

CITY OF
Vancouver
WASHINGTON

Annual Financial Report

Fiscal year ended December 31, 2025

FINANCIAL & MANAGEMENT SERVICES

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The Vancouver National Historic Reserve was created by Congress in 1996 and preserves more than 360 acres of nationally significant landmarks along the Columbia River. Sites including Indigenous cultural landscape, Fort Vancouver National Historic Site, Officer's Row National Historic District, Pearson Air Museum, and Pearson Field reflect layers of Indigenous heritage, fur trade history, military presence, and early aviation. Today, the Reserve offers a rare opportunity to experience centuries of stories in one place, connecting people to the Pacific Northwest's past, present and future.

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Introductory Section

September 29, 2026

To the Honorable Anne McEnerny-Ogle, Mayor

Members of the City Council

Mr. Lon Pluckhahn, City Manager

Citizens of the City of Vancouver

I am pleased to submit to you the 2025 Annual Financial Report (AFR) of the City of Vancouver, Washington.

The report consists of management's representations concerning the finances of the City of Vancouver (City). Consequently, management assumes full responsibility for the completeness and reliability of all the information presented within this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient and reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP).

Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by the Office of the Washington State Auditor in accordance with generally accepted governmental auditing standards. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2025, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2025, are fairly presented in conformity with GAAP. The independent auditor's report is included in the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The City's Single Audit Report is issued separately and is available upon request.

The Washington State Auditor examines and reports on the City's compliance with applicable State laws and regulations and safeguarding of public resources as detailed in Revised Code of Washington (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the City complied with the laws and the Constitution of the State of Washington, its own ordinances and orders, and the requirements of the State Auditor's Office. The City's Accountability report is also available separately upon request. GAAP

requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with that document. The City's MD&A can be found immediately following the report of the independent auditor.

Profile of the Government

The City was incorporated on January 23, 1857. The City sits on the north bank of the Columbia River directly across from Portland, Oregon. The Pacific coast is less than 90 miles to the west, while the Cascade Mountain Range rises on the east. Mount St. Helens National Volcanic Monument and Mt. Hood is less than two hours away. The spectacular Columbia River Gorge National Scenic Area lies 30 minutes to the east. Vancouver combines the excitement of a major metropolitan area with small-town charm and abundant recreational opportunities. The City serves a population of over 202,600 and occupies a land area of 51.84 square miles.

The City has operated under the Council-Manager form of government and provides services per its charter adopted February 20, 1952, and last amended by a vote of the people, November 5, 2024. This system empowers the citizens of Vancouver and provides responsive, progressive leadership and a vision for the community. City Council is presided over by the Mayor, who is elected every four years. The six Council Members are elected for four-year terms via City-wide vote. Three Council members are elected during each biennial municipal election. Among its primary duties, the City Council makes laws, sets policies, adopts budgets and oversees a wide-ranging agenda for the community. The City Manager, who is appointed by City Council, heads the administrative branch of City government and directs all City operations, projects and programs.

The City of Vancouver provides a balanced array of services. The City builds and repairs roads, builds and maintains water, sewer and drainage infrastructure, provides fire and police protection services, administers land use policy and takes an active role in Vancouver's commercial and industrial development. The City also designs and maintains Vancouver's many parks and green spaces. The City coordinates recreational activities, fosters neighborhood livability and works to preserve the City's environmental quality and historic legacy.

The City is also the fiscal agent for two development authorities, which are reported discretely in the City's financial report and for a Transportation Benefits District. Additional information on separate legal entities can be found in Note 1, Reporting Entity, in the notes to the financial statements.

Accounting and Budgeting Procedures under State Law

Cities and counties of the State of Washington must comply with the Budgeting, Accounting, and Reporting System (BARS) prescribed by the Office of the State Auditor as authorized under RCW 43.09.200 and RCW 43.09.230. State law also provides for annual independent audits by the Office of the State Auditor and requires timely submission of annual financial reports to the state for review.

The biennial city budget is controlled at the fund level legally. In practice, the budget is also controlled at the fund-department level in the General Fund. The financial system of the City incorporates a system of financial and administrative controls that ensure the safeguarding of assets and the reliability of financial reports. Consequently, controls are designed to provide reasonable assurance that transactions are executed in accordance with management authorization and recorded in conformity with GAAP. In addition, these controls ensure that accountability over assets and obligations exists, and that sufficient reporting and review exist to provide adequate information for analysis and comparability of data. Internal control is an area of audit by the State Auditor as well, and City management receives and takes action based on their recommendations.

The City prepares a biennial budget in accordance with RCW 35.34. To provide directional guidance to the process, the City prepares a multi-year financial forecast of its revenues and expenditures. Biennial budgets (in which unspent calendar year allocations do not lapse at year-end) are adopted by the City Council for all city funds.

All increases in total budgeted appropriations of funds are authorized by the City Council through the budget process. Changes in appropriations within a fund may be authorized by the City Manager. All budgets, for management purposes, are accounted for on a line-item basis with control at the spend category grouping. Estimated purchase order amounts are encumbered prior to the release of the order to the vendor. Such encumbrances also serve to provide budgetary control. Open encumbrances lapse at year-end and must be re-appropriated or absorbed in the next year's operating budget.

Information Useful in Assessing the Government's Economic Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local economy

In 2025, the city's population reached 205,100. Vancouver is located within a metropolitan area that has a diverse economy with a broad base of manufacturing, high technology, retail, plus governmental and business services that remains a driver of job growth for the Portland-Vancouver region. Relatively low development costs and a strong labor force have attracted investments to the City. Major investments are underway at key employers such as SEH America, a new Hewlett-Packard campus and ongoing investments in Columbia Technology Center and the Vancouver Innovation Center. The role of manufacturing jobs in the economy has been decreasing over time.

Many people and businesses are relocating to this region for its natural beauty and many recreational opportunities with Vancouver ranked 14th out of 100 small to mid-sized cities places to live and ranked first among cities in the Pacific Northwest according to Livability.com. 2025 home prices continue to increase over 2024, although inflation and interest rates continue to drive sales to a lower level. The unemployment rate remains lower compared to the Clark County unemployment level, although it is higher than the overall state unemployment level. The local economy has proven to be exceptionally resilient over the last five years, with significant development on the Waterfront Gateway project, and pre-design work for The Heights District, which will germinate growth of a new thriving inclusive urban neighborhood in central Vancouver. Vancouver's ongoing transformation from a suburb to national class urban waterfront city continues its momentum.

Long-term financial planning

In the 2024-2025 Biennial Budget, the City Council continued to put its priority for funding on making progress towards climate action, public safety and equity and inclusion. Historically high inflation impacted all costs of the City, while revenues did not reflect a commensurate increase. To address the shortfall, the City utilized a combination of revenue increases and expenditure reductions. High priority also has been placed on continued economic development in strategic redevelopment areas of Vancouver, facilitating creation of new family-wage jobs and laying the groundwork for revenue enhancement in years to come. Funding was set aside to fund a total of five Safe Stay communities and two Safe Park programmed areas for house-less residents. Due to the higher than anticipated costs of monitoring the sites, the City was able to stand up four Safe Stay communities and one safe park community.

City residents have indicated in the last Community Services Survey that they remain generally satisfied with the quality of life in the City. In 2022, City residents supported a property levy lid lift increase of $0.50/$1,000 to support increased Fire services. In 2023, residents supported an annual tax increase to

support $10 million in annual funding for the Affordable Housing program. After failed passage in 2024, Vancouver voters approved a property levy lid lift increase in 2025 of $0.15/$1,000 for police services which is expected to raise approximately $6 million annually to fund 13 new sworn police officers, equipment, vehicles and related police services to address staffing shortages. To maintain this high level of satisfaction, City staff and City Council continue to focus on service prioritization balancing the needs of community priorities. The City Manager, under the direction of City Council and pursuant to the City's Financial Policies, maintains a consistent strategy of restraining on-going costs within existing on-going revenues.

Relevant Financial Policies

In addition to following all laws related to budgeting as outlined by RCW 35, the City has internal financial management policies that are adopted by City Council and reviewed every two years during the budget development process. The policies ensure that the City maintains a healthy financial foundation into the future. The goal of these policies is to promote:

- An extended financial planning horizon aligned to the City's Strategic Plan to increase awareness of future potential challenges and opportunities.
- Setting aside reserves for contingencies, replacement of capital equipment and facilities, and other similar needs.
- Evaluation of fees and charges and increasing cost recovery as regular practice.
- Accountability for meeting standards for financial management and providing services to the community in a cost-effective and value-based manner.
- Planning for the capital needs of the community.
- Maintaining manageable levels of debt while maintaining quality bond ratings.
- Community communication regarding how the City's goals are being addressed.

Major Initiatives

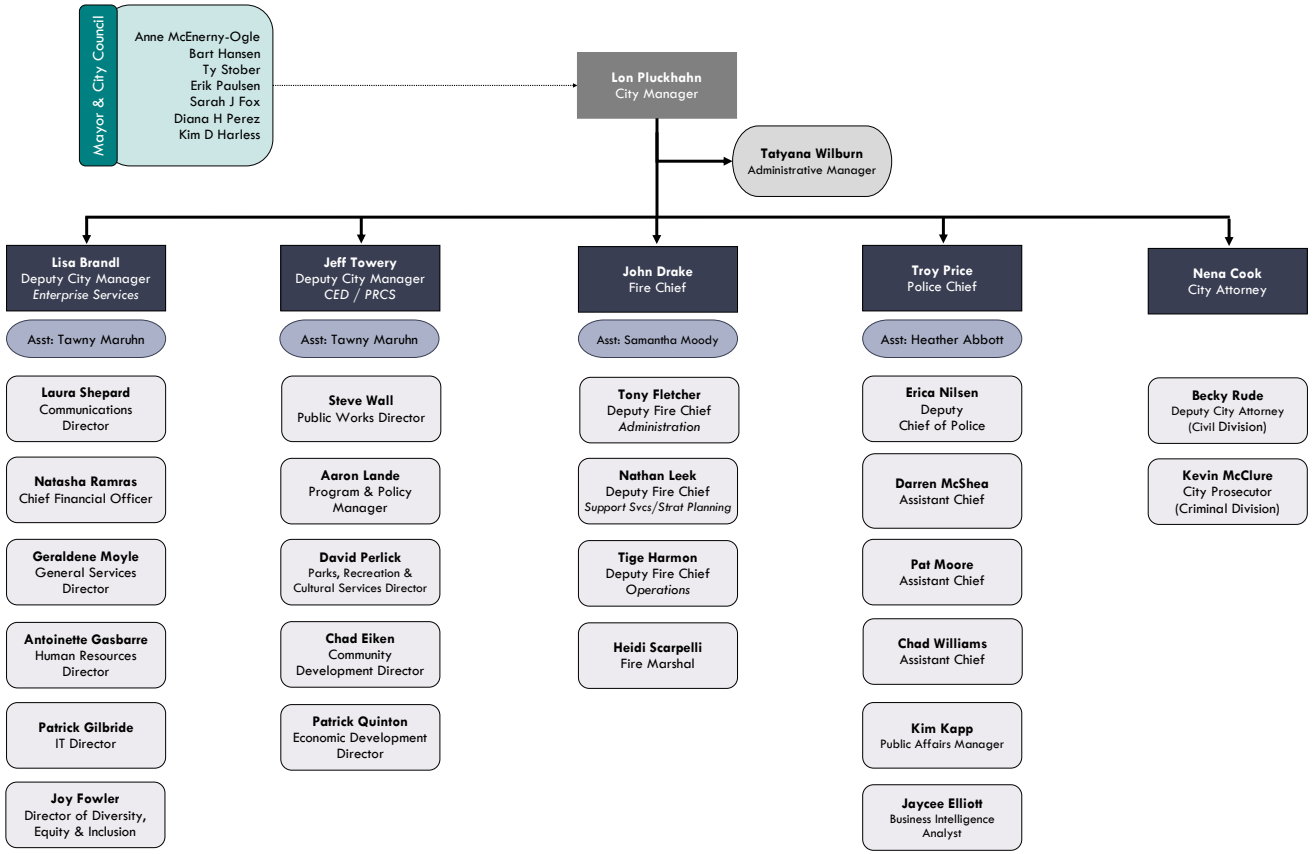
Over the last year, the City found itself continuing with investments in economic development, affordable housing, equity and inclusion, and public safety. The City worked extensively with the community to determine the highest priorities for allocation of the $32 million ARPA federal grant. A large portion of the funding is being invested into the reconstruction of Main Street. The City has dedicated the COVID related city revenue loss reimbursement to the investment into the Fourth Plain community. Several continued high priority initiatives in economic development, including the Heights, Waterfront Gateway, Section 30 and many others continued moving the city to remain a vibrant and attractive location for future employers and a desirable place to live.

Awards and Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated staff of the Financial & Management Services Team. I would also like to express my thanks to the administrators and employees of the City, and the community of Vancouver whose continued cooperation, support, and assistance have contributed greatly to the financial stability of the City of Vancouver.



Deputy City Manager



City of Vancouver

December 2025

Vancouver City Council



Anne McEnerny-Ogle
Mayor



Erik Paulsen
Mayor Pro Tem



Ty Stober
Councilmember



Bart Hansen
Councilmember



Sarah J. Fox
Councilmember



Diana H. Perez
Councilmember



Kim D. Harless
Councilmember

View biographies and term information at **cityofvancouver.us/citycouncil**



Elected Officials

As of December 31, 2025

Section 2.01 of the Vancouver City Charter provides for a seven-member Council, including a Mayor, nominated and elected from the city at large. Commencing in the 1971 municipal election, three persons shall be elected to four-year terms as Councilmembers at each biennial municipal election and; provided further, commencing in the 2005 biennial municipal election, one person shall be elected to a four-year term as Mayor.

Elected Officials Serving During 2025

Councilmembers	First Elected	Expiration of Term
Anne McEnerny-Ogle, Mayor	2014	December 31, 2029
Bart Hansen	2010	December 31, 2027
Ty Stober	2015	December 31, 2027
Erik Paulsen, Mayor Pro Tem	2019	December 31, 2029
Sarah Fox	2020	December 31, 2027
Diana H. Perez	2022	December 31, 2029
Kim D. Harless	2022	December 31, 2029

City Management Team

(As of December 31, 2025)

Lon Pluckhahn	City Manager
Lisa Brandl	Deputy City Manager
Jeff Towery	Deputy City Manager
Aaron Lande	Assistant City Manager
Nena Cook	City Attorney
Troy Price	Police Chief
John Drake	Fire Chief
Steve Wall	Public Works Director
Chad Eiken	Community Development Director
David Perlick	Parks, Recreation, and Cultural Director
Natasha Ramras	Chief Financial Officer
Antoinette Gasbarre	Human Resources Director
Patrick Gilbride	IT Director
Laura Shepard	Communications Director
Geraldene Moyle	General Services Director
Joy Fowler	Director of Diversity, Equity and Inclusion
Patrick Quinton	Director of Economic Prosperity and Housing

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Financial Section

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Vancouver
January 1, 2025 through December 31, 2025

City Council
City of Vancouver
Vancouver, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Vancouver, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Vancouver, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the Consolidate General, American Rescue Plan Act and Fire funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Vancouver Hotel and Convention Center Project (the Project), which is included in the City's financial statements as part of the Downtown Redevelopment Authority component unit which represents 2 percent and 100 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Project, is based solely on the reports of the other auditors. The financial statements of the Project were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This supplementary information is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

September 29, 2026

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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, 2025. 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 year end (FYE) by over $2.32 billion.
- Net investment in capital assets accounts for 62.2% of the total net position, with a value of $1.44 billion.
- Of the remaining net position, $638.3 million may be used to meet the government's ongoing obligations to citizens and creditors, without legal restrictions.
- The City's total net position increased by $217.9 million in current operations over the prior FYE.
- Total program revenues were $440.3 million, which increased by $40.3 million from the prior FYE. Charges for Services, Fees, Fines and Forfeitures increased by $44.2 million and Operating Grants, Capital Grants and Contributions reported a decrease of $3.9 million.
- Program expenses were $507.4 million, which decreased by $8.6 million from the prior FYE.
- General revenues and transfers were $285.0 million, an increase of $14.7 million from the prior FYE.
- The City of Vancouver's governmental funds report a combined ending fund balance of $540.0 million, which increased by $28.6 million over the prior FYE. Of that, $153.8 million is restricted by external parties, $62.7 million is committed for specific purposes, such as transportation improvements, fire operations, downtown improvement initiatives, revenue stabilization, emergency reserves, Fort Vancouver Historic Trust improvements and cemetery improvements. Assigned fund balance of $193.1 million includes amounts for streets projects, capital projects and general operations. The remaining fund balance is comprised of non-spendable and unassigned balances totaling $130.3 million.
- The City of Vancouver's total bonded debt was $23.4 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 2025. 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 12 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 Consolidated General Fund, the American Rescue Plan Act Fund, the Fire Fund, the Facilities Asset Management and Replacement Fund and the Transportation Capital 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 Reconciliation of the Balance Sheet to the Government wide Statement of Net Position and the Governmental Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Government wide State of Activities provide reconciliations 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/solid waste/drainage 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 grounds and maintenance activities, rolling stock repair and replacement, computer repair and replacement, self-insurance, administrative services, benefits, and health insurance benefits.

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 full-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 liabilities section of the government-wide statement.

The proprietary fund financial statements provide separate information for the Water/Sewer fund as it is considered a major fund. 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 is located immediately following the notes to the financial statements.

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 $2,316,424,901 at December 31, 2025. The following is a condensed and comparative version of the Government-wide Statement of Net Position.

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CITY OF VANCOUVER'S NET POSITION

	Governmental Activities*		Business-type Activities*		Total Activities*	
	2024	2025	2024	2025	2024	2025
Assets						
Current and other assets	$ 698,518,662	$ 728,634,101	$ 205,125,002	$ 251,653,316	$ 903,643,664	$ 980,287,417
Capital assets (net of accumulated depreciation)	789,620,610	865,937,555	573,585,273	631,449,680	1,363,205,883	1,497,387,235
Total Assets	1,488,139,272	1,594,571,656	778,710,275	883,102,996	2,266,849,547	2,477,674,652
Deferred outflows of resources	51,008,840	56,210,392	7,927,161	8,376,752	58,936,001	64,587,144
Liabilities						
Long-term Liabilities	108,684,564	112,130,846	6,938,980	5,913,519	115,623,544	118,044,365
Other Liabilities	71,527,257	67,304,490	13,192,803	17,736,183	84,720,060	85,040,673
Total Liabilities	180,211,821	179,435,336	20,131,783	23,649,702	200,343,604	203,085,038
Deferred inflows of resources	24,283,979	20,549,856	2,620,073	2,202,004	26,904,052	22,751,860
Net Position						
Net investments in capital assets	739,909,961	822,408,386	565,785,861	618,311,009	1,305,695,822	1,440,719,395
Restricted	169,523,388	185,080,181	34,052,236	52,294,648	203,575,624	237,374,829
Unrestricted	425,218,963	443,308,291	164,047,483	195,022,386	589,266,446	638,330,677
Total Net Position	$ 1,334,652,312	$ 1,450,796,858	$ 763,885,580	$ 865,628,043	$ 2,098,537,892	$ 2,316,424,901

*Minor differences may exist due to rounding.

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During 2025, the City's total assets increased by $210.9 million and deferred outflows of resources increased by $5.7 million, while total liabilities increased by $2.8 million, and deferred inflows of resources decreased by $4.1 million. In total, net position increased by $217.9 million, or 10.4%.

Of the City's total assets, cash increased by $64.5 million and restricted cash increased by $10.1 million; receivables increased by $12.8 million, capital assets increased by $134.2 million, and other assets decreased by $10.8 million from 2024. Additional information explaining the increase in capital assets is provided in the Capital Assets and Debt Administration section below.

The largest portion of the City's net position, 62.2%, 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 10.2% of the total, and net position that is unrestricted represents the remaining 27.6%.

At December 31, 2025, the City of Vancouver reported 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 increased by $217.9 million. This is split between governmental activities increased by $116.1 million and business-type activities increased by $101.7 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.

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Analysis of Changes in Net Position

	Governmental Activities*		Business-Type Activities*		Total Primary Government*	
	2024	2025	2024	2025	2024	2025
Revenues						
Program revenues:						
Charges for Services, Fees, Fines and Forfeitures	$ 146,039,556	$ 145,252,707	$ 161,338,921	$ 206,318,290	$ 307,378,477	$ 351,570,997
Operating Grants and Contributions	39,603,836	28,258,923	-	-	39,603,836	28,258,923
Capital Grants and Contributions	17,140,264	18,558,281	35,896,806	41,921,543	53,037,070	60,479,824
General Revenues						
Property Taxes Levied for General Purposes	75,446,579	78,341,469	-	-	75,446,579	78,341,469
Property Taxes Levied for Special Purposes	9,865,561	9,886,114	-	-	9,865,561	9,886,114
Sales and Use Taxes	86,386,702	91,630,459	-	-	86,386,702	91,630,459
B&O Taxes	73,385,062	76,223,639	-	-	73,385,062	76,223,639
Excise, Lodging and Other Taxes	13,714,982	14,941,709	-	-	13,714,982	14,941,709
Unrestricted Investment Earnings	3,525,198	4,621,436	7,984,466	9,375,238	11,509,664	13,996,674
Total Revenues	465,107,740	467,714,737	205,220,193	257,615,071	670,327,933	725,329,808
Program Expenses						
Governmental Activities:						
General Government	106,914,767	116,390,766	-	-	106,914,767	116,390,766
Sercurity Persons and Property	156,668,854	148,151,913	-	-	156,668,854	148,151,913
Physical Environment	4,692	11,372	-	-	4,692	11,372
Transportation	50,645,955	41,510,645	-	-	50,645,955	41,510,645
Social Services	6,483,853	7,781,744	-	-	6,483,853	7,781,744
Economic Environment	25,831,557	24,474,114	-	-	25,831,557	24,474,114
Intergovernmental Facilities	4,328,570	2,319,283	-	-	4,328,570	2,319,283
Culture and Recreation	11,734,623	10,599,669	-	-	11,734,623	10,599,669
Interest on Long-Term Debt	1,592,255	1,287,142	-	-	1,592,255	1,287,142
Business-Type Activities:						
Water and Sewer	-	-	138,441,059	139,982,813	138,441,059	139,982,813
Parking	-	-	3,768,383	3,807,558	3,768,383	3,807,558
Airport	-	-	887,232	835,965	887,232	835,965
Building Inspection	-	-	6,352,909	7,923,994	6,352,909	7,923,994
Solid Waste	-	-	2,296,109	2,346,994	2,296,109	2,346,994
Tennis Center	-	-	21,144	18,827	21,144	18,827
Total Expenses	364,205,126	352,526,648	151,766,836	154,916,151	515,971,962	507,442,799
Excess (deficiency) of revenues over expenses	100,902,614	115,188,089	53,453,357	102,698,920	154,355,971	217,887,009
Transfers - Governmental	8,760,618	956,457	-	-	8,760,618	956,457
Transfers - Business-Type	-	-	(8,760,618)	(956,457)	(8,760,618)	(956,457)
Income (loss) before special and extra	109,663,232	116,144,546	44,692,739	101,742,463	154,355,971	217,887,009
Change in Net Position	109,663,232	116,144,546	44,692,739	101,742,463	154,355,971	217,887,009
Net Position - Beginning, as previously reported	1,224,911,192	1,334,652,312	719,192,841	763,885,580	1,944,104,033	2,098,537,892
Accounting Changes and Error Corrections	77,889	-	-	-	77,889	-
Net Position - Beginning, as restated	1,224,989,081	1,334,652,312	719,192,841	763,885,580	1,944,181,922	2,098,537,892
	$ 1,334,652,312	$ 1,450,796,858	$ 763,885,580	$ 865,628,043	$ 2,098,537,892	$ 2,316,424,901

*Minor differences may exist due to rounding.

