



Whidbey Island's Premiere Waterfront Community



City of Oak Harbor

Biennial Budget
For the Years Ending 2013-2014

865 S.E. Barrington Drive ~ Oak Harbor, WA 98277

360 279-4500 ~ www.oakharbor.org

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Vision Statement

Oak Harbor...a vibrant Whidbey Island waterfront community where everyone is welcome and encouraged to thrive.

Mission Statement

The City of Oak Harbor is committed to creating a vibrant community by delivering quality services, enhancing the quality of life, and fostering economic opportunities.

Goals

- Goal 1: Promote a healthy and growing business community.
- Goal 2: Improve the appearance and livability of the community.
- Goal 3: Encourage a safe community.
- Goal 4: Build and enhance community partnerships.
- Goal 5: Deliver superior quality service to our customers.
- Goal 6: Protect and enhance capital investment in the City.
- Goal 7: Promote a healthy work environment and employee excellence.

Council Members and Management Team

Council Members

Mayor.....Scott Dudley
Mayor Pro-tem.....Danny Paggao
Council Member.....Rick AlMBERG
Council Member.....James Campbell
Council Member.....Tara Hizon
Council Member.....Beth Munns
Council Member.....Joel Servatius
Council Member.....Bob Severns

Management Team

City Administrator.....Larry Cort
Finance Director.....Doug Merriman
Police Chief.....Ed Green
Fire Chief.....Ray Merrill
Public Works Director.....Cathy Rosen
Development Services Director.....Steve Powers
Harbormaster.....Chris Sublet
City Attorney.....Unfilled
City Engineer.....Joe Stowell
Human Resource Manager.....Cheryl Lawler
Senior Services Administrator.....Mike McIntyre

Commissions

Planning Commission

The Planning Commission serves in an advisory capacity to the Mayor and the City Council. The Planning Commission reviews and makes recommendations on projects that fall under the Type IV and Type V review processes.

The Planning Commission consists of seven members appointed by the Mayor. Each commissioner serves a term of three years. One position is vacant at this time. The current members and their term expirations are listed below:

Bruce Neil (Chairman)	06/2014
Keith Fakkema (Vice-chairman)	12/2014
Kristi Jensen	06/2015
Ana Maria Schlecht	03/2014
Bruce Freeman	09/2013
Jeff Wallin	08/2013
Greg Wasinger	04/2014

Arts Commission

The Arts Commission was established to promote and support public experiences of the visual and other artistic disciplines for the good of the citizens of Oak Harbor. The majority voting membership must reside or work within the City.

The Arts Commission consists of eleven members appointed by the Mayor, with only seven of those positions filled at this time. Each commissioner serves a term of four years. The current members and their term expirations are listed below:

Nora O’Connell-Balda (Chairman)	03/2014
Kit Christopherson	06/2016
Peggy Darst-Townsdin	07/2015
Rick Lawler	06/2015
K. C. Pohtill	03/2016
Skip Pohtilla	10/2015

Standing Committees

The Oak Harbor Council deliberates and makes informed decisions on many different municipal subjects in the course of conducting City business. These can be divided into four general areas: finance, governmental services, public safety and public works. In an effort to efficiently and effectively study and gathering information, the responsibility has been divided up among all sitting council members and each sits on certain standing committees for a two-year term.

Finance Standing Committee

The current members and their term expirations are listed below:

Rick Almberg (Chairman).....	12/2013
Beth Munns.....	12/2013
Bob Severns.....	12/2013

Governmental Services Standing Committee

The current members and their term expirations are listed below:

James Campbell (Chairman).....	12/2013
Tara Hizon.....	12/2013
Joel Servatius.....	12/2013

Public Safety Standing Committee

The current members and their term expirations are listed below:

Beth Munns (Chairman).....	12/2013
Tara Hizon.....	12/2013
Joel Servatius.....	12/2013

Public Works and Utilities Standing Committee

The current members and their term expirations are listed below:

Danny Paggao (Chairman).....	12/2013
Rick Almberg.....	12/2013
Bob Severns.....	12/2013

City of Oak Harbor, Washington

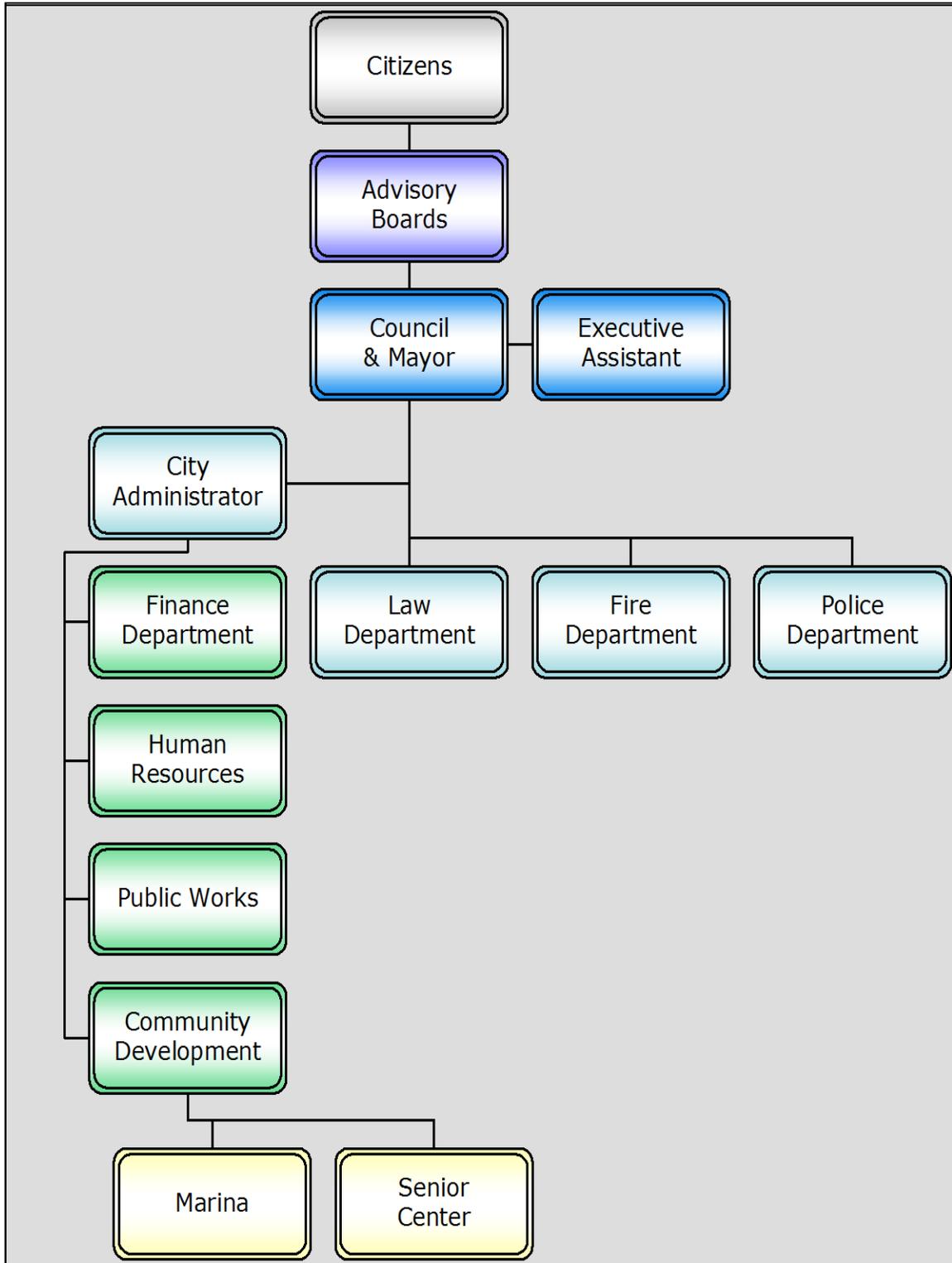


In 1850 the Irish began to settle into the Oak Harbor area with the Dutch following in the 1890's. In 1941 the U.S. Navy began to establish its presence near Oak Harbor. Since then the growth and changes of mission of the Naval Air Station, along with the economic growth of the Northwest Washington, changed the quiet country town of 600 into a beautiful waterfront community of over 20,000 persons.

Oak Harbor's small town flavor continues to be displayed in the numerous annual celebrations. The Irish paint the town green in March, and the Dutch fill the town with tulips the last weekend of April during the annual Holland Happening. Patriotism soars and flags abound on the 4th of July celebrating the strong alliance between the community and the Navy. Whidbey Island Race Week, held each year in July, has been rated among the top 20 yachting regattas in the world.

Located just 90 minutes north of Seattle on beautiful Whidbey Island, Oak Harbor is truly a destination to be seen. When visiting Oak Harbor don't miss our old downtown, the original commercial center of Oak Harbor, where historic turn-of-the century buildings, parks, a full service marina, and beaches are enhanced by panoramic views of the Cascade Range and the Olympic Mountains.

Organizational Chart



Department Functions

City Administrator

- Administration of City
- Interdepartmental Relations
- Public Relations

Community Development

- Development Services
- Community Planning
- Permit Services
- Building Services
- City Marina
- Senior Center

Finance Department

- Financial Reporting
- Budgeting and Accounting
- Strategic Financial Planning
- Cash and Investment Management
- Utility Billing and Customer Service
- Payroll
- Accounts Payable
- City Clerk
- Information Technology

Fire Department

- Emergency Preparedness
- EMS
- Suppression and Rescue
- Hazard Prevention
- Education

Human Resources

- Staffing
- Employee Training
- Employee Relations
- Workplace Safety

Law Department

- Civil Litigations
- Legal Advisory
- Negotiations
- Criminal Prosecution

Police Department

- Support Services
- Patrol
- Investigation
- Juvenile Services
- Crime Prevention
- Neighborhood Traffic
- Detention and Corrections
- Animal Control

Public Works

- Engineering
- Capital Improvements
- Transportation
- Streets
- Parks and Recreation
- Equipment Rental
- Equipment Replacement
- Facilities
- Water, Sewer, Solid Waste and Storm Drain Utilities



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Introduction



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January, 2013

Dear Members of the City Council, City Staff and Citizens of Oak Harbor:

I am pleased to present to you the City of Oak Harbor 2013-2014 Biennial Operating Budget. This crucial document was prepared by the combined efforts of our City Staff. It was reviewed, revised and approved by the Oak Harbor City Council through a series of meetings. In 2007, Mayor Patty Cohen said the "challenge of building our community in our defining ways is under pressure due to ever shrinking available resources". This statement is even truer today as we deal with increasing expenses and lower revenue sources. I would like to thank our City Staff and City Councilmembers for their efforts in preparing this budget. Hard decisions had to be made and I appreciate their ideas, knowledge and cooperation throughout the process.

