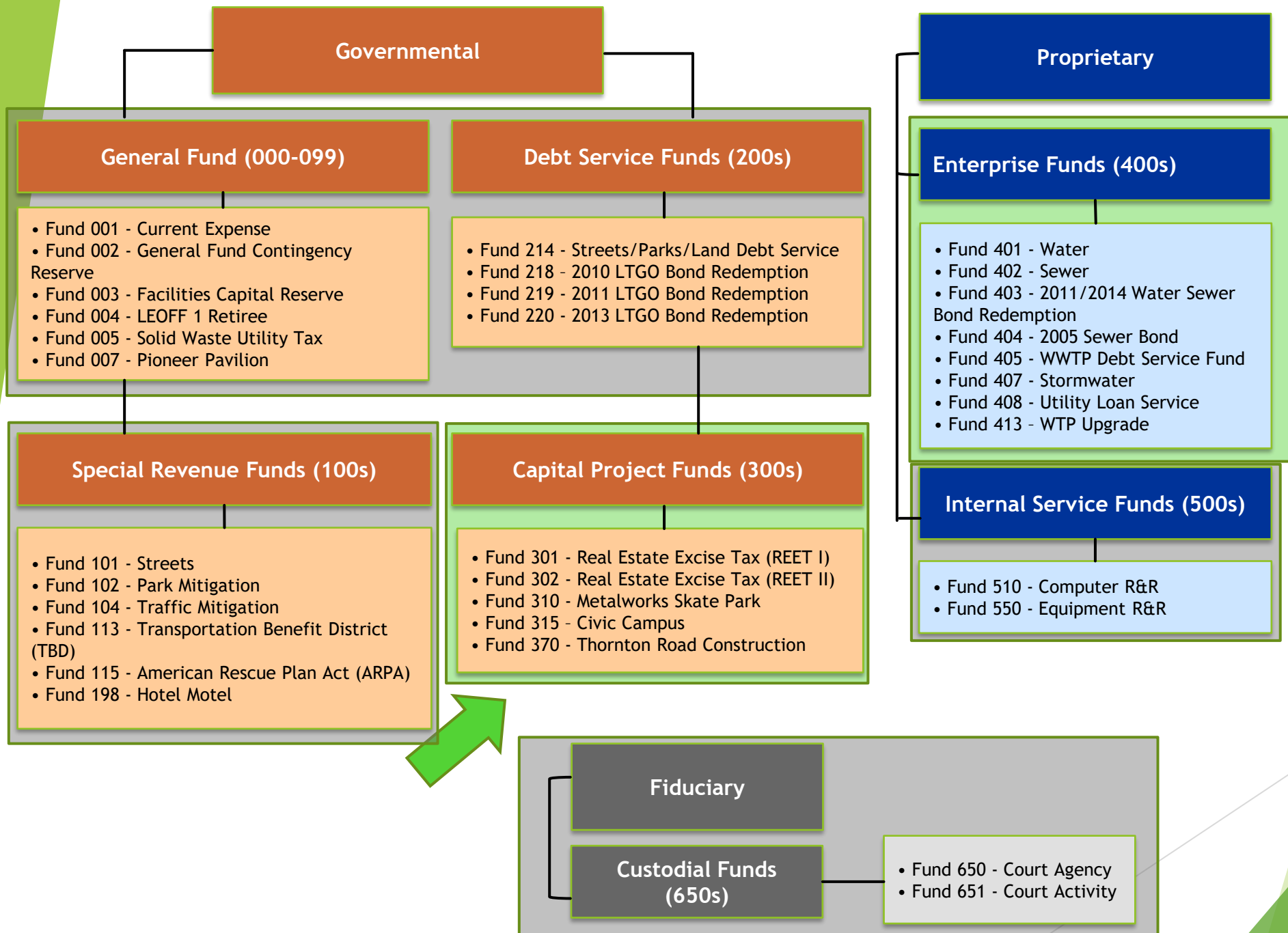




ENTERPRISE & CAPITAL FUNDS

NOVEMBER 3, 2025
REGULAR COUNCIL MEETING

PRESENTED BY: DANIELLE INGHAM, FINANCE DIRECTOR
KEVIN RENZ, PUBLIC WORKS DIRECTOR



RCW 43.09.210

A fund is considered a separate legal entity,
meaning: *“One fund cannot benefit another”*

Governmental fund

- **Capital projects fund(Fund 300-399)** – Used to account for and report financial resources that are restricted, committed, or assigned for expenditures related to capital outlays, including the acquisition or construction of capital facilities and other capital assets.
 - Separate reporting of these funds enhances transparency and understanding of the City's capital activities and helps prevent distortions in financial data that can occur when capital and operating activities are combined.
- ✓ Fund 301 = Real Estate Excise Tax – First ¼ % (REET I)
- ✓ Fund 302 = Real Estate Excise Tax – Second ¼ % (REET II)
- ✓ Fund 310 = Metalworks Skate Park
- ✓ Fund 315 = Civic Campus
- ✓ Fund 370 = Thornton Road Construction