Governmental Activity Analysis

Governmental net position increased by $116.1 million in 2025 from operations.

Revenues from Charges for Services, Fees, Rents, Fines and Forfeitures decreased by $787 thousand, or 0.5% over the prior year.

Revenues from Property Taxes increased by $2.9 million, or 3.4% primarily due to statutory increases, new construction in the City, a voted increase in the affordable housing levy, and from a fire levy lid lift passed in 2024, which increased taxes collected in 2025 by $0.50 per $1,000 of assessed property value. The fire levy generated approximately $19.0 million in additional property tax revenue, an increase of approximately $0.7 million over 2024. The Washington State Constitution limits the total regular property taxes to a 1% increase in assessed valuation plus new construction.

Revenues from B & O Taxes increased by $2.8 million in 2025, as compared to 2024. These increases included utility rate increases, across all utility revenues. Taxes on city-owned utilities are transferred to Governmental Activities from Business-type activities. Note expense increases for Business-type activities below.

Excluding transfer activities, total governmental activities revenues increased by $2.6 million, or 0.6% in 2025, compared to 2024.

Governmental activities expenses decreased by $11.7 million, or 3.2% over the prior year. The decrease is primarily a result of implementing GASB 101 - Compensated Absences in 2024. The City recognized an increase in compensated absences of $16.4 million in 2024, while the increase in 2025 was only $1.7 million, making the year over year change smaller in 2025. Other notable expenditure decreases over the prior year include a reduction in pension liabilities of $1.4 million, a $1.0 million reduction in depreciation expenditures due to asset disposals in 2025, and a decrease in materials and supplies of approximately $.9 million, due to lower expenditures for legal services and police administrative expenditures.

Business-Type Activities Analysis

Business-Type net position increased by $101.7 million in 2025 from operations.

The Business-Type Activity revenue increased by $52.4 million and the Business-Type expenses increased by $3.1 million. Revenue increases included planned rate increases for water utilities at 4.5%, storm utilities at 8% and sewer utilities at 6%. In 2025, the City implemented a tiered rate strategy for single family residential accounts to encourage water conservation with water use charges based on consumption within three usage tiers.

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.

SHARE OF BUSINESS-TYPE PROGRAM EXPENSES & REVENUES BY FUNCTION

Total Business-Type Program Expenses	$ 154,916,151	Total Business-Type Program Revenues	$ 248,239,833
Prorgram Expense by Function	Portion of Total	Program Revenue by Function	Portion of Total
Water/Sewer	90.4%	Water/Sewer	92.5%
Non-Major Proprietary	9.6%	Non-Major Proprietary	7.5%
	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. The Consolidated General Fund, the American Rescue Plan Act Fund, the Fire Fund, the Facilities Asset Management and Replacement Fund, and the Transportation Capital Fund are classified as major funds for the purposes of this report, based on criteria set forth by the Government Accounting Standards Board (GASB). All other governmental funds are presented as non-major on the fund-level financial statements.

The Consolidated General Fund is the primary governmental fund. The Consolidated General Fund's total operating revenues experienced a decrease of 0.2% over the prior year. Property Taxes increased by $2.2 million, Business and Occupation Taxes increased by $2.8 million, however intergovernmental revenues reported a decrease of $1.6 million, while miscellaneous revenues also reported a decrease of $1.7 million. The Consolidated General Fund expenditures accounted for 45.1% of total governmental funds' expenditures for the year. Expenditures for Security of Persons and Property increased by $5.0 million, primarily due to increases in interfund services and intergovernmental services. The other notable increase is reported in Capital Outlay. Capital Outlay reports an increase of $6.5 million, primarily due to land purchases for the City's Bridge Shelter project. The ending fund balance of the Consolidated General Fund increased by $13.1 million. This fund balance includes a number of non-cash activities. The ending cash balance of the fund increased by $13.0 million, primarily due to tax revenue increases and positive investment earnings for 2025.

The American Rescue Plan Act (ARPA) Fund was established in 2021 to report and track the receipt of grant dollars awarded by the US Department of Treasury. These funds are specifically targeted to aid in the recovery from the Coronavirus pandemic. The City utilized an extensive public outreach process to discover public priorities for the use of these funds. By mid 2023 the spending plan was formulated and consisted of a large contribution towards the replacement of Main St. to revitalize the downtown businesses and with the balance largely spent on a variety of improvements in the Fourth Plain corridor. The City reported expenditures of $7.3 million and revenue of $7.6 million in 2025. ARPA ending fund balance is reported at $1.1 million, a change of $0.3 million.

The Fire Fund is a special revenue fund that encompasses operations 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. In 2022 voters approved a new property tax levy increase ($.50/$1,000 of assessed value) to fund additional fire services and fund a robust capital program replacing/renewing the City's fire stations. This tax levy, Proposition No. 2, generated approximately $19.0 million in additional property tax revenue in 2025.

As reported in the Statement of Revenues, Expenditures and Changes in Fund Balances, other major funding sources for the Fire Fund are provided by Clark County Fire District No. 5, as a payment for services the City provides to its service district, and transfers from the City's General Fund. In 2025 the Fire Fund accounted for 21.0% of the governmental funds' expenditures. The Fire Fund's 2025 expenditures increased by $1.3 million over the prior year, primarily due to new positions and related expenditures funded by Proposition No. 2. The fund balance reports a decrease by $0.3 million as expenditures exceeded revenues and transfers.

The Facilities Asset Management & Replacement Fund has supported capital improvement initiatives citywide since its establishment in 2017. The fund primarily finances general facilities projects along with other citywide capital improvements. In 2025, budgeted capital project transfers out represented the fund's largest expenditure totaling $9.3 million. The City reported $3.5 million in revenue resulting in a decrease

of $5.8 million in fund balance. The ending fund balance is reported at $67.4 million. The City anticipates most of this fund balance will be utilized for construction of the Operations Center new campus, and other major maintenance on other City owned facilities.

The Transportation Capital Fund was created in 1998 to account for all capital projects in the Transportation Department. The funding for these projects is comprised of grants, bonds, and developer agreements, as well as other public and private funding sources. The City reported expenditures of $23.7 million and revenue of $22.3 million, resulting in a decrease of $1.2 million in fund balance.

All other non-major governmental funds, consisting of operating, debt service and capital construction funds, present expenditures over revenues of $8.9 million, excluding transfer activity. Transfer activity is reported at $31.4 million , increasing non-major fund balances by $22.5 million over the prior year.

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 thirteen business-type funds: six enterprise funds, and seven internal service funds.

The Consolidated Water Sewer Fund is the largest business-type fund in the City, accounting for 94.32% of net position for the enterprise funds at $816.5 million. This fund encompasses three legally consolidated utilities: water, sewer, and storm-water/drainage operations. In 2025 the Consolidated Water Sewer Fund's net position increased by $96.9 million. Operating revenue increased $38.7 million or 25.6 % over the prior year primarily due to an increase in utility rates. Operating expenses decreased $4.2 million or 2.95 %, related to a decrease in supplies and professional services for maintenance. Additionally, Water Sewer Fund net capital assets were $612.7 million.

All other non-major business-type funds are those funds that account for Building Inspections, Solid Waste Services, Parking Services, Airport Services and Tennis Center services. The Tennis Center is a self-supporting fund with USTA assuming net losses, if applicable. There is no fund balance reported for the Tennis Center.

In 2025 the other non-major business-type funds reported operating revenue of $17.7 million, operating expenses of $14.9 million and non-operating revenue of $1.3 million. Total net position reports an increase of $4.8 million; primarily due to a reduction in transfer out activity. Operating revenue and expenses remained relatively stable as compared to prior year activity.

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 activity annually or biennially depending on the fund. City Internal Service funds, as reported in 2025, realized a net position change of $20.1 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 $10.5 million. The Internal Service Funds proportionate share of the Pension Liability is $1.2 million at the end of 2025.

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, Utility Tax and Property Tax revenues. However, in 2025 that trend discontinued with revenues in Sales Tax coming in at 99.6% of the forecasted amount for the year. Property Tax and Utility Tax did continue to exceed forecasted amounts in 2025 at 101.2% and 108.9%, respectively. On an ongoing basis, the budget anticipates an ongoing structural deficit each biennium that is a result of

growth in ongoing expenditures outpacing growth in ongoing revenues. Contributing factors to this deficit include the following:

- Significantly greater City reliance on revenues that fluctuate with the economy.
- Inflationary factors reflected in expenditures outpacing increases on the revenue side.
- The City has been addressing Council priorities, by funding new positions, four Safe Stay communities, a Safe Park location and building a Bridge Shelter to provide support for unhoused individuals in the Community.
- The City has also created a three-person Diversity, Equity, and Inclusion department and also added resources for environmental sustainability research.
- There has been a faster overall growth in FTEs at the City over the last few years, compared to historical trends as well.

The City has a strong set of Financial Policies for the General Fund and other funds and has sufficient reserves to support operations during potential fluctuations of the economy. The City reviews and re-balances the budget in the context of a six-year forecast, as appropriate, as to not create financial challenges in the future. City policies are reviewed every two years during the budget development process and affirmed by City Council. These 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.

CITYWIDE BUDGETARY HIGHLIGHTS

The final 2025-2026 biennial budget totals $2.3 billion in operating and capital expenditures, including 1,364 full time equivalent 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, 2025, amounts to $1.50 billion (net of accumulated depreciation).

The table that follows is a comparison of the summary information for year-end 2024 and 2025 capital assets.

CAPITAL ASSETS, NET OF DEPRECIATION

	Governmental Activities		Business-type Activities		Total Activities	
	2024	2025	2024	2025	2024	2025
Land, Easements and land improvements	$ 189,198,574	$ 223,470,550	$ 86,070,709	$ 110,191,664	$ 275,269,283	$ 333,662,214
Capital artwork	326,960	326,960	-	-	326,960	326,960
Buildings	107,498,288	110,985,270	17,096,072	17,215,139	124,594,360	128,200,409
Machinery and equipment	35,891,676	46,957,974	2,562,534	3,816,878	38,454,210	50,774,852
Infrastructure	397,489,949	412,430,432	434,302,345	469,108,504	831,792,294	881,538,936
Intangible assets	14,369,593	17,822,542	2,107,409	1,765,288	16,477,002	19,587,830
Construction work in progress	44,845,570	53,943,827	31,446,204	29,352,207	76,291,774	83,296,034
Total	$ 789,620,610	$ 865,937,555	$ 573,585,273	$ 631,449,680	$ 1,363,205,883	$ 1,497,387,235

Total net capital assets increased 9.8% from prior year. Land, easement, and land improvement assets increased $58.4 million, or 21.2 %, intangible assets increased $3.1 million, or 18.9 %, and infrastructure increased $49.8 million, or 6 %. Some of the major capital projects and acquisitions that took place during the year include, land acquisitions for future City Bridge Shelter and Vancouver Innovation Center, substantial completion of the 137th Avenue Corridor Project, completion the Esther Short Bell Tower Remodel, replacement of the Marine Park Wastewater Disinfection System, completion of Oakbrook Park, purchase of fleet vehicles, and numerous other infrastructure additions related to the City's capital street and utility funds. Additional information on City of Vancouver's capital assets can be found in Note 5 of this report. As of fiscal year end, the City had $83.3 million of capital projects in various stages of completion. Of this amount, 64.8% are related to Governmental Activities with the remaining 35.2% benefiting Business-type Activities.

Long-Term Debt

At December 31, 2025, the City of Vancouver had total bonded debt outstanding of $23.4 million. Of this amount, $23.0 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 $0.5 million represents issuance premiums. The table below is a comparison of the summary information for year-end 2024 and 2025 bonded debt. The City of Vancouver's total bonded debt decreased by $6.5 million, the result of scheduled principal payments made throughout 2025. Additional information on the City of Vancouver's debt can be found in Note 8 and Note 9 of this report.

CITY OF VANCOUVER OUTSTANDING BONDED DEBT (IN THOUSANDS)

	Governmental Activities		Business-Type Activities		Total Activities	
	2024	2025	2024	2025	2024	2025
General obligation bonds	$ 28,470	$ 22,945	$ 845	$ -	$ 29,315	$ 22,945
Net Amounts for:						
Issuance premiums (discounts)	628	458	-	-	628	458
Total	$ 29,098	$ 23,403	$ 845	$ -	$ 29,943	$ 23,403

The City of Vancouver maintains an "Aa2"/"AA+" issuer rating from Moody's/Standard and Poor's (S & P) rating services, respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

While there are variable economic headwinds in the local economy, particularly in the real estate sector, it remains an exceptionally exciting time for Vancouver. In 2025, the city's population broke 205,100, and Clark County remains the driver of job growth for the Portland-Vancouver region. Major investments are underway at key employers such as SEH America, a new HP campus in Section 30, and ongoing investments in Columbia Tech Center and the Vancouver Innovation Center.

Persistently high interest rates and rising construction and commodity costs have slowed real estate investment, with new development activity well below the highs of 2020-21. Commercial real estate development remains slow due to the drop in demand for new office space and the absorption of significant new warehouses and distribution centers built in recent years.

Despite these obstacles, major projects continue to advance, including Vancouver's acclaimed Waterfront, with a new 195 unit mixed use project nearing completion and the reconstruction of the pier to support a planned public market. The Waterfront development is about two-thirds complete, delivering $1 billion in private investment with $500 million in additional investment upon full build out.

In addition to the Waterfront, progress continues on Waterfront Gateway, where the first phase is under construction and will eventually add new public spaces, affordable housing and retail, while Columbia Palisades, Section 30 and the Vancouver Innovation Center are poised for significant new residential development. The first three blocks of development in The Heights District are in pre-design, germinating growth of a new thriving, inclusive urban neighborhood in central Vancouver. Vancouver's ongoing transformation from a suburb to national class urban waterfront city has solid momentum.

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
WASHINGTON

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Basic Financial Statements



CITY OF
Vancouver
WASHINGTON

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Government-Wide Financial Statements

STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Primary Government				
	Governmental Activities	Business-type Activities	Total Primary Government	Vancouver Downtown Redevelopment Authority	Vancouver Public Facilities District
ASSETS					
Cash and cash equivalents	$ 606,827,891	$ 163,795,664	$ 770,623,555	$ 101,847	$ 2,666,531
Cash with fiscal and escrow agents	-	-	-	10,617,738	-
Restricted assets					
Restricted Cash	-	39,730,807	39,730,807	-	-
Accrued interest receivable	-	202,127	202,127	-	-
Cash with fiscal and escrow agent	-	-	-	7,115,984	-
Receivables (net of allowance for uncollectible accounts)	66,043,943	37,377,564	103,421,507	2,801,258	417,991
Inventories	873,327	939,091	1,812,418	53,726	-
Prepaid items	200,000	-	200,000	331,325	-
Due from other governmental agencies	5,485,989	1,178,265	6,664,254	-	570,291
Noncurrent capital assets held for resale	2,279,355	2,455,839	4,735,194	-	-
Net pension asset	46,923,596	5,973,959	52,897,555	-	-
Capital assets (net of accumulated depreciation)					
Land, Easements and land improvements	223,470,550	110,191,664	333,662,214	-	3,527,280
Capital artwork	326,960	-	326,960	-	-
Buildings	110,985,270	17,215,139	128,200,409	27,562,137	669,342
Machinery and equipment	46,957,974	3,816,878	50,774,852	1,511,838	-
Infrastructure	412,430,432	469,108,504	881,538,936	-	-
Intangible assets	17,822,542	1,765,288	19,587,830	-	-
Construction work in progress	53,943,827	29,352,207	83,296,034	34,316	-
Total assets	1,594,571,656	883,102,996	2,477,674,652	50,130,169	7,851,435
DEFERRED OUTFLOWS OF RESOURCES					
Related to unamortized loss on refunding	213,664	-	213,664	556,338	-
Related to pensions	55,982,389	7,489,863	63,472,252	-	-
Related to asset retirement obligations	14,339	886,889	901,228	-	-
Total deferred outflows of resources	56,210,392	8,376,752	64,587,144	556,338	-
LIABILITIES					
Accounts payable and other current liabilities	24,823,127	9,076,177	33,899,304	1,418,729	-
Internal Balances	457,855	(457,855)	-	-	-
Due to other governmental agencies	568,737	4,848,631	5,417,368	-	-
Accrued interest payable	321,857	4,969	326,826	886,581	-
Unearned revenue	1,353,511	236,385	1,589,896	1,857,155	-
Noncurrent liabilities:					
Total Pension liability due in one year	534,105	-	534,105	-	-
Total Pension Liability due in more than one year	4,117,425	-	4,117,425	-	-
Net Pension Liability	2,798,962	1,418,254	4,217,216	-	-
Total OPEB liabilities due in one year	1,758,839	-	1,758,839	-	-
Total OPEB liabilities due in more than one year	18,219,428	-	18,219,428	-	-
Asset retirement obligations due in more than one year	450,000	2,443,200	2,893,200	-	-
Due within one year	37,486,459	4,027,876	41,514,335	2,879,304	-
Due in more than one year	86,545,031	2,052,065	88,597,096	38,533,881	1,159,941
Total liabilities	179,435,336	23,649,702	203,085,038	45,575,650	1,159,941
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-grants and other	590,904	-	590,904	-	-
Related to pensions	15,391,506	1,779,655	17,171,161	-	-
Related to leases	4,567,446	422,349	4,989,795	-	-
Total deferred inflows of resources	20,549,856	2,202,004	22,751,860	-	-
NET POSITION					
Net investments in capital assets	822,408,386	618,311,009	1,440,719,395	(11,178,264)	4,196,622
Restricted for					
Capital purposes	48,493,110	46,320,689	94,813,799	339,366	-
Culture and recreation	22,653,824	-	22,653,824	-	-
Debt service	36,859	-	36,859	6,776,618	-
Economic environment	55,497,612	-	55,497,612	-	-
Grants	48,495	-	48,495	-	-
Pension	46,923,596	5,973,959	52,897,555	-	-
Security of persons and property	8,334,109	-	8,334,109	-	-
Health Services	3,092,576	-	3,092,576	-	-
Unrestricted	443,308,291	195,022,386	638,330,677	9,173,137	2,494,872
Total net position	$ 1,450,796,858	$ 865,628,043	$ 2,316,424,901	$ 5,110,857	$ 6,691,494

*Minor differences due to rounding

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services, Fees, Fines and Forfeitures	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Vancouver Downtown Redevelopment Authority	Component Units: Vancouver Public Facilities District
PRIMARY GOVERNMENT									
Governmental Activities:									
General government	$ 116,390,766	$ 102,785,339	$ 13,101,547	$ 2,100,000	$ 1,596,120	$ -	$ 1,596,120	$ -	$ -
Security persons and property	148,151,913	2,515,011	5,201,170	924,390	(139,511,342)	-	(139,511,342)	-	-
Physical environment	11,372	63,310	-	-	51,938	-	51,938	-	-
Transportation	41,510,645	14,949,518	4,105,701	14,064,404	(8,391,022)	-	(8,391,022)	-	-
Social Services	7,781,744	-	1,040,542	-	(6,741,202)	-	(6,741,202)	-	-
Economic environment	24,474,114	9,985,395	4,688,079	1,469,487	(8,331,153)	-	(8,331,153)	-	-
Intergovernmental facilities	2,319,283	2,324,930	-	-	5,647	-	5,647	-	-
Culture and recreation	10,599,669	12,629,204	121,884	-	2,151,419	-	2,151,419	-	-
Interest and fiscal charges	1,287,142	-	-	-	(1,287,142)	-	(1,287,142)	-	-
Total governmental activities	352,526,648	145,252,707	28,258,923	18,558,281	(160,456,737)	-	(160,456,737)	-	-
Business-type Activities:									
Water and Sewer	139,982,813	188,678,019	-	40,981,545	-	89,676,751	89,676,751	-	-
Parking	3,807,558	6,226,747	-	-	-	2,419,189	2,419,189	-	-
Airport	835,965	728,359	-	938,051	-	830,445	830,445	-	-
Building Inspection	7,923,994	7,589,836	-	1,947	-	(332,211)	(332,211)	-	-
Solid Waste	2,346,994	3,076,502	-	-	-	729,508	729,508	-	-
Tennis Center	18,827	18,827	-	-	-	-	-	-	-
Total business-type activities	154,916,151	206,318,290	-	41,921,543	-	93,323,682	93,323,682	-	-
Total Primary Government	$ 507,442,799	$ 351,570,997	$ 28,258,923	$ 60,479,824	$ (160,456,737)	$ 93,323,682	$ (67,133,055)	$ -	$ -
COMPONENT UNITS									
Downtown Redevelopment Authority	$ 21,488,509	$ 21,813,032	$ -	$ -	$ -	$ -	$ -	$ 324,523	$ -
Public Facilities District	1,775,867	-	10,000	-	-	-	-	-	(1,765,867)
Total Component Units	$ 23,264,376	$ 21,813,032	$ 10,000	$ -	$ -	$ -	$ -	$ 324,523	$ (1,765,867)
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes					$ 78,341,469	$ -	$ 78,341,469	$ -	$ -
Property Taxes Levied for Special Purposes					9,886,114	-	9,886,114	-	-
Sales and Use Taxes					91,630,459	-	91,630,459	2,988,214	2,858,688
B&O Taxes					76,223,639	-	76,223,639	-	-
Excise, Lodging and Other Taxes					14,941,709	-	14,941,709	-	-
Unrestricted Investment Earnings (loss)					4,621,436	9,375,238	13,996,674	607,040	79,598
Transfers					956,457	(956,457)	-	-	-
Total General Revenues and Transfers					276,601,283	8,418,781	285,020,064	3,595,254	2,938,286
Change in Net Position					116,144,546	101,742,463	217,887,009	3,919,777	1,172,419
Net Position - Beginning					1,334,652,312	763,885,580	2,098,537,892	1,191,081	5,519,075
Net Position - Ending					$ 1,450,796,858	$ 865,628,043	$ 2,316,424,901	$ 5,110,858	$ 6,691,494

*Minor differences due to rounding

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

CITY OF
Vancouver
WASHINGTON

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Fund Financial Statements

Consolidated General Fund

In the City of Vancouver, this fund accounts for all receipt and disbursement transactions that are not specifically accounted for in other funds and which are generally considered to represent the ordinary operations of a municipality. This fund is both tax and general revenue supported. Expenditures are budgeted biennially on the modified accrual basis and its appropriations lapse at year-end.

The Consolidated General Fund includes the General Fund, the Emergency Ambulance Services fund, the Street Funding Initiative - Operating fund, the Opioid Fund, Fourth Plain for All fund, and the Fire and Police Pension funds. The primary sources of revenues for the General Fund are: property tax, sales tax, utility taxes, licenses and permits, the state shared liquor and vehicle excise tax, court fines, and reimbursements from other funds of the City for pro-rating the costs of management and overhead.

American Rescue Plan Act Fund

This fund was established in June 2021 to account for Federal American Rescue Plan Act grant dollars awarded by the US Department of Treasury to aid in the recovery from the Coronavirus pandemic.

Fire Fund

As a result of an agreement between the City of Vancouver and Fire District 5 to provide fire services, two fire departments were consolidated and are now under the direction of the City. The fund will account for money received and expenditures made in providing fire services to the combined City and Fire District 5 service area.