The proposed operating budget for fiscal year 2013 is \$82,179,786. For fiscal year 2014, the budget is projected at \$80,307,016. The difference of \$1,872,770 between these two budgets is mainly due to large capital projects funded by the Utility and Street funds.

The operating budget is composed of several funds, including:

- General Fund: Police, Fire, Parks, Streets, Legal, Municipal Court and Administration.
- Utility Fund: Water, Sewer, Solid Waste and Storm Water.
- Reserve Funds: Real Estate Excise Tax, Equipment Reserve, Park Impact Reserve and Technology Reserve.
- Marina Fund
- Senior Services Fund
- Civic Improvement Fund

The General Fund budget for 2013 is \$15,919,629, a decrease of \$175,220 from 2012. The decrease is tied to the reduction in revenue that can be traced to the continued downturn of our economy.

This downturn has affected the City in many ways, including reduced General Fund revenue which previously underwritten many of the essential services we enjoy. In addition, starting in 2009, we have made fiscal adjustments in anticipation of a long term economic recession.

Outline of Recommended Financial Policies and Reason for Changes in Policy.

The budget rests on financial policies to carry the City through difficult economic times. For 2013, the policies are to leave open the majority of existing vacancies and to adjust our employee benefit package. While we hope to remove the opt-out program that provides monetary reimbursement for employees that do not participate in the City's benefit package, we look forward to balancing the loss of this program with wage adjustments. Policies also include deferral of certain capital needs and repairs. The following information illustrates how these policies apply to the recommended appropriation for City Departments:

Public Safety (Police and Fire): Public safety will remain the primary essential service provided by the City of Oak Harbor. This budget continues to provide public safety at the same high level service regarding response times, extent of coverage and quality of service.

Police Department:

- Budget for 2013 is \$4,903,657 and for 2014 is \$4,981,156.
- 2 vacant positions will not be filled.

Fire Department:

- Budget for 2013 is \$1,809,242 and for 2014 is \$1,841,016.

Other departments:

Development Services:

- Budget for 2013 is \$761,320 and for 2014 is \$774,887.
- 2 vacant positions will not be filled.

Finance Department:

- Budget for 2013 is \$1,024,117 and for 2014 is \$1,047,167.

Marina:

- Budget for 2013 is \$1,554,354 and for 2014 is \$1,465,118.
- 1 vacant position will not be filled.

Senior Services:

- Budget for 2013 is \$445,480 and for 2014 is \$439,108.

Parks:

- Budget for 2013 is \$1,140,635 and for 2014 is \$1,121,315.
- 1 vacant position will not be filled.

Streets:

- Budget for 2013 is \$1,630,324 and for 2014 is \$1,431,294.
- 1 vacant position will not be filled.

Facilities:

- Budget for 2013 is \$2,926,205 and for 2014 is \$2,786,539.

Equipment Rental:

- Budget for 2013 is \$1,441,735 and for 2014 is \$1,292,782.

Water:

- Budget for 2013 is \$13,088,716 and for 2014 is \$8,693,755.
- 2 vacant positions will not be filled.

Sewer:

- Budget for 2013 is \$12,478,110 and for 2014 is \$13,849,259.
- 1 vacant position will not be filled.

Solid Waste:

- Budget for 2013 is \$5,423,711 and for 2014 is \$4,471,989.

Storm Water:

- Budget for 2013 is \$1,471,262 and for 2014 is \$3,615,849.
- 1 vacant position will not be filled.

In summary, the City of Oak Harbor 2013-2014 Biennial Operating Budget represents our continued efforts to provide first-rate services within a declining revenue stream.

Mayor Scott Dudley

Oak Harbor's Organizational Structure & Budget Responsibility

The City of Oak Harbor has a Mayor-Council form of government. The Mayor is elected by the citizens for a four-year term and serves as the chief executive officer of the municipality. The Mayor is responsible for carrying out the policies, which are set by the Council, and supervises the other executive and administrative officers in the performance of their official duties. The Council has the authority to set the municipality's policies and the Mayor is responsible for carrying out these policies.

The City Council consists of seven elected members, each for four year, staggered terms. The Council is the legislative body of the City and is responsible for all legislative actions and policy-making for the City. The Council is empowered with the authority to enact ordinances and policies to protect the rights of the citizens of the community. The City Council meets twice per month to review, direct and legislate on matters of land use, finance and general governance. Council members also serve on committees, which include community members, to review specialized areas and make recommendations to the Mayor and Council.

The City Administrator is appointed by the Mayor, subject to confirmation by the City Council. The City Administrator is the chief administrative officer for the City, under the direction and authority of the Mayor, and is responsible for the management and administration of all City functions and personnel. The Office of the City Administrator is responsible for carrying out all City policies through the supervision and coordination of City departments, the preparation of the annual budget, the preparation of City Council agendas, and a variety of programming, organizing and negotiating activities. The City Administrator is responsible for managing the affairs of the City to maximize efficiency, economy and public confidence.

The Finance Department is responsible for coordinating all aspects of the budget process on behalf of the City Administration. To do this, the Finance Department issues budget instructions, conducts budget preparation training sessions, and communicates regularly with department staff. A primary responsibility of the Finance Director is to provide and analyze department budget information; financial data review the accuracy of financial data, and assist with fiscal elements of the planning process. The Finance Department is also responsible for the actual assembly of the budget document. Furthermore, throughout the year, the Finance Department assists department heads in identifying budget problems formulating solutions and alternatives, and implementing corrective action by the City Administration.

Department heads submit budget requests for the coming fiscal year and provide information that supports their requests for more resources. Each operating department prepares narrative explanations to accompany budget requests. They are necessary to explain exceptions and/or analyze estimated revenues and expenditures.

Budgeting Procedures

Biennial budgets are legally permitted by RCW 35.34.010. In consideration of the lengthy and intense process associated with the adoption of a budget, the Washington State Legislature provided, in 1985, for biennial budgets for cities and towns. The process for adopting a biennial appropriated operating budget is the same as that for an annual budget. The schedule for submitting budget estimates, the proposed preliminary budget, budget hearings and budget adoption is also the same.

The Preliminary Budget

The budget process for the City of Oak Harbor is year-round activity. Formal budget preparation begins in August, with projection of City reserves, revenues, expenditures and financial capacity. Budget worksheets, manpower reports, instructions and other materials are provided to the departments at this time.

During September, staff in each department is responsible for developing an annual operating budget for their department that meets the general policy direction provided by City Administration. During this time, the Finance Department develops and updates revenue estimates for the coming year. During October the City Administrator meets with representatives from the Finance Department and other departments to discuss specific changes to department budgets. In late October or early November a balanced budget is prepared and submitted to the Mayor for review. A budget is in balance when revenues plus available resources are equal to or greater than planned expenditures plus reserves.

The preliminary budget is available for City Council and citizen review. The Council holds formal public hearings and conducts a series of workshops to examine the budget in detail while deliberating on the preliminary budget proposal.

The Final Budget

A public hearing is held the second Council meeting in December. Final budget adoption must occur before the December 31 deadline. The Council, by a majority plus one of members, approves the final budget following a public hearing and final discussions.

Comprehensive Financial Management Policies

Introduction

Sound financial stewardship and the prudent use of public funds are two of the primary responsibilities given to the officials and managers of the City of Oak Harbor. Having been entrusted with this responsibility by our citizens, the establishment and maintenance of wise fiscal policy enables City officials to protect public interests and ensure public trust. The overall financial strategy of the City of Oak Harbor is to develop a sound financial resource base for the purpose of ensuring public safety, maintaining the physical infrastructure and surroundings of the City, and promoting the social well-being of the citizens of Oak Harbor.

This Comprehensive Financial Management Policy document incorporates past financial practices in defining the current policies to be used by the City to meet its obligations and operate in a financially prudent manner. These policies have been established to provide general fiscal guidelines and are intended to provide sound direction in the management of the City's financial affairs.

Purpose

The Comprehensive Financial Management Policy assembles all of the City's financial policies in one document. These policies are a tool to ensure that the City maintains a high level of financial solvency in order to meet the City's immediate and long-term service objectives. The purpose of the individual policies contained herein is to serve as guidelines for both the strategic long-term-financial planning and internal financial management processes of the City.

The City of Oak Harbor is accountable to its citizens for the use of public funds. The City's resources must be wisely used to ensure adequate funding for the services, public facilities, and infrastructure necessary to meet the community's present and future needs. The importance of sound financial management makes it desirable for a City to establish goals and targets for its financial operations, so that policies will be consistent and complete, and performance can be monitored on an ongoing basis. Because a fiscally sound City government is in the best interests of the citizens of the City of Oak Harbor, this Comprehensive Financial Management Policy has been adopted as the guiding management principle to be applied in the management of the City's finances.

The City's policies are categorized in the following sections:

- Revenue Policies
- Expenditure Policies
- Reserve Policies
- Accounting, Financial Reporting and Auditing Policies
- Performance Measurement Policies

Revenue Policies

- a) Current revenues will be sufficient to support current expenditures.
- b) A well-diversified and stable revenue system will be maintained to shelter public services from short-run fluctuations in any particular revenue source. Because revenues, especially those of the General Fund, are sensitive to both local and regional economic activities and legislation, revenue estimates should be calculated using an objective, analytical process, and will be neither overly optimistic nor overly conservative.

