% of their income for rent and utilities.

Property owners have three years from the agreement date to obtain an occupancy permit and a Certificate of Tax Exemption. Exemptions begin January 1 of the year following the issuance of the Final Certificate of Tax Exemption. The new residential improvements are not added to the tax rolls until the exemption expires. Land and other non-residential improvements remain subject to property taxes.

The City completes annual or more frequent compliance reviews of all approved tax exemption projects. Non-compliance may result in the cancellation of the exemption.

As of December 31, 2021, there are 22 approved, ongoing agreements under this program. 18 of the projects have completed construction and are currently renting. 18 projects were in the abatement period for which the City abated approximately \$618,208 in property taxes, an increase of 57.5% due to an increase in assessed value for these properties in 2020 for 2021 taxes.

High Unemployment County Sales & Use Tax Deferral for Manufacturing Facilities

The state administers this tax deferral program under Washington State RCW 82.60. The purpose of the program is to promote economic stimulation, create new employment opportunities in distressed areas, and reduce poverty in certain distressed counties in the state. During the year ended December 31, 2021 there were no tax deferrals which reduced the City's revenue under this program.

Multi-unit Urban Housing Exemption

The state administers this tax deferral program under Washington State RCW 84.14.020. During the year ended December 31, 2021 the state issued tax deferrals which reduced the City's revenue of \$555,139 under this program.

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 16 . PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2021:

Aggregate Pension Amounts - All Plans	
Pension Liabilities	\$ 4,181,005
Pension Assets	142,526,657
Deferred outflows of resources	12,730,812
Deferred inflows of resources	91,137,071
Pension expense/expenditures	23,915,967

A. State Sponsored Pension Plans

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (report) that includes financial statements and required supplementary information for each plan. The DRS report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

The DRS report can also be downloaded from the DRS website at: www.drs.wa.gov.

B. Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

C. Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

PERS Plan 1 Actual Contribution Rates:	Employer	Employee
January - June 2021		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	12.97%	6.00%
July - December 2021		
PERS Plan 1	10.07%	6.00%
Administrative Fee	0.18%	
Total	10.25%	6.00%

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The

CITY OF VANCOUVER

NOTES TO THE BASIC FINANCIAL STATEMENTS

AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates.

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2*
January – June 2021		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.97%	7.90%
July – December 2021		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	10.25%	6.36%

The City's actual PERS plan contributions were \$2.37 million to PERS Plan 1 and \$3.94 million to PERS Plan 2/3 for the year ended December 31, 2021.

C. Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by

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the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan 1 had no required employer or employee contributions for fiscal year 2021. Employers paid only the administrative expense of 0.18 percent of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.41% in 2021.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

LEOFF Plan 2		
Actual Contribution Rates	<u>Employer</u>	<u>Employee</u>
January - June 2021		
State and local governments	5.15%	8.59%
Administrative fee	0.18%	
Total	5.33%	8.59%
Ports and Universities	8.59%	8.59%
Administrative Fee	0.18%	
Total	8.77%	8.59%
July- December 2021		
State and local governments	5.12%	8.53%
Administrative fee	0.18%	
Total	5.30%	8.53%
Ports and Universities	8.53%	8.53%

The City's actual contributions to the plan were \$2.84 million for the year ended December 31, 2021.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2021, the state contributed \$78.17 million to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$0.68 million.

D. Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Experience Study* and the *2019 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation

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- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime

There were no changes in assumptions since the last valuation. There were changes in methods since the last valuation.

- For purposes of the June 30, 2020 Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the Office of the State Actuary (OSA) introduced temporary method changes to produce asset and liability measures as of the valuation date. See high-level summary below. OSA will revert back to the methods outlined in the 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for 2022 ACFR results.
- To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR, OSA relied on the same data, assets, methods, and assumptions as the June 30, 2019 AVR. OSA projected the data forward one year reflecting assumed new hires and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the fiscal year end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020. OSA reviewed the actual June 30, 2020, participant and financial data to determine if any material changes to projection assumptions were necessary. OSA also considered any material impacts to the plans from 2021 legislation. See the 2020 AVR for more information.

E. Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	2.2%
Tangible Assets	7%	5.1%

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Real Estate	18%	5.8%
Global Equity	32%	6.3%
Private Equity	23%	9.3%
	100%	

Sensitivity of Net Pension Liability

The table below presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease 6.4%	Current Rate 7.4%	1% Increase 8.4%
PERS 1	\$ 7,122,577	\$ 4,181,005	\$ 1,615,650
PERS 2/3	\$ (12,479,813)	\$ (43,807,172)	\$ (69,605,266)
LEOFF 1	\$ (7,340,849)	\$ (8,154,105)	\$ (8,857,709)
LEOFF 2	\$ (50,108,689)	\$ (79,461,833)	\$ (103,496,203)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the City reported a total pension liability of \$4.18 million for its proportionate share of the net pension liabilities and \$131.42 million for its proportionate share of net pension assets as follows:

Plan	
PERS 1	\$ 4,181,005
Total liabilities	\$ 4,181,005
PERS 2/3	\$ 43,807,172
LEOFF 1	\$ 8,154,105
LEOFF 2	\$ 79,461,833
Total (assets)	\$ 131,423,110

The amount of the asset reported above for LEOFF Plans 1 and 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension asset, the related State support, and the total portion of the net pension asset that was associated with the City were as follows:

	LEOFF 1 Asset	LEOFF 2 Asset
LEOFF - Employer's proportionate share	\$ (8,154,105)	\$ (79,461,833)
LEOFF - State's proportionate share of the net pension associated with the employer	(55,154,164)	(51,261,557)
TOTAL	\$ (63,308,269)	\$ (130,723,390)

At June 30, the City's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/20	Proportionate Share 6/30/21	Change in Proportionate
PERS 1	0.35089%	0.34236%	(0.00853)%
PERS 2/3	0.45489%	0.43976%	(0.01513)%
LEOFF 1	0.23671%	0.23804%	0.00133%
LEOFF 2	1.34659%	1.36805%	0.02146%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2021 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2021. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). The state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

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In fiscal year 2021, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61 percent of employer contributions.

