

CITY OF NAPAVINE
2021 BUDGET
PRELIMINARY REVENUES



For the Fiscal Year

January 1, 2021

Through

December 31, 2021

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2020 BUDGET ESTIMATED ENDING CASH FLOW

2020 Estimated Year End										
Fund		Beginning		Transfers		Transfers	Ending		Designated	Unreserved
		Cash & Invest	Revenues	In	Expenditures	Out	Cash & Invest	Restricted \$	UnReserved	Balance
001	General Fund 001	680,519	1,033,130	0	1,040,360	5,000	668,289	105,796		562,493
002	Substance Abuse Fund	6,625	30		0		6,655	6,587		68
004	Park Improvement Fund 004	108,149	20,050		1,100		127,099	124,025		3,074
005	Gen Gov Capital Equip Fund	2,151	55,000	5,000	380		61,771			61,771
101	Street Fund 101	252,076	165,170		244,420	11,000	161,826	14,848		146,978
102	Street Capital Equipment Fund	5,000		11,000	0	0	16,000			16,000
105	Street Improvement Fund 105	152,875	20,070		0		172,945	54,606	30,990	118,339
110	Criminal Justice Funds	31,953	42,260		8,720		65,493	63,878		1,616
305	Project Planning Fund	166,145	40,445		0		206,590	200,595		5,995
401	Water Fund 401	782,930	462,085		397,990	111,000	736,025			736,025
402	Water System Improvement Fund	601,274	22,035	100,000	332,520		390,789			390,789
403	USDA Bond Reserve Fund	22,710	0		0		22,710	22,710		0
404	Water Deposit Trust Fund	7,815	0		100		7,715	7,715		0
406	Wastewater Fund 406	346,649	789,580		785,955	66,000	284,274			284,274
408	Wastewater System Improve Fund	378,361	32,070	50,000	0		460,431			460,431
409	Sewer Capital Equipment Fund	5,000		16,000	0		21,000			21,000
411	Water Capital Equipment Fund	5,000		11,000	0		16,000			16,000
415	LID 2011-1 Bond Redemption Fund	296,742	85,015		81,785		299,972	299,972		0
502	Private-Purpose Trust Funds	34,836	0	0	0		34,836	34,836		0
631	Agency Funds	1,187					1,187	750		437
632	Municipal Court Trust Fund	1,913	26,455		26,965		1,403			1,403
Total		3,889,910	2,793,395	193,000	2,920,295	193,000	3,763,010	936,317	30,990	2,826,693
			2,986,395		3,113,295					

2021 PRELIMINARY BUDGET SUMMARY (CASH FLOW)

2021 Estimated Year End										
Fund	Beginning		Transfers		Transfers	Ending		Designated	Unreserved	
	Cash & Invest	Revenues	In	Expenditures	Out	Cash & Invest	Restricted \$	UnReserved	Balance	
001	General Fund 001	668,289	1,010,300	0	1,169,805	5,000	503,784	105,796		397,988
002	Substance Abuse Fund	6,655	20		6,600		75	7		68
004	Park Improvement Fund	127,099	278,940		355,405		50,634	47,560		3,074
005	Gen Gov Capital Equip Fund	61,771	0	5,000	27,260		39,511			39,511
101	Street Fund 101	161,826	217,130		288,645	15,000	75,311	17,543		57,768
102	Street Capital Equipment Fund	16,000	0	15,000			31,000			31,000
105	Street Improvement Fund	172,945	493,390		498,525		167,810	49,471	30,990	87,349
110	Criminal Justice Funds	65,493	42,625		81,000		27,118	26,903		216
305	Project Planning Fund	206,590	40,325		75,000		171,915	165,920		5,995
401	Water Fund 401	736,025	465,150		485,770	115,000	600,405			600,405
402	Water System Improvement Fund	390,789	20,700	100,000	231,800		279,689			279,689
403	USDA Bond Reserve Fund	22,710	0		0		22,710	22,710		0
404	Water Deposit Trust Fund	7,715	0		7,600		115	115		0
406	Wastewater Fund 406	284,274	813,730		848,590	65,000	184,414			184,414
408	Wastewater System Improve Fund	460,431	28,375	50,000	70,000		468,806			468,806
409	Sewer Capital Equipment Fund	21,000	0	15,000	0		36,000			36,000
411	Water Capital Equipment Fund	16,000	0	15,000	0		31,000			31,000
415	LID 2011-1 Bond Redemption Fund	299,972	57,805		81,075		276,702	276,702		0
502	Private-Purpose Trust Funds	34,836	0		32,000		2,836	2,836		0
631	Agency Funds	1,187	0				1,187	750		437
632	Municipal Court Trust Fund	1,403	0				1,403	1,403		
Total		3,763,010	3,468,490	200,000	4,259,075	200,000	2,972,425	717,715	30,990	2,223,719.49
			3,668,490		4,459,075					

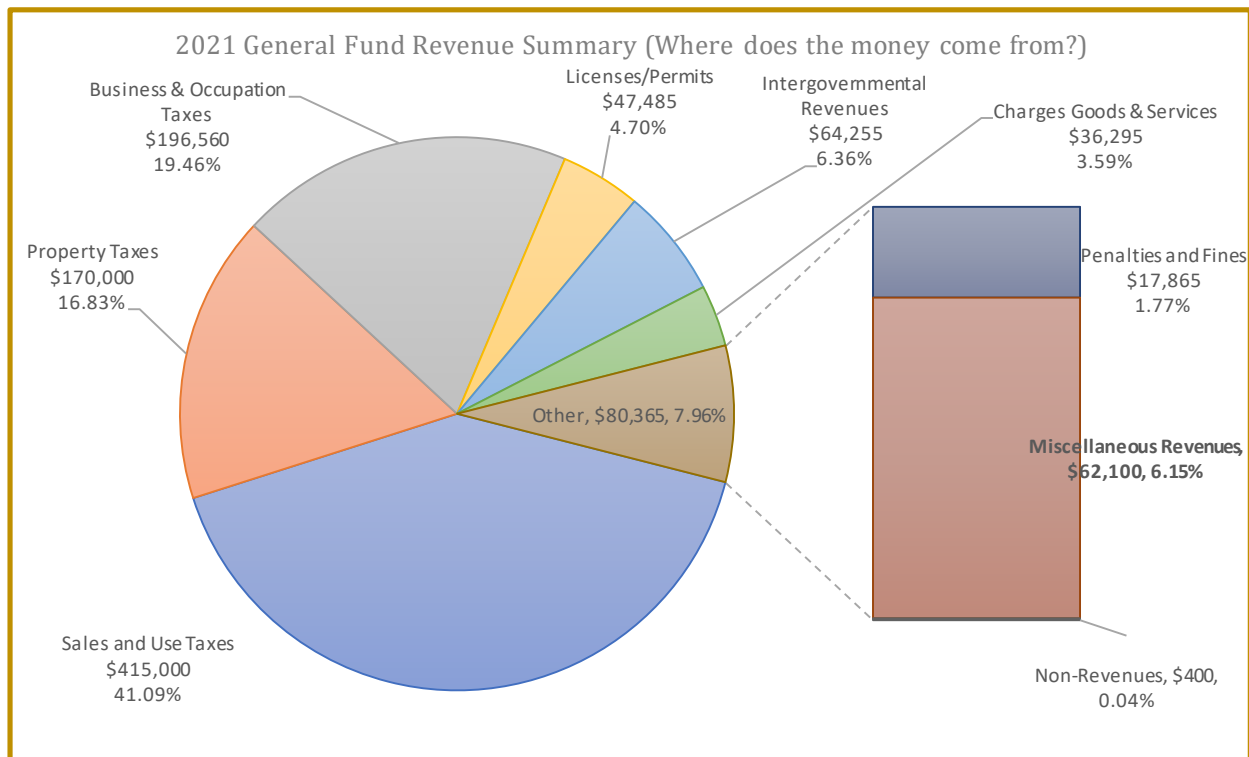
FINANCIAL INFORMATION

GOVERNMENTAL FUND TYPES

All governmental funds share a common measurement focus and basis of accounting. Under the current financial resources measurement focus, the object of the operating statement is to report near-term inflows and out-flows of financial or spendable resources.

GENERAL FUND

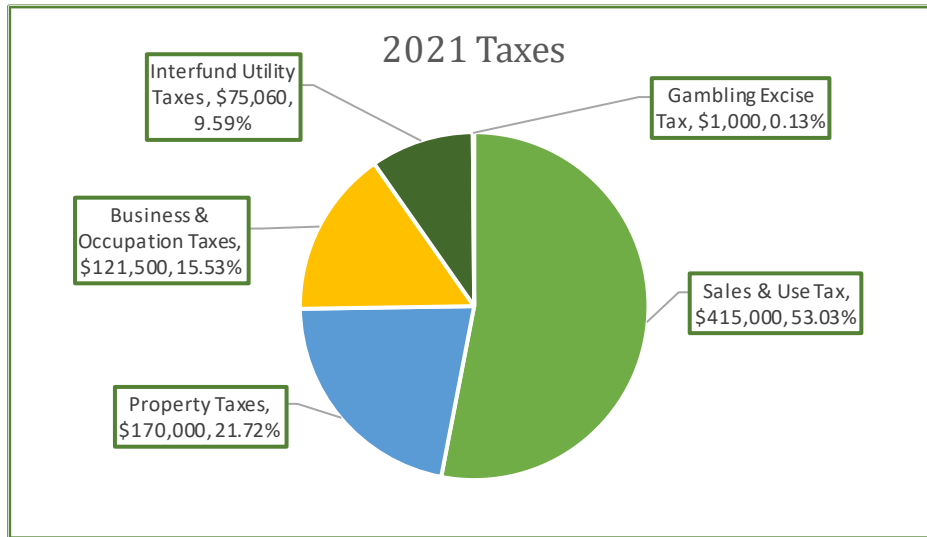
This is the main operating fund of the City which includes revenues and expenditures not required by codes to be accounted for separately. Revenues include taxes, license and permit fees, Intergovernmental revenues (State Shared Revenues), charges for goods and services, court fines, grant funding, and administrative fees.