Facilities Asset Management & Replacement Fund

In 2017 the City restated the fund's beginning fund balances as a governmental fund, as the activities in the fund no longer met requirements allowing the fund to be reported as an internal service fund. This fund is now used to support general facility projects and supports activities in the Capital Improvement Fund

Transportation Capital Fund

This fund was created in 1998 to account for all capital projects in the Transportation Department. The funding for these projects is comprised of grants, bonds, and developer agreements, as well as other public and private funding sources.

Consolidated Water Sewer Fund

This fund reports water, sewer and storm drainage activities for the City. This fund receives its revenue from service charges and from the sales of materials and supplies. Expenditures are for 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.

CITY OF VANCOUVER
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	Major Funds						
	Consolidated General Fund	American Rescue Plan Act	Fire Fund	Facilities Asset Management & Replacement Fund	Transportation Capital	Non-Major Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$ 197,713,772	$ 1,117,657	$ 8,083,094	$ 66,987,238	$ 3,474,986	$ 230,058,801	$ 507,435,548
Receivables (net)							
Taxes and assessments	17,886,405	-	337,449	-	-	5,882,073	24,105,927
Accounts	10,556,354	-	259,110	-	-	22,054,785	32,870,249
Leases	3,327,140	-	-	-	-	1,417,812	4,744,952
Interest	1,280,062	12,341	53,530	434,333	22,180	1,489,951	3,292,397
Due from other funds	4,827,717	-	-	-	-	2,140,318	6,968,035
Due from other governmental agencies	341,523	-	105,055	-	3,390,185	1,649,226	5,485,989
Interfund Receivables	340,000	-	-	-	-	-	340,000
Prepaid items	100,000	-	-	-	-	-	100,000
Total assets	236,372,973	1,129,998	8,838,238	67,421,571	6,887,351	264,692,966	585,343,097
DEFERRED OUTFLOWS OF RESOURCES							
Total deferred outflows of resources	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 236,372,973	$ 1,129,998	$ 8,838,238	$ 67,421,571	$ 6,887,351	$ 264,692,966	$ 585,343,097
LIABILITIES							
Accounts payable	3,689,936	-	1,389,577	-	1,088,120	7,811,093	13,978,726
Due to other funds	679,030	-	397,878	23,715	-	1,913,092	3,013,715
Due to other governmental agencies	185,593	-	-	-	-	383,144	568,737
Interfund Loan Payable	4,251,337	-	-	-	-	340,000	4,591,337
Accrued interest payable	-	-	-	-	-	1,106	1,106
Accrued liabilities	6,248,155	-	1,082,437	-	-	186,494	7,517,086
Unearned revenue	786,426	-	-	-	-	561,035	1,347,461
Total liabilities	15,840,477	-	2,869,892	23,715	1,088,120	11,195,964	31,018,168
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property taxes	877,218	-	276,807	-	-	142,969	1,296,994
Unavailable revenue-grants and other	6,765,912	-	198,370	-	-	1,533,160	8,497,442
Lease revenue	3,199,494	-	-	-	-	1,367,952	4,567,446
Total deferred inflows of resources	10,842,624	-	475,177	-	-	3,044,081	14,361,882
FUND BALANCES							
Nonspendable	3,740,000	-	-	-	-	-	3,740,000
Restricted	19,318,602	-	-	-	-	134,505,513	153,824,115
Committed	27,880,250	-	-	-	-	34,843,761	62,724,011
Assigned	32,150,640	1,129,998	5,493,169	67,397,856	5,799,231	81,103,647	193,074,541
Unassigned	126,600,380	-	-	-	-	-	126,600,380
Total fund balances	209,689,872	1,129,998	5,493,169	67,397,856	5,799,231	250,452,921	539,963,047
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 236,372,973	$ 1,129,998	$ 8,838,238	$ 67,421,571	$ 6,887,351	$ 264,692,966	$ 585,343,097

*Minor differences due to rounding

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, 2025

Fund Balance - Total Governmental Funds	$	539,963,047
Fund Balance - Total Internal Service Funds	$	120,885,351
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.		
Amounts for Assets reported, changed due to:		
The addition of long-lived capital assets, net of accumulated depreciation.		822,052,199
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.		
The addition of Lease Interest Receivable		8,564
Multi-employer plans		41,939,892
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.		213,664
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.		49,731,921
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		(22,945,000)
Issuance Premium/discount		(457,470)
Governmental loans		(6,802,250)
Impact Fee Credit		(30,058,437)
Lease Payable		(1,813,086)
Subscription-based Information Technology Agreements		(1,225,018)
Accrued Interest Payable		(218,952)
The addition of net pension liabilities and total 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.		(6,261,062)
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.		(19,978,267)
The addition of compensated absence liabilities which represent the future potential cost of paying employees' accrued leave hours.		(29,533,856)
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.		9,203,530
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.		(13,907,912)
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		3,176,325
Remove due from other funds between governmental and internal service funds		(3,176,325)
Net position of governmental activities	$	1,450,796,858

*Minor differences due to rounding

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, 2025

	Major Funds						
	Consolidated General Fund	American Rescue Plan Act	Fire Fund	Facilities Asset Management & Replacement Fund	Transportation Capital	Non-Major Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	$ 59,149,190	$ -	$ 18,963,419	$ -	$ -	$ 9,886,114	$ 87,998,723
Sales and use taxes	68,237,352	-	-	-	-	23,393,107	91,630,459
Business and Occupation Taxes	76,223,639	-	-	-	-	-	76,223,639
Excise Taxes	625,952	-	-	-	-	14,315,757	14,941,709
License and permits	2,113,118	-	1,211,478	-	-	9,518,998	12,843,594
Intergovernmental	10,851,816	7,289,457	542,259	-	15,953,331	14,071,909	48,708,772
Charges for services	10,520,552	-	18,784,539	-	44,200	8,593,463	37,942,754
Fines and penalties	714,230	-	41,800	-	-	2,225	758,255
Investment earnings	9,226,370	281,740	477,446	3,471,378	253,298	10,878,071	24,588,303
Rents and royalties	3,954,451	-	-	-	0	2,500,417	6,454,868
Contributions and donations	316,023	-	79,651	-	395,833	937,059	1,728,566
Miscellaneous	750,478	-	8,338	-	1,832	722,451	1,483,099
Total revenues	242,683,171	7,571,197	40,108,930	3,471,378	16,648,494	94,819,571	405,302,741
EXPENDITURES							
Current							
General government	10,955,535	-	-	11,585	-	8,204,402	19,171,522
Security of persons and property	92,099,761	-	78,594,806	-	-	1,557,529	172,252,096
Physical environment	-	-	-	-	-	9,458	9,458
Transportation	16,978,552	-	-	-	3,436,339	15,754,479	36,169,370
Economic environment	11,235,871	-	-	-	-	14,849,175	26,085,046
Social services	7,603,098	-	-	-	-	-	7,603,098
Culture and recreation	19,166,013	-	-	-	-	2,232,633	21,398,646
Intergovernmental facilities	-	-	-	-	-	2,319,283	2,319,283
Capital outlay	10,544,616	-	183,908	-	19,977,736	51,360,445	82,066,705
Debt service							
Principal retirement	521,934	-	49,948	-	-	6,253,631	6,825,513
Interest and fiscal charges	209,917	-	-	-	-	1,177,038	1,386,955
Total expenditures	169,315,297	-	78,828,662	11,585	23,414,075	103,718,073	375,287,692
Excess (deficiency) of revenues over (under) expenditures	73,367,874	7,571,197	(38,719,732)	3,459,793	(6,765,581)	(8,898,502)	30,015,049
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	2,500	-	-	-	196,683	1	199,184
Initiation of a SBITA	1,513,100	-	98,685	-	-	-	1,611,785
Transfers in	10,237,829	-	40,188,263	-	5,700,000	76,589,855	132,715,947
Transfers out	(71,981,827)	(7,289,457)	(1,845,818)	(9,282,706)	(297,572)	(45,227,625)	(135,925,005)
Total other financing sources (uses)	(60,228,398)	(7,289,457)	38,441,130	(9,282,706)	5,599,111	31,362,231	(1,398,089)
Net change in fund balances	13,139,476	281,740	(278,602)	(5,822,913)	(1,166,470)	22,463,729	28,616,960
FUND BALANCES - BEGINNING, as previously reported	196,550,396	848,258	5,771,771	73,220,769	6,965,701	227,989,192	511,346,087
FUND BALANCES - ENDING	$ 209,689,872	$ 1,129,998	$ 5,493,169	$ 67,397,856	$ 5,799,231	$ 250,452,921	$ 539,963,047

*Minor differences due to rounding

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, 2025

Net Change in Fund Balance - Total Governmental Funds	$	28,616,960
Net Change in Fund Balance - Total Internal Service Funds		20,079,544
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.		15,839,562
Long-lived pension assets are presented on the government-wide statement. Contributions to the asset are reported as revenue.		2,486,747
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.		(11,833,110)
Long-lived interest receivable, related to long-term leases, are added to the government-wide statements and reported as revenue.		(79)
Loan proceeds are removed from revenue for the government-wide statements.		-
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.		(3,866,030)
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.		75,138,729
Long-lived capital assets, net of accumulated depreciation and amortization, are presented on the government-wide statements. The change in the accumulated depreciation and amortization balances are added to the statements as depreciation or amortization expense.		(24,219,537)
Related to changes in Deferred Outflows:		
Premiums related to long-lived liabilities are amortized and reduce amortization expense		217,107
Discounts related to long-lived liabilities are decreased through amortization expense		(134,217)
Related to changes in Liabilities:		
Debt payments convert to decreases of long-lived liabilities.		6,150,377
The long-lived compensated absence liabilities are added to the government-wide statements. The changes in the liability balance represent changes in expenditures.		(1,533,606)
The long-lived OPEB liabilities are added to the government-wide statements. The changes in the liability balance represent changes in expenditures.		1,382,044
The long-lived pension liabilities, deferred inflows and outflows are added to the government-wide statements. The changes in those balances represent changes in expenditures.		7,127,995
The addition of interest payables related to long-lived liabilities also represent an expense.		16,923
Payments of other long-lived payables converted to decreases of those liabilities		-
Payments of long-lived Capital leases represent changes in expenditures.		250,995
Payments of long-lived Subscription-based Information Technology Agreements (SBITA) represent changes in expenditures.		424,142
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		(59,120,418)
Remove internal service expenditures for funds rolled together for governmental activities		59,120,418
Remove transfer in balances for funds rolled together for governmental activities		(136,013,119)
Remove transfer out balances for funds rolled together for governmental activities		136,013,119
Change in net position of governmental activities	**$**	**116,144,546**

*Minor differences due to rounding

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, 2025

	Budget Amounts		Actual Biennium To-Date Thru 12/31/25	Variance Thru 12/31/25
	Original 2025-26 Biennium	Final 2025-26 Biennium		
REVENUES				
Property taxes	$ 161,609,024	$ 161,149,903	$ 59,149,190	$ (102,000,713)
Sales and use taxes	141,861,089	139,541,518	68,237,352	(71,304,166)
Business and Occupation Taxes	156,081,885	157,196,583	76,223,639	(80,972,944)
Excise Taxes	2,729,776	1,929,776	625,952	(1,303,824)
License and permits	8,545,462	4,503,178	1,946,479	(2,556,699)
Intergovernmental	14,438,546	14,764,840	7,169,651	(7,595,189)
Charges for services	19,849,740	19,045,034	8,476,243	(10,568,791)
Fines and penalties	1,330,420	1,330,420	714,230	(616,190)
Investment earnings	2,711,330	2,812,330	6,362,869	3,550,539
Rents and royalties	8,230,179	8,320,659	3,644,693	(4,675,966)
Contributions and donations	219,787	219,787	316,023	96,236
Miscellaneous	899,967	922,967	722,482	(200,485)
Total revenues	518,507,205	511,736,995	233,588,803	(278,148,192)
EXPENDITURES				
Current				
General government	33,050,696	33,310,055	10,955,535	(22,354,520)
Security of persons and property	191,774,610	199,307,150	88,722,165	(110,584,985)
Economic environment	35,521,197	30,403,785	11,235,871	(19,167,914)
Social services	25,561,966	23,149,816	7,603,098	(15,546,718)
Culture and recreation	39,944,381	41,320,879	19,166,013	(22,154,866)
Capital outlay	69,000	10,862,185	10,474,537	(387,648)
Debt service				
Principal retirement	3,419,582	3,419,582	521,934	(2,897,648)
Interest and fiscal charges	317,826	317,826	209,917	(107,909)
Total expenditures	329,659,258	342,091,278	148,889,070	(193,202,208)
Excess (deficiency) of revenues over (under) expenditures	188,847,947	169,645,717	84,699,733	(84,945,984)
OTHER FINANCING SOURCES (USES)				
Initiation of a SBITA	-	-	1,513,100	1,513,100
Transfers in	35,849,782	46,488,297	10,148,289	(36,340,008)
Transfers out	(214,901,826)	(223,373,400)	(67,007,895)	156,365,505
Total other financing sources (uses)	(179,052,044)	(176,885,103)	(55,346,506)	121,538,597
Net change in fund balances	9,795,903	(7,239,386)	29,353,227	36,592,613
Fund balances - beginning of year, as previously reported	149,156,592	149,156,592	149,156,592	-
Fund balances - end of year	$ 158,952,495	$ 141,917,206	$ 178,509,819	$ 36,592,613

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, 2025

Consolidated General Fund Fund balances - end of year	$	178,509,819
Adjustments to generally accepted accounting principles (GAAP) Basis		
American Rescue Plan Act Fund 2		27,135,056
SW Washington Regional SWAT Team Fund		578,235
Police Pension Trust Fund		2,728,587
Fire Pension Trust Fund		16,490,565
Emergency Services Ambulance Services Contract Admin Fund		748,962
Street Fund		(16,501,351)
Fund Balance GAAP Basis	$	209,689,872

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, 2025

	Budget Announts		Actual Biennium To-Date Thru 12/31/25	Variance Thru 12/31/25
	Original 2025-26 Biennium	Final 2025-26 Biennium		
REVENUES				
Intergovernmental	$ -	$ -	$ 7,289,457	$ 7,289,457
Investment earnings	-	-	281,740	281,740
Total revenues	-	-	7,571,197	7,571,197
Excess (deficiency) of revenues over (under) expenditures	-	-	7,571,197	7,571,197
OTHER FINANCING SOURCES (USES)				
Transfers out	(8,969,149)	(8,717,333)	(7,289,457)	1,427,876
Total other financing sources (uses)	(8,969,149)	(8,717,333)	(7,289,457)	1,427,876
Net change in fund balances	(8,969,149)	(8,717,333)	281,740	8,999,073
Fund balances - beginning of year, as previously reported	848,258	848,258	848,258	-
Fund balances - end of year	$ (8,120,891)	$ (7,869,075)	$ 1,129,998	$ 8,999,073

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

CITY OF VANCOUVER
FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES COMPARED TO BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget Announts		Actual Biennium To-Date Thru 12/31/25	Variance Thru 12/31/25
	Original 2025-26 Biennium	Final 2025-26 Biennium		
REVENUES				
Property taxes	$ -	$ -	$ 18,963,419	$ 18,963,419
License and permits	3,551,707	3,551,707	1,211,478	(2,340,229)
Intergovernmental	-	781,257	542,259	(238,998)
Charges for services	41,497,812	42,065,710	18,784,539	(23,281,171)
Fines and penalties	-	-	41,800	41,800
Investment earnings	200,000	200,000	477,446	277,446
Contributions and donations	-	67,151	79,651	12,500
Miscellaneous	-	-	8,338	8,338
Total revenues	45,249,519	46,665,825	40,108,930	(6,556,895)
EXPENDITURES				
Current				
Security of persons and property	155,054,084	158,487,654	78,594,806	(79,892,848)
Capital outlay	-	95,928	183,908	87,980
Debt service				
Principal retirement	-	-	49,948	49,948
Total expenditures	155,054,084	158,583,582	78,828,662	(79,754,920)
Excess (deficiency) of revenues over (under) expenditures	(109,804,565)	(111,917,757)	(38,719,732)	73,198,025
OTHER FINANCING SOURCES (USES)				
Initiation of a SBITA	-	-	98,685	98,685
Transfers in	128,493,253	129,230,690	40,188,263	(89,042,427)
Transfers out	(18,949,165)	(22,389,921)	(1,845,818)	20,544,103
Total other financing sources (uses)	109,544,088	106,840,769	38,441,130	(68,399,639)
Net change in fund balances	(260,477)	(5,076,988)	(278,602)	4,798,386
Fund balances - beginning of year, as previously reported	5,771,771	5,771,771	5,771,771	-
Fund balances - end of year	$ 5,511,294	$ 694,783	$ 5,493,169	$ 4,798,386

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

CITY OF VANCOUVER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025

	Consolidated Water Sewer Fund	Non-Major Enterprise Funds	Total Business-type Activities - Enterprise	(Governmental Activities) Internal Service Funds
ASSETS				
Current assets				
Cash and cash equivalents	$ 137,235,610	$ 26,560,054	$ 163,795,664	$ 99,392,343
Restricted cash, cash equivalents and investments:				
Cash and cash equivalents	39,730,807	-	39,730,807	-
Accrued interest receivable	202,127	-	202,127	-
Receivables (net)				
Accounts	24,175,919	1,719,346	25,895,265	377,730
Leases	-	82,743	82,743	-
Interest	947,855	174,382	1,122,237	644,124
Due from other funds	65,885	-	65,885	1,769
Due from other governmental agencies	1,149,839	28,426	1,178,265	-
Interfund Loan Receivable	1,333,333	2,918,004	4,251,337	-
Inventory	939,091	-	939,091	873,327
Prepaid expenses	-	-	-	100,000
Total current assets	205,780,466	31,482,955	237,263,421	101,389,293
Noncurrent assets				
Contracts receivable	9,932,458	-	9,932,458	-
Leases Receivable - noncurrrent	-	344,862	344,862	-
Net Pension Asset	4,781,329	1,192,630	5,973,959	4,983,704
Noncurrent capital assets held for resale	2,455,839	-	2,455,839	-
Capital assets				
Land, easements and land improvements	108,177,524	2,328,746	110,506,270	-
Infrastructure and other improvements	809,651,689	4,484,099	814,135,788	73,376
Buildings	11,323,548	24,180,589	35,504,137	-
Intangible assets	6,816,035	-	6,816,035	7,707,487
Intangible Assets - RTU	777,112	1,906,823	2,683,935	12,907,619
Machinery and equipment	5,046,368	318,789	5,365,157	57,019,589
Accumulated depreciation	(358,219,371)	(14,694,477)	(372,913,848)	(35,656,134)
Construction in progress	29,167,427	184,780	29,352,207	4,112,773
Capital assets (net)	612,740,332	18,709,349	631,449,681	46,164,710
Total noncurrent assets	629,909,958	20,246,841	650,156,799	51,148,414
Total assets	835,690,424	51,729,796	887,420,220	152,537,707
DEFERRED OUTFLOWS OF RESOURCES				
Amounts Related to Asset Retirement Obligations	886,889	-	886,889	14,339
Amounts related to pension	5,994,033	1,495,830	7,489,863	6,250,470
Total deferred outflows of resources	6,880,922	1,495,830	8,376,752	6,264,809

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

CITY OF VANCOUVER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025

	Consolidated Water Sewer Fund	Non-Major Enterprise Funds	Total Business-type Activities - Enterprise	(Governmental Activities) Internal Service Funds
LIABILITIES				
Current liabilities				
Accounts payable	7,937,743	264,543	8,202,286	2,699,597
Claims and judgments payable	-	-	-	5,330,782
Due to other funds	3,841,531	17,835	3,859,366	162,610
Accrued interest payable	2,162	2,807	4,969	101,799
Accrued liabilities	649,127	224,764	873,891	627,720
Unearned revenues	-	236,385	236,385	6,050
Compensated Absences - Due in one year	3,051,849	647,388	3,699,237	2,925,150
Leases payable - Due in one year	-	39,108	39,108	-
SBITA payable - Due in one year	186,298	103,233	289,531	1,557,002
Total current liabilities	15,668,710	1,536,063	17,204,773	13,410,710
Noncurrent liabilities				
Leases payable - Due in more than one year	-	1,187,481	1,187,481	-
Claims and judgments	-	-	-	13,414,713
Due to other Governments	4,848,631	-	4,848,631	-
Net pension liability	1,133,452	284,802	1,418,254	1,189,430
Asset Retirement Obligations	2,293,200	150,000	2,443,200	450,000
Compensated Absences - Due in more than one year	684,196	61,411	745,607	462,321
SBITA payable - Due in more than one year	53,256	65,721	118,977	7,506,406
Total noncurrent liabilities	9,012,735	1,749,415	10,762,150	23,022,870
Total liabilities	24,681,445	3,285,478	27,966,923	36,433,580
DEFERRED INFLOWS OF RESOURCES				
Amounts related to pension	1,424,650	355,005	1,779,655	1,483,594
Lease revenue	-	422,349	422,349	-
Total deferred inflows of resources	1,424,650	777,354	2,202,004	1,483,594
NET POSITION				
Net investment in capital assets	600,997,203	17,313,806	618,311,009	37,101,302
Restricted for capital purposes	46,320,689	-	46,320,689	510,000
Restricted for Pension	4,781,329	1,192,630	5,973,959	4,983,703
Unrestricted	164,366,030	30,656,356	195,022,386	78,290,346
Total net position	$ 816,465,251	$ 49,162,792	$ 865,628,043	$ 120,885,351

*Minor differences due to rounding

The notes to the financial statements 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, 2025

	Major Fund			
	Consolidated Water Sewer Fund	Non-Major Enterprise Funds	Total Business-type Activities - Enterprise	(Governmental Activities) Internal Service Funds
OPERATING REVENUES				
Charges for services	$ 159,524,058	$ 10,750,359	$ 170,274,417	$ 101,634,752
Fines and penalties	1,235,261	510,257	1,745,518	-
Rents and royalties	557,132	6,428,120	6,985,252	10,038,782
Miscellaneous	28,368,274	23,720	28,391,994	31,516
Total operating revenues	189,684,725	17,712,456	207,397,181	111,705,050
OPERATING EXPENSES				
Personnel services	26,587,098	7,140,271	33,727,369	29,650,836
Supplies and contractual services	25,988,935	3,130,457	29,119,392	58,170,378
Interfund services	20,105,193	3,611,876	23,717,069	7,760,044
Intergovernmental payments	52,794,328	186,884	52,981,212	185,243
Depreciation and Amortization	14,474,642	874,490	15,349,132	5,413,822
Total operating expenses	139,950,196	14,943,978	154,894,174	101,180,323
Operating income (loss)	49,734,529	2,768,478	52,503,007	10,524,727
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	8,044,854	1,330,384	9,375,238	4,859,238
Interest and fiscal charges	(109,638)	(52,199)	(161,837)	(237,723)
Payments to dispose of capital assets	(897,131)	-	(897,131)	-
Gain (Loss) on disposal of capital assets	-	(9,608)	(9,608)	505,487
Miscellaneous revenue (expense)	(32,554)	263	(32,291)	262,299
Total nonoperating revenues (expenses)	7,005,531	1,268,840	8,274,371	5,389,301
Income (loss) before contributions and transfers	56,740,060	4,037,318	60,777,378	15,914,028
Capital contributions	40,981,545	939,998	41,921,543	-
Transfers in	172,835	50,000	222,835	4,476,465
Transfers out	(1,000,912)	(178,381)	(1,179,293)	(310,949)
Change in net position	96,893,528	4,848,935	101,742,463	20,079,544
TOTAL NET POSITION - BEGINNING	719,571,723	44,313,857	763,885,580	100,805,807
TOTAL NET POSITION - ENDING	$ 816,465,251	$ 49,162,792	$ 865,628,043	$ 120,885,351