Pension Expense

For the year ended December 31, 2021, the City recognized pension expense as follows:

Pension Expense	
PERS 1	\$ (1,066,697)
PERS 2/3	(9,743,742)
LEOFF 1	(1,238,993)
LEOFF 2	(9,896,275)
Total	(21,945,707)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
PERS 1		
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (4,639,516)
Contributions subsequent to the measurement date	1,037,237	-
TOTAL	\$ 1,037,237	\$ (4,639,516)
PERS 2/3		
Differences between expected and actual experience	\$ 2,127,651	\$ (537,034)
Net difference between projected and actual investment earnings on pension plan investments	-	(36,612,520)
Changes of assumptions	64,016	(3,111,034)
Changes in proportion and differences between contributions and proportionate share of contributions	775,917	(563,941)
Contributions subsequent to the measurement date	1,778,092	-
TOTAL	\$ 4,745,676	\$ (40,824,529)
LEOFF 1		
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (2,491,581)
TOTAL	\$ -	\$ (2,491,581)
LEOFF 2		
Difference between expected and actual experience	\$ 3,604,085	\$ (419,950)
Net difference between projected and actual investment earnings on pension plan investments	-	(37,887,974)
Changes of assumptions	34,349	(3,779,209)
Changes in proportion and differences between contributions and proportionate share of contributions	1,196,686	(1,094,314)
Contributions subsequent to the measurement date	1,458,402	-
TOTAL	\$ 6,293,522	\$ (43,181,447)
TOTAL ALL PLANS		
Differences between expected and actual experience	\$ 5,731,736	\$ (956,984)
Net difference between projected and actual investment earnings on pension plan investments	-	(81,631,591)
Changes of assumptions	98,365	(6,890,243)
Changes in proportion and differences between contributions and proportionate share of contributions	1,972,603	(1,658,255)
Contributions subsequent to the measurement date	4,273,731	-
TOTAL	\$ 12,076,435	\$ (91,137,073)

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	PERS 1	PERS 2/3	LEOFF 1	LEOFF 2
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CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

2022	\$	(1,229,008)	\$	(9,850,590)	(661,853)	\$	(10,122,984)	
2023		(1,126,219)		(9,192,783)	(605,386)		(9,433,851)	
2024		(1,064,885)		(8,859,624)	(571,239)		(8,913,179)	
2025		(1,219,403)		(9,734,509)	(653,103)		(10,034,440)	
2026		-		(205,070)	-		(154,120)	
Thereafter		-		(14,367)	-		312,249	
Total	\$	(4,639,515)	\$	(37,856,943)	\$	(2,491,581)	\$	(38,346,325)

Police Officers and Firefighters' Pension Funds

Plan Description

Plan administration. The City administers the Fire and Police Pension Funds single-employer defined benefit pension plans. These funds were established by the City in compliance with requirements of the Revised Code of Washington 41.20 and 41.18. The plans are limited to police officers, firefighters and their beneficiaries for individuals employed before March 1, 1970, the effective date of LEOFF. The LEOFF laws were subsequently amended by the Pension Reform Act, which took effect October 1, 1977. Through the LEOFF Act, the state undertook to provide the bulk of police and fire pensions; however, the municipalities continue to be responsible for all or part of pension benefits for employees hired before March 1, 1970, as discussed later. The plans are closed plans that provide pension and medical benefits, some of which can be in excess of LEOFF benefits.

The Policemens' Pension Board is composed of seven members as follows: The mayor or his designate; the mayor pro-tem; the City clerk who acts as secretary; the City treasurer; and three police members who may be either active or retired City employees.

The Firemens' Pension Board is composed of five members as follows: The mayor or his designate; the City clerk who acts as secretary; the City treasurer; and two fire members who may be either active or retired City employees.

The financial activity of the Police and Fire Pension Trust Funds are presented in the General Fund. No separate stand-alone financial reports are issued for the plans.

Plan membership. At December 31, 2021, pension plan membership consisted of only inactive plan members or beneficiaries currently receiving benefits. The police and fire plans entitle the employees to the greater of the state pension plan or City pension plan benefit. If the City plan benefit exceeds the state benefit, the City must pay the benefit difference. The City benefit amount changes based on current police and fire salaries and other factors.

Benefit Provisions

The LEOFF Act requires a varying obligation of the City for benefits paid to police officers and firefighters.

- Pension and medical expenses for police officers and firefighters retired prior to March 1, 1970, continue to be paid in their entirety by the City under the old pension laws.
- Police officers and firefighters hired before, but not retired on March 1, 1970, received at retirement the greater of the pension benefit provided under the old pension laws and under the LEOFF Act. Any excess of the old benefit over the LEOFF benefit is provided by the City. The City also pays the reasonable cost of necessary medical expenses of the retiree for life.
- For police officers and firefighters hired on or after March 1, 1970, and prior to October 1, 1977, the City is obligated for lifetime medical expenses only. The LEOFF system pays the entire retirement allowance.
- Police officers and firefighters hired on or after October 1, 1977, are covered entirely by the LEOFF system with no City obligation for either retirement allowance or medical expenses.
- The benefits are directly correlated to the salaries of active employees. Cost of Living Adjustments (COLAs) provided at the state level do not impact the total pension benefits provided to the members. The City's obligation under the Plan consists of paying the difference between pension and medical benefits provided by LEOFF and those provided by the City's Plan. There were no changes in benefit provisions in the current year.

CITY OF VANCOUVER

NOTES TO THE BASIC FINANCIAL STATEMENTS

Contributions

Firemen Plan contributions are required by RCW 41.18, while Policemen Plan contributions are required by RCW 41.20. These Plans are closely tied to the LEOFF plan contributions. Any increases to the LEOFF plans decreases the contributions required by the City's Police and Firemen Pension Plan. Any decreases to the LEOFF plan increase the contributions required by the Plans. Retirement benefit provisions are established in state statute and may only be amended by the State Legislature. Amendments to each of the Plans are authorized by the separate Police and Fire Pension Boards.

Funding for the Police Pension Fund comes from annual transfers from the General Fund that are budgeted and approved by the City Council. Sources of funding for the Firefighters Pension Fund include donations, distributions from the state from fire insurance premium collections, and a property tax levy of up to \$.225 per \$1,000 of assessed valuation.

Contributions are determined on a pay-as-you-go basis. Milliman Consultants and Actuaries completed actuarial studies of the two funds as of December 31, 2021; however, no actuarially determined contributions are provided. The General Fund is responsible for the costs of administering the plans, however the valuations assume this is coming from plan assets. If assets are depleted, the General Fund is responsible for the costs. There have been no required employee contributions to the plans since March 1, 1970 because the plan is closed to new entrants. For the year ended December 31, 2021, contributions made by the general fund to the Police and Fire Pension Funds were \$1 million and \$1.5 million, respectively.

The state contributes 25% of taxes on fire insurance premiums to the Fire Pension Fund and is considered a non-employer contributing entity. The amount contributed in 2021 to the Fire Pension Fund was \$219,261.

As of December 31, 2021, the Firefighters Pension Fund and the Police Pension Fund reported net position held in trust for pension and OPEB benefits of \$15,118,149 and \$4,819,690, respectively.

Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the City Council. It is the policy of the City Council to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. City Council reviews the investment policy as part of the financial policies adopted as part of the biennial budget process.

As of December 31, 2021, the Firefighters Pension fund had an investment portfolio with fair value of \$7,282,042 which was invested in Corporate Bonds, and in Municipal Bonds on behalf of the Firemen's Pension Fund. In addition to these investments, the Firefighters Pension fund had cash and cash equivalents invested in the City's internal investment pool totaling \$7,784,751. Investments in the City's internal investment pool are invested in the Washington State Treasurer Local Government Investment Pool (LGIP), which operates within the parameters outlined in GASB 79, and qualifies to report investments at amortized cost. The State Investment Pool's investment objective is to effectively maximize the yield while maintaining liquidity and a stable share price of \$1. The State Pool portfolio's average maturity was 49 days on December 31, 2021. The State Investment Pool is an unrated fund. The City's internal investment pool also invests in the Clark County Local Government Investment Pool, which is unrated, and in US Agencies and Municipal Bonds. All investments are valued at fair value. The average maturity of the Clark County Local Government Investment Pool is 15.9 months. The fair value of the investment portfolio is obtained using the market approach. Pricing is obtained through the City's third-party safekeeping custodian, US Bank Corporate Trust Services, who obtains pricing on Federal Agencies and Corporate Bonds through IDC Institutional Bond Quotes, and uses Standard & Poor's for pricing Municipal Bonds. Investments are reported at fair value or amortized costs as described above.