GENERAL FUND REVENUES SUMMARY

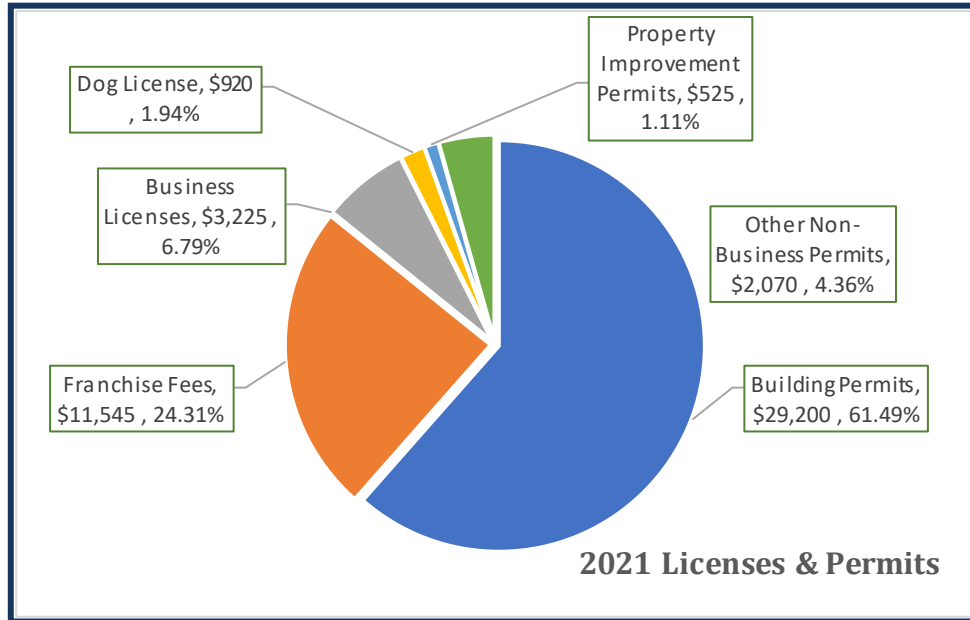
2021- General Fund Summary					
Description	Budget 2019	Actual 2019	Budget 2020	Est Y/E 2020	Budget 2021
Beginning Cash & Investments	522,743	612,199	648,589	680,519	668,289
Taxes					
General Property Taxes	161,250	155,046	196,350	185,225	170,000
Retail Sales and Use Taxes	371,000	402,351	390,000	425,000	415,000
Business and Occupation Taxes	189,550	190,716	199,000	190,085	196,560
Total Taxes	721,800	748,113	785,350	800,310	781,560
Licenses and Permits	35,050	45,355	39,195	45,860	47,485
Intergovernmental Revenues	59,000	60,885	73,015	66,645	64,255
Charges for Goods and Services	23,655	41,955	37,535	40,695	36,295
Fines and Penalties	23,685	15,182	16,430	15,905	17,865
Miscellaneous Revenues	72,900	72,338	64,755	62,875	62,100
Nonrevenues	275	362	360	500	400
Other Financing Sources	0	0	340	340	340
Total General Fund 001	936,365	984,191	1,016,980	1,033,130	1,010,300
Total Resources	1,459,108	1,596,390	1,665,569	1,681,719	1,678,589

Tax Revenues



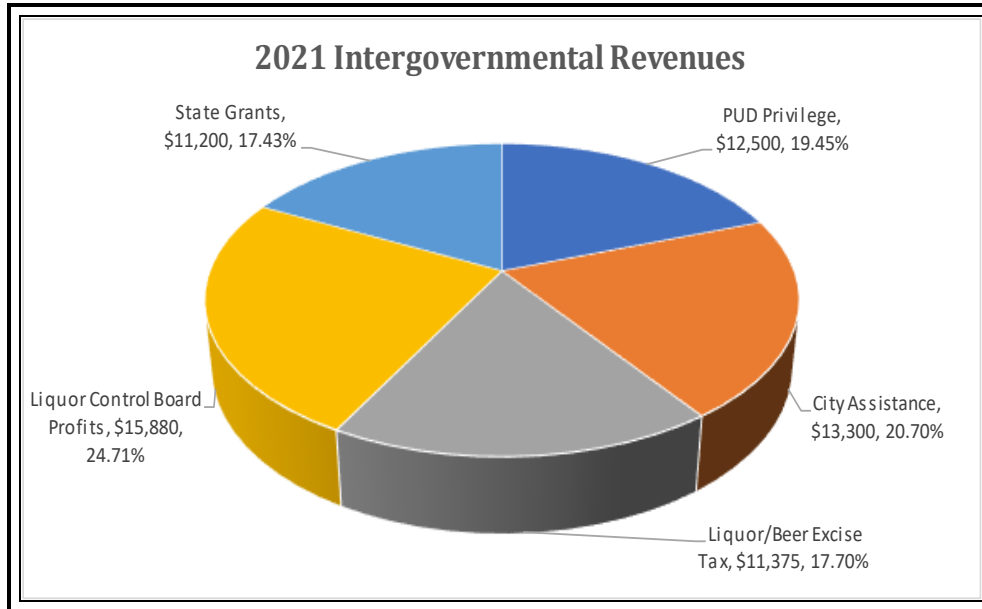
- Retail Sales Tax estimated in the amount of \$415,000 for 2021.
- Property Taxes (Levy estimated amount \$334,000 split 50/50 with the Street Fund) however the new State Assessed Utilities is not determined until December. In 2020 there was a slight increase in the State Assessed Utilities (\$577,690). The city is anticipating an increase and has provided for such in the budget to allow the city to receive property tax on the value of state assessed utilities. The 2020 actual levy amount for City of Napavine was \$320,907.94. The allowable 1% increase over 2020 highest lawful levy limit is estimated to be \$3,209. The value of the new construction in 2020 was \$5,403,238 X last year's (2020) levy rate of \$1.646202458533 allows an increase in property levy for new construction in the amount of \$8,895. The county's real and personal estimates including state assessed utilities for City of Napavine for the 2021 levy is 211,414,958; which the 2021 levy amount to budget for round up to \$334,000. The estimated levy rate for the 2021 levy is \$1.577503565287 per \$1,000. The city has not received notice if we will receive an administrative refund in 2021 tax year.
- Utility Taxes include telephone, cable, and electric utilities at a 6% rate which was increased January 1, 2018. While reviewing revenues for the General Fund, the telephone utility tax has varied over the past four years. The city anticipates receiving \$24,000 in telecommunications, electric \$93,000 and cable \$3,500 for a grand total of \$196,560 in business & occupation taxes.
- Inter-fund Taxes on water & wastewater services from Utility Billing at a 6% rate of utility services. The city estimates an Inter-fund taxes in the amount of \$75,060.
- Gambling Excise Tax based on 1% of gross receipts. (Gross sales less prize awards) with anticipated revenue in the amount of \$1,100.
- The estimated tax revenue for 2021 is \$781,560 in the General Fund.

Licenses and Permits



- The City of Napavine partnered with the Department of Revenue’s Business Licensing Service (BLS). The partnership allows City of Napavine customers a “one-step shopping” when maintaining or renewing state or city licenses. Existing, new, and expanding business can apply or renew their City license online along with other state and local licenses that partner with BLS. The expiration date of all business licenses is the following year to date of when the business initially applied for their state business license. Non-residential business whose annual value of products, gross proceeds of sales, or gross income of the business in the City is equal to or less than \$2,000 are exempt in the business license fee.
 - New business license fee is \$50.00
 - Renewal business license fee is \$25.00
- Franchise Fees are generated by a Franchise Agreements with the City by Ordinance. We have agreements with LeMay Enterprises for Refuse pickup, Wave Broadband for Cable TV Services and Lightspeed Network for Telecommunications Services.
- Building Permits are handled by our Community Development Department for new construction, property improvement permits and commercial building permits.
- Animal License are renewed annually and are required for all dogs located within the city limits of Napavine regardless of the size of the animal. The city provides a Senior discount for owners at age 62 or older.
- Miscellaneous Permits consists of city share of gun permits, other zoning permits and any non-business permit.

Intergovernmental Revenue



- Indirect Federal Grants
- State Grants
- State Shared Revenues:
- Timber Tax (Local Government Other Payments)
- PUD Privilege
- CITY- ASSISTANCE DISTRIBUTIONS per the 2021 Budget Suggestions Booklet provided by MRSC.

RCW 82.45.060 imposes a real estate excise tax (REET) on each sale of real property within Washington State. ESSB 5998, adopted in the 2019 legislative session, changed the state excise tax from a flat rate to a graduated rate scale, depending upon the selling price effective January 1, 2020. The new scaled tax is:

- 1.1% on sales of real property of \$500,000 and less
- 1.28% on sales greater than \$500,000 and less than or equal to \$1.5 million (plus all timberland and agricultural lands regardless of value)
- 2.75% on sales greater than \$1.5 million and less than or equal to \$3.0 million
- 3.0% on sales greater than \$3.0 million

The graduated scale for the state excise tax will be reviewed and adjusted every fourth year beginning July 1, 2022 based upon the growth of the CPI for shelter or 5% percent, whichever is less. If the growth is equal to or less than 0%, the current selling price thresholds will remain unchanged.