*Minor differences due to rounding

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, 2025

	Business-Type Activities - Enterprise Funds			
	Major Fund			
	Consolidated Water Sewer Fund	Non-Major Enterprise Funds	Total	(Governmental Activities) Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	$ 156,461,255	$ 18,026,258	$ 174,487,513	$ 111,624,588
Payments to Suppliers	(78,845,332)	(4,617,952)	$ (83,463,284)	(54,572,092)
Payments to Employees	(28,438,339)	(7,604,447)	$ (36,042,786)	(31,704,877)
Internal Activity - Payments from other funds	-	14,529	$ 14,529	(215,008)
Internal Activity - Payments to other funds	(18,927,897)	(3,088,581)	$ (22,016,478)	(13,037,701)
Other Operating Receipts	28,368,276	533,976	$ 28,902,252	31,514
Net cash provided (used) by operating activities	$ 58,617,963	$ 3,263,783	$ 61,881,746	$ 12,126,424
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Unrestricted funds received	$ 18,175	$ 263	$ 18,438	$ -
Non-capital insurance recoveries	-	-	-	262,299
Non-capital customer loan activity	(6,345,733)	-	(6,345,733)	-
Transfers from other funds	172,835	50,000	222,835	4,476,465
Transfers to other funds	(1,000,912)	(178,381)	(1,179,293)	(310,949)
Net cash provided (used) by noncapital financing activities	$ (7,155,635)	$ (128,118)	$ (7,283,753)	$ 4,427,815
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Loan Proceeds	$ 4,733,250	$ -	$ 4,733,250	$ -
Interest paid on capital debt	-	(25,619)	(25,619)	-
Purchase of capital assets	(39,866,777)	(1,121,128)	(40,987,905)	(13,429,727)
Payments to dispose of capital assets	(897,131)	-	(897,131)	-
Proceeds from sale of capital assets	-	(9,608)	(9,608)	505,487
Capital contributions	8,668,542	939,998	9,608,540	-
Net cash provided (used) by capital and related financing activities	$ (27,362,116)	$ (216,357)	$ (27,578,473)	$ (12,924,240)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings (losses)	$ 7,601,238	$ 1,254,126	$ 8,855,364	$ 4,488,405
Net cash provided (used) in investing activities	$ 7,601,238	$ 1,254,126	$ 8,855,364	$ 4,488,405
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 31,701,450	$ 4,173,434	$ 35,874,884	$ 8,118,404
CASH AND CASH EQUIVALENTS - BEGINNING	$ 145,264,967	$ 22,386,620	$ 167,651,587	$ 91,273,939
CASH AND CASH EQUIVALENTS - ENDING	$ 176,966,417	$ 26,560,054	$ 203,526,471	$ 99,392,343
Cash and cash equivalents	137,235,610	26,560,054	163,795,664	99,392,343
Restricted cash and cash equivalents	39,730,807	-	39,730,807	-
Cash and cash equivalents - ending	$ 176,966,417	$ 26,560,054	$ 203,526,471	$ 99,392,343

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

CITY OF VANCOUVER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

	Business-Type Activities - Enterprise Funds			
	Major Fund			
	Consolidated Water Sewer Fund	Non-Major Enterprise Funds	Total	(Governmental Activities) Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 49,734,529	$ 2,768,478	$ 52,503,007	$ 10,524,727
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operations				
Depreciation and amortization expense	14,474,642	874,491	15,349,133	5,413,822
Decrease (increase) in receivables	(5,182,968)	676,502	(4,506,466)	(314,113)
Decrease (increase) in inventories	(73,956)	-	(73,956)	(63,857)
Increase (decrease) in current payables	63,396	(337,497)	(274,101)	852,574
Increase (decrease) in accrued liabilities	(295,742)	9,858	(285,884)	(179,610)
Decrease (increase) in receivable from other funds	2,751,836	687,114	3,438,950	2,696,009
Decrease (increase) in receivable from other government	966,453	-	966,453	-
Increase (decrease) in payables due to other funds	(2,540,992)	(149,290)	(2,690,282)	(7,133,283)
Increase (decrease) in claims and judgments payable	-	-	-	(1,055,391)
Increase (decrease) in SBITA liability	(77,953)	(955,240)	(1,033,193)	2,599,040
Increase (decrease) in pension liability	(1,201,282)	(310,633)	(1,511,915)	(1,213,494)
Total adjustments	8,883,434	495,305	9,378,739	1,601,697
Net cash provided (used) by operating activities	$ 58,617,963	$ 3,263,783	$ 61,881,746	$ 12,126,424
Noncash, investing, financing and capital activities				
Capital assets donated	32,262,274	-	32,262,274	-
Leased RTU Capital Assets	-	1,374,630	1,374,630	-
Net change in fair value of investments	334,844	(63,354)	271,490	610,446
Capital assets financed with accounts payable	6,654,944	-	6,654,944	-

*Minor differences due to rounding

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

CITY OF VANCOUVER
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2025

	CUSTODIAL FUNDS	
	PEG Capital Support Fund	Police Forfeiture Fund
ASSETS		
Cash and cash equivalents	$ 1,270,481	$ 120
Restricted Cash and cash equivalents	-	53,868
Receivables:		
Taxes	130,506	-
Interest	8,265	350
Total assets	1,409,252	54,338
LIABILITIES		
Accounts and accrued employee payables	2,858	-
Total liabilities	2,858	-
NET POSITION		
Restricted for:		
Restricted for intergovernmental contracts	1,406,394	54,338
Total net position	$ 1,406,394	$ 54,338

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, 2025

	CUSTODIAL FUNDS	
	PEG Capital Support Fund	Police Forfeiture Fund
ADDITIONS		
Licenses and Permits	$ 562,978	$ -
Investment Interest	67,408	646
Forfeiture Funds	-	138,692
Total additions	630,386	139,338
DEDUCTIONS		
Intergovernmental services	580,955	85,000
Total deductions	580,955	85,000
Change in net position	49,431	54,338
Net position - beginning	1,356,963	-
Net position - ending	$ 1,406,394	$ 54,338

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

CITY OF
Vancouver
WASHINGTON

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Notes to the Basic Financial Statements

NOTES TO THE FINANCIAL STATEMENTS - DECEMBER 31, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements present the financial position of the City of Vancouver (the City) as of and for the year ended December 31, 2025, and 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 Units

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 2025, the commission did not have any reportable assets, operational transactions 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 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.

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

The *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, property taxes, charges for services, licenses and permits and an operating transfer from the City's General Fund.

The *Facilities Asset Management & Replacement Fund* is used to support general facility projects and supports activities in the Capital Improvement Fund

The *Transportation Capital Fund* was created in 1998 to account for all capital projects in the Transportation Department. The funding for these projects is comprised of grants, bonds, and developer agreements, as well as other public and private funding sources.

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 include 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.

Additionally, the City reports the following fund types:

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.

The *Fiduciary funds* represents assets held in a custodial capacity for others, and uses the economic resources measurement focus. The City acts as the collection and disbursing agent for the PEG Capital Support Fund and Vancouver Police Department Seizure and Forfeiture activities.

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 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.

Fiduciary Funds

The fiduciary statements are reported using the economic resources measurement focus and the full-accrual basis of accounting. Revenues and expenses are recorded when earned or incurred.

Fiduciary funds report fiduciary activities that are not held in a formal trust.

D. BUDGETARY INFORMATION

Scope of Budget

Biennially appropriated budgets are adopted for all funds on the modified accrual basis of accounting. The biennial city budget is controlled at the fund level legally. In practice, the budget is also controlled at the fund-department level in the General Fund. 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.

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 biennium period.

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 biennium period.

3) Deficit Funds Net Position

As of December 31, 2025, the City did not report any funds with a deficit Net Position.

E. Assets, Liabilities, and Net Position

1) Cash and Cash Equivalents

It is the City's policy to invest all temporary cash surpluses. Cash surpluses are classified on the balance sheet as cash, restricted cash, cash with fiscal/escrow agents, and cash equivalents in various funds. The interest on these investments is pro-rated 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 15, *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, 2025, $2,408 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 accounts 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.

Leases receivable consists of one new lease added in 2025, plus thirteen existing leases, for a total of fourteen leases reported where the City has contractual agreements for future lease revenue. (See Note 7, *Leases and subscription-based IT arrangements*).

4) Amounts Due to and from Other funds, 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 6, *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 and prepaid items

Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as an inventory asset at the time an individual inventory item is purchased. Inventory is depleted using the first-in/first out (FIFO) method as items are consumed. Inventory balances are considered non-spendable fund balance for governmental accounting. 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).

Certain payments to suppliers reflect costs applicable to a future accounting period and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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 8, *Long-Term Debt*.

As of the financial statement presentation date, the proprietary funds' restricted assets consist of $39.7 million in restricted cash and equivalents, and $202,127 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), which 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. 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 (in years)
Land Improvements	10-40
Buildings	5-80
Infrastructure	15-40
Structures	20-50
Utility Improvements	5-116
Other Improvements	5-60
Rolling Stock	5-21
Information Tech Equipment	4-14
Equipment	5-30
Software (Intangibles)	5-15
Right-to-Use Assets	Varies by lease term

For additional detail, see Note 5, 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, such as vacation, paid time off, and sick leave. Employees may accrue up to 800 hours of vacation or paid time off. All vacation,

paid time off, and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements.

Vacation and paid time off pay is payable upon separation, retirement, or death. The payoff amount for vacation and paid time off is limited by schedule based on longevity of the incumbent.

The City also reports a liability for sick leave accrual. Eligible employees may accrue up to 1,280 hours of sick leave. Upon separation, retirement, or death employees do not receive payment for unused sick leave unless specifically allowed per a collective bargaining agreement. (See Note 9, *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.

11) **Other Accrued Liabilities**

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

12) **Long-term Debt**

See Note 9, *Changes in Long Term Liabilities.*

13) **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 judgments and settlements, unclaimed money and property, nonsufficient funds (NSF) fees, and cashier over/short adjustments.

14) **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.

Proprietary Funds - Net Position Classifications:

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.

Governmental Funds - Fund Balance Classifications:

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 approved by the highest level of decision-making authority, the City Council. The General Fund's committed fund balance represents revenue stabilization and emergency reserves approved by City Council resolution.

Assigned fund balance represents amounts not included in other fund balance categories. Per the City's fund balance administrative policy, the City Manager, Assistant City Manager and the Chief Finance Officer 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, unassigned 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.

15) Fund Balance Details

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

Fund Balance Classifications	Consolidated General Fund	American Rescue Plan Act Fund	Fire Fund	Facilities Asset Management & Replacement Fund	Transportation Capital	Non-major Governmental Funds	Total Governmental Funds
Nonspendable							
Long-term Receivables	$ 3,640,000	$ -	$ -	$ -	$ -	$ -	$ 3,640,000
Prepaids	100,000	-	-	-	-	-	100,000
	3,740,000	-	-	-	-	-	3,740,000
Restricted							
Federal grants	48,495	-	-	-	-	-	48,495
Capital purposes	-	-	-	-	-	65,329,864	65,329,864
Economic Development	-	-	-	-	-	55,497,613	55,497,613
Pension and OPEB	16,177,531	-	-	-	-	-	16,177,531
Health Services	3,092,576					-	3,092,576
Security/safety services	-	-	-	-	-	8,334,109	8,334,109
Debt service	-	-	-	-	-	36,859	36,859
Culture and Recreation	-	-	-			5,307,068	5,307,068
	19,318,602	-	-	-	-	134,505,513	153,824,115
Committed							
Working capital	-	-	-	-	-	11,011,033	11,011,033
Economic Programs	-	-	-	-	-	2,979,177	2,979,177
Emergency reserves	21,153,206	-	-	-	-	-	21,153,206
Revenue stabilization	6,269,121	-	-	-	-	-	6,269,121
Cemetery	-	-	-	-	-	468,881	468,881
Security/safety services	457,923	-	-	-	-	-	457,923
Culture and Recreation	-	-	-	-	-	8,001,694	8,001,694
Street-oriented Maintenance and construction	-	-	-	-	-	12,382,976	12,382,976
	27,880,250	-	-	-	-	34,843,761	62,724,011
Assigned							
Capital purposes	28,085,271	-	-	67,397,856	5,799,231	52,284,310	153,566,668
Debt service	-	-	-	-	-	6,086	6,086
Economic development	-	-	-	-	-	6,035,552	6,035,552
Cemetery	-	-	-	-	-	112,606	112,606
Security/safety services	3,061,932	-	5,493,169	-	-	12,444,606	20,999,707
Street-oriented Maintenance and construction	-	1,129,998	-	-	-	7,732,154	8,862,152
Culture and recreation	1,003,437	-	-	-	-	2,488,333	3,491,770
	32,150,640	1,129,998	5,493,169	67,397,856	5,799,231	81,103,647	193,074,541
Unassigned	126,600,380	-	-	-	-	-	126,600,380
Total	**$ 209,689,872**	**$ 1,129,998**	**$ 5,493,169**	**$ 67,397,856**	**$ 5,799,231**	**$ 250,452,921**	**$ 539,963,047**

*Minor differences may exist due to rounding.

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:

Fund Balance	General fund from ledger	Other funds included in roll-up	Total
Nonspendable	$ 3,640,000	$ 100,000	$ 3,740,000
Restricted	48,495	19,270,107	19,318,602
Committed	27,422,327	457,923	27,880,250
Assigned	1,003,437	31,147,203	32,150,640
Unassigned	143,109,480	(16,509,100)	126,600,380
	$ 175,223,739	**$ 34,466,133**	**$ 209,689,872**

*Minor differences may exist due to rounding.

16) **Minimum Fund Balance**

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

17) **Stabilization Arrangements**

The city reports two stabilization arrangements in the Consolidated General Fund. One arrangement is an emergency reserve and the second is a revenue stabilization reserve. Both arrangements were established by Council Resolution M-4379. Both stabilization arrangements are reported as Committed Fund Balance, per the City's Financial Policies. The City's Financial Policies are reviewed with City Council every two years during the budget adoption process, and are re-affirmed at budget adoption. The City completes an annual review of all reserve balances, ensuring each reserve is maintained at the approved levels. More information about each arrangement can be found in the following paragraphs.

An emergency reserve in the Consolidated General Fund will be maintained equal to 7% of actual external revenues in the preceding fiscal year in the General, Street, and Fire Funds. The emergency reserve is for unexpected, 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 the community and continuity of city operations (e.g., major flood, earthquake, other natural disaster, cybersecurity event, pandemic, infrastructure collapse, city facility failure). Remedial actions include, but are not limited to funding medical supplies, temporary clinics and disease-control efforts, strengthening first responders and evacuation systems; repairing critical infrastructure like power, water, roads, bridges, citywide information technology infrastructure, citywide facilities and related support services; providing shelters and essential services for vulnerable residents; and improving communication, coordination and preparedness through training, alerts and community outreach. In the event that these "emergency reserve" funds are used, the City shall restore the reserve to the full 7% level within a reasonable amount of time as necessitated by the scale of emergency. A clear plan will be developed to refill the reserve and the first significant deposit will occur the following fiscal year after the event.

The City also maintains Revenue Stabilization reserve funds in the Consolidated General Fund. The City has a goal of maintaining 2.5% of the current year's budget in reserve funds. The reserve may be used to provide funding to temporarily offset unanticipated fluctuation in on-going revenues or unanticipated events, such as unexpected external mandates, reductions in state shared revenues, etc. The reserve funds will provide time for the City to restructure its operations in a deliberate manner to ensure continuance of critical city activities. If the reserve is spent down, it shall be restored within the following two years. This reserve could be utilized if there is an identified 3-6 month trend of reduced revenues.

18) **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.

NOTE 2. ACCOUNTING AND REPORTING CHANGES

For the fiscal year ended December 31, 2025, the City implemented the following GASB Pronouncements and reporting changes:

GASB Statement No. 102, Certain Risk Disclosures

Management evaluated the City's exposure to significant risks and uncertainties in accordance with GASB Statement No. 102, *Certain Risk Disclosures.* This evaluation included consideration of significant estimates, current vulnerabilities due to concentrations, and other conditions that could materially affect financial position or operations. Based on this review, the City did not identify any significant constraints, concentrations, or vulnerabilities requiring disclosure under GASB 102.

NOTE 3. BANK ACCOUNTS AND INVESTMENTS

A. Bank Accounts

As of December 31, 2025, the carrying amount of the City's general checking account, including certificates of deposit, was $7,556,856 and the bank balance was $6,835,007. Uncleared items account for the difference. See the Bank Statement balances table below for a full recap of cash and cash equivalents.

Custodial Credit Risk - Deposits

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 year-end 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 Principal Treasury Analyst. 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, 2025, the fair value of the City's investment portfolio was $806,802,563 of which $994,720 was invested on behalf of the Firemen's Pension Fund, and $805,807,843 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.

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with the City's investment policy, all security transactions, including collateral for repurchase agreements, are conducted on a delivery-versus-payment (DVP) basis. Securities are delivered against payment and held in a custodial safekeeping account. The third-party custodian provides the City with safekeeping receipts and periodic statements listing each security, including its description, maturity date, market value, par value, purchase date, and CUSIP number. All deposits are made only with depositories approved by the Washington Public Deposit Protection Commission (PDPC). As of fiscal year-end, all of the City's investments were held in accordance with these requirements, and the City was not exposed to custodial credit risk.

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	
	Fair Value	Less Than 1	1 to 5
Investment Type			
Debt Securities			
U.S. Agencies	$ 382,883	$ 89,168	$ 293,715
U.S. Treasury	207,632	149,791	57,841
Municipals	136,048	44,516	91,532
Total Debt Securities	**$ 726,563**	**$ 283,475**	**$ 443,088**

	Amortized Cost	Less Than 1	1 to 5
Other Securities			
State Government Investment Pool	$ 69,995	$ -	$ -
County Government Investment Pool	10,244	-	-
Total Investments	**$ 806,802**	**$ 283,475**	**$ 443,088**

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, 2025, the City's investments (in thousands) had the following credit quality distribution for securities with credit exposure:

Investment Type	Fair Value	Not Rated	AAA	Aa1	Aa2	Aa3
U.S. Government Agencies	$ 382,883	$ -	$ 382,883	$ -	$ -	$ -
Municipal Bonds	136,048	19,293	62,390	19,012	30,515	4,838
U.S. Treasury	207,632	-	207,632	-	-	-
	Amortized Cost	**Not Rated**				
State Government Investment Pool	$ 69,995	69,995	-	-	-	-
County Government Investment Pool	10,244	10,244	-	-	-	-
Total	**$ 806,802**	**$ 99,532**	**$ 652,905**	**$ 19,012**	**$ 30,515**	**$ 4,838**

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 2025, the City's portfolio had the following concentration of securities in it:

- 5.08% of Federal National Mortgage Association
- 0.62% of Federal Agriculture Mtg Corp.
- 14.47% of Federal Farm Credit Bank
- 20.58% of Federal Home Loan Bank

- 3.06% of Federal Home Loan Mortgage Corporation
- 8.68% of Washington State LGIP
- 1.27% of County Pool
- 17.47% in various Municipal Bonds
- 25.74% of U.S Treasury's
- 3.03% of Supranational's

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, as 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 GASB 79 for external investment 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 in Clark County Investment Pool The City is a participant in the Clark County investment pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The City reports its investment in the pool at amortized cost, which is the same as the value of the pool per share. The pool does not impose any restrictions on participant withdrawals.

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, 2025, the City had the following recurring fair value and amortized cost measurement investments (in thousands):

Investment Type	Level 2	Amortized Cost	Total Value
State Pool	$ -	$ 69,995	$ 69,995
County Pool	-	10,244	10,244
U.S. Government Agencies	353,412	-	353,412
Municipal Bonds	141,088	-	141,088
U.S. Treasury	232,064	-	232,064
Total Fair Value	**$ 726,564**	**$ 80,239**	**$ 806,803**

* 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	$ -	$ 69,995	$ 69,995	0.0027	8.7%
County Pool	-	10,244	10,244	0.0004	1.3%
U.S. Government Agencies	353,412	-	353,412	0.203	43.7%
Municipal Bonds	141,088	-	141,088	0.417	17.5%
U.S. Treasury	232,064	-	232,064	0.072	28.8%
Total Fair Value	**$ 726,564**	**$ 80,239**	**$ 806,803**		**100.00%**

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

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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	$ 806,802,563
JPM Chase	7,475,010
JPM Chase DRA	81,847
Key Bank	4,864
DRA Operating Account	50,748
DRA Petty cash	20,000
Change funds	22,925
Utility postage	40,000
USB DRA	17,682,974
Government-wide bank balances	**$ 832,180,931**
Custodial Funds	1,324,469
GW Statement of Net Position	**$ 830,856,462**

Government-wide Financial Statement Balances

Account	Governmental	Business-Type	Vancouver Downtown Redevelopment Authority	Vancouver Public Facilities District	Balance as of FYE [1]
Cash and equivalents	$ 606,827,891	$ 163,795,664	$ 101,847	$ 2,666,531	$ 773,391,933
Cash and Cash Equivalents - Restricted	-	39,730,807	-	-	39,730,807
Cash with Fiscal /Escrow agents	-	-	10,617,738	-	10,617,738
Cash with Fiscal /Escrow agents - Restricted	-	-	7,115,984	-	7,115,984
Total Government-wide	**$ 606,827,891**	**$ 203,526,471**	**$ 17,835,569**	**$ 2,666,531**	**$ 830,856,462**
Fiduciary Funds					
Cash and equivalents					1,324,469
Total Government-wide, including Fiduciary Funds					**$ 832,180,931**

[1] Minor differences due to rounding

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NOTE 4. RECEIVABLES

General Receivables

Receivables are reported net of allowances for uncollectible accounts, where applicable. The table below provides a detailed breakdown of receivable balances as of December 31, 2025, categorized by the City's major funds, non-major funds, and internal service funds.