The Police Pension fund reported no investments at December 31, 2021, but did have \$4,77,925 invested in the City's internal investment pool.

The City does not hold an investment in any one corporation or organization exceeding 5% of net position available for benefits. Additionally, the City does not have any long-term contract for contributions and any amounts outstanding at the report date.

Rate of return. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows:

Year ending December 31, 2021	Net Money - Weighted Rate of Return
Fire Pension Trust Fund	0.34%
Police Pension Trust Fund	0.00%

Net Pension Liability

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The components of the net pension liability of the City at December 31, 2021, were as follows:

	Fire	Police
Total pension liability	\$ 6,584,811	\$ 2,249,480
Plan fiduciary net position	15,118,149	4,819,690
Net pension liability (asset)	\$ (8,533,338)	\$ (2,570,210)
Fiduciary net position as a % of total pension liability	229.59%	214.26%
Covered payroll	0	0
Net pension liability as a % of covered payroll	N/A	N/A

Changes in net pension liability for each plan are as follows:

FIRE PENSION TRUST FUND			
		Increase (Decrease)	
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Changes in Net Pension Liability (Asset)			
Balances as of December 31, 2020:	\$ 7,122,914	\$ 14,581,192	\$ (7,458,278)
Changes for the year:			
Prior period adjustment	-	-	-
Interest on total pension liability	137,787	-	137,787
Effect of economic/demographic gains or losses	(414,312)	-	(414,312)
Effect of assumptions, changes or inputs	207,838	-	207,838
Benefit payments	(469,416)	(469,416)	-
Medical payments from fund	-	(706,050)	706,050
Employer contributions	-	1,500,000	(1,500,000)
Contributions from state fire insurance premium tax	-	219,261	(219,261)
Net investment income	-	49,901	(49,901)
Administrative expenses	-	(56,739)	56,739
Balance as of December 31, 2021	\$ 6,584,811	\$ 15,118,149	\$ (8,533,338)

POLICE PENSION TRUST FUND			
		Increase (Decrease)	
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Changes in Net Pension Liability (Asset)			
Balances as of December 31, 2020:	\$ 1,791,143	\$ 4,913,768	\$ (3,122,625)
Changes for the year:			
Prior period adjustment	-	(1,480)	1,480
Service cost	-	-	-
Interest on total pension liability	33,456	-	33,456
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	621,333	-	621,333
Effect of assumptions, changes or inputs	41,422	-	41,422
Benefit payments	(237,874)	(237,874)	-
Medical payments from fund	-	(830,016)	830,016
Employer contributions	-	1,000,000	(1,000,000)
Police auction income	-	14,919	(14,919)
Net investment income	-	15	(15)
Administrative expenses	-	(39,642)	39,642
Balance as of December 31, 2021	\$ 2,249,480	\$ 4,819,690	\$ (2,570,210)

Actuarial assumptions. The total pension liability for each plan was determined by an actuarial valuation as of December 31, 2021, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. There were no significant changes during this period. The following actuarial assumptions were applied to all periods included in the measurement:

Discount rate	2.00%
Long-term expected rate of return, net of investment expense	2.00%
Municipal bond rate	2.00%
Inflation	2.25%
Salary increases including inflation	3.25%
Actuarial cost method	Entry Age Normal

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

Mortality rates were based on the Pub-2010 Safety Mortality Table (headcount-weighted) with ages set back one year for males is used for healthy annuitants. The best-estimate range for the long-term expected rate of return is determined by combining expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of December 31, 2021.

The Police and Fire Pension plans are separately invested, but assume the same expected rate of real return. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2021 are summarized in the following table:

Asset Class	Index	Long-term Expected Rate of Real Return
Cash	BAML 90 day T-bills	-0.26%
Short-term bonds	Bloomberg US Govt 1-3 Yr TR USD	0.25%
Long-term bonds	Bloomberg US Govt Long TR USD	1.14%
Assumed inflation - Mean		2.25%
Long-term expected rate of return		2.00%

Discount rate. GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the Plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values.

The assumption of 2.00% as of December 31, 2021 is an appropriate long-term expected rate of return on investments such as those in the City's trust. The Bond Buyer General Obligation municipal bond index for bonds that mature in 20 years is 2.06% as of December 31, 2021. Rounding this to the nearest 1/4% results in a discount rate of 2.00%. Using 2.00% for both the long-term expected rate of return and the bond index will mean that 2.00% could be used as the single discount rate. This will need to be re-evaluated as of later valuation dates. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month.

The discount rate as of December 31, 2021 was 2.00%. The discount rate at December 31, 2021 is consistent with the same rate used from December 31, 2020.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County, calculated using the discount rate of 2.00%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Net pension liability (asset)		
	1% Decrease	Current Rate	1% Increase
	1.00%	2.00%	3.00%
Fire	(7,919,271)	(8,533,338)	(9,065,951)
Police	(2,398,698)	(2,570,210)	(2,721,035)

Pension Expense

Pension expense recognized related to the City's own pension trust funds for the year ended December 31, 2021, was as follows:

Plan	Pension expense
Police Pension Trust Fund	1,572,495
Fire Pension Trust Fund	397,764
Total	\$ 1,970,259

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

Deferred Outflows of Resources

The City does not report deferred outflows or inflows on fiduciary fund statements. The following information is provided in accordance with GASB 67/68 criteria. At December 31, 2021, the deferred outflows of resources related to pension trust funds were from the following sources:

Source of Deferred Outflows of Resources	Fire Pension Trust Fund	Police Pension Trust Fund
Net difference between projected and actual investment earnings on pension plan investments	\$ 437,387	\$ 216,989

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Fire Pension Trust Fund	Police Pension Trust Fund
2022	\$ 163,033	\$ 85,711
2023	129,084	68,555
2024	95,957	43,262
2025	49,313	19,461
2026	-	-
Thereafter	-	-

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 17. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS – NO QUALIFYING TRUST

Fire and Police OPEB Plans

The City administers the Fire and Police Pension Funds single-employer defined benefit pension plans that are reported together with an OPEB component within the General Fund. These funds do not meet any of the requirements of GASB 75.

- Contributions do not meet the irrevocable definition because they are not in a separate bank account from the City.
- The pension and OPEB components are not accounted for separately.
- Funds are not in a qualifying trust.
- Plan assets are not legally protected from creditors.