A portion of the state REET is deposited into the city-county assistance account (RCW 43.08.290) to provide assistance for certain cities and counties that meet the statutory qualifications. Effective January 1, 2020, ESSB 5998 reduced this portion from 1.6% to 1.4% due to the projected increase in real estate excise tax revenues resulting from the new graduated REET scale.

These funds were originally intended to mitigate the loss of the motor vehicle excise tax (MVET) that was distributed to local governments as a means of equalization of sales tax.

The formula used to allocate city funding is based on a sales and property tax equalization formula and the 2005 MVET backfill levels. The maximum distribution for any eligible city was originally capped at \$100,000, to be increased each year by the increase in the July implicit price deflator (IPD) for personal consumption expenditures. The 2020 cap is \$128,726.

City Assistance Distributions

City/Town Population
5,000 or less

Distribution Formula
Greater of

Only eligible if per capita assessed value is less than 2x the statewide average for all cities

- 55% sales tax equalization on “first half” local sales tax;
- 55% property tax equalization based on per capita assessed values (per \$1,000 AV); or
- 2005 MVET backfill

If there are not enough revenues to fund the city distributions, then they will be reduced proportionately. If there are more revenues than necessary to fund the above distributions, the excess is to be distributed proportionately on the basis of population among those cities that have qualified for city-county assistance and impose the full second half-cent of the sales and use tax under RCW 82.14.030(2).

The city anticipates receiving \$13,300. The city assistance funds are distributed quarterly on January, April, July and October. For funds to be distributed on those dates, the transfers must be made in the previous month. January payment is remitted in December of the year in which the certification is made, then in March, June and September of the coming year. This means that, for budgeting purposes, cities are dealing with two different certification years (2021-2022).

- **Liquor Excise Tax**

The formula works as follows:

- 1.) 35% of liquor excise tax collected is deposited in the “liquor excise tax fund” for distribution to cities, towns, and counties. (RCW 82.08.160(1)).
- 2.) \$2.5 million each quarter (\$10 million per year) shall be deducted from the liquor excise tax fund and remitted to the state general fund. (RCW 82.08.170(3)).
- 3.) Of the remaining amount, 80% of the liquor excise tax is distributed to cities (based on population) and 20% to counties (based on unincorporated population).

The June 2020 forecasts by the ERFC project a fair increase (7%) in liquor excise tax collections, resulting in an increase in distributions. The revised forecast for 2020 distributions is \$28,926,158 for cities and \$6,584,025 for counties.

For calendar year 2021 the ERFC projects a 2.5% decrease to liquor excise tax revenues that are to be deposited into the liquor excise tax fund. After deductions, the total local government distributions are estimated to be \$28,227,818 for cities and \$6,409,440 for counties.

The estimated 2021 distribution for cities is \$5.66 per capita. Office of Financial Management (OFM) estimates Napavine’s 2021 population at 2,010. The anticipated revenue in this category is \$11,377. At least 2% must be used for an approved alcohol or drug addiction program, which the city remits the 2% (\$228) and the remaining 98% (\$11,149) may be used for lawful governmental purpose.

- **Liquor Board Profits**

Initiative 1183 not only privatized liquor sales in Washington, but it also changed the types of liquor revenues collected by the state. The state is now collecting revenue in the form of license fees from distributors and retailers, rather than profits from the state-run liquor stores. However, the Liquor and Cannabis Board (LCB) continues to call these funds “liquor profits.” A portion of these collections go to cities, counties, and border jurisdictions. Codified as RCW 66.24.065, it reads:

The distribution of spirits license fees under RCW 66.24.630 and 66.24.055 through the liquor revolving fund to border areas, counties, cities, towns, and [MRSC] must be made in a manner that provides that each category of recipients receive, in the aggregate, no less than it received from the liquor revolving fund during comparable periods prior to December 8, 2011. An additional distribution of ten million dollars per year from the spirits license fees must be provided to border areas, counties, cities, and towns through the liquor revolving fund for the purpose of enhancing public safety programs.

The “comparable periods prior to December 8, 2011” were determined by the Office of Financial Management (OFM) to be December 2010, March 2011, July 2011, and September 2011. The liquor profit revenue for cities, counties, and border areas for those four quarters was \$39,438,000. To this amount, LCB adds the \$10 million to enhance public safety programs for a total liquor profits distribution of \$49,438,000 each year. Of that amount, 0.3%, which equals \$148,314, is distributed to border cities and counties based on traffic totals, crime statistics, and per capita law enforcement spending. The remaining \$49,289,686 is distributed as follows:

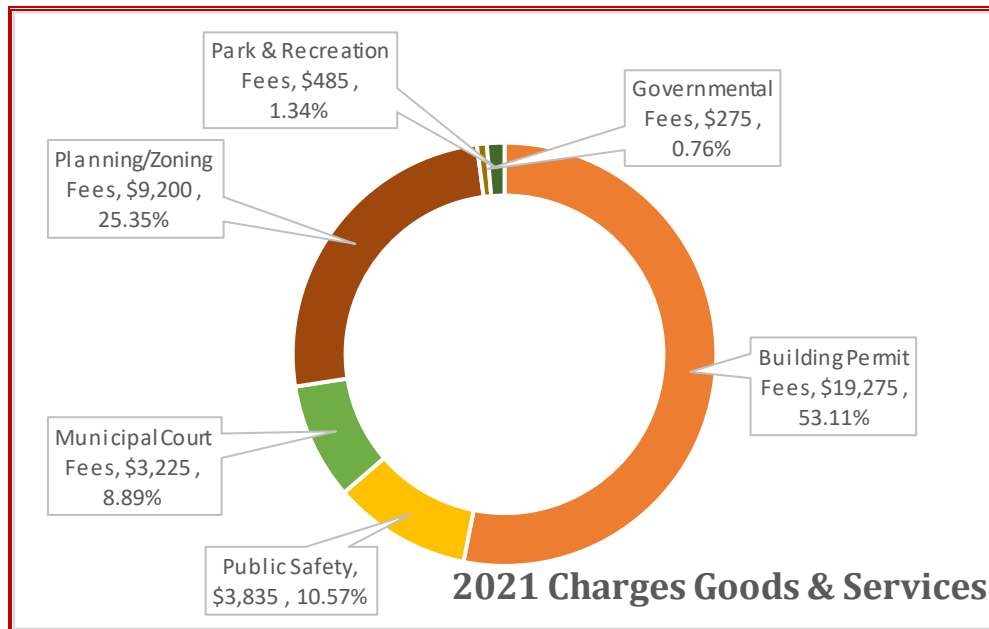
- Cities receive 80%, or \$39,431,748 annually, distributed proportionately by population.
- Counties receive 20%, or \$9,857,936 annually, distributed proportionately by unincorporated population.

As noted in the statute, \$10 million of the \$49,438,000 – just under 20.23% – must be spent on “enhancing public safety programs.” We recommend that each city or county split its distribution so that it can account separately for the portion that must be spent on public safety. To calculate the portion that must be used for public safety purposes, multiply your distribution by 20.23%, or 0.2023. In addition, at least 2% of your distribution must be used for a licensed or certified alcohol or drug addiction program under RCW 71.24.555.

When forecasting liquor profits beyond next year’s budget it’s important to note that the total local distributions (\$39,431,748 for cities and \$9,857,936 for counties) will remain the same from year to year unless the legislature amends the statute. The initiative did not include any measures to account for inflation. They have incorporated a per capita ratio value and will vary slightly each year due to population changes.

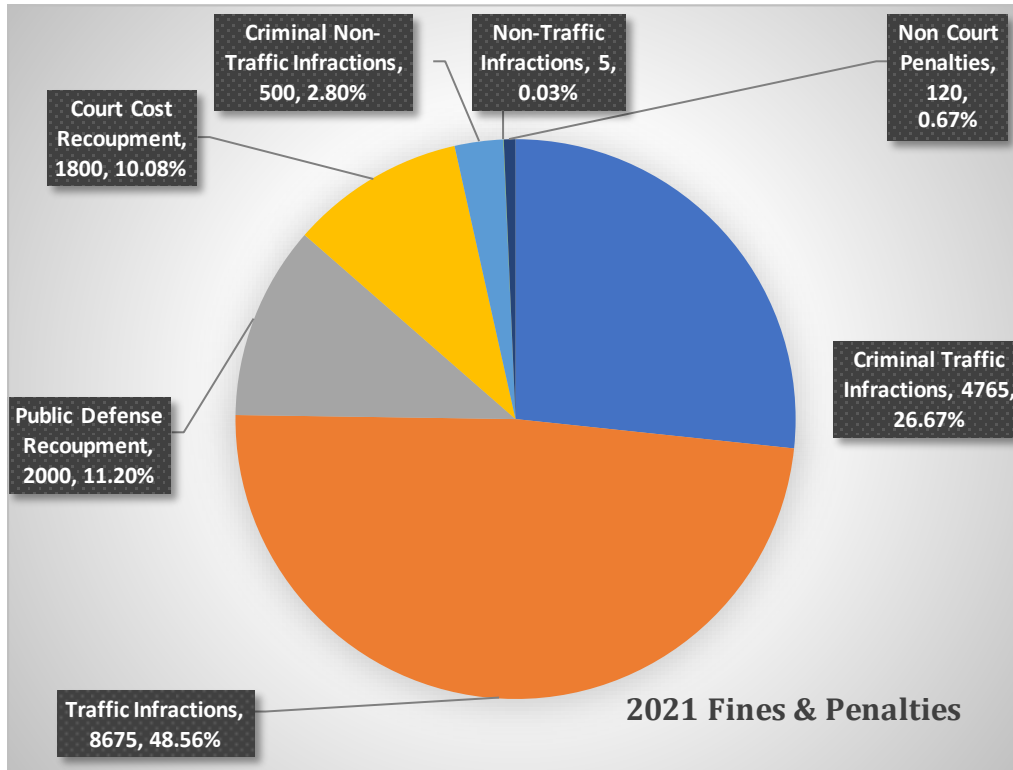
“The 2021 estimated distribution is \$7.90 per capita. This distribution is also based on population estimates for 2021 of 2,010 for an anticipated revenue amount of \$15,879 which \$3,212 is restricted for public safety purposes and \$318 is restricted for alcohol and drug addiction programs, the remaining amount of \$12,349 may be used for lawful governmental purpose.

