

## 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.

### Capital Assets, Net of Depreciation

	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