The following table represents the aggregate OPEB amounts the Fire and Police plans for the year 2021:

Aggregate OPEB Amounts - All Plans	
OPEB liabilities	\$ 46,546,545
OPEB assets	\$ -
Deferred outflows of resources	\$ -
Deferred inflows of resources	\$ -
OPEB expenditures	\$ (454,914)

OPEB Plan Description

In addition to the pension benefits described above, the City administers two single employer defined benefit plans covering postretirement healthcare and long term care in accordance with state statute to retired police and fire employees who are eligible under the Police Relief and Pension Fund and Firefighter's Pension Fund through Law Enforcement Officers & Fire Fighters Plan 1(LEOFF-1). The activity of the plan is reported in the City's Police and Fire Pension Trust Funds. LEOFF retirement benefit provisions are established in state statute and may be amended only by the State Legislature. A separate audited GAAP-basis Postemployment benefit plan report is not available.

Funding Policy

The City reimburses 100 percent of the amount of validated claims for medical and hospitalization costs incurred by eligible retirees. The City pays for the retiree's monthly insurance premium and also picks up the balance owing after insurance and Medicare payments are made. The pension board performs an annual survey to determine the limit of optical and chiropractic care to be covered. The City also reimburses a monthly fixed amount equal to the Medicare premium for each retiree eligible for Medicare. The methods used to determine the contribution rates are established under state statute in accordance with chapters 41.26 and 41.45 of the RCW.

Under RCW law, medical, hospital, and nursing care are covered as long as a disability exists for any active fire fighter or police hired prior to March 1, 1970.

Membership

Membership in this program includes Plan 1 participants of LEOFF who joined the system by September 30, 1977. This is considered a closed group. There were no active employees, and no retired employees not yet receiving a benefit, as of December 31, 2021.

Employees covered by benefit terms: At December 31, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	
Fire	57
Police	37
Total	94

The plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust. Total expenditures for postretirement health in 2021 were \$1,632,447.

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

Assumptions and Other Inputs

The actuarial assumptions used in the January 1, 2021, OPEB actuarial valuations include techniques that are designed to estimate the future experience of the members, reduce short term volatility in actuarial accrued liabilities, consistent with the long term perspective of the calculations. In the January 1, 2021 actuarial valuation, the entry age normal cost method was used. The assumptions included a 2.00% discount rate, 2.00% investment rate of return, 2.25% inflation rate, and 3.25% salary increase rate, which includes inflation.

Actuarial valuations of an ongoing plan involve estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, service retirement, disability, mortality and healthcare cost trends. Amounts determined regarding the OPEB liability are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Changes in Total OPEB Liability and Related Ratios, presented as required supplementary information following the notes to the financial statements presents the results of OPEB valuations as of December 31, 2021 and looking forward, the schedule will eventually provide multiyear trend information about the actuarial values of OPEB liability. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and the plan members to that point.

The following presents the total OPEB liability of the City for each plan calculated using the current healthcare cost trend rate, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

Fire OPEB			
Current Trend			
	1% Decrease	Rates	1% Increase
Total OPEB Liability	\$ 25,349,731	\$ 28,677,795	\$ 32,603,237

Police OPEB			
Current Trend			
	1% Decrease	Rates	1% Increase
Total OPEB Liability	\$ 16,019,425	\$ 17,868,750	\$ 20,014,915

The following presents the total OPEB liability of the City for each plan calculated using the discount rate of 2.00%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.0%) or 1-percentage point higher (3.0%) than the current rate.

Fire OPEB			
Current			
	1% Decrease	Discount Rate	1% Increase
	1.00%	2.00%	3.00%
Total OPEB Liability	\$ 32,956,346	\$ 28,677,795	\$ 25,167,579

Police OPEB			
Current			
	1% Decrease	Discount Rate	1% Increase
	1.00%	2.00%	3.00%
Total OPEB Liability	\$ 20,230,317	\$ 17,868,750	\$ 15,898,338

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Changes in the Total OPEB Liability:

The following presents a schedule of changes for each plan's total OPEB Liability during 2021.

Fire OPEB		
Total OPEB Liability at 01/01/2021	\$	30,013,119
Service cost		-
Interest		591,312
Changes of benefit terms		-
Economic/demographic gains and losses		73,997
Changes of assumptions		(1,101,157)
Benefit Payments		(899,476)
Other Changes		-
Total OPEB Liability at 12/31/2021	\$	28,677,795
Police OPEB		
Total OPEB Liability at 01/01/2021	\$	18,681,968
Service cost		-
Interest		365,737
Changes of benefit terms		-
Economic/demographic gains and losses		329,429
Changes of assumptions		(714,232)
Benefit Payments		(794,152)
Other Changes		-
Total OPEB Liability at 12/31/2021	\$	17,868,750

The Valuation Date, or the date as of which the actuarial evaluation was performed, was January 1, 2021. The Measurement Date, or date as of which the total OPEB liability and schedule of changes to the total OPEB liability under GASB 75 was determined, was December 31, 2021.

Since the prior measurement date, the discount rate and investment rate of return remained at 2.00%. No other significant changes were made to the assumptions or other inputs. No changes of benefits that affected the measurement of the total OPEB liability occurred since the prior measurement date.

Total OPEB expenditures for the City were a \$(454,914) adjustment for 2021, largely due to the recognition of assumption changes or inputs noted previously.

At December 31, 2021, the City did not have any reportable deferred outflows of resources or deferred inflows of resources related to OPEB. Therefore, there are no outflows of resources resulting from payments subsequent to the measurement date to recognized as a reduction of the total OPEB liability and in future years.

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 18. PRIOR PERIOD ADJUSTMENTS/ RESTATEMENTS AND CHANGES IN ACCOUNTING

PRINCIPLES

The City reported the following prior period adjustment:

Purpose of Adjustment	Effect on Prior Year Change in Net Position	Reported Fund	Net Increase or (Decrease) to PY Net Position
The City received a land donation from Clark County for a County owned parcel in 2009. The land parcel was not added as a donated asset in the year it was acquired, as was discovered when the City sold a portion of the parcel in 2021. The City obtained a fair market value estimate from Clark County to determine the value of this prior period adjustment.	This adjustment increases the beginning Net Position to correspond with the movement of revenue recorded in 2021 back to 2020	Parks Construction Fund	\$ 1,295,000

**Minor differences from the statements due to rounding may exist.*

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 19. COVID-19 PANDEMIC

In February 2020, the Governor of the state of Washington Declared a state of emergency in response to the spread of COVID-19. In the weeks following the declaration, precautionary measures to slow the spread of the virus continued throughout 2021. These measures include limitations on business operations, public events, gatherings, travel, and in-person interactions.

Our experience is that revenues are continuing to improve into the first quarter of 2022. Sales tax is coming in significantly stronger than it did in 2021, other revenues are coming in consistent with historical projections. the Governor of the state of Washington is anticipating to fully reopen the economy on July 1, which will likely mean that the City will continue seeing the improvements in the economy and its revenues. The City started transitioning staff to the office while still allowing teleworking options. City Council moved to a hybrid meeting format, allowing both, in person participation and on-line participation.

CITY OF VANCOUVER
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NOTE 20. SUBSEQUENT EVENTS

Proposition 2

The City of Vancouver put before the voters a levy to increase proposal to fund additional operating and capital investments in the Fire service. The voters approved the \$0.50/\$1,000 in assessed value levy on February 18, 2022. The proposition would fund the City's share of the costs related to adding 43 positions in fire, a new ladder truck, a new squad vehicle, the costs to replace fire stations 3 and 6 and seismically retrofit other aged fire facilities. The Fire District 5 is moving forward with a funding proposal of the District's share of the costs of the fire services enhancement package by placing a measure before its voters in the August 2, 2022 election. The increased staffing levels will be included in the 2023-24 budget, in accordance with the intent of the levy.