Charges for Goods and Services



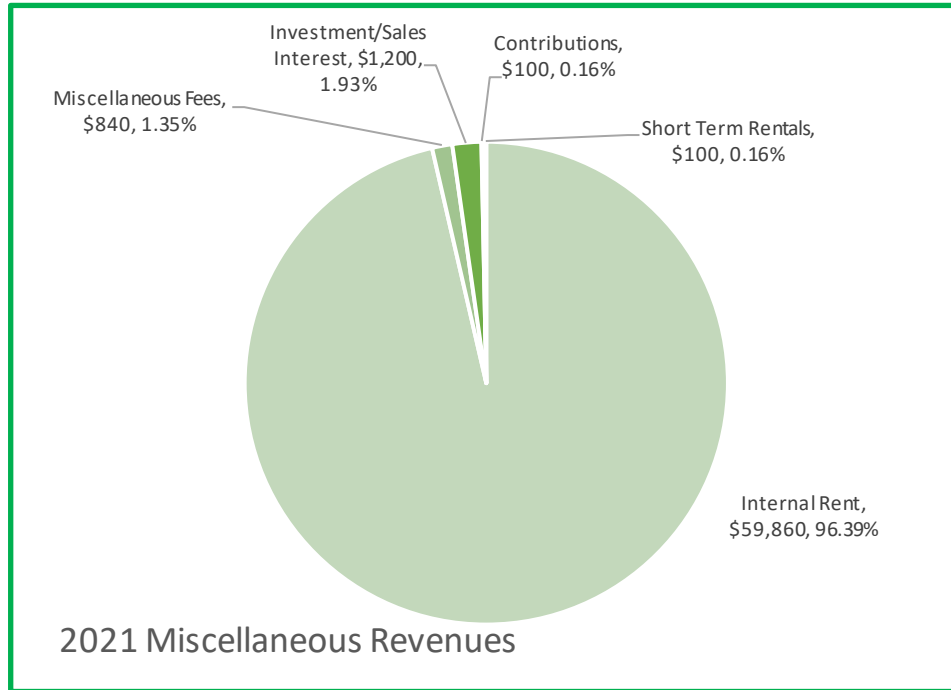
- Building Code Fees consisting of Inspection Services and Plan Review for a building permit for new construction and remodels.
- Municipal Court Fees consist of Administrative Fees (Warrant Costs), Legal Services, Probation Fees and Housing Monitor Prisoners
- Planning Fees (Development Pass Through Fees for outsourcing professional services relating to large new developments, Zoning & Subdivision Fees and SEPA, Mitigation)
- Park & Recreation Fees for reimbursement electrical use at the Community Park
- Governmental Fees consist of Dog License, fingerprint fees, Treasurer Fees, public records and sale of publications
- Public Safety relates to false alarm calls, fire protection services (fire hydrants)

Court Fines & Penalties



- Criminal Traffic Fines
- Traffic Infraction Fines
- Criminal Court Costs
- Criminal Non-Traffic Fines
- Non-Traffic Fines
- Civil Penalties
- Penalties on dog license and Accounts Receivables late fees

Miscellaneous Revenues



- Internal Rent
- Other Miscellaneous Fees: Notary Fees, NSF Fees, Workers Comp Refunds, and other Miscellaneous Revenues
- Investment Interest and Sales Interest on Sales Tax
- Contributions/Donations
- Short-term Rentals

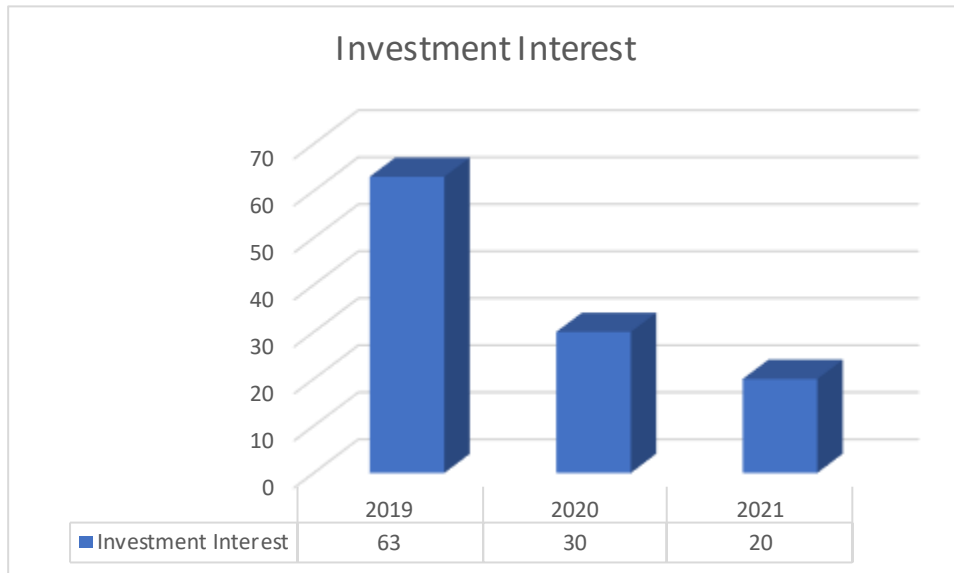
SUBSTANCE ABUSE FUND

This fund was established from the proceeds of seized evidence from drug trafficking cases and establishing a fine for all drug cases that was prosecuted by the Napavine Police Department. The resources in this fund may be used for the care and custody of evidence, training and education related to drugs.

2021 - Substance Abuse Summary					
Description	Budget 2019	Actual 2019	Budget 2020	Est Y/E 2020	Budget 2021
Beginning Cash & Investments	6,129	6,636	8,766	6,625	6,655
Fines & Penalties	5	-	-	-	-
Investment Interest	45	63	55	30	20
Total Revenues	50	63	55	30	20
Total Resources	6,179	6,700	8,821	6,655	6,675

Substance Abuse Revenue

- Investment Interest has declined drastically since 2019 as indicated by the chart below

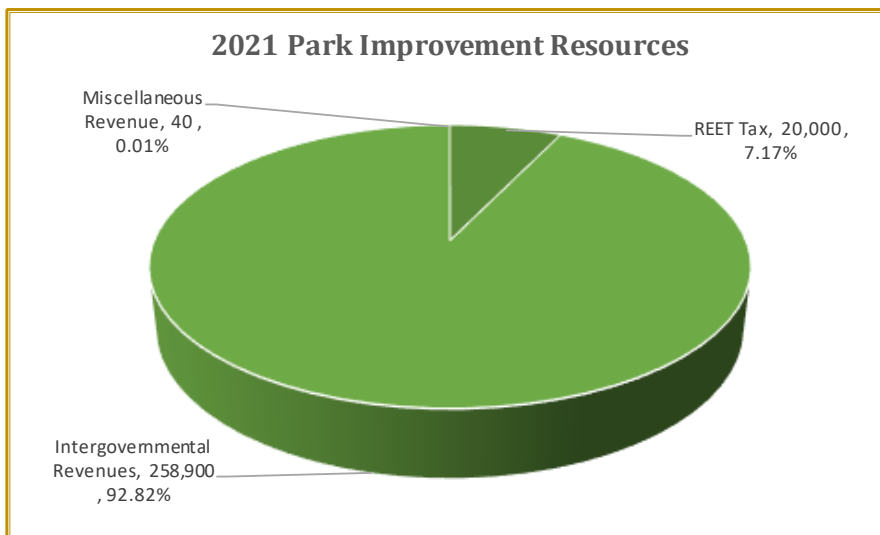


PARK IMPROVEMENT FUND

This fund is used for capital improvement to the city’s parks. This fund is used to account for one-half the money collected from the first quarter percent real estate excise tax (REET) authorized under RCW 82.46.010 (2). The revenues from this tax must be used by any city or county with a population of five thousand or less and any city or county that does not plan under RCW [36.70A.040](#) for any capital purpose identified in a capital improvements plan and local capital improvements, including those listed in RCW [35.43.040](#).

2021 - Park Improvement Summary					
Description	Budget 2019	Actual 2019	Budget 2020	Est Y/E 2020	Budget 2021
Beginning Cash & Investments	82,074	83,185	109,245	108,149	127,099
REET Tax	10,600	24,867	20,000	20,000	20,000
Intergovernmental Revenues	-	-	-	-	258,900
Miscellaneous Revenue	35	97	40	50	40
Total Revenue	10,635	24,964	20,040	20,050	20,040
Transfers In	-	-	-	-	-
TOTAL REVENUES & TRANSFERS-IN	10,635	24,964	20,040	20,050	20,040
Total Resources	92,709	108,149	129,285	128,199	147,139

Park Improvement Fund Revenues



City of Napavine applied for a State Grant from Washington State Recreation and Conservation Office to construct a new Kitchen with restrooms at the Mayme Shaddock Park location. The grant funding program is called WWRP-Local Parks which the grant funds amount to \$258,900 with a city match of \$86,503 or 25.04%.