Governmental Activities	Taxes/Special Assessments Receivable	Accounts Receivable	Leases Receivable (*)	Contracts Receivable	Interest (**)	Total
General Fund	$ 17,886,405	$ 10,556,354	$ 3,327,140	$ -	$ 1,288,626	$ 33,058,525
Other Major Governmental	337,449	259,110	-	-	522,384	1,118,943
Non-Major Governmental	5,882,073	22,054,785	1,417,812	-	1,489,951	30,844,621
Internal Service Funds	-	377,730	-	-	644,124	1,021,854
Total Governmental Activities	**$ 24,105,927**	**$ 33,247,979**	**$ 4,744,952**	**$ -**	**$ 3,945,085**	**$ 66,043,943**
Business-Type Activities						
Major Proprietary	$ -	$ 24,175,918	$ -	$ 9,932,458	$ 947,855	$ 35,056,231
Non-Major Proprietary	-	1,719,346	427,605	-	174,382	2,321,333
Total Business-Type Activities	**$ -**	**$ 25,895,264**	**$ 427,605**	**$ 9,932,458**	**$ 1,122,237**	**$ 37,377,564**
Total All Receivables	**$ 24,105,927**	**$ 59,143,243**	**$ 5,172,557**	**$ 9,932,458**	**$ 5,067,322**	**$ 103,421,507**

(*) See Note 7. Leases for more details

(**) Includes Lease Interest Receivable - General Fund - GAAP only transaction

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NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, is as follows:

A. Capital Assets – Governmental Activities

	Beginning Balance 1/1/2025	Additions	Disposals	Ending Balance 12/31/2025 [1]
Governmental activities:				
Capital assets, not being depreciated				
Land, land improvements & Easements	$ 170,488,226	34,925,258	(1,017,700)	$ 204,395,784
Construction in progress	44,845,569	32,997,552	(23,899,294)	53,943,827
Artwork	326,960	-	-	326,960
Total capital assets, not being depreciated	**215,660,755**	**67,922,810**	**(24,916,994)**	**258,666,571**
Capital assets, being depreciated/depleted:				
Cemetery land & Land Improvements	28,400,075	1,811,934	(774,688)	$ 29,437,321
Buildings	165,604,773	6,040,479	(659,808)	170,985,444
Machinery and equipment	87,177,786	17,154,507	(6,406,510)	97,925,783
Computer and IT equipment	3,736,760	-	(306,600)	3,430,160
Intangible - Software	9,616,109	-	(233,971)	9,382,138
Intangible - Right-to-use Assets - Land	2,785,340	-	(21,157)	2,764,183
Intangible - SBITAs	9,393,695	6,201,168	(298,941)	15,295,922
Infrastructure	750,650,874	53,016,849	(20,096,590)	783,571,133
Total capital assets, being depreciated/depleted	**1,057,365,413**	**84,224,937**	**(28,798,265)**	**1,112,792,085**
Less accumulated depreciation for:				
Cemetery land & Land Improvements	9,689,729	965,547	(292,721)	$ 10,362,555
Buildings	58,106,483	2,172,707	(279,016)	60,000,174
Machinery and equipment	52,019,452	8,318,250	(8,560,571)	51,777,131
Computer and IT equipment	3,003,417	413,576	(796,156)	2,620,837
Intangible - Software	4,883,395	519,176	(239,913)	5,162,658
Intangible - Right-to-use Assets - Land	779,465	301,874	(21,158)	1,060,181
Intangible - SBITAs	1,762,691	1,933,112	(298,941)	3,396,862
Infrastructure	353,160,925	19,386,455	(1,406,677)	371,140,703
Total accumulated depreciation	**483,405,556**	**34,010,697**	**(11,895,153)**	**505,521,100**
Total capital assets, being depreciated, net	**573,959,857**	**50,214,240**	**(16,903,112)**	**607,270,985**
Governmental activities capital assets, net	**$ 789,620,609**	**$ 118,137,050**	**$ (41,820,106)**	**$ 865,937,553**

[1] Minor differences due to rounding

B. Capital Assets – Business-Type Activities

	Beginning Balance 1/1/2025	Additions	Disposals	Ending Balance 12/31/2025 [1]
Business-type activities:				
Capital assets, not being depreciated:				
Land, easements and land improvements	$ 85,326,591	$ 24,336,944	$ (173,452)	$ 109,490,084
Construction in progress	31,446,204	18,976,281	(21,070,277)	29,352,207
Total capital assets, not being depreciated	**116,772,795**	**43,313,225**	**(21,243,729)**	**138,842,291**
Capital assets, being depreciated:				
Land Improvements	958,776	57,410	-	1,016,186
Buildings and system	34,220,191	1,341,357	(57,410)	35,504,137
Machinery and equipment	5,111,849	1,434,018	(1,214,460)	5,331,406
Computer and IT equipment	33,751	-	-	33,751
Intangible - software	7,167,237	-	(351,201)	6,816,035
Intangible - Right-to-use Asset - Air Park	1,374,630	-	-	1,374,630
Intangible - SBITAs	1,479,144	124,896	(294,737)	1,309,305
Infrastructure	771,784,009	54,140,797	(11,789,018)	814,135,788
Total capital assets, being depreciated	**822,129,587**	**57,098,478**	**(13,706,827)**	**865,521,238**
Less accumulated depreciation for:				
Land Improvements	214,658	103,149	(3,200)	314,607
Buildings and systems	17,124,120	1,217,982	(53,105)	18,288,998
Machinery and equipment	2,549,584	260,732	(1,295,648)	1,514,668
Computer and IT equipment	33,481	130	-	33,611
Intangible - software	6,966,738	97,098	(351,201)	6,712,634
Intangible - Right-to-use Asset - Air Park	136,960	48,005	-	184,965
Intangible - SBITAs	809,904	321,914	(294,737)	837,081
Infrastructure	337,481,664	14,839,999	(7,294,380)	345,027,284
Total accumulated depreciation	**365,317,109**	**16,889,009**	**(9,292,271)**	**372,913,848**
Total capital assets, being depreciated, net	**456,812,478**	**40,209,469**	**(4,414,556)**	**492,607,390**
Business-type activities capital assets, net	**$ 573,585,273**	**$ 83,522,694**	**$ (25,658,285)**	**$ 631,449,681**

[1] Minor differences due to rounding

C. Noncurrent Capital Assets Held for Resale

Retired capital assets that have been surplused 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, 2025 these amounts totaled:

	Amount
Governmental activities	$ 2,279,355
Business-type activities	2,455,839
TOTAL	**$ 4,735,194**

Assets classified as “Held for Resale” for governmental activities are comprised of four land parcels. The majority of these parcels were originally acquired in conjunction with transportation related capital projects. Management has since determined these parcels are no longer needed and will dispose of them in a future period.

Assets classified as “Held for Resale” for business-type activities are land parcels acquired during 2006, in anticipation of constructing a new operations center in east Vancouver. In 2019, the City canceled 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 assets classified as “Held for Resale” were reported at the net book value at the time of retirement.

D. Depreciation and Amortization by Function

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

	Depreciation	Amortization	Total Depreciation and Amortization *
Governmental Activities:			
General government	$ 19,731,849	$ 610	$ 19,732,459
Security of persons & property	921,666	473,577	1,395,243
Transportation, including depreciation of general infrastructure	2,463,292	32,256	2,495,548
Physical Environment	3,661	-	3,661
Economic Environment**	(30,478)	139,727	109,249
Social Services	211,476	-	211,476
Culture and recreation	271,901	-	271,901
Capital assets held by the government's internal service funds are charged to various functions based on their usage of the assets	3,810,668	1,603,154	5,413,822
Total depreciation expense - Governmental Activities	**$ 27,384,035**	**$ 2,249,324**	**$ 29,633,359**
Business-type Activities:			
Water/Sewer	$ 14,252,637	$ 222,005	$ 14,474,642
Non Major	261,542	48,005	309,547
Building Inspection	80,908	52,746	133,654
Solid Waste	75	195	270
Parking	346,853	84,166	431,019
Tennis Center	-	-	-
Total depreciation expense - Business-type Activities	**$ 14,942,015**	**$ 407,117**	**$ 15,349,132**

*Several partially depreciated assets were transferred between Governmental and Business-type Funds during the reporting period, accounting for the difference between depreciation expense and the net increase in accumulated depreciation by fund type.

**Several assets experienced a retroactive adjustment to extend their useful life estimate resulting in a one-time reduction of accumulated depreciation and corresponding reduction of depreciation expense

E. Discretely Presented Component Units

A summary of capital asset activity for component units for the year ended December 31, 2025, is as follows:

	Beginning Balance 1/1/2025	Increases	Decreases	Ending Balance 12/31/2025
Vancouver Downtown Redevelopment Authority				
Business-type activities:				
Capital assets, not being depreciated:	$ 87,778	$ 953,784	$ 1,007,245	$ 34,317
Construction in progress	**87,778**	**953,784**	**1,007,245**	**34,317**
Capital assets, being depreciated:				
Buildings and systems	52,480,385	-	-	52,480,385
Machinery and equipment	8,107,616	844,524	2,340,541	6,611,599
Total capital assets, being depreciated	**60,588,001**	**844,524**	2,340,541	**59,091,984**
Less accumulated depreciation for:				
Buildings and systems	24,120,791	1,001,328	203,871	24,918,248
Machinery and equipment	7,319,328	320,278	2,539,845	5,099,761
Total accumulated depreciation	**31,440,119**	**1,321,606**	2,743,716	**30,018,009**
Total capital assets, being, depreciated, net	**29,147,882**	**(477,082)**	**(403,175)**	**29,073,975**
Business-type activities capital assets, net	**$ 29,235,660**	**$ 476,702**	**$ 604,070**	**$ 29,108,292**

The Vancouver Downtown Redevelopment Authority (DRA) had depreciation expenses of $905.1 thousand for the year ending December 31, 2025.

	Beginning Balance 1/1/2025	Increases	Decreases	Ending Balance 12/31/2025
Vancouver Public Facilities District				
Business-type activities:				
Capital assets, not being depreciated:	$ 3,527,280	-	-	$ 3,527,280
Land and improvements	**$ 3,527,280**	**-**	**-**	**$ 3,527,280**
Capital assets, being depreciated				
Buildings and other improvements	1,252,667	-	-	1,252,667
Total capital assets, being depreciated	**1,252,667**	**-**	**-**	**1,252,667**
Less accumulated depreciation for:				
Buildings and other improvements	567,667	15,658	-	583,325
Total accumulated depreciation	**567,667**	**15,658**	**-**	**583,325**
Total capital assets, being depreciated, net	**685,000**	**(15,658)**	**-**	**669,342**
Capital assets, net	**$ 4,212,280**	**$ (15,658)**	**$ 0**	**$ 4,196,622**

The Vancouver Public Facilities District (PFD) had depreciation expenses of $15,658 for the year ending December 31, 2025.

NOTE 6. INTERFUND BALANCES AND TRANSFERS

A. Interfund Balances

Short-term Interfund balances at December 31, 2025 were as follows:

		Due to other Funds			
		Consolidated General	Fire Fund	Facilities Asset Management & Replacement Fund	Other Governmental
	Consolidated General		$ 43,189		$ 776,924
	Fire Fund				
Due from other Funds	Other Governmental	677,132	354,689	23,715	1,070,413
	Water/Sewer	129			65,756
	Other Nonmajor Proprietary				
	Internal Service	1,769			
	Total Due to other Funds	**$ 679,030**	**$ 397,878**	**$ 23,715**	**$ 1,913,093**

		Due to other Funds			
		Consolidated Water/ Sewer	Other Nonmajor Proprietary	Internal Service	Total Due from other Funds
	Consolidated General	$ 3,841,530	$ 3,465	$ 162,609	$ 4,827,717
	Fire Fund				0
	Facilities Asset Management & Replacement Fund				0
	Transportation Capital				0
Due from other Funds	Other Governmental		14,371		2,140,320
	Water/Sewer				65,885
	Other Nonmajor Proprietary				0
	Internal Service				1,769
	Total Due to other Funds	**$ 3,841,530**	**$ 17,836**	**$ 162,609**	**$ 7,035,691**

**Minor differences may exist due to rounding.*

B. Interfund Transfers

Interfund transfers, presented on a modified-accrual basis at December 31, 2025 were as follows:

		Transfers In *									
		Consolidated General Fund	ARPA	Fire Fund	Facilities Asset Management & Replacement Fund	Transportation Capital	Nonmajor Governmental	Water/Sewer	Nonmajor Enterprise	Internal Service	Total Transfers In
Transfers Out *	Consolidated General	$ -	$ -	$ -	$ -	$ -	$ 10,149,394	$ 10,000	$ 73,335	$ 5,100	$ 10,237,829
	Fire Fund	40,188,263	-	-	-	-	-	-	-	-	40,188,263
	Facilities Asset Management & Replacement Fund	-	-	-	-	-	-	-	-	-	-
	Transportation Capital	-	-	-	-	-	5,700,000	-	-	-	5,700,000
	Nonmajor Governmental	28,373,601	7,289,457	1,792,965	9,282,706	297,573	29,166,266	255,920	25,249	106,119	76,589,855
	Water/Sewer	-	-	-	-		172,835	-	-	-	172,835
	Nonmajor Enterprise	50,000	-	-	-	-	-	-	-	-	50,000
	Internal Service	3,369,963	-	52,853	-	-	39,130	734,991	79,798	199,730	4,476,466
	Total Transfers Out	**$ 71,981,827**	**$ 7,289,457**	**$ 1,845,818**	**$ 9,282,706**	**$ 297,573**	**$ 45,227,625**	**$ 1,000,912**	**$ 178,381**	**$ 310,949**	**$ 137,415,248**

**Minor differences may exist due to rounding.*

Details on interfund transfers are below:

The Consolidated General Fund transferred:

- $40.19 million to the Fire Fund in support of Fire Fund operations.
- $28.36 million to the Non-Major Governmental Funds in support of Fund operations and $12,200 to support the Vancouver Cultural Access Program implementation.
- $2.30 million to the Internal Service Funds in support of vehicle replacements and $1.07 million in support of Internal Service Fund operations.
- $50,000 to the Non-Major Enterprise Funds in support of Abandoned RV Cleanout, Abatement, and Disposal.

The American Rescue Plan Act Fund transferred:

- $7.29 million to the Non-Major Governmental Funds in support of the Main Street, 5th to 15th Street project.

The Fire Fund transferred:

- $1.79 million to the Non-Major Governmental Funds in support of Internal Service Fund operations.
- $53,000 to the Internal Service Funds in support of Non-Major Fund operations.

The Transportation Capital Fund transferred:

- $298,000 to the Non-Major Governmental Funds in support of debt service obligation payments.

The Non-Major Governmental Funds:

- Transferred $7.96 million to the Consolidated General Fund in support of Fund operations.

- Transferred $6.19 million to the Consolidated General Fund in support of the Bridge Shelter Acquisition, Design, and Construction project.
- Received $4.00 million from the Consolidated General Fund associated with the return of funds supporting the Riverwest Property Acquisition.
- Transferred $5.7 million to the Transportation Capital fund in support of Capital Transportation projects.
- Transferred $19.50 million to other Non-Major Governmental Funds in support of Fund operations.
- Transferred $4.09 million to other Non-Major Governmental Funds in support of debt service obligation payments.
- Transferred $4.09 million to other Non-Major Governmental Funds in support of the Vancouver Innovation Center project.
- Transferred $1.48 million to other Non-Major Governmental Funds in support of the Heights Park project
- Transferred $39,000 to Internal Service Funds in support of vehicle replacements.
- Transferred $173,000 to the Consolidated Water-Sewer Fund in support of Connecting Housing to Infrastructure project.

The Internal Service Funds transferred:

- $5,100 to the Consolidated General Fund to support repairs of vandalized property.
- $200,000 to other Internal Service Funds in support of vehicle replacements.
- $54,000 to Non-Major Governmental Funds in support of structure repair work.
- $52,000 in support of Non-Major Fund operations.

The Consolidated Water-Sewer Fund transferred:

- $256,000 to Non-Major Governmental Funds in support of Fund operations benefitting the Consolidated Water-Sewer Fund.
- $735,000 to the Internal Service Funds in support of vehicle replacements benefitting the Consolidated Water-Sewer Fund.
- $10,000 to the Consolidated General Fund to support review of Utility Service Covenants.

The Non-Major Enterprise Funds transferred:

- $78,800 to the Internal Service Funds in support of Fund operations benefitting Non-Major Enterprise Funds.
- $1,000 to the Internal Service Funds in support of vehicle replacements benefitting the Non-Major Enterprise Funds.
- $73,000 to the Consolidated General Fund in support of Fund operations benefitting the Non-Major Enterprise Funds.
- $25,000 to the Non-Major Governmental Funds in support of Fund operations benefitting the Non-Major Enterprise Funds.

C. Interfund Loans Payable/Receivable

Interfund loans payable/receivable at December 31, 2025 were as follows:

- $4,251,337 was outstanding of the 2023 loans borrowed by the General Fund to pay for the Riverwest Library parking lot acquisition.
- Of the amounts borrowed from the General Fund, $100,000 represents the outstanding balance of short term borrowings to support programs that occasionally have cash shortages due to their reliance on federal grants that operate on a reimbursement basis. The remaining $240,000 was borrowed to support the development of the Lincoln Place 2 housing project.

		Interfund Loans Payable		
		General Fund	Nonmajor Govt'l Funds	Total Receivable
Interfund Loans Receivable	General	$ -	$ 340,000	$ 340,000
	Consolidated Water/Sewer	1,333,333	-	1,333,333
	Non-major Proprietary	2,918,004	-	2,918,004
	Total Payable	**$ 4,251,337**	**$ 340,000**	**$ 4,591,337**

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NOTE 7. LEASES AND SUBSCRIPTION-BASED IT ARRANGEMENTS

Leases

The City's capitalization threshold for reportable leases is $20,000, and the lease must be longer than one year, including possible extension(s). The threshold is measured as the present value (PV) of the lease payments using the individual implicit interest rate applicable.

D. The City as a Lessee - Leases Payable

As of December 31, 2025, City of Vancouver, WA had seven active leases. The leases have payments that range from $0 to $166,840 and interest rates that range from 0.0000% to 2.4260%. As of December 31, 2025, the total combined value of the lease liability is $3,039,676, the total combined value of the short-term lease liability is $266,480. The combined value of the right to use asset, as of December 31, 2025, of $4,138,812 with accumulated amortization of $1,245,145 is included within the Lease Class activities table found below.

GOVERNMENTAL ACTIVITIES:	Balance as of January 1, 2025	Additions	Reductions	Balance as of December 31, 2025
Lease Liability				
Buildings				
Brown & Wilson - Domestic Violence Prosecution Center	$ 880,877	$ -	$ 147,740	$ 733,137
Esther Short Commons - Retail Space	1,183,205	-	103,255	1,079,950
Total Building Lease Liability	2,064,082	-	250,995	1,813,087
Total Governmental Activies Lease Liability	**$ 2,064,082**	**$ -**	**$ 250,995**	**$ 1,813,087**

BUSINESS-TYPE ACTIVITIES:	Balance as of January 1, 2025	Additions	Reductions	Balance as of December 31, 2025
Lease Liability				
Land				
Pearson Air Park	$ 1,263,224	$ -	$ 36,635	$ 1,226,589
Total Land Lease Liability	1,263,224	-	36,635	1,226,589
Total Business-Type Activities Lease Liablity	**1,263,224**	**-**	**36,635**	**1,226,589**
Total Government Wide Lease Liability	**$ 3,327,306**	**$ 0**	**$ 287,630**	**$ 3,039,676**

The City's schedule of future minimum payments for these financing lease liabilities is as follows:

Principal and Interest Requirements to Maturity

	Governmental Activities		
Fiscal Year	**Principal Payments**	**Interest Payments**	**Total Payments**
2026	$227,372	$29,333	$256,705
2027	239,105	24,998	264,103
2028	251,223	20,492	271,715
2029	263,922	15,624	279,546
2030	277,039	10,565	287,604
2031-2035	554,424	11,715	566,139
Total Governmental Activities	**$1,813,085**	**$112,727**	**$1,925,812**

	Business-Type Activities		
Fiscal Year	**Principal Payments**	**Interest Payments**	**Total Payments**
2026	$39,108	$20,865	$59,973
2027	39,789	20,185	59,974
2028	40,426	19,547	59,973
2029	41,185	18,789	59,974
2030	41,901	18,072	59,973
2031-2035	220,650	79,218	299,868
2036-2040	240,506	59,362	299,868
2041-2045	262,221	37,647	299,868
2046-2050	285,853	14,015	299,868
2051-2055	14,950	43	14,993
Total Business-type Activities	**$1,226,589**	**$287,743**	**$1,514,332**
Total all Activities	**$3,039,674**	**$400,470**	**$3,440,144**

E. The City as a Lessor - Leases Receivable

As of December 31, 2025, City of Vancouver, WA had 15 active leases. The leases have receipts that range from $0 to $499,672 and interest rates that range from 0.0000% to 2.780%. As of December 31, 2025, the total combined value of the lease receivable is $5,172,556, the total combined value of the short-term lease receivable is $1,152,738 and the combined value of the deferred inflow of resources is $4,989,796.

The City's schedule of future minimum payments for these financing lease receivables is as follows:

Principal and Interest Expected to Maturity

	Governmental Activities		
Fiscal Year	**Principal Payments**	**Interest Payments**	**Total Payments**
2026	$ 1,069,995	$ 38,945	$ 1,108,940
2027	1,086,182	31,636	1,117,818
2028	1,101,912	24,086	1,125,998
2029	700,540	17,015	717,555
2030	196,642	11,943	208,585
2031-2035	230,389	37,997	268,386
2036-2040	77,765	28,795	106,560
2041-2045	84,834	21,727	106,561
2046-2050	92,525	14,036	106,561
2051-2055	100,912	5,648	106,560
2056-2060	3,255	57	3,312
Total Governmental Activities	**$ 4,744,951**	**$ 231,885**	**$ 4,976,836**

	Business-Type Activities		
Fiscal Year	**Principal Payments**	**Interest Payments**	**Total Payments**
2026	$ 82,744	$ 38,945	$ 121,689
2027	84,657	31,636	116,293
2028	86,601	24,086	110,687
2029	88,620	17,015	105,635
2030	6,728	11,943	18,671
2031-2035	35,188	37,997	73,185
2036-2040	22,038	28,795	50,833
2041-2045	17,376	21,727	39,103
2046-2050	3,655	14,036	17,691
Total Business-type Activities	**$ 427,607**	**$ 226,180**	**$ 653,787**
Total all Activities	**$ 5,172,558**	**$ 458,065**	**$ 5,630,623**

Lessor - lease receivable (Rollforward Schedule):

Governmental Activities:	Balance as of January 1, 2025	Additions	Reductions	Balance as of December 31, 2025
Lease Receivable				
Buildings				
Anytime Fitness - Esther Short Commons	$ 528,145	$ -	$ 126,468	$ 401,677
Apple Inc	2,489,945	-	492,181	1,997,764
Bank of America - 5411 Mill Plain Blvd	18,502	-	14,791	3,711
City Hall 6th Floor - KPFF	-	415,252	105	415,147
Kafiex -Esther Short Commons, 505 W 8th Sth	356,802	-	34,726	322,076
The Historic Trust - through 2028	923,884	-	229,826	694,058
Total Building Lease Receivable	**$ 4,317,278**	**$ 415,252**	**$ 898,097**	**$ 3,834,433**
Land				
Christensen BH - Boat Basin, 4400 SE Columbia Way	$ 427,797	$ -	$ 10,520	$ 417,277
Firestone Pacific Foods	91,683	-	14,842	76,841
Louis LaPierre	11,488	-	11,488	-
Verizon - POR Fir Garden	172,244	-	33,934	138,310
Verizon - POR Truman	227,629	-	28,134	199,495
WPC Vancouver LLC - DNR Aquatic Lands, Tract 1	80,618	-	2,023	78,595
Total Land Lease Receivable	**$ 1,011,459**	**$ -**	**$ 100,941**	**$ 910,518**
Total Governmental Lease Receivable	**$ 5,328,737**	**$ 415,252**	**$ 999,038**	**$ 4,744,951**

Business-Type Activities:	Balance as of January 1, 2025	Additions	Reductions	Balance as of December 31, 2025
Lease Receivable				
Buildings				
Aero Maintence Inc. - Airport	$ 260,219	$ 131,622	$ 75,143	$ 316,698
Total Building Lease Receivable	**$ 260,219**	**$ 131,622**	**$ 75,143**	**$ 316,698**
Land				
John McKibben	$ 67,658	$ -	$ 2,488	$ 65,170
Paul Lawson	49,395	-	3,658	45,737
Total Land Lease Receivable	**$ 117,053**	**$ -**	**$ 6,146**	**$ 110,907**
Total Business-Type Activities Lease Receivable	**$ 377,272**	**$ 131,622**	**$ 81,289**	**$ 427,605**
Total all Activities Lease Receivable	**$ 5,706,009**	**$ 546,874**	**$ 1,080,327**	**$ 5,172,556**

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Lessor - Deferred Inflow of Resources (Rollforward schedule)

GOVERNMENTAL ACTIVITIES:	Balance as of January 1, 2025	Additions	Reductions	Balance as of December 31, 2025
Deferred Inflow of Resources				
Buildings				
Anytime Fitness - Esther Short Commons	$ 505,819	$ -	$ 126,536	$ 379,283
Apple Inc	2,463,471	-	502,254	1,961,217
Bank of America - 5411 Mill Plain Blvd	18,359	-	14,727	3,632
City Hall 6th Floor - KPFF	-	415,252	49,871	365,381
Gregg Building	19,267	-	19,267	-
Kafiex -Esther Short Commons, 505 W 8th Sth	335,946	-	39,119	296,827
The Historic Trust - through 2028	922,616	-	230,774	691,842
Total Building Deferred Inflow of Resources	**$ 4,265,478**	**$ 415,252**	**$ 982,548**	**$ 3,698,182**
Land				
Christensen BH - Boat Basin, 4400 SE Columbia Way	$ 414,833	$ -	$ 13,074	$ 401,759
Firestone Pacific Foods	91,179	-	14,774	76,405
Louis LaPierre	11,296	-	11,296	-
Verizon - POR Fir Garden	162,461	-	39,513	122,948
Verizon - POR Truman	219,565	-	28,818	190,747
WPC Vancouver LLC - DNR Aquatic Lands, Tract 1	79,391	-	1,986	77,405
Total Land Deferred Inflow of Resources	**978,725**	**-**	**109,461**	**869,264**
Total Deferred Inflow of Resources - Governmental	**$ 5,244,203**	**$ 415,252**	**$ 1,092,009**	**$ 4,567,446**

BUSINESS-TYPE ACTIVITIES:	Balance as of January 1, 2025	Additions	Reductions	Balance as of December 31, 2025
Deferred Inflow of Resources				
Buildings				
Aero Maintence Inc. - Airport	$ 258,051	$ 134,059	$ 78,379	$ 313,731
Total Buildings Deferred Inflow of Resources	**$ 258,051**	**$ 134,059**	**$ 78,379**	**$ 313,731**
Land				
John McKibben	66,289	-	2,557	63,732
Paul Lawson	48,555	-	3,668	44,887
Total Land Deferred Inflow of Resources	**114,844**	**-**	**6,225**	**108,619**
Total Deferred Inflow of Resources - Business-Type	**372,895**	**134,059**	**84,604**	**422,350**
Total Deferred Inflow of Resources - All Activities	**$ 5,649,019**	**$ 549,311**	**$ 1,176,613**	**$ 4,989,796**

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F. Subscription-Based IT Arrangements (SBITAs)

As of December 31, 2025, Vancouver, WA had 29 active subscriptions. The subscriptions have payments that range from $0 to $764,463 and interest rates that range from 2.3120% to 3.2810%. The total combined value of the subscription liability is $10,696,932, and the total combined value of the short-term subscription liability is $2,229,600. The combined value of the right to use asset is $16,605,227 with accumulated amortization of $4,233,943 is included within the Subscription Class activities table found below.