Purchase of Fourth Plain Commons

During the fourth quarter of 2021, the City entered into a Purchase Agreement with the Vancouver Housing Authority (VHA) to acquire the commercial unit of a larger residential affordable housing condominium building called Fourth Plain Commons being constructed by VHA. The transaction will close once VHA has constructed the building shell, which consists of a six-story building with 106 affordable housing units, along with ground floor commercial space and an outdoor commons area, which will be developed into a community center overseen by the City. The City, through a separate public bid contract, will build out the interior of the commercial unit. The City's purchase price for the commercial unit shell is a percentage of the total construction costs not to exceed \$5,500,000. The purchase price will be paid at closing when construction of the commercial unit shell is complete, as demonstrated by the Seller's architect issuing a certification of substantial completion.

Receipt of American Rescue Plan Act Funding

In 2021 the American Rescue Plan Act was approved, and the City was awarded funds through the new Coronavirus State and Local Fiscal Recovery Funds. The City is estimated to receive approximately \$33 million through this funding. The second trench is anticipated to be received early in 2022.

New Staff in Key Management Positions

The City is seeing some turnover in its key management positions. The City's General Services Director, Media Services Director and the Accounting Manager are new. The City is looking for a new Public Works Director and just recently hired its new Police Chief.

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 21. UNIQUE AND UNUSUAL TRANSACTIONS OR CHANGES IN OPERATIONS

New and Closed Funds

- American Rescue Plan Act – shown as a major fund, this new fund was established to account for a new revenue stream from the US Department of Treasury to aid in the recovery from the Coronavirus pandemic.
- The Senior Messenger Fund – previously reported as a non-major special revenue fund, that reported activity associated with printing a newsletter for city's elderly population, closed in 2021 and all the activity was transferred into the General Fund. The activity will continue and will be tracked separately.

Unique and Unusual Transactions

- Parks Impact Fees Expiration extension into 2022
The City extended expiring District 4 PIF revenues by timely encumbering these for creation of a public park located near SE 192nd Ave and SE 25th in Vancouver. Pursuant to a Development Agreement dated September 15, 2021, between the City and a mixed - use developer requiring the parties to negotiate the construction and acquisition of a public park located within PIF District 4 as part of the larger development project. On December 28, 2021, the parties entered into an agreement specific to the City's purchase of the park which obligates payment by the City of \$1,000,000 from PIF toward the total project costs.

Major Reorganizations

- In 2021 the City saw a fair amount of reorganization due to continued activity and workload growth. Three new departments were created: Economic Development and Public Housing Department, Department of Equity and Inclusion and General Services Department. Economic Development and Public Health was previously included in the Community and Economic Development Department. The Department of Community and Economic Development was re-named Community Development Department to better reflect the updated scope of services provided. Department of Equity and Inclusion was created to better capture and report work that has been taking place over the last several years and to start building an internal capacity in that area. General Services was recreated, after almost of decade of being combined with Public Works. General Services will include Central Records, Facilities Maintenance, General Capital and Emergency Services.
- A new Assistant City Manager position was created to provide oversight to the Economic Development and Public Housing, Community Development, Parks and Recreation.

CITY OF VANCOUVER
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 22. ASSET RETIREMENT OBLIGATIONS

The City started reporting asset retirement obligations per the implementation of GASB 83. The City does not share the liability with any other entities and has not restricted funds for the payment of the liabilities. The reported items included:

- One Radioactive Machine: Held by the Water/Sewer Fund, radioactive machines are considered hazardous waste and must be disposed of in accordance with state guidelines. The liabilities reported were based upon the professional evaluation of employees managing its operations and input from related suppliers as of April 2020. The expected disposal year is 2034.
- 15 Underground Fuel Storage Tanks: Held by the Airport, Water/Sewer and Internal Service funds, the fuel storage tanks require decommissioning by WAC 173-360A-0810. The assets are scheduled to be replaced, depending on the asset, from 2023 up to 2041. The liabilities reported were based upon a quote from an external supplier and evaluation by City staff as of April 2020 and reaffirmed in 2021.
- 44 Wells: There are 44 wells considered to be capital assets, 40 active and four unused but not yet decommissioned wells. These asset retirement obligations were added as of January 1, 2020. Decommissioning requirements are required per the state WAC 173-160. While some of the wells are scheduled to be replaced in the current capital project plan, the remaining assets will be replaced after about 100 years of life. The assets are scheduled to be replaced, depending on the asset, from 2023 up to 2097. The value of the ARO liability is based on the overseeing engineer's professional judgement establishing this methodology:
 - A flat rate for mobilization of equipment
 - + \$100 per unit of volume of the well
 - + \$8,000 per 100 square foot of depth of the well

CITY OF VANCOUVER

Required Supplementary Information

Fire OPEB

December 31, 2021

Schedule of Changes in Total OPEB Liability and Related Ratios

Last Fiscal Year

(in thousands)

	2018	2019	2020	2021
Total OPEB liability				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest on total OPEB liability	995	1,062	736	591
Changes in benefit terms	-	-	-	-
Effect on economic/demographic gains or (losses)	-	(1,297)	-	74
Effect of assumption changes or inputs	(1,952)	1,325	2,957	(1,101)
Expected benefit payments	(979)	(828)	(912)	(899)
Net change in total OPEB liability	(1,936)	262	2,781	(1,335)
Total OPEB liability, beginning	28,905	26,969	27,231	30,012
Total OPEB liability - ending (a)	26,969	27,231	30,012	28,677
 Covered-employee payroll	 -	 -	 -	 -
 Net pension liability as a % of covered employee payroll	 N/A	 N/A	 N/A	 N/A

* The actuarial updates on this information are done on a biennial basis.

* The City implemented GASB 75 for the year ended December 31, 2018, therefore there is no data available for years prior to 2018. Until a full 10-year trend is compiled, only information for those years available is presented.

* No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

* There are no active employees participating in the City-sponsored plans, therefore, there is no covered payroll.

CITY OF VANCOUVER

Required Supplementary Information

Police OPEB

December 31, 2021

Schedule of Changes in Total OPEB Liability and Related Ratios

Last Fiscal Year

(in thousands)

	2018	2019	2020	2021
Total OPEB liability				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest on total OPEB liability	661	707	464	366
Changes in benefit terms	-	-	-	-
Effect on economic/demographic gains or (losses)	-	(1,072)	-	329
Effect of assumption changes or inputs	(1,188)	253	1,689	(714)
Expected benefit payments	(726)	(664)	(688)	(794)
Net change in total OPEB liability	(1,253)	(776)	1,465	(813)
Total OPEB liability, beginning	19,248	17,994	17,217	18,682
Total OPEB liability - ending (a)	17,995	17,218	18,682	17,869
 Covered-employee payroll	 -	 -	 -	 -
 Net pension liability as a % of covered employee payroll	 N/A	 N/A	 N/A	 N/A

* The actuarial updates on this information are done on a biennial basis.