SPECIAL REVENUE FUND TYPES

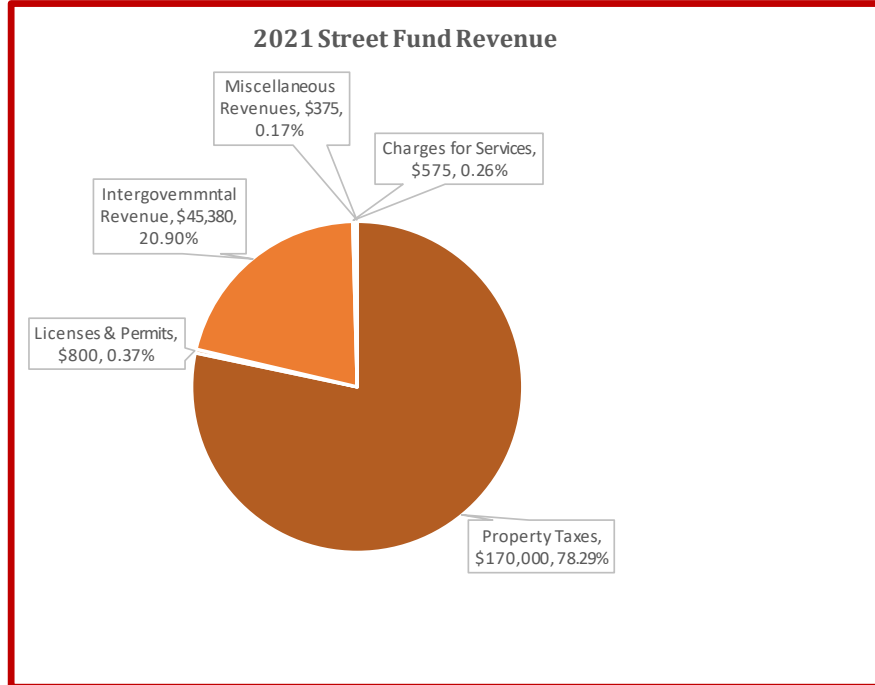
Special revenue funds account for revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. Restricted revenues are resources externally restricted by creditors, grantors, contributors or laws or regulations of other governments or restricted by law through constitutional provisions or enabling legislation. Committed revenues are resources with limitations imposed by the highest level of the government, and where the limitations can be removed only by a similar action of the same governing body. Revenues do not include other financing sources (long-term debt, transfers, etc.)

STREET FUND

This fund is used to account for the City's share of motor vehicle fuel tax, Multi-modal distribution, increased gas tax 2ESSB 5987 and 50% property tax to the maintenance of city streets and street lights.

2021 - Street Operating Fund Summary					
Description	Budget 2019	Actual 2019	Budget 2020	Est Y/E 2020	Budget 2021
Beginning Cash & Investments	235,326	296,659	194,779	252,076	161,826
Property Taxes	161,250	155,046	132,150	124,315	170,000
Licenses & Permits	425	775	650	925	800
Intergovernmental Revenue	45,230	43,586	44,765	38,900	45,380
Charges for Services	560	1,383	560	545	575
Miscellaneous Revenues	645	2,172	820	485	375
Disposition of Capital Assets/Insurance	-	-	-	-	-
Insurance Recoveries	-	-	-	-	-
TOTAL REVENUES	208,110	202,961	178,945	165,170	217,130
Transfers In			-	-	-
TOTAL REVENUES & TRANSFERS	208,110	202,961	178,945	165,170	217,130
Total Resources	443,436	499,620	373,724	417,246	378,956

Street Fund Revenues



- Property Taxes (Levy estimated amount \$334,000 split 50/50 with the General Fund)
- Goods & Services is for the reimbursement of streetlights at Napavine Highland Park.
- License & Permits consist of Street Permits for the use of the city right of way and push permits
- Intergovernmental Revenues (see Motor Vehicle Fuel Tax below)
- Miscellaneous Revenues is Investment Interest and other miscellaneous revenues

Motor Vehicle Fuel Tax

Cities and towns receive MVFT distributions on a per capita basis under RCW 46.68.090(2)(g), (4)(a), and (5)(a), less state adjustments found in RCW 46.68.110(1) and (2) and the Small City Pavement and Sidewalk account.

Fuel taxes in Washington are assessed as cents per gallon, so motor vehicle fuel tax (MVFT) revenues – and therefore the MVFT distributions to cities and counties – depend on the number of gallons sold, not the dollar value of the sales.

Transportation and revenue forecasts are released each quarter by the Transportation Revenue Forecast Council. Each year, we use the calendar year second quarter as the basis for forecasting the MVFT distributions for cities and counties. The June 2020 forecast provides a forecast span of 10 years plus a look back of two years and uses multiple factors in the process.

The key conclusion drawn from the June forecast is that overall transportation revenues for the current biennium (2019-21) are down by 7.7% compared to the February forecast, primarily due to the reduced transportation demand resulting from COVID-19, which is having a significant impact on revenue streams.

Looking forward, the 10-year trend, including the current year, indicates a continued downward trend in the fuel tax forecast for 2020, with a minor rebound projected for 2021 and a general decrease in MVFT distributions to cities and counties of less than 0.1% per year.

The primary variables affecting fuel consumption include gasoline and diesel fuel price projections, Washington personal income, and inflation. Other factors affecting gasoline sales and tax collections include unemployment rates, fuel efficiency, and sales of alternative fuel vehicles such as electric cars. But a key variable right now is the impact of COVID-19. The transportation projections currently anticipate the resumption of normal activity in the spring of 2021. It is interesting to note that the long-range transportation forecasts do not consider changes to telecommuting or modified transportation demand as a result of the pandemic.

For both cities and counties, it is worth noting that the tax revenue forecasts provided by WSDOT are updated each quarter and often vary slightly from earlier projections. Last year the gas taxes collected and distributed to cities, towns, and counties were 5.4% lower than projected primarily due to the impacts of significant snowstorms, and this year gas tax collections and distributions are continuing to run over 5% below projections due primarily to COVID-19.

The Transportation Revenue Forecast Council table on the next page shows the projected impact of COVID-19 on statewide transportation revenues and anticipates a continued decline in gross fuel tax that will require close monitoring, with the potential of revising projections in the middle of the budget year depending upon the evolution of the COVID-19 pandemic and other factors. It is important to factor these variables into your revenue projections.

All cities, towns and counties receive three separate transportation distributions. The first is the motor vehicle fuel tax (MVFT), which is distributed as a percentage of the total fuel taxes collected statewide. The other two, the "increased motor fuel tax" and "multi-modal" distributions, were created in 2015 by 2ESSB 5987 and consist of direct transfers from the state transportation fund, so those allocations are not impacted by actual fuel tax collections.

MVFT and increased MVFT distributions must be used for highway purposes, while the multi-modal funds may be used for any transportation purpose.

The estimated 2021 distribution for cities is \$20.07 per capita for motor vehicle fuel tax. City of Napavine anticipates receiving \$40,341 for MVFT. The Increased Motor Vehicle Fuel Tax estimate for the 2021 distribution for cities is \$1.17 per capita with Napavine receiving an estimate of \$2,352. The Multi-Modal Transportation fuel tax is estimated for 2021 distribution at \$1.34 per capita with Napavine receiving an estimate of \$2,693.

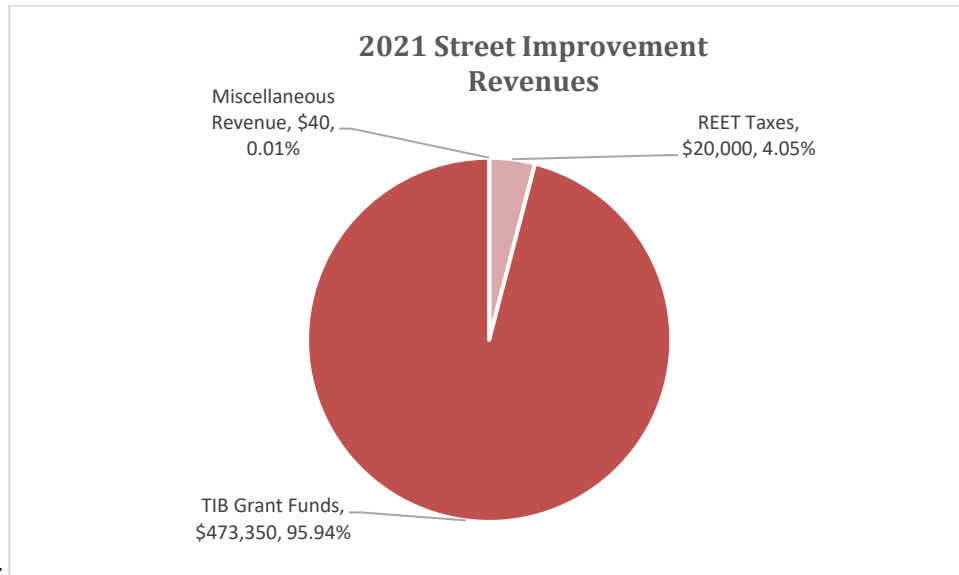
STREET IMPROVEMENT FUND

This fund is used to account for one half of the first quarter percent real estate excise tax (REET) authorized under RCW 82.46.010 (2) and special grants that are legally restricted to the construction or maintenance of state highways within the City's boundaries. These proceeds were required to be used "solely for financing capital projects specified in a Capital Facilities Plan element of a Comprehensive Plan."