Revenue estimates will be as realistic as possible based on the best available information.

- c) Revenue forecasts will encompass all resources that can be utilized for public services. Should economic downturns develop which could result in revenue shortfalls or fewer available resources, the City will immediately compensate by making adjustments in anticipated expenditures.
- d) Revenues of a one-time, limited or indefinite term will be used for capital projects or one-time operating expenditures to ensure that no ongoing service program is lost when such revenues are reduced or discontinued.
- e) The City will project revenues for the next three years and will update this projection annually. The Finance Department will annually review and make available to the Finance Committee an analysis of each revenue source.
- f) The City will not utilize deficit financing or short-term borrowing as a revenue source to finance current operating needs without full financial analysis and prior approval of the City Council. Interfund loans are permissible to cover temporary gaps in cash flow, but only when supported by a well-documented repayment schedule of short duration.
- g) In order to assist decision makers in prioritizing support for various City program alternatives, and tier system consisting of three levels shall be utilized. Tier 1 programs will consist of programs critical to core business functions of the City. Tier 2 programs shall consist of programs not necessarily belonging to a core business function, but shall consist of those programs assigned a high priority in meeting specific City objectives. Tier 3 programs shall consist of those programs receiving consideration as funds are available and after all business core functions and high priority programs have been considered. As part of Council's mission statement objectives, and specific dollar amount or percentage of the annual operating budget shall be established as a not to exceed threshold for the aggregate cost of Tier programs.

Grant Revenues

- a) All potential grants shall be carefully examined for matching requirements. If local matching funds are not available, some grants may not be accepted. Grants may also be rejected if programs must be entirely funded with local resources after the grant program is completed.
- b) When considering grants for the purposes of capital construction or other projects of an acquisition nature, an analysis will be made of the City's ongoing ability to maintain, repair, or commit the facilities to a specific economic purpose. In all cases, an analysis will be performed regarding the City's ability to comply with any restrictions or long-term commitments included as a stipulation of receiving the grant award.

Enterprise Revenues

- a) To ensure that the enterprise funds remain self-supporting, user fees and rate structures will be incorporated to support the total direct and indirect costs of operations, capital facilities maintenance, debt service, depreciation, and pass-through rate increases from source of supply vendors.
- b) Revenues received for enterprise purposes will be restricted to the respective funds.

User Fee Revenues

- a) The City will establish all user fees and charges at a level related to the cost of providing the service. Every year, the City will regularly revise user fees with a review by the Mayor to adjust for the effects of inflation and increases in operating costs.
- b) As much as is reasonably possible, authorized City services that provide direct benefit to a specific group, organization, or citizen should be supported by fees and charges to recover the costs of providing such benefit. The goal of this is to provide maximum flexibility in the use of general City taxes to meet the cost of services of broader public benefit. Charges for services that benefit specific users should recover full costs, including all direct costs, capital costs, department overhead, indirect cost allocation, and City-wide overhead. Departments that impose fees or service charges should prepare and periodically update cost-of-service studies for such services.

Expenditure Policies

- a) A high level of priority will given to expenditures that will reduce future operating costs, such as increased utilization of technology, equipment, personnel, and prudent business methods.
- b) The City of Oak Harbor strives to ensure its service programs are of high quality. If expenditure reductions are necessary, complete elimination of a specific service is preferable to lowering the quality of programs provided.
- c) All City personnel share in the responsibility of looking at and understanding the City's long-term financial viability, its general spending trends, its projected incomes, and educating themselves, division heads, and employees on the necessary short and long-term balance between revenues and expenditures. Department heads are responsible for ensuring departmental expenditures under their control are in accordance with City Council's authorized expenditure authorization.
- d) Before the City undertakes any agreements that would create fixed ongoing expenses, the cost implications of such agreements will be fully determined for current and future years through the use of strategic financial planning models.
- e) Organizations that are not part of the City, but which receive funding from the City, shall not have their appropriation carried forward from year to year unless expressly authorized and directed by City Council. Performance measures will be established for each program receiving to ensure support is in conformance with City objectives. Annual review to include a report from the program sponsor and reauthorization of funding is required.
- f) All externally mandated services provided by one fund for another, for an outside source, or for which full or partial funding is available will be fully costed out to allow for reimbursement of expenses. The estimated direct costs of providing the service will be budgeted and actual costs charged to the fund performing the service. Interfund service fees charged to recover these direct costs will be recognized as revenue to the providing fund.
- g) The City will maintain expenditure categories according to state statute and administrative regulation.

Personnel

- a) Emphasis is placed on improving individual and workgroup productivity rather than adding to the work force. The City will hire additional personnel only after the need for a new employee is substantiated and documented.
- b) All compensation negotiations will focus on total compensation including direct salary, health care premiums, pension contributions, and other benefits of a non-salary nature. Cost analysis of salary increases will include the effect of such increases on the employer-share of related fringe benefits.

Maintenance and Replacement

The budget process will include a multi-year projection of vehicle replacement requirements. The budget will provide sufficient funding for adequate maintenance and orderly replacement of capital plant, equipment, and vehicles. Future maintenance needs for all new capital facilities will be costed out and included as decision criteria.

Short-term Debt Policies

- a) Short-term debt covers a period of one year or less.
- b) The City may use short-term debt to cover temporary cash flow shortages that may be caused by a delay in receipting tax revenues or issuing long-term debt.
- c) The City may issue interfund loans rather than outside debt instruments to meet short-term cash flow needs. Interfund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of these funds will not impact the fund's current operations. All short-term borrowing will be subject to Council approval by ordinance or resolution, and will bear interest based upon prevailing rates.

Long-term Debt Policies

- a) The City will confine long-term borrowing to capital improvements that cannot be financed from current revenues.
- b) Acceptable uses of bond proceeds can be viewed as items that can be capitalized and depreciated. Refunding bond issues designed to restructure currently outstanding debt is also an acceptable use of bond proceeds.
- c) Where possible, the City will use special assessment revenue, or other self-supporting bonds instead of general obligation bonds.
- d) The City will not use long-term debt for current operations.
- e) The City will maintain good communications with bond rating agencies about its financial condition. The City will follow a policy of full disclosure on every financial report and bond prospectus.
- f) General Obligation Bond Policy
 - 1) Every project proposed for financing through general obligation debt should be accompanied by a full analysis of the future operating and maintenance costs associated with the project.

2) Bonds cannot be issued for a longer maturity schedule than a conservative estimate of the useful life of the asset to be financed.

g) Limited Tax General Obligation Bond Policies

1) As a precondition to the issuance of limited tax general obligation bonds, all alternative methods of financing should have been exhausted.

2) Limited tax general obligation bonds should only be issued under certain conditions:

- A project in progress requires monies not available from alternative sources;
- Matching fund monies are available which may be lost if not applied for in a timely manner; or
- Catastrophic conditions.

Reserve Policies

Fund Balance Policy

One of the most significant policies envisioned for the City's budget is to begin each year with a targeted fund balance. The long-term goal is to obtain a rolling beginning fund balance in each operating fund equal to fifteen percent of the fund's operating budget, excluding the beginning fund balance, building permit revenue and any significant one-time revenue.

Equipment Replacement Reserve Fund

The Equipment Replacement Reserve Fund is to be utilized as a sinking fund to set aside the necessary resources to finance the purchase or replacement of vehicles, equipment, and technology for the operational needs of the City. For each listed piece of equipment, a schedule will be made outlining the project future cost of replacement, a listing of the current contributions made towards replacement, and the estimated service charges for maintenance. Funds or departments that participate will make regularly scheduled payments to ensure that adequate funds are available. Should a department require equipment that has not previously been scheduled; the initial acquisition of the equipment will be budgeted for and purchased from the department's own budgetary schedule. The equipment will then be donated to the equipment replacement fund. Under no circumstances will funds be withdrawn from the reserve for other operating purposes unless a corresponding reduction in the equipment listing is made by the department requesting the withdrawal.

Rainy Day Reserve Fund

The Rainy Day Reserve's primary purposes are to protect the City's essential service programs during periods of economic downturn that may temporarily reduce actual resources or cut the growth rate of City resources below that necessary to maintain pre-existing service levels. Disbursement of funds will only be made upon approval of Council.

LEOFF I Post-retirement Benefit Fund

The LEOFF I Post-retirement Benefit Fund is to provide actuarial-sound fund balances to match the post-retirement liabilities accrued for covered fire and police personnel. An actuarial study is commissioned every five years to assess the status of the pension plan and to set new reserve targets as required. The pension plan is expected to service retirees until approximately the year 2040.

Cumulative Reserve 1st Quarter Percent REET Fund

The City created the Cumulative Reserve 1st Quarter Percent REET Fund to finance the repair, maintenance, and acquisition of park, library, recreational, cultural, and civic improvements; and land. The proceeds from the 1st Quarter Percent REET are authorized by RCW 82.46.010.

Cumulative Reserve 2nd Quarter Percent REET Fund

The City created the Cumulative Reserve 2nd Quarter Percent REET Fund to finance a package of improvements that will be funded from a second 1/4 percent real estate excise tax. This tax was specifically enacted as a part of the state's growth management statutes, which call for the provision of resources for capital facilities that relate directly to growth. The long-term goal of this fund is to accumulate sufficient cash for capital needs deemed appropriate within the scope of the Growth Management Act.

Cumulative Reserve Enterprise Funds

A cumulative reserve shall be established by the Water, Wastewater, Solid Waste, Storm Drain, and Marina Funds to replace utility capital, plant and equipment. This reserve will be adjusted biennially by the current year's depreciation expense less bond reserves, principal paid on outstanding debt, and purchases of replacement capital. The long-term goal of this fund is to accumulate sufficient cash for capital needs deemed appropriate within the scope operations and the Growth Management Act.