* The City implemented GASB 75 for the year ended December 31, 2018, therefore there is no data available for years prior to 2018. Until a full 10-year trend is compiled, only information for those years are available is presented.

* No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

* There are no active employees participating in the City-sponsored plans, therefore, there is no covered payroll.

CITY OF VANCOUVER

Required Supplementary Information

State Sponsored PERS Plan

June 30, 2021

Schedule of Proportionate Share of the Net Pension Liability

Last Ten Fiscal Years*

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	Plan net position as a percentage of the total pension liability
PERS Plan 1					
2021	0.342359%	\$ 4,181,005	\$ 52,596,774	7.95%	88.74%
2020	0.350891%	\$ 12,388,347	\$ 53,114,551	23.32%	68.64%
2019	0.362411%	13,935,990	51,020,090	27.31%	67.12%
2018	0.371448%	16,588,994	47,541,579	34.89%	63.22%
2017	0.347124%	16,471,305	43,908,733	37.51%	61.24%
2016	0.336733%	18,084,148	40,455,469	44.70%	57.03%
2015	0.325010%	17,001,046	36,931,559	46.03%	59.10%
2014	0.321349%	16,188,107	35,499,566	45.60%	61.19%

PERS Plan 2/3

2021	0.439760%	\$ (43,807,172)	\$ 52,596,774	-83.29%	120.29%
2020	0.454888%	\$ 5,817,758	\$ 53,028,802	10.97%	97.22%
2019	0.466150%	4,527,901	50,934,387	8.89%	97.77%
2018	0.471332%	8,047,574	47,410,326	16.97%	95.77%
2017	0.442055%	15,359,298	43,718,782	35.13%	90.97%
2016	0.424266%	21,361,458	40,195,751	53.14%	85.82%
2015	0.413288%	14,767,016	36,685,226	40.25%	89.20%
2014	0.406638%	8,219,622	35,219,137	23.34%	93.29%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

CITY OF VANCOUVER

Required Supplementary Information

State Sponsored LEOFF Plans

June 30, 2021

Schedule of Proportionate Share of the Net Pension Liability

Last Ten Fiscal Years*

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	State's proportionate share of the net pension liability (asset) associated with the employer	TOTAL	Covered payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	Plan net position as a percentage of the total pension liability
LEOFF 1							
2021	0.238037%	\$ (8,154,105)	\$ (55,154,164)	\$ (63,308,269)	NA	NA	187.45%
2020	0.236710%	\$ (4,470,290)	\$ (30,236,928)	\$ (34,707,218)	NA	NA	146.88%
2019	0.235144%	(4,647,882)	(31,438,160)	(36,086,042)	NA	NA	148.78%
2018	0.237386%	(4,309,748)	(29,151,026)	(33,460,774)	NA	NA	144.42%
2017	0.239277%	(3,630,358)	(24,555,655)	(28,186,013)	NA	NA	135.96%
2016	0.243781%	(2,511,642)	(16,988,681)	(19,500,323)	NA	NA	123.74%
2015	0.246609%	(2,972,183)	(20,103,772)	(23,075,955)	NA	NA	127.36%
2014	0.248167%	(3,009,747)	(20,357,854)	(23,367,601)	NA	NA	126.91%
LEOFF 2							
				\$			
2021	1.368047%	\$ (79,461,833)	\$ (51,261,557)	(130,723,390)	\$ 52,952,847	-150.06%	142.00%
2020	1.346585%	\$ (27,468,368)	\$ (17,563,940)	\$ (45,032,308)	\$ 46,843,003	-58.64%	115.83%
2019	1.376774%	(31,895,627)	(20,887,362)	(52,782,989)	48,482,225	-65.79%	119.43%
2018	1.452364%	(29,486,155)	(19,091,729)	(48,577,884)	46,357,460	-63.61%	118.50%
2017	1.358889%	(18,856,977)	(12,232,168)	(31,089,145)	42,714,489	-44.15%	113.36%
2016	1.339828%	(7,792,842)	(5,080,366)	(12,873,208)	40,833,703	-19.08%	106.04%
2015	1.297652%	(13,337,267)	(8,818,610)	(22,155,877)	37,663,087	-35.41%	111.67%
2014	128.166200%	(17,008,206)	(11,112,842)	(28,121,048)	35,655,019	-47.70%	116.75%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

CITY OF VANCOUVER

Required Supplementary Information

State Sponsored PERS Plan

December 31, 2021

Schedule of Employer Contributions

Last Ten Fiscal Years*

Year Ended December 31,	Statorily or contractually required contributions	Contributions in relation to the statorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll
PERS Plan 1					
2021	\$ 2,368,900	\$ (2,368,900)	-	\$ 52,596,774	4.50%
2020	\$ 2,485,888	\$ (2,485,888)	-	\$ 51,766,813	4.80%
2019	2,604,750	(2,604,750)	-	52,526,841	4.96%
2018	2,504,897	(2,504,897)	-	49,529,583	5.06%
2017	2,266,259	(2,266,259)	-	45,983,171	4.93%
2016	2,002,066	(2,002,066)	-	41,693,085	4.80%
2015	1,745,867	(1,745,867)	-	39,026,260	4.47%
2014	1,548,817	(1,548,817)	-	37,320,879	4.15%

PERS Plan 2/3

2021	\$ 3,943,804	\$ (3,943,804)	-	\$ 52,596,774	7.50%
2020	\$ 4,097,303	\$ (4,097,303)	-	\$ 51,732,598	7.92%
2019	4,051,757	(4,051,757)	-	52,437,339	7.73%
2018	3,695,812	(3,695,812)	-	49,440,314	7.48%
2017	3,145,115	(3,145,115)	-	45,800,870	6.87%
2016	2,583,884	(2,583,884)	-	41,477,314	6.23%
2015	2,202,444	(2,202,444)	-	38,756,185	5.68%
2014	1,888,244	(1,888,244)	-	37,065,498	5.09%

Note to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

CITY OF VANCOUVER

Required Supplementary Information

State Sponsored LEOFF Plans

December 31, 2021

Schedule of Employer Contributions

Last Ten Fiscal Years*

<u>Year Ended December 31,</u>	<u>Statutorily or contractually required contributions</u>	<u>Contributions in relation to the statutorily or contractually required contributions</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
LEOFF 2					
2021	2,837,167	(2,837,167)	-	52,952,847	5.36%
2020	2,697,399	(2,697,399)	-	52,374,908	5.15%
2019	2,586,044	(2,586,044)	-	49,735,616	5.20%
2018	2,472,686	(2,472,686)	-	47,103,109	5.25%
2017	2,303,750	(2,303,750)	-	44,722,208	5.15%
2016	2,134,670	(2,134,670)	-	42,270,438	5.05%
2015	2,042,874	(2,042,874)	-	39,060,712	5.23%
2014	2,007,877	(2,007,877)	-	38,390,731	5.23%

Note to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

CITY OF VANCOUVER

Notes to Required Supplemental Information - Pension

All Multi Employer State Sponsored Plans

December 31, 2021

Note 1: Information Provided

The City implemented GASB 68 for the year ended December 31, 2015, therefore there is no data available for years prior to 2014.