The City of Napavine received a Fuel Tax Agreement from Transportation Improvement Board (TIB) a state grant for Safe Routes to School for street improvements and sidewalks on 4th Ave NE, E Park St to E Stella St and add solar-powered signage consisting of Rapid Flashing Crossing at 2nd Ave NE & E Park St. The total project cost is estimated at \$498,265 with a city match of 5% equal to \$24,913 and \$473,352 in TIB Funds.

2021 - Street Improvement Fund Summary					
Description	Budget 2019	Actual 2019	Budget 2020	Est Y/E 2020	Budget 2021
Beginning Cash & Investments	145,676	140,666	153,941	152,875	203,935
REET Taxes	10,600	24,867	20,000	20,000	20,000
TIB Grant Funds	783,705	349,091	470,505	-	473,350
Natural & Economic Environment	-	-	-	-	-
Miscellaneous Revenue	35	612	35	70	40
TOTAL REVENUE	794,340	374,570	490,540	20,070	493,390
Transfers In	-	-	-	-	-
Total Revenue & Transfers	794,340	374,570	490,540	20,070	493,390
Total Resources	940,016	515,236	644,481	172,945	697,325

Street Improvement Revenues



- REET Tax
- Intergovernmental Grants
- Investment Interest

CRIMINAL JUSTICE FUNDS

The Criminal Justice Funds were previously included in the General Fund and tracked separately from the other funds and expenditures of the fund. To simplify the tracking of the criminal justice funds which are restricted in their use by the Revised Code of Washington, in 2016 the revenues and expenditures of this nature was moved to the Criminal Justice Fund 110.

With the repeal of the motor vehicle excise tax, the only money that cities receive by statute comes from language that says that beginning July 1, 2000, a transfer would be made from the general fund to both city accounts under RCW 82.14.320 and RCW 82.14.330. Each transfer was appropriated originally at \$4.6 million, to be increased each July by “the fiscal growth factor” in RCW 43.135.025, which is the average growth in state personal income for the prior ten years. By 2015, the distributions had grown to \$8.2 million.

Seventy percent (70%) of the revenue distributed under RCW 82.14.330 (1) (a) (ii) is handed out on a purely per capita basis.

- Criminal Justice Lo-Pop which each city receiving a minimum of \$1,000, no matter how small their population.
 - Criminal Justice Lo-Pop is restricted per RCW 82.14.330 for criminal justice purposes for non-recurring expenditures, which may also be used for criminal judicial purposes.
- RCW 82.14.330 (2) (a) (ii) allocates 54 percent to innovative law enforcement strategies, programs to help at-risk children or child abuse victim response programs and programs designed to reduce the level of domestic violence or to provide counseling for domestic violence victims. The funds for these areas are distributed by the Office of the State Treasurer on a strictly per capita basis. While there is a requirement that these funds be spent in these specific areas, there is not requirement of how much must be spent in each area. All of the distribution could be spent in one area if the city wishes.
- Criminal Justice Special Programs
 - The Criminal Justice Special Programs, formerly referred to as CTED Funds is restricted per RCW 82.14.330 (2)(b) for Innovative Law Strategies, At-Risk Children, Child Abuse Prevention Programs, and Domestic Violence Prevention Programs.
- Dui Cities
 - Dui Cities and Criminal Justice Sales tax may be used for criminal justice purposes with a broad use of these funds.

The city also receives 1% sales tax for Local Criminal Justice which may be used for criminal justice purposes as law enforcement deems necessary. Currently the city is utilizing the local criminal justice funds for a new patrol vehicle.

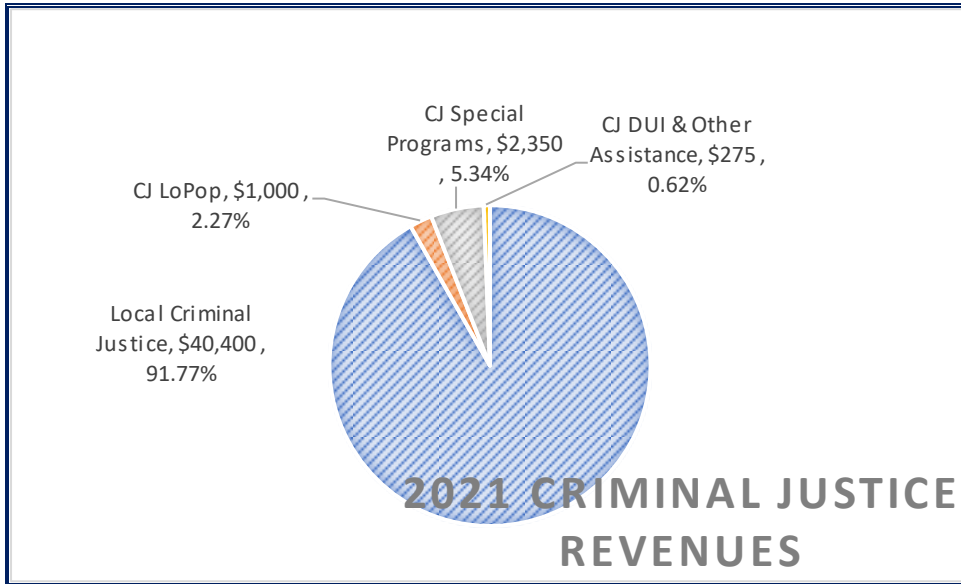
2021 - Criminal Justice Fund Summary

Description	Budget 2019	Actual 2019	Budget 2020	Est Y/E 2020	Budget 2021
Beginning Cash & Investments	50,410	50,328	34,919	31,953	65,494
Taxes:					
Local Criminal Justice	35,000	40,388	39,000	38,770	40,400
Total Taxes	35,000	40,388	39,000	38,770	40,400
State Shared Revenues:					
Federal Indirect Grant	12,075	12,071	-	-	-
CJ LoPop	1,000	1,000	1,000	1,000	1,000
CJ Special Programs	2,115	2,092	2,215	2,215	2,350
CJ DUI & Other Assistance	275	270	275	275	275
Local Grants & Entitlements	6,190	5,921	-	-	-
Total Intergovernmental Revenues	21,655	21,354	3,490	3,490	3,625
Miscellaneous Revenue-Sale Surplus	-	-	-	-	-
TOTAL REVENUES	56,655	61,742	42,490	42,260	44,025
Total Resources	107,065	112,070	77,409	74,213	109,519

Criminal Justice Revenues

Taxes

- Local Criminal Justice Sales Tax



Intergovernmental Revenue

- Lo-Pop
- Special Programs
- DUI

CAPITAL PROJECT FUND TYPES

Capital project funds account for financial resources which are designated for the acquisition, construction, renovation, or major maintenance of general government capital assets.

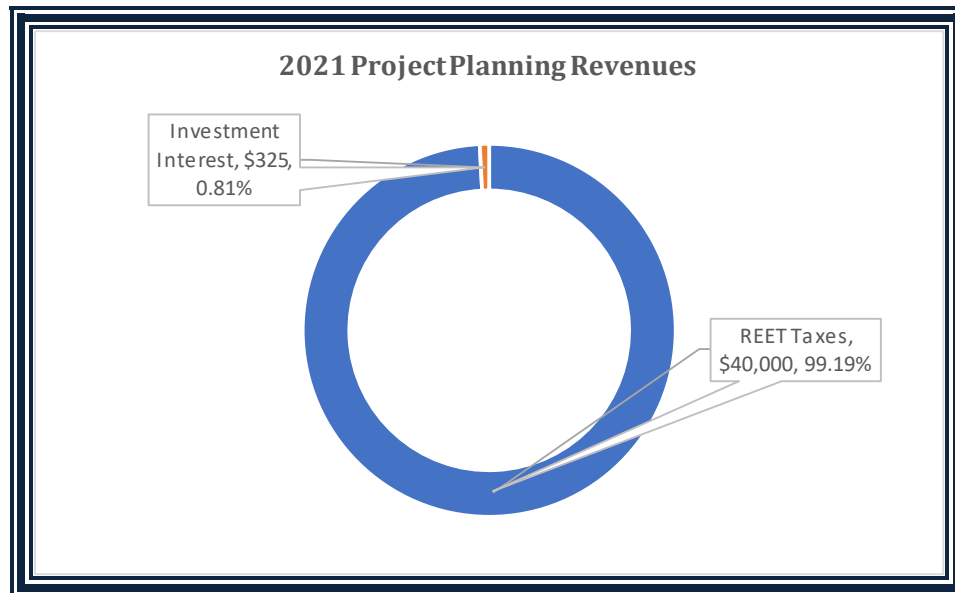
PROJECT PLANNING FUND

This fund is used to account for the money collected from the second quarter percent real estate excise tax (REET) authorized under RCW 82.46.035 (2). These proceeds were required to be used for “public works projects of a local government for planning, acquisition, construction, reconstruction, repair, replacement rehabilitation, or improvement of streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, storm and sanitary sewer systems, and planning, construction, reconstruction, repair, rehabilitation, or improvement of parks.

2021 - Project Planning Summary					
Description	Budget 2019	Actual 2019	Budget 2020	Est Y/E 2020	Budget 2021
Beginning Cash & Investments	101,265	115,842	168,337	166,145	206,590
REVENUES					
REET Taxes	21,200	49,734	40,000	40,000	40,000
State Grants	0	0	0	0	0
Investment Interest	240	569	400	445	325
Total Revenue	21,440	50,303	40,400	40,445	40,325
Total Resources	122,705	166,145	208,737	206,590	246,915

Project Planning Revenues:

- 2nd Quarter REET
- Investment Interest



PROPRIETARY FUND TYPES

Proprietary funds are used to account for a government’s business-type activities.