GOVERNMENTAL ACTIVITIES:	Balance as of January 1, 2025	Additions	Reductions	Balance as of December 31, 2025
Subscription Liability				
Software				
Axon Enterprises Inc. - Digital Evidence Storage	$24,910	$-	$6,015	$18,895
Axon Pro and Basic License Bundle	11,502	-	5,608	5,894
Bonfire Strategic Sourcing Platform	17,789	-	17,789	-
Converge One Inc. - Avaya Phone	108,826	-	108,826	-
Gravity Software	98,093	53,471	33,841	117,723
GrayKey License - Essential	23,464	-	11,576	11,888
IVR and Web - Renewal permits	25,876	-	12,794	13,082
LeadsOnline PowerPlus Investigation System	16,013	-	16,013	-
LexisNexis Subscription	5,108	-	5,108	-
OpenSesame - Digital Learning	148,382	-	73,238	75,144
Workday - Cloud Application Subscription - Extra Capacity	124,475	-	11,773	112,702
Workday - Cloud Application Subscription - Original	5,931,699	-	581,646	5,350,053
Workday - On Demand Learning Subscription	35,104	-	3,443	31,661
Relix Inc	-	61,246	22,992	38,254
Origami Risk LLC	-	439,912	93,086	346,826
Azavar Audit Solutions, Inc	-	336,640	49,529	287,111
Blue Peak Logic,Inc	-	94,844	23,500	71,344
ESO Solutions Inc	-	98,685	49,948	48,737
Limeade, Inc	-	92,644	36,673	55,971
Mark43 Inc.	-	1,120,660	235,386	885,274
Visual Computer Solutions, Inc	-	166,850	35,199	131,651
Infor Public Sector, Inc	-	3,404,417	718,202	2,686,215
Total Governmental Subscription Liability	**$6,571,241**	**$5,869,369**	**$2,152,185**	**$10,288,425**

BUSINESS-TYPE ACTIVITIES:	Balance as of January 1, 2025	Additions	Reductions	Balance as of December 31, 2025
Subscription Liability				
Software				
Flex Software - Flex Professional Edition	$168,444	$-	$54,660	$113,784
Flex Software - Mobile Subscription	11,839	-	3,842	7,997
Flex Software - Test Database	11,735	-	3,808	7,927
IVR and Web - Relay Utility	317,507	-	156,975	160,532
IVR and Web - Renewal permits	77,627	-	38,381	39,246
Parkfolio - Flowbird Software	9,549	-	9,549	-
NJB Soft, LLC	-	106,721	27,700	79,021
Total Business-Type Subscription Liability	**$596,701**	**$106,721**	**$294,915**	**$408,507**
Total Government-Wide Liability	**$7,167,942**	**$5,976,090**	**$2,447,100**	**$10,696,932**

The City's schedule of future minimum payments for these financing subscription liabilities is as follows:

Principal and Interest Requirements to Maturity

	Governmental Activities		
Fiscal Year	**Principal Payments**	**Interest Payments**	**Total Payments**
2026	$ 1,940,069	$ 297,241	$ 2,237,310
2027	1,796,458	242,519	2,038,977
2028	1,822,492	192,630	2,015,122
2029	1,798,500	140,403	1,938,903
2030	713,472	89,555	803,027
2031-2035	2,217,434	137,650	2,355,084
Total for Governmental Activities	**$ 10,288,425**	**$ 1,099,998**	**$ 11,388,423**

	Business-Type Activities		
Fiscal Year	**Principal Payments**	**Interest Payments**	**Total Payments**
2026	$ 289,531	$ 11,383	$ 300,914
2027	92,000	3,203	95,203
2028	26,978	722	27,700
Total for Business-Type Activities	**408,509**	**15,308**	**423,817**
Total for Government Wide	**$ 10,696,934**	**$ 1,115,306**	**$ 11,812,240**

*Minor differences due to rounding.

NOTE 8. LONG-TERM DEBT

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.

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

Name of Issuance	Purpose	Original Debt	Issuance Date	Maturity Date	Interest Rate	Outstanding Govt'l Debt
2015A LTGO Bond	Governmental Activities	$ 1,297	6/15/2015	12/1/2028	4.33%	$ 495
2015B LTGO Bond	Governmental Activities & Refunding	23,100	6/15/2015	12/1/2034	2.72%	4,220
2016 LTGO Bond	Governmental Activities Refunding	7,810	6/22/2016	12/1/2028	1.89%	2,585
2020 LTGO Bond	Governmental Activities Refunding	7,045	9/10/2020	12/1/2035	1.56%	4,955
2021A LTGO Bond	Governmental Activities Refunding	7,495	9/7/2021	12/1/2035	1.67%	5,415
2021B LTGO Bond	Governmental Activities Refunding	10,040	9/7/2021	12/1/2029	1.41%	5,275
Total General Obligation Bonds		**$ 56,787**				**$ 22,945**

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

	Governmental Activities		
Year	Principal	Interest	Total Requirements
2026	$ 4,520	$ 715	$ 5,235
2027	4,220	588	4,808
2028	3,365	492	3,857
2029	2,675	282	2,957
2030	1,325	226	1,551
2031-2035	6,840	536	7,376
	$ 22,945	**$ 2,839**	**$ 25,784**

At December 31, 2025, 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.

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	6/1/2026	0.50%	$ 116
2010 Section 108 HUD Loan	Governmental Activities	5,419	7/7/2010	8/1/2029	3.50%	1,090
2018 PWTFL	Governmental Activities	2,855	5/22/2018	6/1/2038	1.16%	1,533
2024 Section 108 HUD Loan	Governmental Activities	4,199	8/7/2024	6/1/2043	4.75%	4,063
		$ 14,673				**$ 6,802**

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

	Governmental Activities		
	Principal	Interest	Total
2026	$ 638	$ 220	$ 858
2027	540	175	715
2028	553	160	713
2029	571	144	715
2030	295	126	421
2031-2035	1,613	508	2,121
2036-2040	1,659	267	1,926
2040-2043	933	45	978
Total	**$ 6,802**	**$ 1,645**	**$ 8,447**

In February 2025, the City entered into a loan agreement with the Washington State Public Works Board to finance improvements to the water system. The loan authorizes borrowing up to $10,000,000 at an interest rate of 1.71 percent.

The loan operates on a reimbursement basis, and funds are drawn as eligible project costs are incurred. As of December 31, 2025, the City had drawn $769,846 under the agreement. The remaining $9,230,154 is available for future project costs.

Repayment of principal and interest will begin one year after execution of the loan agreement and will continue for a term of 20 years. Because the loan is structured as a draw-down loan, the final amortization schedule will not be determined until the project is complete and all funds have been drawn. Future draws will modify the repayment schedule.

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, in the non-major governmental funds, at December 31, 2025, was $2,408.

Due to Other Governments

The City is the recipient of several Drinking Water State Revolving Fund loans from the Washington State Department of Health to support construction of PFAS treatment systems at City water stations. These loans are ultimately pass-through funding from the Environmental Protection Agency and are 100% forgivable upon completion of the associated projects as described in the loan agreements. The City fully expects these loans to convert to a grant, but if forgiveness terms are not met the City would be required to repay the amounts drawn on the loans which at the end of 2025 was $4,078,768. This is reported as Due to Other Governments on the financial statements which also includes $769,846 reported in this category is a low interest loan from the Washington State Public Works Board also utilized for PFAS treatment upgrades to City water stations.

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, 2025, the amount of credits that may be applied against future impact fees is $30,058,437. This is recorded as a governmental activity in the government-wide financial statements.

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 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	$41,185	6/27/2013	1/1/2044	4.38%	$33,640
2013 DRA Conference Center Project Sales & Lodging Tax Refunding Revenue Bonds	18,045	6/27/2013	1/1/2034	4.05%	6,960
Total Revenue Bonds	**$59,230**				**$40,600**

In order to make the 2013 refunding economically viable, ACA contributed $4,000,000 to the Authority, $0 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 was subordinate to the Project Revenue and Tax Revenue Bonds and was paid in full in 2024.

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

	2013 Project Revenue Refunding Bonds			2013 Tax Revenue Refunding Bonds		
	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2026	$ 1,175	$ 1,440	$ 2,615	$ 1,675	$ 271	$ 1,946
2027	1,235	1,379	2,614	1,260	212	1,472
2028	1,300	1,323	2,623	960	167	1,127
2029	1,350	1,270	2,620	565	135	700
2030	1,405	1,215	2,620	435	110	545
2031-2035	7,920	5,146	13,066	2,065	207	2,272
2036-2040	9,755	3,263	13,018	-	-	-
2041-2044	9,500	878	10,378	-	-	-
Total	**$ 33,640**	**$ 15,914**	**$ 49,554**	**$ 6,960**	**$ 1,102**	**$ 8,062**

City Debt Guarantee of the DRA

The City is contractually obligated to guarantee the bond debt of the DRA if the DRA is unable to make payments. As of the end of 2025, the City does not foresee the obligation to pay any portion of their debt in 2026. The DRA's reserves are expected to be sufficient to make those payments.

NOTE 9. CHANGES IN LONG TERM LIABILITIES

A. During the year ended December 31, 2025, the following net changes occurred in long-term liabilities:

Governmental actvities	Balance 1/1/2025	Additions	Reductions	Balance 12/31/2025	Due Within One Year
Bonds payable:					
General obligation bonds	$ 28,470,000	$ -	$ 5,525,000	$ 22,945,000	$ 4,520,000
Issuance premiums	627,777	-	170,307	457,470	111,112
Total GO bonds payable	**29,097,777**	**-**	**5,695,307**	**23,402,470**	**4,631,112**
Governmental loans	$ 7,427,626		$ 625,376	$ 6,802,250	$ 638,377
Claims and judgements	19,154,283		1,148,134	18,006,149	4,591,436
Employee Healthcare	646,603	92,743		739,346	739,346
Total OPEB Liability	21,360,309		1,382,044	19,978,265	1,758,839
Total Pension Liability	5,101,538		450,008	4,651,530	534,105
Net Pension Liability	4,241,918		1,442,957	2,798,961	-
Compensated Absences [1]	31,183,003	1,738,321		32,921,324	20,189,733
Asset Retirement Obligations	450,000			450,000	-
Lease Payable	2,064,082		250,995	1,813,087	227,372
Software Payable	6,571,242	5,869,369	2,152,185	10,288,426	1,940,070
Impact Fee Credit	18,225,329	11,833,110		30,058,439	4,529,013
Governmental activity long-term liabilities	**$ 145,523,710**	**$ 19,533,543**	**$ 13,147,006**	**$ 151,910,247**	**$ 39,779,403**
Business-type activities					
Bonds payable:					
General obligation bonds	$ 845,000	$ -	$ 845,000	$ -	$ -
Total bonds payable	**845,000**	**-**	**845,000**	**-**	**-**
Net Pension Liability	2,168,190	-	749,994	1,418,196	-
Due to other Governments	115,382	4,733,249		4,848,631	-
Compensated Absences [1]	4,331,230	113,615	-	4,444,845	3,699,237
Lease Payable	1,263,224	-	36,635	1,226,589	39,108
Software Payable	596,700	106,721	294,915	408,506	289,531
Asset Retirement Obligations	2,443,200	-	-	2,443,200	-
Business-type activity long-term liabilities	**$ 11,762,926**	**$ 4,953,585**	**$ 1,926,544**	**$ 14,789,967**	**$ 4,027,876**

*Minor differences due to rounding

[1] Changes in compensated absences liabilities are presented net of additions and reductions.

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

At year end, the compensated absences liability was $32,921,327 in governmental activities (which includes the internal service funds) and $4,444,844 in business-type activities.

C. Discretely Presented Component Units

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

	Beginning Balance 1/1/2025	Additions	Reductions	Ending Balance 12/31/2025	Due Within One Year
Bonds payable:					
Revenue bonds	$ 43,285,000	$ -	$ 2,685,000	$ 40,600,000	$ 2,850,000
Premiums (discounts)	272,198	-	29,306	$ 242,892	29,304
Total bonds payable	**43,557,198**	**-**	**2,714,306**	**40,842,892**	**2,879,304**
Due to other governmental agencies	528,561	3,569,386	3,527,656	570,291	-
Component units long term liabilities	**$ 44,085,759**	**$ 3,569,386**	**$ 6,241,962**	**$ 41,413,183**	**$ 2,879,304**

*Minor differences due to rounding

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NOTE 10. 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.

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NOTE 11. CONSTRUCTION AND 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 2025, 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.

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.

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Contract Commitments

Construction Commitments

The City has active construction projects as of December 31, 2025. The projects include:

Project Name	Contract Amount	Spent to Date	Remaining Commitment
ITB 24-02: NE 137th Avenue Corridor Completion	$ 27,279,355	$ 25,176,796	$ 2,102,559
ITB 24-46: Main Street Promise - Rebid	19,956,551	14,616,656	5,339,895
ITB 24-11: SE 1st Street - 177th Avenue To 192nd Avenue	10,330,925	9,671,268	659,657
ITB 25-37: Bridge Shelter	9,382,181	2,226,976	7,155,205
ITB 24-39: Jefferson-Kauffman Realignment Project	7,230,130	6,891,826	338,305
ITB 24-21: Fircrest Neighborhood Improvements for Water, Sewer, and Streets	6,926,948	6,908,466	18,482
ITB 23-15: Southside Interceptor CIPP Rehabilitation Phase 4 & 5	4,648,470	3,824,741	823,730
ITB 24-25: E-Interceptor Rehabilitation Phase 1 and 2A CIPP Sewer Rehabilitation	4,584,363	4,485,446	98,917
ITB 24-28: Fourth Plain - Ft. Vancouver Way to Andresen Road NHS Resurfacing Project	4,409,028	4,290,273	118,755
ITB 25-14: Westside WWTF Centrifuge Replacement Project	3,457,131	364,171	3,092,960
ITB 25-20: 2025 Resurfacing Project	3,354,456	2,764,816	589,640
ITB 25-26: 2025 Pavement Preservation Project - ReBid	3,154,519	3,079,742	74,778
ITB 24-23: Joint Agency Road Preservation Project	2,927,868	1,027,541	1,900,327
ITB 25-27: E 18th Street Trunk Sewer Rehabilitation	2,695,234	1,867,727	827,506
ITB 21-36: Broadway Corridor Improvements – Phase 2	2,233,445	2,057,404	176,041
ITB 25-23: NE 184th Avenue Extension	2,114,165	1,893,691	220,475
ITB 25-31: Trunk G2 Sewer Diversion Project	2,092,743	1,859,925	232,819
ITB 25-03: Oakbrook Park Development Project	1,973,998	1,467,048	506,950
ITB 23-31: Blandford Drive Subbasins LID Retrofits	1,900,000	1,889,036	10,964
ITB 24-37: Water Tower 5 Internal & Water Tower 6 External Coating Replacements	1,773,228	1,197,670	575,558
ITB 25-21: West 16th Pump Station Improvements	1,688,168	461,577	1,226,591
ITB 24-06: Fourth Plain Road Diet - F Street to Fort Vancouver Way	1,669,638	1,484,244	185,394
ITB 25-01: Simpson & Thompson (S&T) Subbasins Retrofits	1,661,263	1,563,073	98,190
ITB 23-16: Fourth Plain Blvd - Main Street to Fort Vancouver Way NHS Resurfacing	1,482,481	1,241,516	240,965
ITB 25-12: 2025 Central Curb Ramps	1,385,231	1,293,098	92,133
ITB 25-29: SE Columbia Way to Columbia River Treatment Retrofits	1,356,462	529,961	826,502
ITB 22-32: Devine Road Bicycle and Pedestrian Safety Improvements	1,346,340	1,271,008	75,332
ITB 24-14: Growth Management Area (GMA) Pump Station Upgrades	1,180,006	1,131,696	48,310
ITB 25-30: NE 122nd Avenue Improvements for Water and Sewer	1,117,709	905,563	212,146
ITB 24-42: SE 34th Safety and Mobility Project	882,366	865,936	16,430
ITB 25-09: Marine Park Influent Pump Station Pumps 2 And 5 Replacement	865,354	386,219	479,135
ITB 24-22: 2024 Joint Agency Slurry Seal Project	801,680	749,102	52,578
ITB 23-04: Water Station 4 Well House 4B Replacement	505,348	272,523	232,826
ITB 23-42: SE 17th St Outfall Improvements	435,652	347,355	88,297
ITB 23-50: NE 192nd Ave at NE 13th St Intersection Improvements	321,638	304,457	17,181
ITB 22-13: Pinebrook Force Main Re-Route	311,234	246,106	65,128
ITB 25-48: Council Chambers Accessibility and Security Upgrades - Rebid	281,571	169,795	111,776
ITB 25-10: NE Fourth Plain Blvd/SB Andresen Rd – Intersection Improvements	220,659	190,501	30,158
ITB 25-36: Marshall Community Center Chiller Replacement	213,227	-	213,227
ITB 25-38: Vancouver Plaza Drive Enhanced Pedestrian Crossing	171,546	71,605	99,941
ITB 23-01: Fourth Plain & Stapleton Intersection Improvements	119,201	99,017	20,184
	$ 140,441,512	**$ 111,145,564**	**$ 29,295,948**

Other Non-Construction Commitments

The City has other non-construction related contract commitments as of 12/31/2025. This includes contracts for upgrades to security systems and cameras, a master park planning contract, contracts for new vehicles and equipment, contracts supporting EMS services, as well as contracts for waste water

treatment operations and maintenance. The City is reporting contracts that meet or exceed $5.0 million, over the contract life.

Other Non-Construction Commitments (continued)

Fund	Contract Amount	Spent to date	Remaining Commitment
Consolidated General Fund	$ 26,269,740	$ 17,602,031	$ 8,667,709
Fire Fund	29,896,605	1,484,012	28,412,594
Fire Equipment Fund	7,000,000	989,153	6,010,847
Parks Construction Fund	38,716,683	8,541,299	30,175,384
Water/Sewer Fund	260,083,595	118,955,021	141,128,574
Internal Service Fund	319,531,531	25,481,865	294,049,667
Grand Total	**$ 681,498,154**	**$ 173,053,380**	**$ 508,444,775**

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NOTE 12. 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, 2025, the City made subrecipient grant payments to the Council totaling $370,742. This includes $157,674 for the Affordable Housing Fund Everybody In Rental Assistance program, $52,798 for CDBG's Dynamic Diversion program, $151,520 for HOME-ARP Coordinated Outreach, and $8,750 for equitable development professional services support.

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.

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NOTE 13. 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 2025, the City recognized $1,767,638 in expenditures associated with lodging tax revenues dedicated to the project.

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NOTE 14. 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 biennium, the cost of annual excess coverage for the City exceeded $2 million The total combined cost of insurance coverage for the City is $3.8 million per year.

G. 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 total limit of $20,000,000. The excess policy provides $1,000,000 for self-insured retention, this is unchanged from 2024. 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 2025 the City paid out $602,922 in General Liability claims.

Property claim costs in 2025 were $255,836, compared to $278,872, in 2024, which included new first party property and vehicle claims reported in 2024. 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.

H. Workers' Compensation

The cost for claims and claims administration was $3,582,532 in 2025, compared with $4,448,322 in Workers Compensation claims reported in 2024. In 2025 the City was self-insured for the first three months of 2025, and then transitioned to the State Fund for the final nine months. In addition to self-insurance, the City also maintained an excess coverage policy with a $2,000,000 deductible for the first three months, and then had no excess policy for the remaining nine months of 2025.

I. 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 $18,006,149 at December 31, 2025. The current portion is $4,591,436. The non-current portion is $13,414,713.

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 amount reflecting expected losses - actual losses may vary. Changes in the fund's liabilities from claims in 2025, 2024, and 2023, 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
2025	$ 19,154,283	$ 3,308,717	$ (847,000)	$ (3,610,000)	$ 18,006,000
2024	12,930,406	7,166,000	3,102,877	(4,045,000)	19,154,283
2023 [1]	10,534,502	4,724,000	2,239,904	(4,568,000)	12,930,406

[1] Prior year data has been updated to match actuarial reports. Beginning and ending balances have not changed.

J. 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 $275,000 individual stop loss, and an aggregate stop loss of 125% of claims, with one named covered person with a $375,000 deductible and one named person at a $655,000 deductible.

The City is obligated to establish and has maintained a 16 week contingency reserve for the internal service fund. As of December 31, 2025, net position for the self-insured health insurance fund is $14,916,324. Based on an average of claim payments made for the last three years, which is $12,166,923, this contingency reserve appears to be sufficient. Contingency reserves for 2025, 2024 and 2023 are as follows:

Year	Ending Net Position	Claim Payments	3-Year Average
2025	$ 14,916,324	$ 13,321,504	$ 12,166,923
2024	13,175,402	12,055,399	11,371,347
2023 [2]	9,950,613	11,123,865	10,631,911

[2] Prior year data has been corrected. Ending net position has not been changed.

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NOTE 15. 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 a lien against properties.
February 14	Property tax statements are mailed by the County Treasurer.
April 30	First of two equal installment payments is due.
May 31	The County Assessor certifies property valuations for taxes payable in the following year.
October 31	Second installment payment is due.