Note 2: Significant Factors

- There were no changes of benefit terms and no significant changes in the employees covered under the benefit terms. However, actuarial results that OSA provided within this publication reflect the following changes in assumptions and methods. For all active members in TRS, OSA increased the assumed salary inflation of 3.50% for 2021 and total economic inflation of 2.75%.
- OSA updated modeling to reflect providing benefit payments to the date of initial retirement eligibility for terminated vested members who delay application for retirement benefits.
- OSA updates cost-of-living adjustment (COLA) programming. to reflect legislation signed during the 2018 Legislative Session (C151 L18). This law provides PERS and TRS Plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5 percent increase to their monthly retirement benefit, not to exceed a maximum of \$62.50 per month.

Note 3: Change in contribution rate

The employer contribution rates for both PERS 1 and PERS 2/3 were 12.97% from January to August 2021. Both plans decreased to 10.25% from September through December 2021.

Note 4: Employer Contributions

For LEOFF 1, there is a net pension asset for the City; however, there are no active employees participating in the plan, and no required contributions because the plan is fully funded. Therefore, covered payroll and contributions are displayed as N/A.

Note 5: Covered Payroll

Covered payroll has been presented in accordance with GASB 82, *Pension Issues*. Covered payroll now includes all payroll on which a contribution is based.

CITY OF VANCOUVER

Required Supplementary Information - Single Employer

Fire Pension

December 31, 2021

Schedule of Changes in Net Pension Liability and Related Ratios

Last Ten Fiscal Years*

(in thousands)

	2021	2020	2019	2018	2017	Restated 2016	2015	2014
Total pension liability								
Interest	\$ 138	\$ 186	\$ 231	\$ 224	\$ 248	\$ 255	\$ 265	\$ 272
Effect of economic/demographic (gains) or losses	(414)	-	598	-	-	(185)	-	-
Effect of assumptions, changes or inputs	208	432	684	(264)	145	(156)	-	-
Benefit payments, including refunds of contributions	(469)	(498)	(538)	(655)	(586)	(562)	(526)	(477)
Net change in total pension liability	(538)	120	975	(695)	(193)	(648)	(261)	(205)
Total pension liability - beginning	7,123	7,003	6,029	6,724	6,917	7,565	7,826	8,031
Total pension liability - ending (a)	6,585	7,123	7,004	6,029	6,724	6,917	7,565	7,826
Plan net position								
Contributions - employer	1,500	2,792	2,792	1,800	1,800	1,756	1,756	1,756
Contributions - state fire insurance premium tax	219	208	202	200	187	183	172	185
Net investment income	50	139	291	181	84	61	35	35
Prior period adjustment	-	-	17	-	(15)	-	-	17
Benefit payments, including refunds of contributions	(469)	(498)	(538)	(655)	(586)	(562)	(526)	(477)
Medical payments from fund	(706)	(652)	(583)	(720)	(689)	(815)	(836)	(924)
Administrative expense	(57)	(35)	(54)	(58)	(76)	(69)	(56)	(29)
Net change in plan net position	537	1,954	2,127	748	705	554	545	563
Plan net position - beginning	14,582	12,628	10,502	9,753	9,048	8,494	7,949	7,386
Plan net position - ending (b)	15,118	14,582	12,629	10,501	9,753	9,048	8,494	7,949
Net pension liability ending (a) - (b)	\$ (8,533)	\$ (7,459)	\$ (5,625)	\$ (4,472)	\$ (3,029)	\$ (2,131)	\$ (929)	\$ (123)
Plan net position as a % of total pension liability (b)/(a)	229.58%	204.72%	180.31%	174.17%	145.05%	130.81%	112.28%	101.57%
Covered-employee payroll	-	-	-	-	-	-	-	-
Net pension liability as a % of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

*Until a full 10-year trend is compiled, only information for those years available is presented.

CITY OF VANCOUVER

Required Supplementary Information - Single Employer

Police Pension

December 31, 2021

Schedule of Changes in Net Pension Liability and Related Ratios

Last Ten Fiscal Years *

(in thousands)

	2021	2020	2019	2018	2017	Restated 2016	2015	2014
Total pension liability								
Interest	\$ 33	\$ 49	\$ 83	\$ 81	\$ 91	\$ 83	\$ 88	\$ 93
Effect of economic/demographic (gains) or losses	621	-	(323)	-	-	296	-	-
Effect of assumptions, changes or inputs	41	99	161	(80)	45	(49)	-	-
Benefit payments, including refunds of contributions	(238)	(247)	(236)	(230)	(250)	(285)	(217)	(301)
Net change in total pension liability	458	(99)	(315)	(229)	(114)	45	(129)	(208)
Total pension liability - beginning	1,791	1,890	2,204	2,434	2,548	2,503	2,632	2,841
Total pension liability - ending (a)	2,249	1,791	1,889	2,205	2,434	2,548	2,503	2,633
Plan net position								
Contributions - employer	1,000	2,084	2,084	1,100	1,100	1,080	1,080	1,080
Police Auction Income	15	6	36	15	9	10	8	2
Net investment income	-	-	-	-	-	1	-	-
Prior period adjustment	(1)	-	12	-	1	-	-	9
Benefit payments, including refunds of contributions	(238)	(247)	(236)	(230)	(250)	(285)	(218)	(301)
Medical payments from fund	(830)	(654)	(681)	(601)	(652)	(612)	(475)	(587)
Administrative expense	(40)	(27)	(40)	(41)	(49)	(47)	(48)	(36)
Net change in plan net position	(94)	1,162	1,175	243	159	147	347	167
Plan net position - beginning	4,913	3,751	2,576	2,334	2,175	2,029	1,682	1,515
Plan net position - ending (b)	4,820	4,913	3,751	2,577	2,334	2,176	2,029	1,682
Net pension liability ending (a) - (b)	\$ (2,570)	\$ (3,122)	\$ (1,862)	\$ (372)	\$ 100	\$ 372	\$ 474	\$ 951
Plan net position as a % of total pension liability (b)/(a)	214.32%	274.32%	198.57%	116.87%	95.89%	85.40%	81.06%	63.88%
Covered-employee payroll	-	-	-	-	-	-	-	-
Net pension liability as a % of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

*Until a full 10-year trend is compiled, only information for those years available is presented.

CITY OF VANCOUVER

Required Supplementary Information - Single Employer

Police and Fire Pensions

December 31, 2021

Schedule of Investment Returns

Last Ten Fiscal Years*

Retirement System	Year	Annual money-weighted rate of return, net of investment expense
Fire Pension Trust Fund	2021	0.34%
	2020	1.06%
	2019	2.54%
	2018	1.79%
	2017	0.73%
	2016	0.70%
	2015	0.42%
	2014	0.46%
Police Pension Trust Fund	2021	0.00%
	2020	0.00%
	2019	0.00%
	2018	0.00%
	2017	0.03%
	2016	0.03%
	2015	0.00%
	2014	0.02%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

CITY OF VANCOUVER**Notes to Required Supplementary Information****Police and Fire Pensions****December 31, 2021**

Note 1: Information Provided

The City implemented GASB 68 for the year ended December 31, 2015, therefore there is no data available for years prior to 2014.