Bond reserves shall be created and maintained by the Water, Wastewater, Solid Waste, and Stormwater Utilities and the Marina in accordance with the provisions set forth in the bond covenants.

Paths and Trails Fund

The purpose of this reserve fund is to establish and maintain paths and trails for bicyclists, equestrians and pedestrians. The basis for revenue is a one-half of one percent of Motor Vehicle Fuel Taxes received by the Street Fund. Funds must be expended for the purpose required within ten years of receipt.

Accounting, Financial Reporting, and Auditing Policies

The City of Oak Harbor will establish and maintain a high standard of accounting practices. Accounting and budgetary systems will, at all times, conform to Generally Accepted Accounting Principles, the State of Washington Budgeting Accounting Reporting System (BARS) and local regulations.

A comprehensive accounting system will be maintained to provide all financial information necessary to effectively operate the City.

The City will meet the financial reporting standards set by the Governmental Accounting Standards Board. An annual audit will be performed by the State Auditor's Office and will include the issuance of a financial opinion as to the financial position and the results of operations of the City.

Performance Measurement Policies

As the demands for new services and improvements to existing programs have strained the City's capacity to provide these in an era of fiscal restraint, new techniques for stretching resources have been developed and tested by municipalities throughout the country.

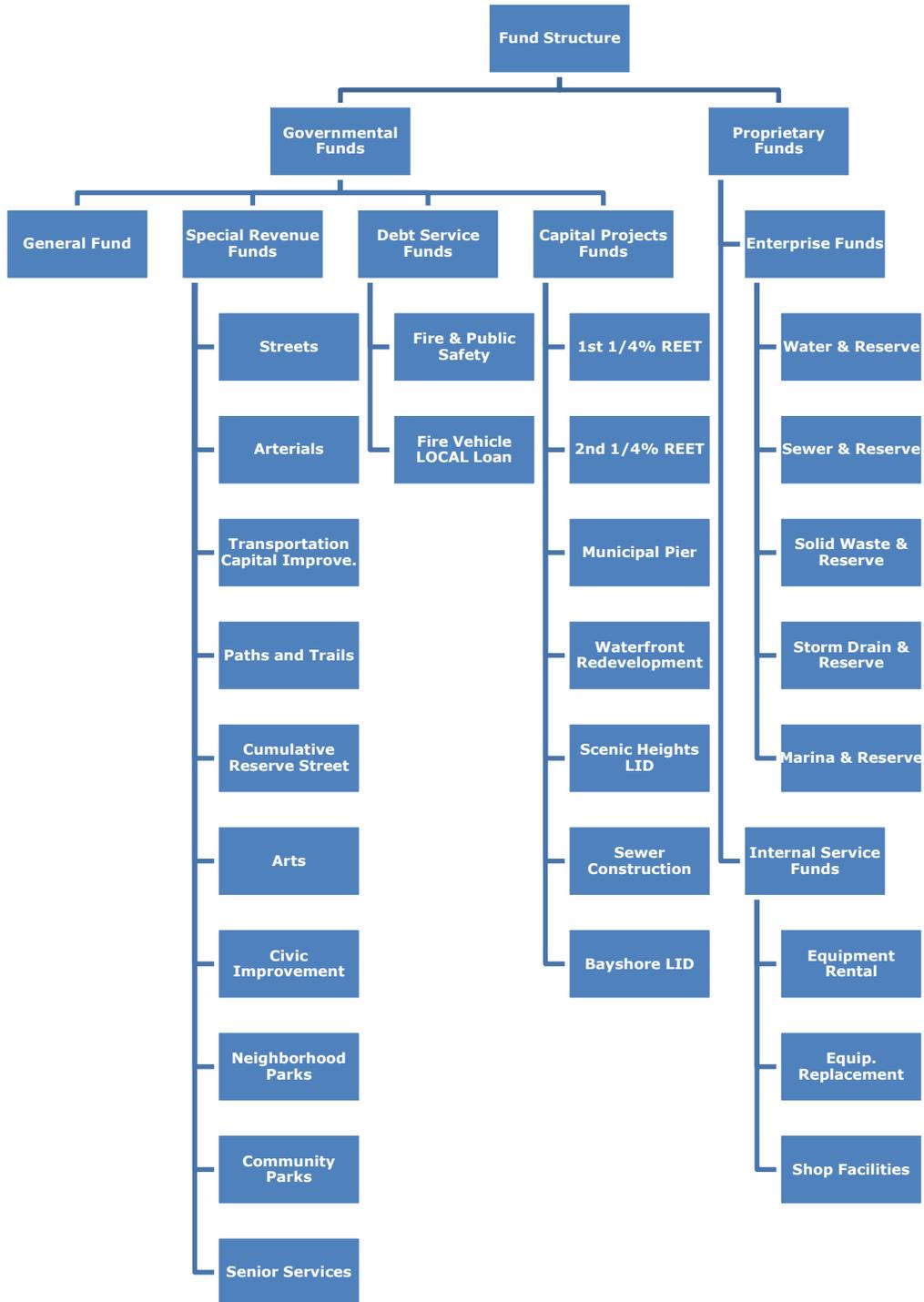
To this end, it is the policy of the City of Oak Harbor to develop a comprehensive productivity/work measurement program throughout City government to improve the efficiency and effectiveness of service delivery. The primary objectives of this City initiative should be:

- a) Developing accurate and fair measures of quality and effectiveness of service delivery in each City department and agency.
- b) Training City managers and employees to conduct performance measurement studies, to help design and implement an overall performance evaluation program, and to utilize this program on an ongoing basis.
- c) Integrating the work standards and measures produced by the performance evaluation effort into the City's existing budgetary and accounting systems.
- d) Saving City dollars and resources in providing existing and new municipal services.

In implementing each of the phases of this performance measurement program, the City will seek to maximize the reporting and analysis of data that demonstrates progress and area for further refinement. The City believes the development of accurate and realistic productivity measures, and the integration of these measures into its budgetary and accounting systems, will enable future City Councils, City Administrations, and management personnel to make resource allocation decisions which reflect the financial requirements of all activities as well as hard information on the quality and quantity of services being delivered.

Fund Descriptions

The financial operations of the City are organized into funds and account groups, each of which is a separate fiscal and accounting entity. All revenues received or expenditures made by the City are accounted for through one of the funds or account groups listed below.



Governmental Funds

Most City functions are financed through what are called governmental funds. There are five types of governmental funds:

1. General Fund
2. Special Revenue Fund
3. Debt Service Fund
4. Capital Projects Fund
5. Expendable Trust Fund

General Fund

The General Fund is the major operating fund of the City government and it accounts for the vast majority of City operations. The General Fund pays for police and fire services, parks and recreation, development services, building inspection, general city administration, legal, and finance among other city functions.

Major revenues are local sales taxes, property taxes, state shared revenue, fines and forfeitures, license and permit fees, charges for services, interest, and other fees.

The General Fund is considered unrestricted, and can be used for any governmental purpose. All other City funds are used to account for revenues that are restricted under either federal, state, or local law, including generally accepted accounting principles.

Special Revenue Funds

Special Revenue funds are used to account for those types of revenues that are legally restricted to be spent for a specific purpose (except for expendable trusts or major capital projects). These revenues must be accounted for separately from the General Fund for a variety of reasons. Special revenue funds pay for street and arterial improvements funded through motor vehicle fuel tax, path and trail improvements funded through motor vehicle fuel tax, civic improvements paid for with the 2% hotel lodging tax, neighborhood and community park improvements paid for with impact fees, and the Senior Center which is funded through restricted contributions from both the City General Fund and Island County, and through program revenues.

Debt Service Funds

The following are the types of debt generally issued by the City for general government purposes:

Unlimited Tax General Obligation Bonds represent debt that was approved by voters for a specific purpose. In this case, citizens have agreed to levy property taxes to repay the debt, generally over specified period of time.

Legal Debt Limits Legal Debt Limits established in state statute are as follows: Councilmanic Bonds (non-voted) 1.5% of assessed property valuation; Unlimited Tax General Obligation Bonds (voted), Utility Purposes with a 3/5 public vote, and Open Spaces and Parks Facilities with a 3/5 public vote are all 2.5% assessed property valuation. The 2012 assessed property valuation is \$1,639,474,625. The Councilmanic Legal limit is \$24,592,119. The Unlimited Tax G.O. Bond, Utility and Parks legal limit are all \$40,986,866.

Limited Tax General Obligation Bonds (also called "Councilmanic Bonds") can be issued with approval of the City Council. The debt is repaid from general revenues of the City.

Local Improvement District (LID) Bonds represent debt that is repaid by the property owners who benefited from the capital improvement through annual assessments paid to the City. LIDs are formed by the City Council after a majority of property owners agree to the assessment.

Capital Projects Funds

The Capital Projects funds are used to account for the monies used for the acquisition or construction of major capital facilities (such as buildings or roads).

The City's Capital Projects funds are funded by grants, private sources, and transfers from other City funds or from the receipt of bond proceeds resulting from the City's issuance of bonds for a specific project.

Expendable Trust Funds

These funds are used to account for monies received by the City in a trustee capacity, where both the principal and earnings of the fund may be expended. The City currently does not utilize any Expendable Trust Funds

Governmental Funds and The City's Financial Structure

The City's financial structure is consistent with Washington State's Budget, Accounting, and Reporting System (BARS), as required for all Washington local governments. The financial statement is prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units.

Expenditure budgets are prepared at the "line item" or object-of-expense level. (An example is wages, uniforms and clothing, office supplies, professional services, etc.) Summary totals are provided for object groups (such as wages, benefits, supplies, and capital outlay). Further subtotals are provided for organizational units within departments (divisions), which are an approximation of costs by function. Finally, department and fund totals provide a broader viewpoint of the budget. The financial overview page contained within each operating department section provides summary level financial data with comparative years.

Governmental funds use the modified-accrual basis of accounting. Under this basis, revenues are recognized when received in cash and earned. Expenditures are accounted for on the accrual basis with the exception of employee leave benefits and long-term debt, which are recognized when due.