Funds 301 & 302

The State of Washington levies a real estate excise tax on most sales of real property. In addition to the State tax, cities may impose local REET tax within their jurisdiction

- Both REET I and II are imposed for capital projects and limited maintenance
- Funds must be spent on capital projects identified in the capital facilities plan in the City's Comp Plan

FUNDS 301 & 302

REET I/II

- Effective July 27, 2025, HB 1791 provides significant new flexibility for REET revenues and amends the allowable uses between funds
 - REET I to be used for REET II purposes and vice versa, removing the distinction between GMA and non-GMA (Growth Management Act) jurisdictions.
 - REET I funds may now be used for capital projects that were previously limited to REET II, including affordable housing
 - Allows for 35% of REET I/II revenues to be used for operations and maintenance of existing capital projects (previously \$100k or 25%)
 - HB1791 did NOT raise REET taxes, it adjusts how existing revenues may be used

Fund 301

- 2026 Revenues remain conservative as in past years but increased to \$400,000 (Page 39, Line 9)
- REET I Expenditures include:
 - Transfer from F301 to F218 for debt service of \$63,275.60 (Line 16)
 - Transfer from F301 to F003 for continued Capital Facilities Reserves (Line 23)
 - One time transfer from F301 to F001 for the Stage (Line 19)

Fund 302

- 2026 Revenues remain conservative as in past years but increased to \$350,000 (Page 40, Line 9)
- REET II Expenditures include:
 - One time transfer from F302 to F001 for the Stage (Line 22)

Fund 315

Civic Campus

- 2026 Revenues include:
 - Remaining grant funding from Department of Commerce for design expected in Q1 of 2026 (\$235,127.60)
 - Grants from the State and Federal level totaling (\$5,250,000)
 - One time transfer from F005 (\$2,000,000) will be used only as needed

- 2026 Expenditures include:
 - Construction of Civic Campus

Fund 310

Metalworks Skate Park

- No 2026 expenditures are expected. Ending fund balance is \$0.

Fund 370

Thornton Overpass

- One time transfer from F370 to F005 totaling \$1,011,123.03 to close fund (Page 43, Line 35)
- Funds are being transferred to F005, as a significant portion of the original non-grant funding was sourced from the Solid Waste Fund.

Proprietary funds

- **Enterprise funds** (Fund 400-499) – Used to report activities for which fees are charged to external users for goods or services. This fund type is also required for any debt that is supported solely by those fees and charges.

- ✓ Fund 401 = Water
- ✓ Fund 402 = Sewer
- ✓ Fund 407 = Storm & Flood Control
- ✓ Fund 413 = WTP Upgrade

Fund 401

Water

- 2026 Revenues include:
 - Remain stable with modest increases from 2025 in Sales & Service and charges (Lines 14-24)
 - The City anticipates a reduction in revenues from Water Connections (Line 10)
- Transfers for Debt Service (Lines 189-193)
- 2026 Expenditures include:
 - Fleet additions (Lines 153-160)
 - Interfund Loan payments to Sewer F402 (Line 194 and 197)

Fund 402

Sewer

➤ 2026 Revenues include:

- Remain stable with modest increases from 2025 in Sales & Service and charges (Lines 15-34)
- The City anticipates a reduction in revenues from Sewer Connections (Line 11)
- Interfund Loan payments from Water F401 (Line 30)

➤ Transfers for Debt Service (Lines 164-166)

➤ 2026 Expenditures include:

- Pump Station #16 Construction (\$3,000,000)
- Grandview Sewer (\$2,000,000)
- Fleet additions (Lines 153-160)

Fund 407

Storm

- 2026 Revenues include:
 - Remain stable with modest increases from 2025 in Sales & Service and charges (Lines 13-29)
 - The City anticipates receiving the remaining grant funding from DOE (Line 10)
- Transfers for Debt Service (Lines 129-131)
- 2026 Expenditures include:
 - SW Storm Water Pond(\$450,000)
 - Evergreen/Tyler Conveyance Design (\$200,000)
 - Fleet additions (Lines 111-116)

Fund 413

Water Treatment Plant Upgrade

- There are no revenues expected in 2026
- The Water Treatment Plant (WTP) Upgrade construction project is anticipated to be completed in 2025, with final invoice payments expected to be processed in 2026

The background features abstract, overlapping green geometric shapes, primarily triangles and polygons, in various shades of green, creating a modern and dynamic visual effect.

QUESTIONS?