Note 2: Significant Factors

There were no changes of benefit terms, significant changes in the employees covered under the benefit terms or in the use of different assumptions. Under the Police and Fire Pension funds requirement of State law, most adjustments are based on the change in salary for the rank of the members held at retirement or based on the Consumer Price Index. Adjustments are determined in accordance with RCW 41.18.150, RCW 41.20 and RCW 41.26.

Note 3: Covered Payroll

There are no active employees participating in the City-sponsored plans, therefore, there is no covered payroll.

Note 4: Significant Assumptions

Valuation date: January 1, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Asset valuation method	Fair Value
Inflation	2.25%
Salary increases	3.25%
Discount rate	2.00%
Investment rate of return	2.00%
Municipal bond rate	2.00%
Mortality	Pub-2010 Safety Mortality Table (headcount-weighted)
Amortization method *	Entry Age Normal

* Omissions:

1. Amortization method & Remaining amortization period: Since the value of assets for both funds was larger than the actuarial present value of benefits at the time of the 2021 valuation, there is no amortization period.
2. Retirement Age: Every member has retired, therefore retirement age does not factor into these calculations.

**City of Vancouver
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass-Throu gh Awards	From Direct Awards	Total		
CDBG - Entitlement Grants Cluster								
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-53-0013	-	30,638	30,638	19,363	5
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-53-0013	-	103,711	103,711	98,521	5
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-53-0013	-	60,026	60,026	6,553	5
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-53-0013	-	257,227	257,227	203,635	5
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-53-0013	-	742,284	742,284	566,540	3, 5
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	COVID 19 - Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-53-0013	-	485,804	485,804	415,828	5
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-21-MC-53-0013	-	339,976	339,976	38,651	3, 5
Total CDBG - Entitlement Grants Cluster:				-	2,019,666	2,019,666	1,349,091	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	M-16-MC-53-0208	-	4,459	4,459	4,459	5
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	M-17-MC-53-0208	-	14,177	14,177	14,177	5
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	M-18-MC-53-0208	-	222,559	222,559	197,610	5
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	M-19-MC-53-0208	-	236,769	236,769	116,353	5
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	M-20-MC-53-0208	-	591,649	591,649	446,283	3, 5
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	M-21-MC-53-0208	-	148,516	148,516	22,264	5
Total CFDA 14.239:				-	1,218,129	1,218,129	801,146	

**City of Vancouver
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass-Throu gh Awards	From Direct Awards	Total		
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via City of Seattle Police Department)	Missing Children's Assistance	16.543	20-02059	19,530	-	19,530		
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via International Association of Chiefs of Police)	Crime Victim Assistance/Discretionary Grants	16.582	2019-V3-GX- K142	3,045	-	3,045	-	
OFFICE ON VIOLENCE AGAINST WOMEN (OVW), JUSTICE, DEPARTMENT OF (via Clark County)	Violence Against Women Formula Grants	16.588	F-19-31103- 044	8,051	-	8,051	-	
COMMUNITY ORIENTED POLICING SERVICE, JUSTICE, DEPARTMENT OF	Public Safety Partnership and Community Policing Grants	16.710	2016-UL-WX- -0047	-	125,746	125,746	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX- 4201	-	20,517	20,517	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Clark County)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-DJ-BX- 0254	14,296	-	14,296	-	
	Total CFDA 16.738:			14,296	20,517	34,813	-	
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program and COVID-19 Airports Programs	20.106	3-53-0139-0 11-2018	-	91,179	91,179	-	
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program and COVID-19 Airports Programs	20.106	3-53-0139-0 14-2020	-	50,015	50,015	-	
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program and COVID-19 Airports Programs	20.106	3-53-0139-0 16-2021	-	361,196	361,196	-	
	Total CFDA 20.106:			-	502,390	502,390	-	

**City of Vancouver
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass-Throu gh Awards	From Direct Awards	Total		
Highway Planning and Construction Cluster								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	CM-1350(028)	9,185	-	9,185	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	CM-4242(027)	51,697	-	51,697	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	HSIP-4242(025)	5,966	-	5,966	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	STPUL-1350(027)	5,148	-	5,148	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	STPUL-4266(002)	191,585	-	191,585	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	STPUL-4421(004)	389,857	-	389,857	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	STPUL-4254(006)	57,397	-	57,397	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	NHPP-4551(014)	7	-	7	-	
Total Highway Planning and Construction Cluster:				710,842	-	710,842	-	
Highway Safety Cluster								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Association of Sheriff's & Police Chiefs)	State and Community Highway Safety	20.600	WASPC Traffic Safety Equip.	4,331	-	4,331	-	
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via State of Washington Traffic Safety Commission)	State and Community Highway Safety	20.600	2021-HVE-4064	6,676	-	6,676	-	
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via State of Washington Traffic Safety Commission)	State and Community Highway Safety	20.600	2022-HVE-4448	4,286	-	4,286	-	
Total Highway Safety Cluster:				15,293	-	15,293	-	

**City of Vancouver
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass-Throu gh Awards	From Direct Awards	Total		
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via State of Washington Traffic Safety Commission)	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	2021-HVE-4 064	1,360	-	1,360	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	SLT-7052	-	1,117,035	1,117,035	-	
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY	Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	BF-01J8780 1	-	27,363	27,363	-	
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via WA State Department of Ecology)	Columbia River Basin Restoration (CRBR) Program	66.962	C2100029	21,169	-	21,169	-	
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY	Columbia River Basin Restoration (CRBR) Program	66.962	RB-01J7340 1	-	54,730	54,730	-	
		Total CFDA 66.962:		21,169	54,730	75,899	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Department)	COVID 19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	D20-151	467,598	-	467,598	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Assistance to Firefighters Grant	97.044	EMW-2018- FO-00832	-	68,538	68,538	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Assistance to Firefighters Grant	97.044	EMW-2019- FG-03555	-	202,312	202,312	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Assistance to Firefighters Grant	97.044	EMW-2019- FP-00650	-	116,841	116,841	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Clark Regional Emergency Services)	Assistance to Firefighters Grant	97.044	EMW-2020- FP-00464	238	-	238	-	
		Total CFDA 97.044:		238	387,691	387,929	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Clark Regional Emergency Services)	Homeland Security Grant Program	97.067	EMW-2019- SS-00044-S 01	53,334	-	53,334	-	
		Total Federal Awards Expended:		1,314,756	5,473,267	6,788,023	2,150,237	

City of Vancouver
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

1) Basis of Accounting

This schedule is prepared on the same basis of accounting as the City's financial statements. The City of Vancouver uses the accrual basis of accounting

2) Indirect Cost Rate

The City does not use the 10% de minimis cost rate as covered in 2 CFR §200.414 Indirect (F&A) costs.

3) Program Income

The City has a revolving loan program for low income housing. Under this federal program, repayments to the City are considered program revenue (income) and loans of such funds to eligible recipients are considered federal expenditures.

4) Program Costs

The amounts shown as current year expenditures represent only general award portions of the program costs. Entire program costs, including the City's portion may be more than shown.

5) Subrecipient Reporting

Disbursements of funds to subrecipients are reported on the SEFA in in the fiscal year they are approved for payment to the subrecipient.