Proprietary Funds

Proprietary operations of the City, enterprise and internal service functions, are accounted for using the accrual basis of accounting in a manner comparable to private industry. Proprietary funds are used to account for the City's activities that are similar to those found in the private sector. These activities are not financed by taxes, but rather by fees charged to the users of the service. The accounting principles used for proprietary funds are the same as those applicable to similar businesses in the private sector.

Utility Enterprise Funds

These funds accounts for the activities of providing utility services to citizens within the City's certificated area of service. The City recognizes that enterprise activities are most advantageous to the City when supported fully by fees. As more customers are connected to the system, user charges are expected to cover the full cost of providing these services to the system customers.

Internal Service Funds

Internal Service funds are used to account for the financing of goods or services provided by one department to another, or to other governments, on a cost-reimbursement basis. By reporting such goods and services in this manner, the City is able to:

- Account for the total cost of the activity,
- Accumulate resources for replacing fixed assets, and
- Isolate interfund services so that governmental fund types do not report related revenues and expenditures twice within the same fund type (once by the department furnishing the goods or services, and once by the department receiving the goods or services).

Though not required by law, annual budgets for internal service funds are prepared for internal management purposes. Revenue for such funds is derived from the charges assessed to each user department.

Budget Organization – Fund Numbering System

The funds of the city are organized following the guidance provided in the Budgeting Accounting Reporting System (BARS) maintained by the Washington State Auditors Office. The fund numbers correspond to the use of the fund's revenues. The numbering system is as follows:

General Fund

001 Series

This fund is the general operating fund of the City. It accounts for all financial resources and transactions except those required to be accounted for in another fund. The activities of fire and police service, legal, finance, planning, parks and recreation, administration, and other general activities are included.

The **Current Expense Fund #001** receives property taxes, sales taxes, and other revenues to cover the cost of general city operations.

The **Current Expense Reserve Fund #002** is the holding fund for reserve funds. Currently the fire department reserve funding is the major revenue source.

The **Ameriflex Fund #003** is used to account for the activities of the employee unreimbursed medical plan.

The **Seizure Fund #005** holds funds from drug seizures.

The **Marathon Fund #006** is used to account for the activities of the City's marathon.

Special Revenue Funds**100 Series**

Special Revenue funds account for revenues derived from specific taxes, grants, or other sources, which are designated to finance particular activities of the City. The City's Special Revenue Funds include the following fund accounting entities:

The **Street Fund #101** receives State-shared unrestricted gasoline tax revenues and Capron funds. Capron funds are State-shared revenues comprised of gasoline taxes and motor vehicle license fees. Island and San Juan Counties and municipalities within these counties are the only recipients of Capron funds. Revenues are used for maintenance of the City streets.

The **Arterial Street Fund #104** receives State-shared restricted gasoline tax revenues and State grants for capital improvements to the City's arterial system.

The **Transportation Capital Improvement Fund #105** collects revenue from development activity and grants to be used for expenditures on improvements to public streets and roads.

The **Paths and Trails Fund #106** collects revenues equal to ½ of 1% of the motor vehicle fuel tax. These revenues are for the dedicated use of constructing and maintaining the city's pedestrian and bicycle paths and trails.

The **Cumulative Reserve Street Fund #110** reserves matching funds for grant requirements and as a contingency reserve for unanticipated expenditures

The **Arts Acquisition and Maintenance Fund #115** collects ¼% of the 6¼% utility tax to foster the creative arts in the City.

The **Civic Improvement Fund #116** receives hotel/motel tax revenues for expenditure on promotion of tourism. The City receives both the basic 2% and the additional 2% lodging taxes.

The **Neighborhood Parks Fund #125** receives revenue from developers for constructing and maintaining new and established neighborhood parks.

The **Community Parks Fund #126** receives revenue from developers for constructing and maintaining new and established larger scale community parks.

The **Senior Services Fund #129** receives participant fees, grant revenues, and contributions from The City's General Fund and Island County for expenditures associated with providing services and activities for the senior citizens in Oak Harbor and Island County.

Debt Service Funds**200 Series**

Debt Service funds account for the accumulation of resources and the payment of general long-term debt principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

The **Fire and Public Safety Bond Fund #201** accounts for the advance refunding of the callable portion of the City's 1987 General Obligation Bond and advance

refunding of the City's 1991 General Obligation Bond (totaling \$2,680,000). These bonds were retired in the year 2010.

Fire Vehicle LOCAL Loan Fund #230 accounts for the debt service on the purchase of two new fire trucks (\$192,000). These bonds were retired in the year 2012.

Capital Projects Funds

300 Series

Capital Projects funds account for financial resources, which are, designated for the acquisition and construction of general government capital improvements (other than those financed by proprietary funds).

The **Cumulative Reserve – Municipal Fund #311** receives the first ¼ of 1% of the Real Estate Excise Taxes. These revenues are to be used for municipal capital improvement projects necessary to implement Growth Management Act-related improvements.

The **Cumulative Reserve – Capital Fund #312** receives the second ¼ of 1% of the Real Estate Excise Taxes. These revenues are to be used for general capital improvement projects identified in the City's Capital Facilities Plan.

The **Municipal Pier Fund #320** was established to record the expenditures for the construction of the Municipal Pier project.

The **Waterfront Redevelopment Fund #325** receives funding from various grant, lodging tax, and subsidy sources to be used in the redevelopment of Windjammer Park project.

The **Scenic Heights LID Fund #361** accounts for the financial activity related to the Scenic Heights LID project. There are no balances or activity in this fund.

The **Sewer Construction Fund #362** accounts for the financial activity related to upgrades to the City's sewer system. There are no balances or activity in this fund.

The **Bayshore LID Fund #363** accounts for the financial activity related to the Bayshore LID project. There are no balances or activity in this fund.

Enterprise Funds

400 Series

Enterprise funds account for operations (a) that are normally financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Enterprise funds include:

The **Water Fund #401** accounts for the operations of the City-owned water utility. The water department maintains three storage tanks, approximately 103 miles of water mains, three booster pumps and associated facilities. The distribution system serves the City of Oak Harbor and supplies water to the U.S. Naval Air Station at Whidbey Island.

The **Wastewater Fund #402** accounts for the operations of the City-owned sanitary sewer utility. The City's sewer treatment plant and sewer treatment lagoons provide secondary treatment. The sewer department maintains approximately 70 miles of sanitary sewer mains, 11 remote lift stations and associated appurtenances. The collection and treatment system serves the City of Oak Harbor and a portion of the U.S. Naval Air Station at Whidbey Island.

The **Solid Waste Fund #403** accounts for the operations of the City-owned solid waste utility. The solid waste utility provides full service solid waste, recycling and yard waste. This utility serves the City of Oak Harbor.

The **Storm Drain Fund #404** accounts for the operations of the City-owned Storm Drain utility. The storm drain utility consists of 10 City-owned detention facilities and control structures and maintains approximately 49 miles of storm drain pipe, roadside ditches and bio-swales. This utility serves the City of Oak Harbor.

The **Marina Fund #410** accounts for the operations of the City-owned Marina. This full-service marina has moorage berths, dry storage sheds and dry landing storage. Other services provided are: temporary moorage, electricity, fuel, and launcher.

The **Water Cumulative Reserve Fund #411** is the Water Fund's reserve account and will collect monies to be used for future capital improvements.

The **Wastewater Cumulative Reserve Fund #412** is the Wastewater Fund's reserve account and collects monies to be used for future capital improvements.

The **Storm Drainage Cumulative Reserve Fund #414** is the Storm Drainage Fund's reserve account and collects monies to be used for future capital improvements.

The **Marina Fund Cumulative Reserve #420** is the Marina Fund's reserve account and will collect monies to be used for future capital improvements.

Internal Service Funds

500 Series

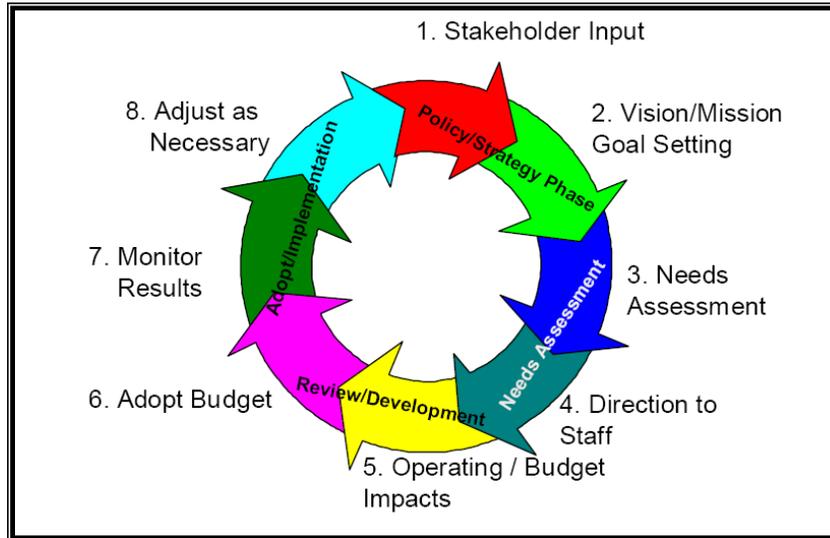
Internal Service funds account for operations that provide goods and services to other departments or funds within the City or to other governmental units on a cost-reimbursement basis.

The **Equipment Rental Fund #501** accounts for the motor-pool operations of the City. Maintenance, operation, and depreciation costs are charged to each user department on a monthly basis. Equipment Rental finances replacement of all vehicles and heavy equipment. Cash reserves or "sinking funds" are established to fully fund vehicle and major equipment needs at the time of purchase.

The **Equipment Replacement Fund #502** accumulates funds for future purchases of larger pieces of equipment, technology and all vehicles for the City.