Property Tax Accounting

Property taxes are recorded as a receivable and recognized as revenue in the period for which the taxes are levied, to the extent they are measurable and available. Property taxes collected in advance of the fiscal year to which they apply are recorded as a deferred inflow and recognized as revenue in the period to which they relate. Delinquent taxes are considered fully collectible; therefore, no allowance for uncollectible taxes has been recorded. Prior year tax levies were recorded using the same principle, and delinquent taxes are evaluated annually.

Levy Authority

The City may levy up to $3.331 per $1,000 of assessed valuation for general governmental services and $0.225 per $1,000 for local Fire Pension Funds, for a combined maximum levy rate of $3.556 per $1,000 of assessed valuation. The $0.225 Fire Pension levy authority is included within the City's overall regular property tax levy and is not levied separately, but represents the portion of the City's levy capacity authorized for local fire pension obligations.

2025 Property Tax Levy

For 2025, the City's regular property tax levy rate was approximately $2.11 per $1,000 of assessed valuation applied to a total taxable assessed valuation of approximately $37.1 billion, generating approximately $78,389,024 in regular levy revenue.

In 2022, voters residing within the City approved Proposition No. 2, which provides funding for improvements to fire and emergency services, equipment, and facilities. Certain taxpayers, including qualifying seniors, disabled persons, and veterans receiving property tax exemptions under state law, are exempt from portions of voter-approved excess levies. For 2025, the City's regular levy rate applicable to qualifying exempt taxpayers was $1.42 per $1,000, resulting in total levy revenue of $666,741 from those properties.

Special levies approved by voters are not subject to the statutory levy limitations applicable to regular property taxes. In 2025, the City levied an additional $0.2694 per $1,000 of assessed valuation for the Affordable Housing Levy, generating approximately $10,000,000 in additional property tax revenue.

The Washington State Constitution and RCW 84.55 limit the annual growth of regular property tax levies, generally restricting increases to 1 percent per year, excluding voter-approved levies and certain adjustments.

NOTE 16. TAX ABATEMENT

Multifamily Tax Exemption Program

Washington State RCW 84.14 and Vancouver Municipal Code Chapter 3.22 allow for multiple-family residential property tax exemptions in specifically adopted target areas within the City of Vancouver. The program's purpose is to increase residential opportunities, including affordable housing, in designated urban centers. The MFTE program was initially adopted July 23, 1995, the parameters and eligibility requirements of which have changed over time. As of July 3, 2021 the City may grant abatements eight years for newly constructed, converted, or rehabilitated residential units, subject to City Council approval.

Post July 3, 2021, MFTE program eligibility allows for:

- An 8-year exemption for market-rate projects with an approved development agreement and includes a developer paid fee-in-lieu of affordability, the amount of which is dependent on the project unit density and specific target area location.
- A 12-year exemption for projects with 20% of units restricted to households earning up to 80% AMI. Additionally, the income-restricted households must pay no more than 30% of their annual income for rent and utilities.

Pre July 3, 2021, the MFTE program allowed for:

- An 8-year exemption for market-rate projects with an approved development agreement and includes a developer provided public amenity such as public art, park improvements, pedestrian improvements, etc., the value of which was dependent on the amount of the tax exemption.
- 10-year exemption for projects with 20% of units restricted to households earning up to 80% AMI.
- 12-year exemption for projects with 20% of units restricted to households earning between 60% - 115% AMI.
- Additionally, households in income-restricted units must pay no more than 30% of their income for rent and utilities.

Following City Council approval of the developed agreement, applicants have three years to construct and to obtain a building occupancy permit and apply for the final MFTE certificate. All property taxes are paid during the 3-year construction window until the tax exemption begins. MFTE 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 during the exemption period. There is an option for applicants to extend the exemption certificate by an additional 12 years.

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

As of December 31, 2025, there are 34 approved, ongoing agreements under this program. 33 of the projects have completed construction and are currently renting. 34 projects were in the abatement period for which the City abated approximately $2,305,732 in property taxes, an increase of 26.67% due to an increase in assessed value for these properties in 2024 for 2025 taxes.

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, 2025 the state issued tax deferrals which reduced the City's revenue of $976,268 under this program.

NOTE 17. PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2025:

Aggregate Pension Amounts - All Plans

Pension Liabilities	$	(8,868,745)
Pension Assets		52,897,553
Deferred ouflows of resources		63,472,254
Deferred inflows of resources		(17,171,160)
Pension expense/expenditures		(1,955,969)

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 annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR may 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 local governments; and higher education employees not participating in higher education retirement plans.

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as 2% 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. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). 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.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. 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 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. 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. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

C. PERS Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6%. The PERS 1 employer and PERS 2/3 employer and employee contribution rates are developed by the Office of the State Actuary, adopted by the Pension Funding Council and is subject to change by the legislature. For part of the year, The PERS Plan 2/3 employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plans defined benefit required contribution rates (expressed as a percentage of covered payroll) for the fiscal year were as follows:

PERS Plan 1		
Actual Contribution Rates:	**Employer**	**Employee**
January - June		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.55%	
Administrative Fee	0.20%	
Total	**9.11%**	**6.00%**
July - December		
PERS Plan 1	5.38%	6.00%
Administrative Fee	0.20%	
Total	**5.58%**	**6.00%**

PERS Plan 2/3			
Actual Contribution Rates	**Employer 2/3**	**Employee 2**	**Employee 3**
January - June			
PERS Plan 2/3	6.36%	6.36%	Varies 5%-15%
PERS Plan 1 UAAL	2.55%		
Administrative Fee	0.20%		
Total	**9.11%**	**6.36%**	
July - December			
PERS Plan 2/3	5.38%	5.38%	Varies 5%-15%
Administrative Fee	0.20%		
Total	**5.58%**	**5.38%**	

The City's actual PERS plan contributions were $994,863 to PERS Plan 1 and $4.66 million to PERS Plan 2/3 for the year ended December 31, 2025.

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

LEOFF was established in 1970, and its retirement benefit provisions are contained in Chapter 41.26 RCW. LEOFF membership includes local law enforcement commissioned officers, fire fighters and, as of July 24, 2005, emergency medical technicians.

LEOFF is a cost-sharing, multiple-employer retirement system composed of two separate pension plans for both membership and accounting purposes. Both LEOFF plans are 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-paid 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 a COLA. 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 0%, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2025. Employers paid only the administrative expense of 0.20% of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the FAS per year of service. FAS is the monthly average of the member's 60 consecutive highest-paid service credit 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 – 52, the reduction is 3% 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 a COLA (based on the CPI), capped at 3% annually. 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 rates are adopted by the LEOFF Plan 2 Retirement Board and are subject to change by the Legislature.

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 2025.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2025 were as follows:

LEOFF Plan 2		
Actual Contribution Rates	**Employer**	**Employee**
January - December		
State and local governments	5.12%	8.53%
Administrative fee	0.20%	
Total	**5.32%**	**8.53%**
Ports and Universities	8.53%	8.53%
Administrative Fee	0.20%	
Total	**8.73%**	**8.53%**

The City's actual contributions to the plan were $3.93 million for the year ended December 31, 2025.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability of Plan 2 in accordance with the recommendations of the Office of the State Actuary 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, 2025, the state contributed $106.58 million to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is $2.49 million.

E. Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined by an actuarial valuation completed as of June 30, 2024 with the results rolled forward to June 30, 2025. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2013-2018 Demographic Experience Study and the 2023 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2024 actuarial valuation report.

- **Inflation**: 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases**: In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increase.
- **Investment rate of return**: 7.00%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. 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 of 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 their lifetime.

Changes in Assumptions and Methods: OSA improved their modeling of benefits paid to retirees and beneficiaries in their month of death to better match current administrations.

F. Long-Term Expected Rate of Return

OSA selected a 7% long-term expected rate of return on pension plan investments. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) 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

The table below summarizes the 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, 2025. The inflation component used to create the table is 2.5% 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	19%	2.1%
Tangible Assets	8%	4.5%
Real Estate	18%	4.8%
Global Equity	30%	5.6%
Private Equity	25%	8.6%
	100%	

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7%. 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 plan's 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% was used to determine the total liability

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%, 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 percent) or 1-percentage point higher (8 percent) than the current rate.

	1% Decrease 6.0%	Current Rate 7.0%	1% Increase 8.0%
PERS 1	$ 7,116,187	$ 4,217,245	$ 1,674,803
PERS 2/3	28,657,908	(17,660,041)	(55,700,006)
LEOFF 1	(6,891,994)	(7,702,838)	(8,409,935)
LEOFF 2	20,708,494	(27,534,674)	(66,996,142)

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

The City's proportionate share of the net pension liabilities and assets as follows:

Plan	
PERS 1	$ 4,217,245
Total liabilities	**$ 4,217,245**
PERS 2/3	$ 17,660,041
LEOFF 1	7,702,838
LEOFF 2	27,534,674
Total Assets	**$ 52,897,553**

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	$ (7,702,838)	$ (27,534,674)
LEOFF - State's proportionate share of the net pension associated with the employer	(52,101,803)	(17,672,496)
TOTAL	**$ (59,804,641)**	**$ (45,207,170)**

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

	Proportionate Share 6/30/24	Proportionate Share 6/30/25	Change in Proportionate Share
PERS 1	0.36076%	0.35770%	(0.00306%)
PERS 2/3	0.46742%	0.46277%	(0.00465%)
LEOFF 1	0.24303%	0.24310%	0.00008%
LEOFF 2	1.55371%	1.42113%	(0.13258%)

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2025 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 2025. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). The state of Washington contributed 87.12% of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88% 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.

In fiscal year 2025, the state of Washington contributed 39.1% of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.9% of employer contributions.

Pension Expense

For the year ended December 31, 2025, the City recognized pension expense as follows:

Pension Expense		
PERS 1	$	(454,025)
PERS 2/3		(1,167,676)
LEOFF 1		(905,873)
LEOFF 2		1,021,613
Total	**$**	**(1,505,961)**

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2025, 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	$ -	$ (289,921)
Contributions subsequent to the measurement date	509	-
TOTAL	**$ 509**	**$ (289,921)**
PERS 2/3		
Differences between expected and actual experience	$ 12,911,969	$ -
Net difference between projected and actual investment earnings on pension plan investments	-	(3,976,906)
Changes of assumptions	6,824,941	(487,662)
Changes in proportion and differences between contributions and proportionate share of contributions	232,574	(502,301)
Contributions subsequent to the measurement date	2,179,738	-
TOTAL	**$ 22,149,222**	**$ (4,966,869)**
LEOFF 1		
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ (146,752)
TOTAL	**$ -**	**$ (146,752)**
LEOFF 2		
Differences between expected and actual experience	$ 23,969,825	$ (124,642)
Net difference between projected and actual investment earnings on pension plan investments	-	(3,920,929)
Changes of assumptions	9,760,470	(1,674,139)
Changes in proportion and differences between contributions and proportionate share of contributions	5,623,427	(6,047,910)
Contributions subsequent to the measurement date	1,968,801	-
TOTAL	**$ 41,322,523**	**$ (11,767,620)**
TOTAL ALL PLANS		
Differences between expected and actual experience	$ 36,881,794	$ (124,642)
Net difference between projected and actual investment earnings on pension plan investments	-	(8,334,508)
Changes of assumptions	16,585,411	(2,161,801)
Changes in proportion and differences between contributions and propotionate share of contributions	5,856,001	(6,550,211)
Contributions subsequent to the measurement date	4,149,048	-
TOTAL	**$ 63,472,254**	**$ (17,171,162)**

* Minor differences due to rounding

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 next fiscal year.

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
2026	$ 276,646	$ 6,056,391	$ 146,429	$ 6,000,740
2027	(201,531)	2,327,865	(103,049)	2,020,597
2028	(209,287)	2,333,774	(108,930)	2,269,035
2029	(155,749)	901,441	(81,202)	2,899,501
2030	-	2,266,749	-	4,327,321
Thereafter	-	1,116,397	-	10,068,907
Total	**$ (289,921)**	**$ 15,002,617**	**$ (146,752)**	**$ 27,586,101**

Police Officers Pension Plan

Plan Description The City administers a single-employer defined-benefit post-employment pension plan for police officers hired prior to 1970, the Police Pension Fund (PPF). Benefits continue to surviving spouses or eligible children.

Benefits Provided All benefit terms are in statutes RCW 41.16, 41.18, and 41.26. PPF provides retirement, disability, and death benefits. Each police officer in service on March 1, 1970 receives the greater of the benefit payable under the Washington Law Enforcement Officers' and police officers' Retirement System and the benefits available under the provisions of prior law. Where benefits under the old law exceed those under the new law for any police officer, the excess benefits are paid from the PPF of the city employing the member on March 1, 1970.

Membership: Employees Covered by Benefit Terms at December 31, 2024 (the census date), the benefit terms covered 10 inactive members currently receiving benefit payments and no active employees or inactive members not yet receiving benefits.

Contributions: The City pays benefits as they come due. During the current reporting period the contributions were $189,714.

Financial Report: The City does not issue a stand-alone financial report that is available to the public.

Net Pension Liability: The City's total pension liability was valued as of December 31, 2024 and was used to calculate the total pension liability measured as of December 31, 2025.

Actuarial Assumptions:

Measurement Date	12/31/2024	12/31/2025
Discount rate	4.10%	4.41%
Long-term expected rate of return, net of investment expense	n/a	n/a
Inflation	2.75%	2.75%
Salary increases	3.25%	3.25%
Mortality Rates	Based on SOA Tables	

- Experience studies come from the State of Washington 2018 study
- There were no ad hoc postemployment benefit changes (including ad hoc COLAs) to the plan

Discount Rate: The discount rate used to measure the total pension liability is 4.41%. The City's pension plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

Expected Average Remaining Service Lives (EARSL): The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), beginning in the current period. This plan has no active employees, however, so the expected average remaining service lives (EARSL) is zero. For calculation purposes, however, we use 1 year.

Changes in total pension liability for the Police plan are as follows:

POLICE PENSION TRUST FUND	
Changes in Total Pension Liability (Asset)	**Increase (Decrease) Total Pension Liability**
Balances as of December 31, 2024:	$ 1,322,598
Changes for the year:	
Interest on total pension liability	50,338
Effect of economic/demographic gains or losses	31,690
Effect of assumptions, changes or inputs	(20,916)
Benefit payments	(189,714)
Balance as of December 31, 2025:	**$ 1,193,996**

Sensitivity of the pension liability to changes in the discount rate. *T*he total pension liability of the City, as well as what the City's total pension liability would be if they were calculated using a discount rate that is one percentage point lower (3.41%) or one percentage point higher (5.41%) follows:

	Total Pension Liability (Asset)		
	1% Decrease 3.41%	Current Rate 4.41%	1% Increase 5.41%
Police	**$ 1,263,969**	**$ 1,193,996**	**$ 1,130,870**

Pension Expense: For the report year ended December 31, 2025, the City recognized a pension expense of $61,112.

Deferred Inflows and Outflows of Resources: As of December 31, 2025, the City had no deferred inflows or outflows related to this plan.

Fire Pension Plan

Plan Description The City administers a single-employer defined-benefit post-employment pension plan for firefighters hired prior to 1970, the Firefighter's Pension Fund (FPF). Benefits continue to surviving spouses or eligible children.

Benefits Provided All benefit terms are in statutes RCW 41.16, 41.18, and 41.26. The FPF provides retirement, disability, and death benefits. Each firefighter in service on March 1, 1970 receives the greater of the benefit payable under the Washington Law Enforcement Officers' and Firefighters' Retirement System and the benefits available under the provisions of prior law. Where benefits under the old law exceed those under the new law for any firefighter, the excess benefits are paid from the FPF of the city employing the member on March 1, 1970.

Membership: Employees Covered by Benefit Terms at December 31, 2024 (the census date), the benefit terms covered 23 inactive members currently receiving benefit payments and no active employees or inactive members not yet receiving benefits.

Contributions: The City pays benefits as they come due. During the current reporting period the contributions were $444,832.

Financial Report: The City does not issue a stand-alone financial report that is available to the public.

Total Pension Liability: The City's total pension liability was valued as of December 31, 2024, and was used to calculate the net pension liability measured as of December 31, 2025.

Actuarial Assumptions:

Measurement Date	12/31/2024	12/31/2025
Discount rate	4.10%	4.41%
Long-term expected rate of return, net of investment expense	n/a	n/a
Inflation	2.75%	2.75%
Salary increases	3.25%	3.25%
Mortality Rates	Based on SOA Tables	

- Experience studies come from the State of Washington 2018 study
- There were no ad hoc postemployment benefit changes (including ad hoc COLAs) to the plan

Discount Rate: The discount rate used to measure the total pension liability is 4.41%. The City's pension plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

Expected Average Remaining Service Lives (EARSL): The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in the pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), beginning in the current period. This plan has no active employees, however, so the EARSL is zero. For calculation purposes, however, we use 1 year

Changes in total pension liability for the Fire plan are as follows:

FIRE PENSION TRUST FUND

Changes in Total Pension Liability (Asset)	Increase (Decrease) Total Pension Liability
Balances as of December 31, 2024:	**$ 3,778,910**
Changes for the year:	
Interest on total pension liability	145,816
Effect of economic/demographic gains or losses	43,179
Effect of assumptions, changes or inputs	(65,569)
Benefit payments	(444,832)
Balance as of December 31, 2025:	**$ 3,457,504**

Sensitivity of the pension liability to changes in the discount rate. The total pension liability of the City, as well as what the City's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (3.41%), or one percentage point higher (5.41%) follows:

	Total pension liability (asset)		
	1% Decrease 3.41%	Current Rate 4.41%	1% Increase 5.41%
Fire	$ 3,677,295	$ 3,457,504	$ 3,260,282

Pension Expense: For the report year ended December 31, 2025, the City recognized a pension expense of $123,426.

Deferred Inflows and Outflows of Resources: As of December 31, 2025, the City had no deferred inflows or outflows related to this plan.

Defined Contributions to 457b and 401a Plans

The City makes up to a 1% match contribution towards third-party administered 457 and 401 plans for non-union and Fire Command employees, and up to a 2.5 match contribution for Police Guild and Police Command Guild employees. These plans are administered through third party agencies without further obligation from the City as such these do not qualify as pension plans requiring inclusion in our statements beyond the expense and liability related to the City's contributions.

During 2025 the City expenses arising from our contribution requirement to these plans was $1,009,413, with an unpaid liability as of December 31, 2025 of $42,956.

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NOTE 18. 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 plans are funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

The following table represents the aggregate OPEB amounts the Fire and Police plans for the year 2025:

Aggregate OPEB Amounts - All Plans	
OPEB liabilities	$ 19,978,267
OPEB assets	-
Deferred outflows of resources	-
Deferred inflows of resources	-
OPEB expenditures	445,361

OPEB Plan Description

In addition to the pension benefits described above, the City administers two single employer defined benefit plans covering post-retirement 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 Post-employment 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, 2024.

Employees covered by benefit terms: At December 31, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	
Fire	51
Police	33
Total	**84**

The plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust. Total expenditures for post-retirement health in 2025 were $700,804 for Fire and $1,126,601 for Police.

Assumptions and Other Inputs

The actuarial assumptions used in the December 31, 2025 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 December 31, 2025 actuarial valuation, the entry age normal cost method was used. The assumptions included a 4.41% discount rate, pulled from the Fidelity municipal government-obligation AA-rated 20-year bond index rate, a 2.75% inflation rate, derived from the 2025 Social Security Administration OADSI report, and a 4.90% Medicare cost increase, which is pulled from the Society of Actuaries "Long Term Healthcare Cost Trends Model V20251b, using baseline assumptions.

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, 2025 and looking forward. The schedule will eventually provide multi-year 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 healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

	Fire OPEB		
	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	$ 11,567,016	$ 12,498,980	$ 13,536,908

	Police OPEB		
	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	$ 6,973,749	$ 7,479,285	$ 8,035,941

The following presents the total OPEB liability of the City for each plan calculated using the discount rate of 4.41%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.41%) or 1-percentage point higher (5.41%) than the current rate.

	Fire OPEB		
	1% Decrease 3.41%	Current Rate 4.41%	1% Increase 5.41%
Total OPEB Liability	$ 13,485,887	$ 12,498,980	$ 11,627,897

	Police OPEB		
	1% Decrease 3.41%	Current Rate 4.41%	1% Increase 5.41%
Total OPEB Liability	$ 8,004,825	$ 7,479,285	$ 7,010,119

Changes in the Total OPEB Liability:

The following presents a schedule of changes for each plan's total OPEB Liability during 2025.

Fire OPEB		
Total OPEB Liability at 1/1/2025	**$**	**13,325,072**
Service cost		-
Interest		531,962
Changes of benefit terms		-
Economic/demographic gains and losses		(364,584)
Changes of assumptions		(292,666)
Benefit Payments		(700,804)
Other Changes		-
Total OPEB Liability at 12/31/2025	**$**	**12,498,980**

Police OPEB		
Total OPEB Liability at 1/1/2025	**$**	**8,035,237**
Service cost		-
Interest		306,350
Changes of benefit terms		-
Economic/demographic gains and losses		420,792
Changes of assumptions		(156,493)
Benefit Payments		(1,126,601)
Other Changes		-
Total OPEB Liability at 12/31/2025	**$**	**7,479,285**

The Valuation Date, or the date as of which the actuarial evaluation was performed, was December 31, 2024. 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, 2025.

Since the prior measurement date, the discount rate and investment rate of return increased to 4.41%, while the inflation rate remained unchanged. Healthcare cost trend rates remained flat at 4.90%. 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 $445,361 adjustment for 2025, largely due to the recognition of assumption changes or inputs noted previously.

As of December 31, 2025, 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 be recognized as a reduction of the total OPEB liability and in future years.

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NOTE 19. SUBSEQUENT EVENTS

Receipt of two additional PFAS Drinking Water systems settlements

Congress enacted the Safe Drinking Water Act in 1974 to help ensure the public is provided with safe drinking water. In 2025, the City asserted claims against Tyco and BASF for PFAS chemicals in the City's public water systems. The claims made against Tyco and BASF are anticipated to be finalized in 2026. The anticipated amounts are as follows:

- Tyco = $2,586,062
- BASF = $1,075,619

Receipt of a new Drinking Water Revolving Fund loan

In January 2026 the City signed a $12,000,000 low-interest loan from the State of Washington. The interest rate is 1.75% and the term lasts 24 years. This loan does not require any local match. The funding is dedicated to constructing treatment improvements related to PFAS chemicals in the City's public water systems.

Renaming of City Department

A division of the Communications Department, Community Engagement, which is responsible for the Neighborhood Program, Community liaison, and other City engagement efforts, was moved to Equity and Inclusion. Subsequently, a renaming occurred and was named the Department of Engagement of Access, which is led by the Director of Engagement and Access (formerly named the DEI Director).

New Staff in Key Management Positions

The City welcomed several new key staff in 2025 including the City's DEI Director, now called the Director of Engagement and Access, as well as a new Public Works Director, Fire Chief, and Deputy City Manager. Subsequent to the end of the 2025 reporting period the City also hired a new Chief Financial Officer in 2026.

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NOTE 20. UNIQUE AND UNUSUAL TRANSACTIONS

Parks Impact Fees - Expiration extension

On December 28, 2021, the parties entered into an agreement specific to the City's purchase of a park property, which obligated payment by the City of $1,000,000 from PIF funds toward the total project costs. This agreement was amended November 1, 2025, and The City completed the sale agreement for the park property on November 21, 2025. This fully expended the expiring District 4 PIF funds which had been extended and no remaining obligation exists as of December 31, 2025.