ENTERPRISE FUNDS

Enterprise funds account for resources that are supported with user fees, such as water service, wastewater (sewer) service, which provides a service to customers.

WATER FUND

This fund is used to account for the operations of the City’s water utility.

2021 - Water Operating Fund Summary					
Description	Budget 2019	Actual 2019	Budget 2020	Est Y/E 2020	Budget 2021
Beginning Cash & Investments	648,627	727,731	767,181	782,930	736,025
Revenues					
Intergovernmental Resources	-	-	-	700	-
Goods and Services	430,340	442,034	455,600	454,460	469,600
Fines & Penalties	10,050	7,226	7,000	2,840	7,000
Miscellaneous Revenues	5,480	7,525	5,100	4,085	1,550
Total Revenues	445,870	456,785	467,700	461,385	478,150
Total Resources	1,094,497	1,184,516	1,234,881	1,244,315	1,214,175

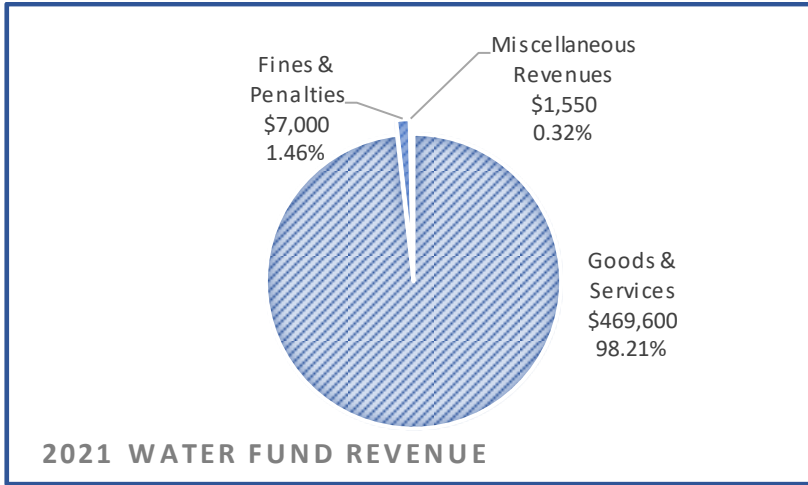
Water Fund Revenues

- Goods & Services:
 - Water Demand base rates have not increased since 2010
 - A Senior Citizen and Disabled Citizen discount was approved in October 2018 providing a 50% discount on base rate.
 - Water Connection Fees (No fee increases for 2021; 50% of connection fee is recorded in the Water Fund and 50% in the Water System Improvement Fund)
 - The city adopted Ordinance 597 to provide a discount on Single Family Homes to benefit from the multiple connections discount when purchased in a one lump sum within the jurisdiction of the City. The rate for multiple connections is \$2,100 for 2-20. Each dwelling will be charged for the \$1,000 infrastructure fee.
- **Fines & Penalties:** On February 29, 2020, Governor Inslee proclaimed a State of Emergency for all counties in Washington State due to the spread of COVID-19 and directed that plans and procedures of the Washington State Comprehensive Emergency Management Plan be implemented. On March 16, 2020, the Board of Lewis County Commissioners declared a State of Emergency, implementing the County’s Comprehensive Emergency Management Plan. The City of Napavine declared a State of Emergency under the authority of Chapter 38.52 RCW, by adopting an Emergency Proclamation 2020-02 on March 18, 2020. The Governor’s order and the Proclamation adopted by the Napavine City Council suspends all actions to collect on overdue utility accounts, B & O Taxes, or other arrearages and will cease charging interest on any such account.

The City has not billed late fees to customers since February 2020. The 2021 Budget does include late fees and shut offs; however at this time we do not know how long the Emergency Declaration will be in place to prevent the city to charges these fees at the time of preparing the 2021 Budget.

 - Late Fees - 10% of balance owed as of the 26th of the billing month with a minimum fee of \$5.00. Fee is based on the balance due for the water service.
 - Shut off Fees \$25.00 with a turn on fee of \$10 for nonpayment on account and \$10 turn on fee for customer request
- Other Fees (Provide landlord with copies of tenant’s utility bill & any other non-usage fees)

- Miscellaneous Revenue:
 - Investment Interest
 - Miscellaneous Revenue



WASTEWATER FUND

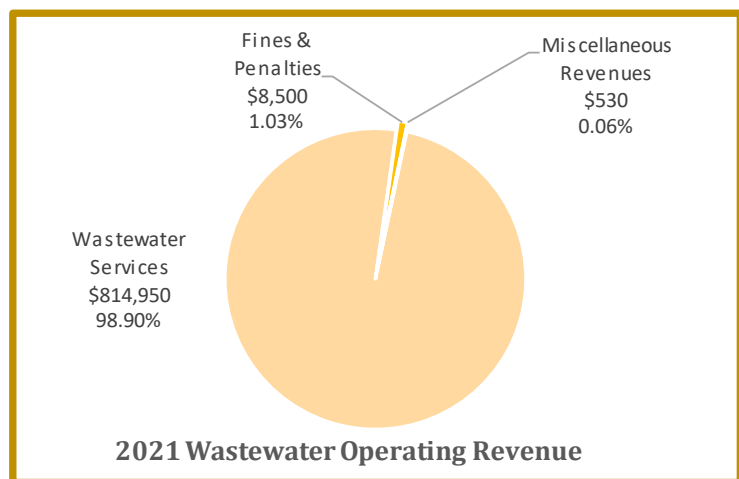
This fund is used to account for the operations of the City's wastewater (sewer) utility.

2021 - Wastewater Operating Fund Summary					
Description	Budget 2019	Actual 2019	Budget 2020	Est Y/E 2020	Budget 2021
Beginning Cash & Investments	292,612	329,872	345,097	346,649	284,274
REVENUES					
Intergovernmental Revenues	-	-	-	697	-
Goods and Services	764,250	779,814	834,950	617,732	814,950
Fines & Penalties	11,900	8,530	8,500	3,780	8,500
Miscellaneous Revenues	610	2,277	915	1,240	530
Total Revenue	776,760	790,621	844,365	622,751	823,980
Total Resources	1,069,372	1,120,493	1,189,462	969,401	1,108,254

Wastewater Fund Revenue

- Goods & Services:

- Wastewater Service (Rates were increased in 2015 which became effective on the August billing) Base rates were increased from \$47 per month to \$58 per month and the consumption rate for customers using 0-3,499 CF is \$4.50 per 100 CF and customers using greater than 3,500 CF is \$5.00 per 100 CF. A senior citizen rate was established for those that meet the criteria of an age and income bracket.



- Wastewater connection Fee (No fee increases for 2016, 50% of connection fee is receipted into the Wastewater Fund and 50% in the Wastewater System Improvement Fund)

- The city adopted Ordinance 598 to provide a discount on Single Family Homes to benefit from the multiple connections discount when purchased in a one lump sum within the jurisdiction of the City. The rate for multiple connections is \$2,500 for 2-20. Each dwelling will be charged for the \$1,000 infrastructure fee.

- Fines & Penalties:** On February 29, 2020, Governor Inslee proclaimed a State of Emergency for all counties in Washington State due to the spread of COVID-19 and directed that plans and procedures of the Washington State Comprehensive Emergency Management Plan be implemented. On March 16, 2020, the Board of Lewis County Commissioners declared a State of Emergency, implementing the County's Comprehensive Emergency Management Plan. The City of Napavine declared a State of Emergency under the authority of Chapter 38.52 RCW, by adopting an Emergency Proclamation 2020-02 on March 18, 2020. The Governor's order and the Proclamation adopted by the Napavine City Council suspends all actions to collect on overdue utility accounts, B & O Taxes, or other arrearages and will cease charging interest on any such account.

- The City has not billed late fees to customers since February 2020. The 2021 Budget does include late fees and shut offs; however at this time we do not know how long the Emergency Declaration will be in place to prevent the city to charges these fees at the time of preparing the 2021 Budget.

- Late Charge Fees –10% of balance owed as of the 26th of the billing month. Fee is based on the balance due for the wastewater service.
- Miscellaneous Revenue consisting of Investment Interest

USDA BOND RESERVE FUND

This fund is used to account for the reserved amount required by USDA-Rural Development for the loan the City obtained in 1999 for the Reservoir Capital Project. The balance of this account must equal a one-year payment in the amount of \$22,710. The funds in this account must remain for the life of the loan, which is anticipated to mature in 2039.

2021 - USDA Bond Reserve Fund					
Description	Budget 2019	Actual 2019	Budget 2020	Est Y/E 2020	Budget 2021
Beginning Cash & Investments	22,710	22,710	22,710	22,710	22,710
REVENUES					
Transfers In	-	-	-	-	-
Total Revenues	-	-	-	-	-
Total Resources	22,710	22,710	22,710	22,710	22,710

UTILITY DEPOSIT TRUST FUND

This fund is used to account for utility deposits placed with the City by utility customers, which are not funds that belong to the City. Ordinance 520 established the “customer” and/or “user” as the “property owner” and the responsible party for the utility billing on all properties, which was adopted on April 23, 2013. On April 23, 2013, the City Council eliminated the requirement of utility deposits with Ordinance 521 and the current deposits held by the city will remain until such time as the utility account is closed or transferred to the customer’s utility account.

2021 - Water Deposit Trust Fund Summary					
Description	Budget 2019	Actual 2019	Budget 2020	Est Y/E 2020	Budget 2021
Beginning Cash & Investments	7,915	8,115	7,715	7,815	7,715
Ordinance 521 on 4/23/13 suspended deposits					
REVENUES					
Utility Deposits	-	-	-	-	-
Total Revenues	-	-	-	-	-
Total Resources	7,915	8,115	7,715	7,815	7,715

PROPRIETARY CAPITAL FUNDS

These funds account for capital projects to upgrade the water system, referred to as Water System Improvement Fund and the wastewater system referred to as the Wastewater System Improvement Fund.