The **Shop Facility Fund #510** serves two purposes. First, it accounts for the cost of operating the Public Works Facility Campus and supervision of the various Public Works divisions. Each division that is housed at the facility is charged space rent, with the annual proceeds used to pay maintenance and overhead. Secondly it charges out for the Special Labor Pool to the other funds that use these employees.

Budget Process Calendar



Process

Date

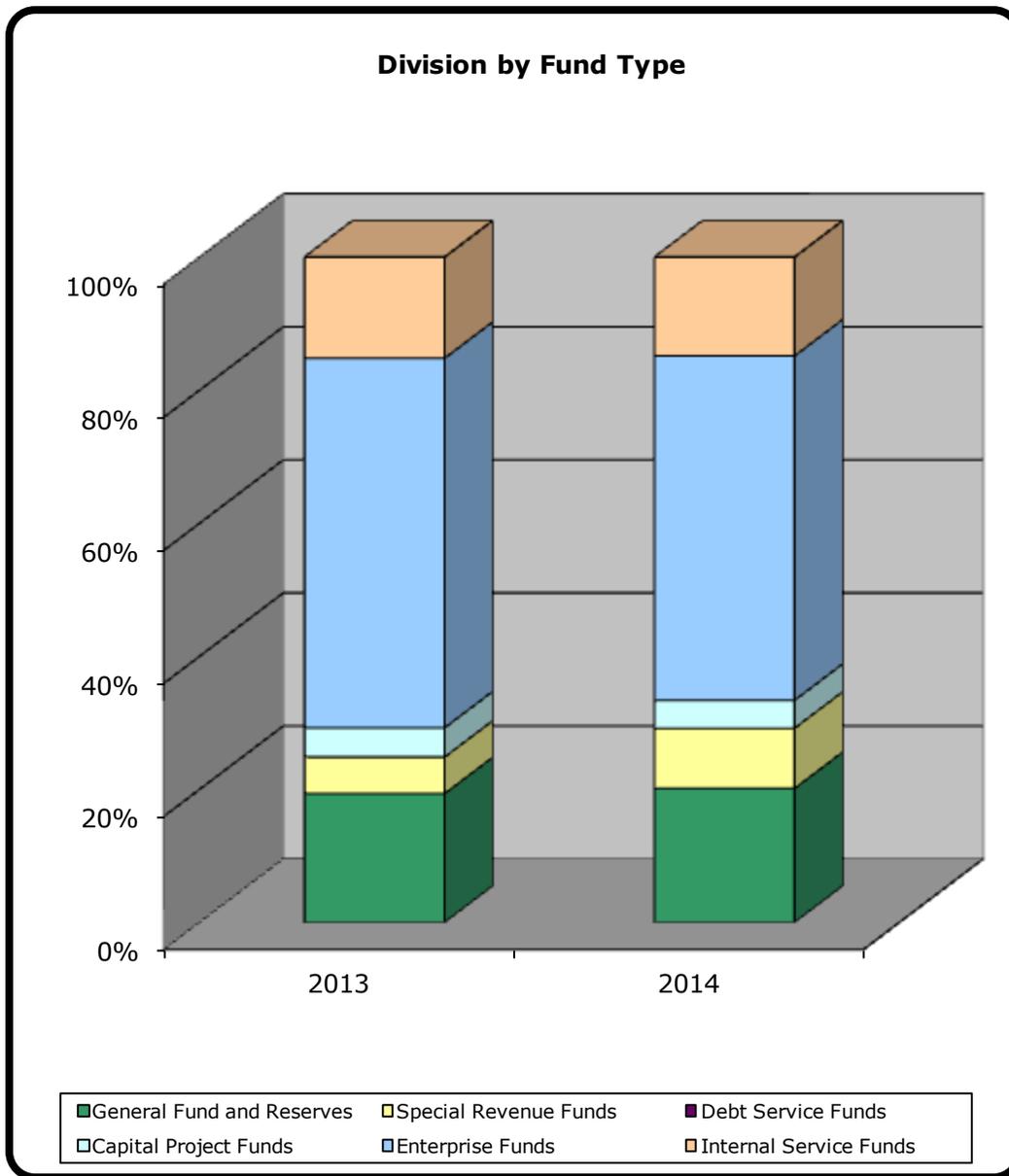
Stakeholder Input Process	March
Council Retreat	Early April
Early Budget Hearing	Early June
Deadline for City Council Suggestions & Proposals	June 30
Mid-Year Financial Review	Mid-July
Proposed Preliminary Budget	Late September
Proposed Biennial Budget and Planning Calendar	2 nd Week September
Budget Workshops on Departmental Proposals	October
Budget Estimates – Revenue & Expenditure	1 st October Meeting
Budget hearing - Motion to Adopt the Preliminary Budget	1 st November Meeting
Council Work Session – Review of Budget	November
Public Hearing – Final Budget (as defined by RCW 35A.33.070)	Final November Meeting
Mid-Biennium Review Commences Process	Sept. 1, through Aug 31
for Mid-Biennium Review - review with City Council	

Overall Budget Summary
2013 - 2014 Operating Budget by Fund

Fund	Actuals 2011	Amended 2012	Adopted 2013	Adopted 2014
001 CURRENT EXPENSE	\$11,131,462	\$14,280,339	\$12,326,725	\$12,582,462
002 CURRENT EXPENSE RESERVES	-	1,390,238	3,214,372	3,214,372
003 CURRENT EXP - AMERIFLEX	42,956	60,000	42,000	42,000
005 CURRENT EXP - SEIZURE	10,512	10,000	10,000	10,000
006 WHIDBEY ISLAND MARATHON	179,534	354,272	326,532	335,473
101 STREETS	901,338	1,842,823	1,630,324	1,431,294
104 ARTERIALS	4,719,858	370,666	110,000	3,290,000
105 TRANSPORTATION CAPITAL IMPROVE	25,000	1,144,799	1,195,425	1,031,344
106 PATHS & TRAILS 1/2 OF 1% MVFT	-	22,418	24,348	26,548
110 CUMULATIVE RESERVE STREETS	-	21,383	-	-
115 ART ACQUISITION & MAINTENANCE	35,056	120,977	52,365	78,818
116 CIVIC IMPROVEMENT (2%)	133,069	518,618	566,375	593,375
125 PARK IMPROV-NEIGHBORHOOD PARKS	160,687	59,433	99,842	101,842
126 PARK IMPROV COMMUNITY PARKS	7,350	256,435	383,381	271,161
129 SENIOR CENTER	382,008	467,166	445,480	439,108
230 2008 LOCAL FIRE BOND	51,711	25,856	-	-
311 CUM RESERVE (M) 1ST 1/4% REET	1,169,000	1,501,202	2,031,993	1,931,993
312 CUM RESERVE MCI 2ND 1/4% REET	1,583,000	357,603	1,080,069	980,069
320 CONSTRUCTION - DOCK PROJECT	61,268	298,461	-	-
325 WATERFRONT REDEVELOPMENT FUND	-	334,439	501,278	451,778
401 WATER	3,865,325	9,062,925	13,088,716	8,693,755
402 SEWER	3,786,005	10,532,585	12,478,110	13,849,259
403 SOLID WASTE	2,958,046	5,256,189	5,423,711	4,471,989
404 STORM DRAIN	1,214,545	1,685,718	1,471,262	3,615,849
410 MARINA	1,762,715	2,320,791	1,554,354	1,465,118
411 CUMULATIVE RESERVE WATER	5,410	3,477,983	5,979,736	3,755,736
412 CUMULATIVE RESERVE SEWER	3,194	5,025,497	5,029,772	5,117,272
413 CUMULATIVE RESERVE - SOLID WASTE	-	121,314	116,546	117,146
414 CUMULATIVE RESERVE STORM DRAIN	-	423,420	411,203	438,203
420 CUMULATIVE RESERVE MARINA	-	101,220	96,224	50,000
501 EQUIPMENT RENTAL	880,162	987,699	1,441,735	1,292,782
502 EQUIPMENT REPLACEMENT	491,257	7,340,119	8,121,703	7,841,731
505 TECHNOLOGY RESERVE FUND	229,870	-	-	-
510 SHOP FACILITY	2,077,591	2,260,314	2,926,205	2,786,539
Total	\$37,867,929	\$72,032,902	\$82,179,786	\$80,307,016

2013 - 2014 Operating Budget by Fund Type

Fund Type	Actuals 2011	Amended 2012	Adopted 2013	Adopted 2014
General Fund and Reserves	\$11,364,464	\$16,094,849	\$15,919,629	\$16,184,307
Special Revenue Funds	6,364,366	4,824,718	4,507,540	7,263,490
Debt Service Funds	51,711	25,856	-	-
Capital Project Funds	2,813,268	2,491,705	3,613,340	3,363,840
Enterprise Funds	13,595,240	38,007,642	45,649,634	41,574,327
Internal Service Funds	3,678,880	10,588,132	12,489,643	11,921,052
Total	\$37,867,929	\$72,032,902	\$82,179,786	\$80,307,016



General Fund



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General Fund Revenues

Major Revenue Sources

Property Taxes

Property taxes are levied on the assessed valuation of real and personal property within the city limits. State law limits the amount of property tax the city may levy to no more than \$3.60 per \$1,000 of assessed valuation. In addition there are limitations on the amount of property tax increases from one year to another.

Sales Tax

Sales tax is imposed on the sale of goods and services occurring within the municipal boundaries of the city, or when certain goods ordered from other jurisdictions are delivered to customers residing in Oak Harbor. Currently, the City's total sales tax rate is 8.7% of which the City is allowed to receive, by law, an amount equal to 1% of sales. The sales tax is collected by the State of Washington, remitted to Island County, which in turn remits to Oak Harbor its 1% revenue portion, less a 15% fee retained by the County for administration. The net effect being that the City of Oak Harbor receives sales tax in the amount of 0.85% of sales – equaling approximately 9.77 cents of each sales tax dollar collected at the point of sale.

Business & Cable Taxes

The City imposes a tax on business within the city limits based on their gross operating revenues.