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NOTE 21. 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:

- 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 2025 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 2025.
- 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 2025 to 2097.The value of the ARO liability is based on the overseeing engineer's professional judgment 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
- GASB 83.19 requires governments to adjust the current value of its AROs for the effects of general inflation or deflation. The City completed this analysis for year ending December 31, 2025, and determined the value of the City's AROs are appropriate and no adjustments were required.

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NOTE 22. AVAILABILITY PAYMENT ARRANGEMENTS (APA)

Availability Payment Arrangements (APA)

The City has six Availability Payment Arrangements, as defined by GASB 94, for the operation of the following non-financial assets of the City:

- Safe Stay 1
- Safe Stay 2
- Safe Stay 3
- Safe Stay 4
- Safe Park 1
- 4th Plain Commons

For each of these partnerships the City and respective operators have entered into written agreements wherein the operator is granted the right to operate a City owned non-financial asset in exchange for a service fee for providing public services. The City retains demand risk for each of these. Fee collection, where applicable, is the responsibility of the operator. However all revenues collected are wholly remitted to, and considered earned, by the City for reporting purposes and operators have no residual claims to any City owned non-financial asset.

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NOTE 23. Environmental Projects

Vancouver, like many communities in Washington and across the nation, is addressing an emerging issue with perfluoroalkyl and polyfluoroalkyl substances (PFAS). PFAS are a large group of human-made chemicals that have been used in industry and in consumer products worldwide since the 1940s. On April 10, 2024, the EPA announced the final National Primary Drinking Water Regulation for six PFAS compounds. These regulations set the Maximum Contaminant Levels (MCLs) for PFAS in drinking water. Public water systems will have five years to implement solutions to reduce these PFAS if monitoring shows that drinking water levels exceed the MCLs.

In the next few years, the City will install granular activated carbon filtration at each of our water stations with elevated PFAS test results. This is a tested and effective method for treating PFAS in drinking water. The City is prioritizing treatment at sites with higher PFAS concentrations and construction of the needed water station upgrades commenced in summer 2026. Vancouver remains at the forefront of addressing PFAS in drinking water while balancing utility rate affordability.

The City is the recipient of several forgivable and low-interest Drinking Water State Revolving Fund loans from the Washington State Department of Health and Washington State Public Works Board to support construction of PFAS treatment systems at City water stations. More information about these loans can be found in “Note 8. Long Term-Debt” and in note “19. Subsequent Events”. Note 19 also includes information on anticipated claim settlements connected with PFAS.

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Required Supplementary Information



REQUIRED SUPPLEMENTARY INFORMATION
FIRE OPEB
FOR THE YEAR ENDED DECEMBER 31, 2025
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
LAST EIGHT FISCAL YEARS [1]
(IN THOUSANDS)

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Interest on total OPEB liability	$ 532	$ 510	$ 554	$ 566	$ 591	$ 736	$ 1,062	$ 995
Effect on economic/demographic gains or (losses)	(365)	(403)	(231)	(10,457)	74	-	(1,297)	-
Effect of assumption changes or inputs	(293)	78	320	(3,972)	(1,101)	2,957	1,325	(1,952)
Expected benefit payments	(700)	(785)	(773)	(760)	(899)	(912)	(828)	(979)
Net change in total OPEB liability	(826)	(600)	(130)	(14,623)	(1,335)	2,781	262	(1,936)
Total OPEB liability, beginning	**13,325**	**13,925**	**14,055**	**28,677**	**30,012**	**27,231**	**26,969**	**28,905**
Total OPEB liability - ending	**$ 12,499**	**$ 13,325**	**$ 13,925**	**$ 14,055**	**$ 28,677**	**$ 30,012**	**$ 27,231**	**$ 26,969**
Total OPEB liability as a % of covered employee payroll	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

[1] 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.

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

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

REQUIRED SUPPLEMENTARY INFORMATION
POLICE OPEB
FOR THE YEAR ENDED DECEMBER 31, 2025
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
LAST EIGHT FISCAL YEARS [1]
(IN THOUSANDS)

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Interest on total OPEB liability	$ 306	$ 305	$ 338	$ 349	$ 366	$ 464	$ 707	$ 661
Effect on economic/demographic gains or (losses)	421	114	132	(6,389)	329	-	(1,072)	-
Effect of assumption changes or inputs	(156)	39	179	(2,249)	(714)	1,689	253	(1,188)
Expected benefit payments	(1,127)	(1,018)	(805)	(829)	(794)	(688)	(664)	(726)
Net change in total OPEB liability	(556)	(560)	(156)	(9,118)	(813)	1,465	(776)	(1,253)
Total OPEB liability, beginning	**8,035**	**8,595**	**8,751**	**17,869**	**18,682**	**17,217**	**17,994**	**19,248**
Total OPEB liability - ending	**$ 7,479**	**$ 8,035**	**$ 8,595**	**$ 8,751**	**$ 17,869**	**$ 18,682**	**$ 17,218**	**$ 17,994**
Total OPEB liability as a % of covered employee payroll	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

[1] 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.

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

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REQUIRED SUPPLEMENTARY INFORMATION
STATE SPONSORED PERS PLAN
AS OF JUNE 30, 2025

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					
2025	0.357698%	$ 4,217,245	$ 77,220,985	5.46%	89.07%
2024	0.360761%	6,410,139	72,337,680	8.86%	84.05%
2023	0.357234%	8,154,695	63,697,552	12.80%	80.16%
2022	0.351298%	9,781,426	57,301,413	17.07%	76.56%
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%
PERS Plan 2/3					
2025	0.462768%	$ (17,660,041)	$ 77,220,985	(22.87%)	105.53%
2024	0.467423%	(15,408,940)	72,337,680	(21.30%)	105.17%
2023	0.460782%	(18,885,994)	63,697,552	(29.65%)	107.02%
2022	0.458180%	(16,992,893)	57,301,413	(29.66%)	106.73%
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%

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

REQUIRED SUPPLEMENTARY INFORMATION
STATE SPONSORED LEOFF PLANS
AS OF JUNE 30, 2025

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							
2025	0.243104%	$ (7,702,838)	$ (52,101,803)	$ (59,804,641)	NA	N/A	178.02%
2024	0.243028%	(6,911,447)	(46,748,853)	(53,660,300)	NA	N/A	168.48%
2023	0.236536%	(7,020,445)	(47,486,117)	(54,506,562)	NA	NA	175.99%
2022	0.235323%	(6,750,506)	(45,660,256)	(52,410,762)	NA	NA	169.62%
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%
LEOFF 2							
2025	1.421132%	$ (27,534,674)	$ (17,672,496)	$ (45,207,170)	$ 75,672,408	(36.39%)	108.79%
2024	1.553712%	(29,097,064)	(18,882,449)	(47,979,513)	74,347,797	(39.14%)	109.27%
2023	1.371195%	(32,889,456)	(21,002,868)	(53,892,324)	60,448,423	(54.41%)	113.17%
2022	1.411996%	(38,373,787)	(24,857,703)	(63,231,490)	57,080,133	(67.23%)	116.09%
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%

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

REQUIRED SUPPLEMENTARY INFORMATION
STATE SPONSORED PERS PLAN
FOR THE YEAR ENDED DECEMBER 31, 2025

SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS

Year Ended December 31,	Stautorily or contractually required contributions	Contributions in relation to the stautorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll
PERS Plan 1					
2025	$ 994,862	$ (994,862)	-	$ 79,297,371	1.25%
2024	2,086,276	(2,086,276)	-	78,773,819	2.65%
2023	2,301,922	(2,301,922)	-	64,793,720	3.55%
2022	2,270,415	(2,270,415)	-	57,301,413	3.96%
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%
PERS Plan 2/3					
2025	$ 4,659,824	$ (4,659,824)	-	$ 79,297,371	5.88%
2024	4,834,377	(4,834,377)	-	78,773,819	6.14%
2023	4,334,573	(4,334,573)	-	64,793,720	6.69%
2022	3,843,056	(3,843,056)	-	57,301,413	6.71%
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%

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

REQUIRED SUPPLEMENTARY INFORMATION
STATE SPONSORED LEOFF PLANS
FOR THE YEAR ENDED DECEMBER 31, 2025

SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll
LEOFF 2					
2025	$ 3,931,491	$ (3,931,491)	-	$ 76,630,042	5.13%
2024	3,872,675	(3,872,675)	-	78,523,127	4.93%
2023	3,498,778	(3,498,778)	-	64,745,799	5.40%
2022	2,950,610	(2,950,610)	-	57,080,133	5.17%
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%

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

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION - PENSION
ALL MULTI EMPLOYER STATE SPONSORED PLANS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 1: Plan Information

These plans are administered by the state Department of Retirement Systems (DRS). The actuarial methods and significant assumptions used in these valuations are available in the publicly available actuary reports for these pension plans. See the DRS Annual Comprehensive Financial Report's (ACFR) and the Participating Employer Financial Information (PEFI) for information on factors that significantly affect trends in the amounts reported in this schedule. The DRS ACFR and PEFI are available on DRS's website at: https://www.drs.wa.gov/employer/ch15/.

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

REQUIRED SUPPLEMENTARY INFORMATION - SINGLE EMPLOYER
FIRE PENSION
FOR THE YEAR ENDED DECEMBER 31, 2025

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
(IN THOUSANDS)

	2025	2024	2023	2022	2021
Total pension liability					
Interest	146	146	162	127	138
Effect of economic/demographic (gains) or losses	43	62	69	(610)	(414)
Effect of assumptions, changes or inputs	(66)	(81)	76	(1,435)	208
Benefit payments, including refunds of contributions	(444)	(442)	(460)	(422)	(469)
Net change in total pension liability	(321)	(315)	(152)	(2,339)	(538)
Total pension liability - beginning	3,779	4,094	4,246	6,585	7,123
Total pension liability - ending (a)	3,458	3,779	4,094	4,246	6,585
Plan net position					
Contributions - employer	444	442	460	(14,390)	1,500
Contributions - state fire insurance premium tax					219
Net investment income	-	-	-	(276)	50
Prior period adjustment	-	-	-	-	-
Benefit payments, including refunds of contributions	(444)	(442)	(460)	(422)	(469)
Medical payments from fund	-	-	-	-	(706)
Administrative expense	-	-	-	(31)	(57)
Net change in plan net position	-	-	-	(15,118)	537
Plan net position - beginning	-	-	-	15,118	14,582
Plan net position - ending (b)	-	-	-	-	15,118
Total pension liability ending (a) - (b)	**$ 3,458**	**$ 3,779**	**$ 4,094**	**$ 4,246**	**$ (8,533)**
Plan net position as a % of total pension liability (b)/(a)	0.00%	0.00%	0.00%	0.00%	229.58%
Total pension liability as a % of covered employee payroll	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

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

REQUIRED SUPPLEMENTARY INFORMATION - SINGLE EMPLOYER
FIRE PENSION
FOR THE YEAR ENDED DECEMBER 31, 2025

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
(IN THOUSANDS)

	2020	2019	2018	2017	Restated 2016
Total pension liability					
Interest	186	231	224	248	255
Effect of economic/demographic (gains) or losses	-	598	-	-	(185)
Effect of assumptions, changes or inputs	432	684	(264)	145	(156)
Benefit payments, including refunds of contributions	(498)	(538)	(655)	(586)	(562)
Net change in total pension liability	120	975	(695)	(193)	(648)
Total pension liability - beginning	7,003	6,029	6,724	6,917	7,565
Total pension liability - ending (a)	7,123	7,004	6,029	6,724	6,917
Plan net position					
Contributions - employer	2,792	2,792	1,800	1,800	1,756
Contributions - state fire insurance premium tax	208	202	200	187	183
Net investment income	139	291	181	84	61
Prior period adjustment	-	17	-	(15)	-
Benefit payments, including refunds of contributions	(498)	(538)	(655)	(586)	(562)
Medical payments from fund	(652)	(583)	(720)	(689)	(815)
Administrative expense	(35)	(54)	(58)	(76)	(69)
Net change in plan net position	1,954	2,127	748	705	554
Plan net position - beginning	12,628	10,502	9,753	9,048	8,494
Plan net position - ending (b)	14,582	12,629	10,501	9,753	9,048
Total pension liability ending (a) - (b)	**$ (7,459)**	**$ (5,625)**	**$ (4,472)**	**$ (3,029)**	**$ (2,131)**
Plan net position as a % of total pension liability (b)/(a)	204.72%	180.31%	174.17%	145.05%	130.81%
Total pension liability as a % of covered employee payroll	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

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

REQUIRED SUPPLEMENTARY INFORMATION - SINGLE EMPLOYER
POLICE PENSION
FOR THE YEAR ENDED DECEMBER 31, 2025

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
(IN THOUSANDS)

	2025	2024	2023	2022	2021
Total pension liability					
Interest	50	52	59	43	33
Effect of economic/demographic (gains) or losses	32	7	13	(95)	621
Effect of assumptions, changes or inputs	(21)	(26)	25	(475)	41
Benefit payments, including refunds of contributions	(190)	(174)	(179)	(178)	(238)
Net change in total pension liability	(129)	(141)	(82)	(705)	458
Total pension liability - beginning	**1,323**	**1,464**	**1,545**	**2,249**	**1,791**
Total pension liability - ending (a)	**1,194**	**1,323**	**1,464**	**1,545**	**2,249**
Plan net position					
Contributions - employer	190	174	179	(4,629)	1,000
Police Auction Income	-	-	-	6	15
Net investment income	-	-	-	-	-
Prior period adjustment	-	-	-	-	(1)
Benefit payments, including refunds of contributions	(190)	(174)	(179)	(178)	(238)
Medical payments from fund	-	-	-	-	(830)
Administrative expense	-	-	-	(19)	(40)
Net change in plan net position	-	-	-	(4,820)	(94)
Plan net position - beginning	-	-	-	4,820	4,913
Plan net position - ending (b)	-	-	-	-	4,820
Total pension liability ending (a) - (b)	**$ 1,194**	**$ 1,323**	**$ 1,464**	**$ 1,545**	**$ (2,570)**
Plan net position as a % of total pension liability (b)/(a)	0.00%	0.00%	0.00%	0.00%	214.32%
Total pension liability as a % of covered employee payroll	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

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

REQUIRED SUPPLEMENTARY INFORMATION - SINGLE EMPLOYER
POLICE PENSION
FOR THE YEAR ENDED DECEMBER 31, 2025

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
(IN THOUSANDS)

	2020	2019	2018	2017	2016
Total pension liability					
Interest	49	83	81	91	83
Effect of economic/demographic (gains) or losses	-	(323)	-	-	296
Effect of assumptions, changes or inputs	99	161	(80)	45	(49)
Benefit payments, including refunds of contributions	(247)	(236)	(230)	(250)	(285)
Net change in total pension liability	(99)	(315)	(229)	(114)	45
Total pension liability - beginning	**1,890**	**2,204**	**2,434**	**2,548**	**2,503**
Total pension liability - ending (a)	**1,791**	**1,889**	**2,205**	**2,434**	**2,548**
Plan net position					
Contributions - employer	2,084	2,084	1,100	1,100	1,080
Police Auction Income	6	36	15	9	10
Net investment income	-	-	-	-	1
Prior period adjustment	-	12	-	1	-
Benefit payments, including refunds of contributions	(247)	(236)	(230)	(250)	(285)
Medical payments from fund	(654)	(681)	(601)	(652)	(612)
Administrative expense	(27)	(40)	(41)	(49)	(47)
Net change in plan net position	1,162	1,175	243	159	147
Plan net position - beginning	3,751	2,576	2,334	2,175	2,029
Plan net position - ending (b)	4,913	3,751	2,577	2,334	2,176
Total pension liability ending (a) - (b)	**$ (3,122)**	**$ (1,862)**	**$ (372)**	**$ 100**	**$ 372**
Plan net position as a % of total pension liability (b)/(a)	274.32%	198.57%	116.87%	95.89%	85.40%
Total pension liability as a % of covered employee payroll	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
POLICE AND FIRE PENSIONS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 1: 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 2: Accumulated Assets

There are no assets accumulated in a trust that meets the criteria of a qualified plan.

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: December 31, 2024

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal, Level Percentage of Salary
Asset valuation method	Fair Value
Inflation	2.75%
Salary increases	3.25%
Discount rate	4.41%
Healthy Mortality	Pub-2010 Safety Headcount-Weighted Healthy Mortality Projected Generationally with Scale MP-2021.
Disabled Mortality	Pub-2010 Safety Headcount-Weighted Disabled Mortality Projected Generationally with Scale MP-2021.
Termination Rates	n/a
Disability Rates	n/a
Retirement age	n/a

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

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Expenditures of Federal Awards

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2025

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed through to	Note
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via Department of Natural Resources)	Inflation Reduction Act Urban & Community Forestry Program	10.727	93-107905	26,000	-	26,000	-	
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via Department of Natural Resources)	Inflation Reduction Act Urban & Community Forestry Program	10.727	24-CA-11132544-007	62979	-	62979	-	
			Total ALN 10.727:	**$ 88,979**	**-**	**88,979**	-	
Community Development Block Grant Cluster Entitlement/Special Purpose Grants								
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-22-MC-53-0013	-	$ 257,043	$ 257,043	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-23-MC-53-0013	-	$ 202,755	$ 202,755	133,143	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-24-MC-53-0013	-	1,253,098	1,253,098	775,011	4
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	B-25-MC-53-0013	-	$ 146,521	$ 146,521	-	4
Total Community Development Block Grant Cluster Entitlement/Special Purpose Grants:				**-**	**$ 1,859,417**	**$ 1,859,417**	$ 908,154	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	M-19-MC-53-0208	-	$ 385	$ 385	$ 385	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	M-21-MC-53-0208	-	$ 15,781	$ 15,781	$ 15,781	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	COVID 19 - Home Investment Partnerships Program	14.239	M21-MP-53-0208	-	$ 258,886	$ 258,886	$ 202,089	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	M-22-MC-53-0208	-	$ 149,576	$ 149,576	$ 146,946	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	M-23-MC-53-0208	-	$ 315,870	$ 315,870	$ 308,500	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	M-24-MC-53-0208	-	$ 161,002	$ 161,002	$ 141,185	4
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	M-25-MC-53-0208	-	$ 29,378	29,378	-	

The accompanying notes are an integral part of this award schedule.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
			Total ALN 14.239:	-	**$ 930,878**	**$ 930,878**	$ 814,885	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants Section 108 Loan Guarantees	14.248	B-20-MC-53-0013	-	$ 4,199,000	$ 4,199,000	-	3
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA - 22-GG-02113-JAGX	-	$ 60,288	$ 60,288	-	
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	3-53-0139-020-2024	-	$ 724,085	$ 724,085	-	
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	3-53-0139-021-2025	-	$ 177,731	$ 177,731	-	
			Total ALN 20.106:	-	**$ 901,816**	**$ 901,816**	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	CM-CRPUL-4258(001)	$ 687,342	-	$ 687,342	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	HSIP-4280(023)	$ 315,031	-	$ 315,031	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	STBGUL-4270(004)	$ 125,554	-	$ 125,554	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	STBGUL-FM-4255(001)	$ 2,996,820	-	$ 2,996,820	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	STPUL-4266(002)	$ 436,975	-	$ 436,975	-	6
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	STPUL-4421(004)	$ 4,665,211	-	$ 4,665,211	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Planning and Construction	20.205	TAPUL-4231(007)	29649	-	29649	-	
			Total ALN 20.205:	**$ 9,256,582**	-	**$ 9,256,582**	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Department of Transportation)	Highway Safety Improvement Program (HSIP)	20.272	SRTS-4225(001)	$ 1,264	-	$ 1,264	-	
Highway Safety Cluster								

The accompanying notes are an integral part of this award schedule.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Traffic Safety Commission)	State and Community Highway Safety	20.600	2024-2025 HVE-5437-Region 6	$ 26,123	-	$ 26,123	-	
			Total Highway Safety Cluster:	**$ 26,123**	**-**	**$ 26,123**	-	
OFFICE OF THE SECRETARY, TRANSPORTATION, DEPARTMENT OF	Safe Streets and Roads for All	20.939	693JJ32440220	-	$ 69,177	$ 69,177	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	SLT-7052	-	$ 7,289,457	$ 7,289,457	-	
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via WA State Department of Health)	Drinking Water State Revolving Fund	66.468	DWL28208-0	$ 923,150	-	$ 923,150	-	
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via WA State Department of Health)	Drinking Water State Revolving Fund	66.468	DWL29301-0	$ 1,798,721	-	$ 1,798,721	-	
			Total ALN 66.468:	**$ 2,721,871**	**-**	**$ 2,721,871**	-	
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY	Geographic Programs - Columbia River Basin Restoration (CRBR) Program	66.962	RB-02J13301	-	$ 27,349	$ 27,349	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Assistance to Firefighters Grant	97.044	EMW-2022-FG-03859	-	125,420	125,420	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Assistance to Firefighters Grant	97.044	EMW-2022-FP-00667	-	$ 100,152	$ 100,152	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Assistance to Firefighters Grant	97.044	EMW-2023-FP-00681	-	$ 192,113	$ 192,113	-	
			Total ALN 97.044:	**-**	**$ 417,685**	**$ 417,685**	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Clark Regional Emergency Services)	Homeland Security Grant Program	97.067	EMW-2022-SS-00056-501	$ 42,573	-	$ 42,573	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Clark Regional Emergency Services)	Homeland Security Grant Program	97.067	EMW-2024-SS-05028	$ 77,792	-	$ 77,792	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Clark Regional Emergency Services)	Homeland Security Grant Program	97.067	EMW-2023-SS-00004	$ 3,133	-	$ 3,133	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Clark Regional Emergency Services)	Homeland Security Grant Program	97.067	EMW-2023-SS-00063	$ 18,608	-	$ 18,608	-	

The accompanying notes are an integral part of this award schedule.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Clark Regional Emergency Services)	Homeland Security Grant Program	97.067	EMW-2023-SS-00063	$ 69,997	-	$ 69,997	-	
			Total ALN 97.067:	**$ 212,103**	**-**	**$ 212,103**	-	
			Total Federal Awards Expended:	**$12,306,922**	**$ 15,755,067**	**$ 28,061,989**	**$ 1,723,039**	

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The accompanying notes are an integral part of this award schedule.

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2025

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 of Vancouver does not use the 10% de minimis indirect cost rate for its awards issued prior to October 1, 2024, or the 15% de minimis indirect rate for its awards issued on or after October 1, 2024 as covered in 2 CFR §200.414 Indirect (F&A) costs.

3) Federal Loans

   The City of Vancouver was approved by the U.S. Department of Housing and Urban Development to receive a Section 108 loan totaling $4,199,000 for the Commons Community Center Project. The amount listed for this loan includes the beginning of the period loan balance plus proceeds used during the year. The balance owing at the end of the period is $4,063,000.

   Both the current and prior year loans are reported on the City's Schedule of Changes in Long-Term Liabilities.

4) Program Income

   The City of Vancouver has a revolving loan program for low-income housing. Under this federal program, repayments to the City are considered program revenues (income) and loans of such funds to eligible recipients are considered federal expenditures. Program Income is reported on the SEFA in the year the expenditures occur based on grantor guidance.

5) Program Costs

   The amounts shown as current year expenditures represent only the federal award portions of the program costs. Entire program costs, including the City of Vancouver's portion may be more than shown. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

6) Federal Highway Administration Grant (FHWA)

   The City received a letter dated November 6, 2025 from WSDOT indicating they had done an administrative review of the reimbursement of federal funds. Total federal expenditures prior to 2025 had exceeded reimbursements to the City by $436,975, so the City received a check for that amount. This amount is reported on the 2025 SEFA as expenditures incurred.

CITY OF
Vancouver
WASHINGTON