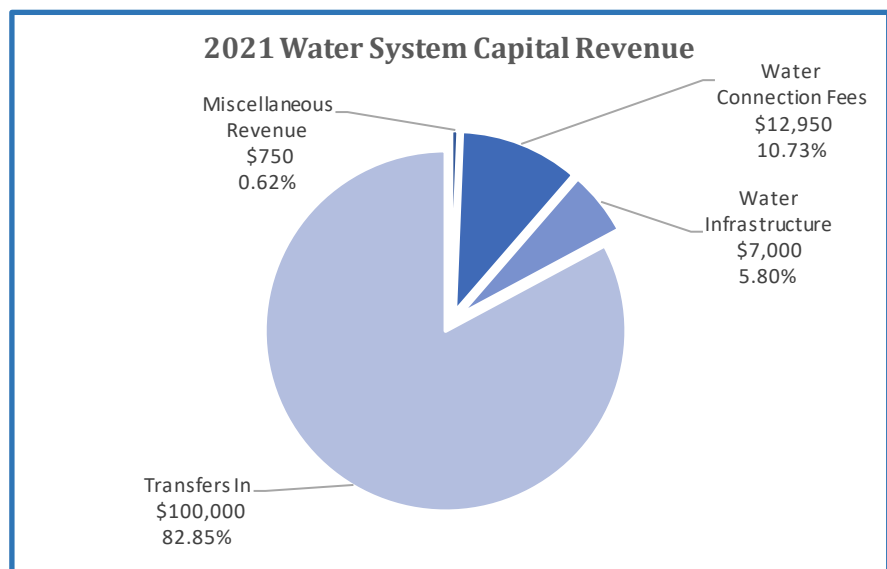
WATER SYSTEM IMPROVEMENT FUND

This fund is to account for capital expenditures to upgrade the water system, which funds are supported from 50% of connection fees for new connections to the water system and an infrastructure fee of \$1,000 per connection.

2021 - Water System Improvement Summary					
Description	Budget 2019	Actual 2019	Budget 2020	Est Y/E 2020	Budget 2021
Beginning Cash & Investments	723,286	714,805	686,683	601,274	390,789
REVENUES					
<i>Miscellaneous Revenues:</i>					
Investment Interest	1,220	1,894	1,400	835	750
Water Connection Fees	9,250	25,850	12,950	13,200	12,950
Water Infrastructure	5,000	12,000	7,000	8,000	7,000
Washington St Water Imp	-	500	-	-	-
Total Miscellaneous Revenue	15,470	40,244	21,350	22,035	20,700
Non Revenues	-	-	-	-	-
Total Revenues	15,470	40,244	21,350	22,035	20,700
Transfers In	50,000	50,000	100,000	100,000	100,000
Total Revenues & Transfers	65,470	90,244	121,350	122,035	120,700
Total Resources	788,756	805,049	808,033	723,309	511,489

Water System Improvement Revenue

- Water Connection Fees
- Infrastructure Fees
- Interest
- Transfers In



LID 2011-1 REDEMPTION FUND

This fund accounts for the loan repayment established through a LID (Local Improvement District). Property owners assessments are based on buildable square footage of land (wetlands and stream buffers removed) with the property owners paying back 50% of the project cost (since WSDOH/Commerce is making 50% of the loan forgivable, basically a 50% grant). The project included installing water main, equipping a well, constructing a booster pump station and a water storage reservoir. The total project cost was \$2,832,000, resulting in a loan repayment of \$1,416,000 at a 1% interest rate over a 20 year period. The annual installment of assessments by the City Treasurer by notice that the assessment roll is due annually in November/December to include a 1% interest and a 10% penalty on unpaid annual assessments.

2021 - LID 2011-1 Bond Redempt Summary					
Description	Budget 2019	Actual 2019	Budget 2020	Est Y/E 2020	Budget 2021
Beginning Cash & Investments	273,502	330,657	292,290	296,742	299,972
REVENUES					
Non Court Penalties	300	178	150	669	-
Investment Interest	-	819	630	415	600
Accrued Interest	-	(34)	-	(10)	-
Gains on Bonds	-	1,214	-	155	-
Assessment Interest	9,000	14,322	8,260	8,080	8,060
Special Assessments	61,605	115,278	45,020	75,705	49,145
Total Revenues	70,905	131,778	54,060	85,014	57,805
Total Resources	344,407	462,435	346,350	381,756	357,777

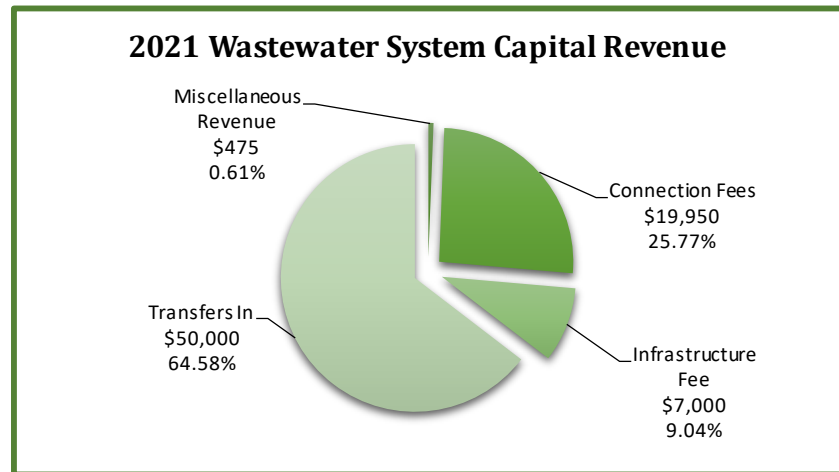
WASTEWATER SYSTEM IMPROVEMENT FUND

This fund accounts for the capital expenditures to upgrade the wastewater system, which funds are supported from 50% of connection fees for new connections to the wastewater system and an infrastructure fee of \$1,000 per connection.

2021 - Wastewater System Improvement Summary					
Description	Budget 2019	Actual 2019	Budget 2020	Est Y/E 2020	Budget 2021
Beginning Cash & Investments	285,264	277,888	376,053	378,361	460,431
REVENUES					
Investment Interest	925	1,423	1,350	540	475
Wastewater Connection Fees	14,250	27,050	19,950	22,450	19,950
Infrastructure Fee	5,000	12,000	7,000	8,000	7,000
Total Revenue	20,175	40,473	28,300	30,990	27,425
Transfers In	50,000	50,000	50,000	50,000	50,000
Total Revenues & Transfers	70,175	90,473	78,300	80,990	77,425
Total Resources	355,439	368,361	454,353	459,351	537,856

Wastewater System Improvement Revenue

- Capital Contributions
 - Connection Fees
 - Infrastructure Fees
- Miscellaneous Revenue
 - Investment Interest
 - Loan Interest
- Interfund Loan Repayment
- Transfers In



FIDUCIARY FUND TYPES

Fiduciary Funds account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the government’s own programs.

UNEMPLOYMENT COMPENSATION (PRIVATE-PURPOSE TRUST FUND)

This fund accounts for the accumulation of resources for unemployment compensation to qualified employees terminated from employment. The City is self-insured for unemployment benefits.

2021 - Unemployment Comp Fund Summary					
Description	Budget 2019	Actual 2019	Budget 2020	Est Y/E 2020	Budget 2021
Beginning Cash & Investments	31,336	31,336	34,836	34,836	34,836
REVENUES					
Transfers In					
Total Revenues					
Total Resources	31,336	31,336	34,836	34,836	34,836

Unemployment Compensation Revenue

Resources were from Transfers – In from the General Fund, Street Fund, Water Fund and Wastewater Fund.

When a claim is received from Employment Security Department cost allocation shall be based on the payroll cost allocation the employee was assigned for the periods of eligibility for benefits. Once the fund contribution has been exhausted, then the remaining cost shall be allocated based on salary allocation of the claimant.

The Unemployment Compensation Trust Fund shall maintain a balance to cover the city’s liability for claims by an employee to receive unemployment compensation benefits. Based on benefits for an employee(s) for 26 weeks of unemployment benefits, the recommended fund balance shall be a minimum of \$30,000. Annually the city shall review the city’s liability and adjust the required minimum balance based on the wages of employees and the maximum weekly benefit amount by ESD. Once the balance is sufficient to cover the city’s liability; the transfers may be suspended. Should the balance fall below the necessary amount due to claims for unemployment or the maximum weekly benefit amount by Employment Security Department (ESD) then the transfers shall resume to maintain the necessary fund balance.

If claims exhaust the fund balance, such fund shall contribute to the trust fund to retain the necessary balance. For example, if the General Fund cost allocation for reimbursement was \$6,000, the General Fund shall contribute additional funds to the Trust Fund to bring the Fund Balance back up to maintain the required balance.

PRIVATE PURPOSE TRUST FUND TYPES

Agency Funds account for funds held in an agency capacity for others by the City.

MUNICIPAL COURT TRUST FUND

The Municipal Court Trust Fund is used for reporting purposes to account for the monetary transactions of the Napavine Municipal Court.

AGENCY FUND TYPES

AGENCY FUND

The City Agency Fund –is used to report resources held by the government in a purely custodial capacity (assets and liabilities). Agency funds typically involve only the receipts, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. This fund is used primarily to account for municipal court funds of the state share of court fines and crime victim court fines that is remitted to Lewis County Treasurer.