Gambling Taxes

These taxes are assessed upon gambling operations within the City of Oak Harbor and cover punch- boards, pull tabs, bingos, and raffles.

Business Licenses

This revenue is from the issuance of licenses to conduct business in the City of Oak Harbor. The fees charged are a direct reflection of the type of business and number of employees.

Building & Other Permits

Building permit fees represent a cost recovery fee established to reimburse the City for the time spent by staff in reviewing construction projects. Also included in the figures below are small amounts collected for animal licenses and other miscellaneous permits.

State Shared Revenue

The State of Washington collects certain revenues and then shares these funds with local government, with distribution based on population. These monies include, Motor Vehicle Excise Taxes, Sales Tax Equalization, Liquor Excise Taxes, Liquor Profits, and others. With the recent passage of I-695, the Sales Tax Equalization monies and Motor Vehicle Excise Taxes have been diminished.

Municipal Court Collections

The City of Oak Harbor collects and retains a portion of the fines levied to individuals who appear in the municipal court and also is reimbursed for a portion of some costs and expenses such as probation fees and court appointed attorney fees.

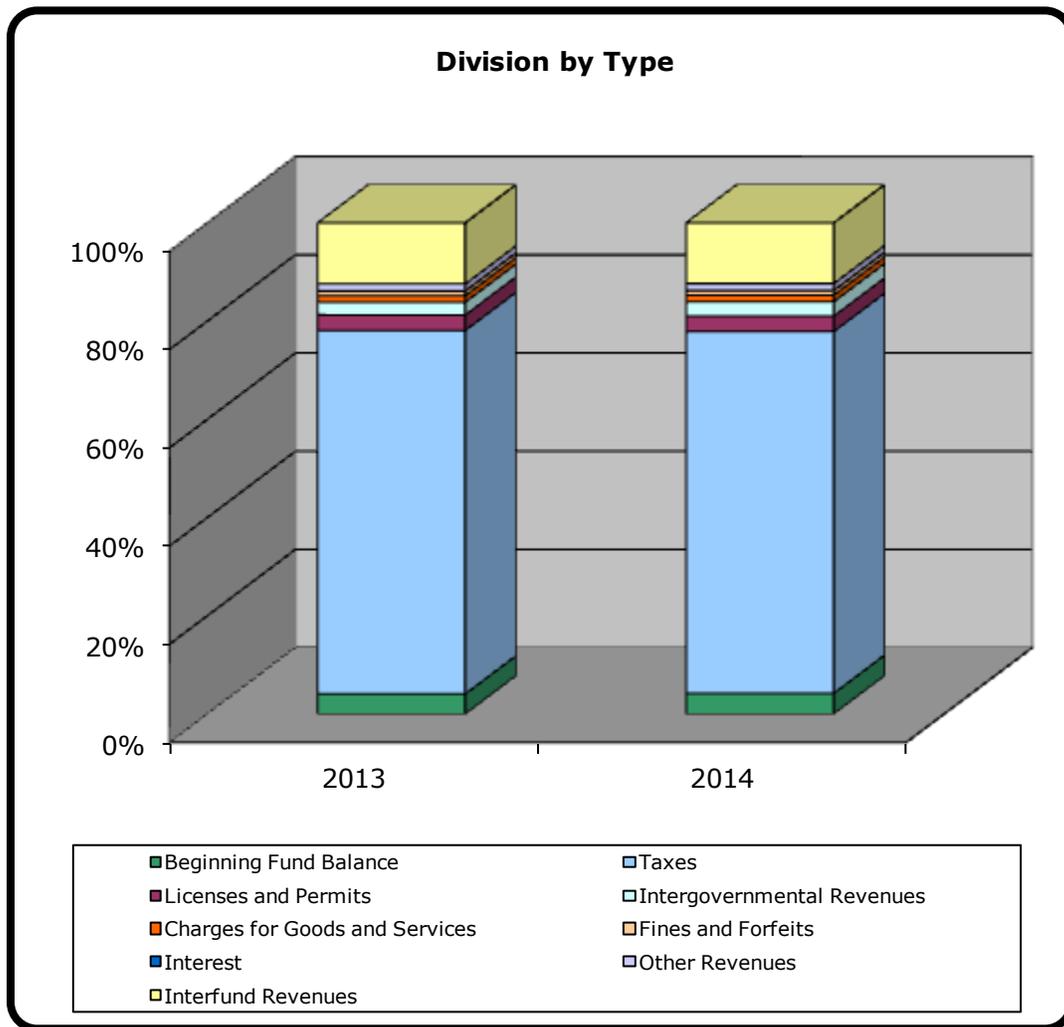
Camping Fees

The City owns and operates a recreational vehicle campground and these fees represent the camping fees related to this operation.

Current Expense Summary

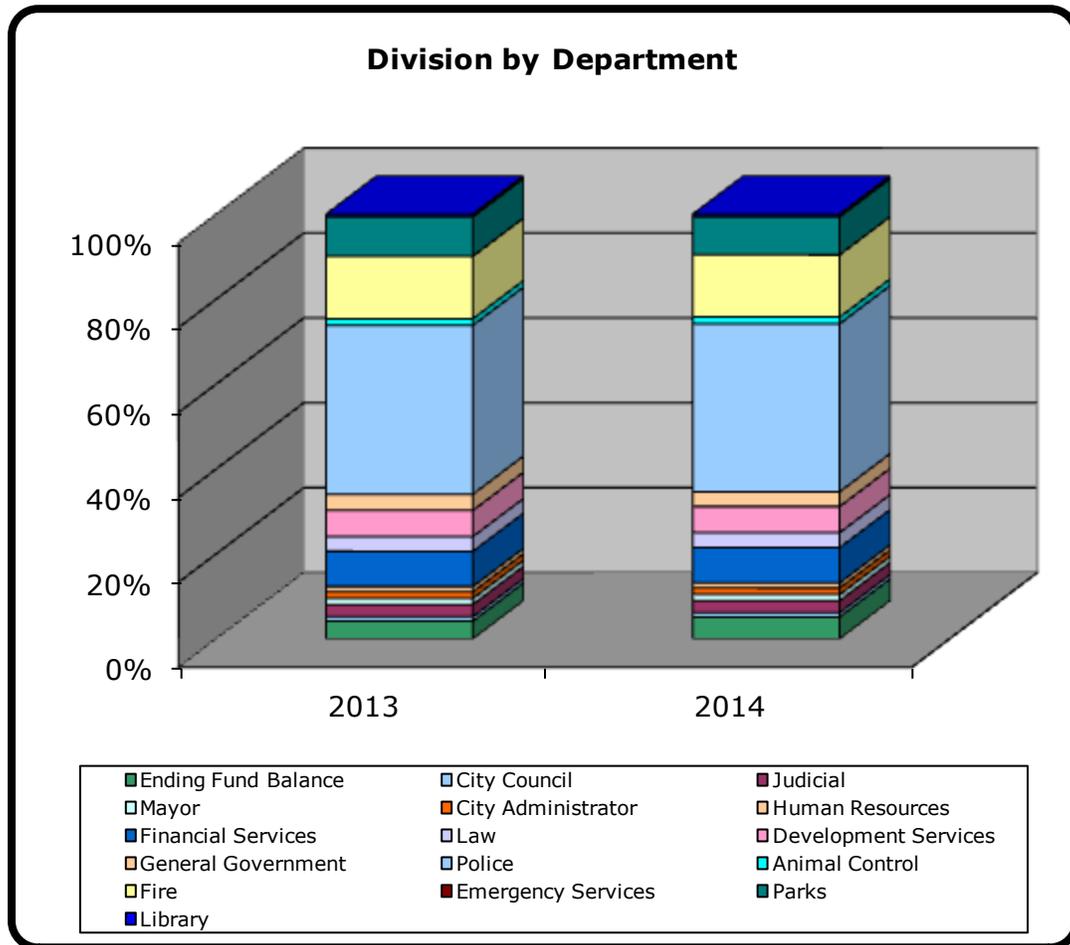
Revenues by Type

Source	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ -	\$ 1,872,513	\$ 504,233	\$ 531,684
Taxes	9,144,461	9,447,644	9,123,842	9,268,306
Licenses and Permits	437,151	421,150	389,650	394,650
Intergovernmental Revenues	418,587	466,150	319,200	370,200
Charges for Goods and Services	162,507	186,850	163,050	164,650
Fines and Forfeits	128,744	231,800	114,900	118,100
Interest	19,028	58,800	5,700	5,700
Other Revenues	230,850	167,250	173,600	175,600
Interfund Revenues	1,648,948	1,428,182	1,532,550	1,553,572
Total	\$ 12,190,276	\$ 14,280,339	\$ 12,326,725	\$ 12,582,462



Expenditures by Department

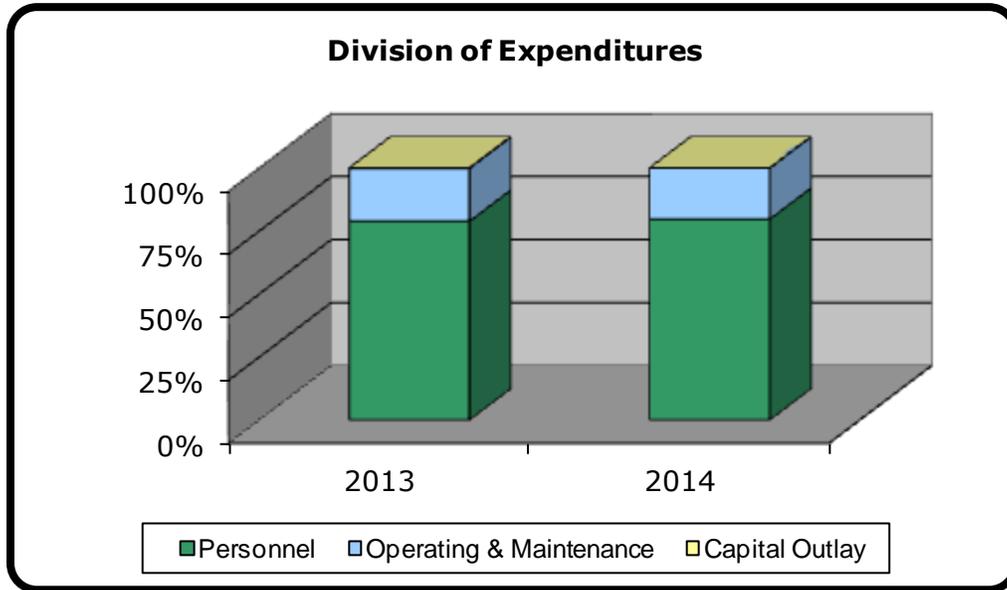
Fund	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Ending Fund Balance	\$ 2,199,127	\$ 1,690,848	\$ 518,592	\$ 649,800
City Council	117,583	119,445	125,183	129,230
Judicial	337,756	423,296	352,780	353,570
Mayor	170,930	175,324	182,465	186,454
City Administrator	257,123	260,407	185,695	189,391
Human Resources	160,816	177,718	154,486	150,172
Financial Services	789,606	961,053	1,024,117	1,047,167
Law	474,907	475,924	426,272	443,696
Development Services	945,055	940,286	761,320	774,887
General Government	89,613	532,056	469,335	436,394
Police	4,698,153	5,033,682	4,903,657	4,981,156
Animal Control	184,190	183,449	195,146	198,914
Fire	1,781,195	2,064,775	1,809,242	1,841,016
Emergency Services	29,880	31,450	5,700	5,700
Parks	1,012,572	1,140,726	1,140,635	1,121,315
Library	82,083	69,900	72,100	73,600
Total	\$ 13,330,589	\$ 14,280,339	\$ 12,326,725	\$ 12,582,462



Fund Balance Reconciliation

Fund balance represents the amount of financial resources available to be used during a given budget cycle. At the start of a fiscal year, beginning fund balance represents primarily liquid assets such as cash, investments, and certain receivables which will be converted to cash during the next twelve month period, less claims or restrictions against those assets, and which will be available to be spent on appropriated expenditures. And the end of a fiscal year, ending fund balance represents the beginning fund balance plus cash revenues received during the year, less cash expenditures. There are certain times when fund balances will not reconcile from year to year. This occurs when non-cash transactions, prompted by such actions as resolutions, ordinances, or the write-off of certain receivables, add or remove certain classes of assets from the fund balance equation without an actual cash transaction taking place. Accordingly, the actual ending balance for one year may not equal the beginning balance of the subsequent year if it is anticipated that some form of action may be taken that might adjust the future projection of resources available to be appropriated in that year.

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 3,813,826	\$ 1,872,513	\$ 504,233	\$ 531,684
Operating Revenues	10,541,328	10,979,644	10,289,942	10,497,206
Expenditures				
Personnel	8,086,224	9,339,831	8,552,769	8,746,616
Operating & Maintenance	2,175,428	2,462,552	2,277,167	2,223,229
Capital Outlay	765	53,500	13,000	-
Total Expenditures	10,262,417	11,855,883	10,842,936	10,969,845
Operating Surplus (Deficit)	278,911	(876,239)	(552,994)	(472,639)
Other Sources (Uses)				
Net Interfund Transactions	948,614	869,902	684,353	707,755
Net Operating Transfers	(168,711)	(175,328)	(117,000)	(117,000)
Sources Over (Under) Uses	779,903	694,574	567,353	590,755
Change in Fund Balance	1,058,814	(181,665)	14,359	118,116
Ending Fund Balance	\$ 4,872,640	\$ 1,690,848	\$ 518,592	\$ 649,800



Department Expenditure Budgets

City Council

Mission:

The City Council consists of seven elected members, each for four year, staggered terms. The Council is the legislative body of the City and is responsible for all legislative actions and policy-making for the City. The Council is empowered with the authority to enact ordinances and policies to protect the rights of the citizens of the community. The City Council meets twice per month to review, direct and legislate on matters of land use, finance and general governance. Council members also serve on committees with staff, community members, and other advisors to review specialized functions and make recommendations to the Mayor.

The Oak Harbor City Council is the legislative branch of city government, and each member is elected to represent all the citizens of Oak Harbor. The responsibilities of the Council are set forth by state law and the City of Oak Harbor Municipal Code. The principal function of the Council is policy-making for the City organization and the population it serves, usually by resolution or ordinance. The Council adopts annual priorities and goals and regularly reassesses community needs. When making policy, the Council relies on ideas from many sources, including staff, citizens' groups, advisory committees, individuals, and various local organizations. It is the Council's responsibility to consider the merits of each item before them, and then approve, modify, or reject it. This process allows Council members to analyze community needs, program alternatives and available resources. The principal forum for local government policy-making is the City Council meeting that takes place on Tuesday evenings approximately two times a month. Standing committee meetings take place on various days of the week. In addition, several special meetings and work sessions are scheduled as needed during the course of the year. The biennial budget process defines departmental objectives and goals for the following year. The key to the budget process is the Council's focus on developing policy, targeting issues and establishing multi-year goals. Goals reflect community vision, and budgets and programs make those goals reality.

Responsibilities:

- Set forth the powers vested in legislative bodies.
- Represent citizens through legislation and policy direction.
- Anticipate and target issues that affect the community.
- Set community direction and goals for the future.
- Monitor performance of the administration in achieving goals.
- Provide a policy framework for municipal operations and services.
- Serve on standing committees, which act as work sessions.
- Represent the City in regional and intergovernmental affairs.
- Inspire our citizens to become a part of the City's future.

2012 Accomplishments:

- ✓ Selected the Windjammer Vicinity as the preferred site for the new Wastewater Treatment Plant.
- ✓ Completed the Safe Routes to Schools and Gun Club Road Water Mains projects.

- ✓ Approved on time a major amendment to the City's Shoreline Master Program.
- ✓ Approved the 2013-2014 Biennial Budget and established a new Stabilization Fund to buttress the City's financial position.
- ✓ Approved an easement with the Navy to allow construction of a replacement jet fuel line from the Seaplane Base to Ault Field.
- ✓ Adopted revised personnel code and Employee Policy Manual.
- ✓ Approved contracts for new Fire Chief, Police Chief, City Administrator and Assistant City Attorney and new contracts for Development Services Director and Finance Director.
- ✓ Approved the purchase of a new rescue vehicle for the Fire Department.

2013 – 2014 Goals:

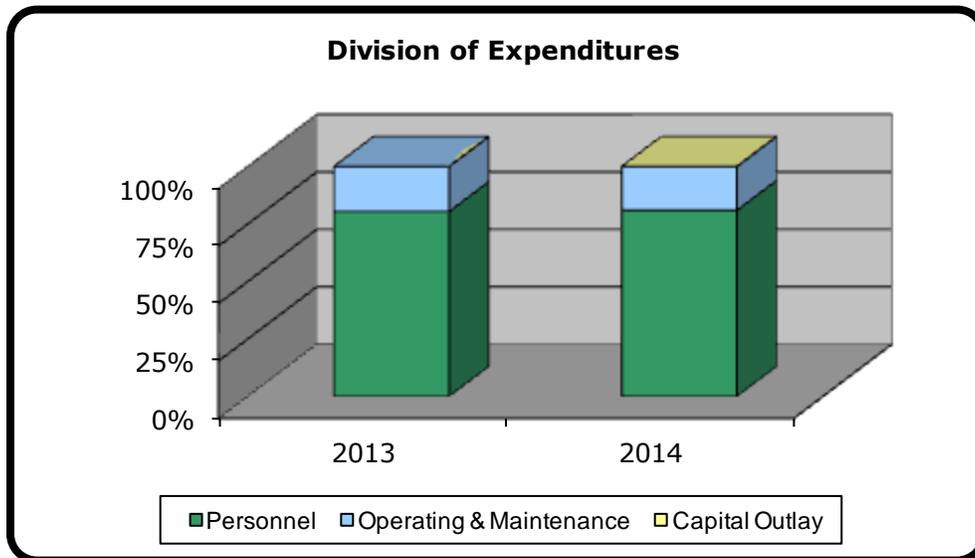
- ❖ **Goal: Complete archaeological recovery effort for Pioneer Way.**
 - Objective: In accordance with the City's archaeological permits, complete the effort to recover cultural materials from the spoils removed from Pioneer Way and work with local Tribes on reburial options.
- ❖ **Goal: Complete the North Reservoir Project.**
 - Objective: Contract and build this major addition to the City's water utility infrastructure.
- ❖ **Goal: Continue with the Wastewater Treatment Plant planning and development, scheduled to be complete in 2017.**
 - Objective: For this two-year period, objectives include selecting and acquiring the final location for the plant, designing the facility, performing environmental review, and construction a new outfall.
- ❖ **Goal: Complete the 42" Storm Water Outfall Project.**
 - Objective: Implement this major enhancement to the City's stormwater system.
- ❖ **Goal: Enable a smooth transition from the Seaplane Base Animal Shelter to a new facility.**
 - Objective: Select a replacement site and contractor to operate the shelter and work with the Navy to cooperatively provide animal recovery and shelter services.
- ❖ **Goal: Develop and Adopt Economic Development Plan.**
 - Objective: Assemble an action plan to implement a wide range of the economic development objectives.
- ❖ **Goal: Establish and implement a response to marijuana law changes.**
 - Objective: Develop effective local regulations for land use, policing and prosecution that are consistent with State law on marijuana possession and use.
- ❖ **Goal: Review and consider changes to employee benefits.**
 - Objective: In response to fiscal realities and changes coming as a result of the Affordable Care Act, review the City's employee benefit package for possible changes.

Personnel Schedule

Classification	Authorized Positions				
	2010	2011	2012	2013	2014
City Council Member	7.00	7.00	7.00	7.00	7.00
Total	7.00	7.00	7.00	7.00	7.00

Summary of Financial Information

Use of Funds	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Expenditures				
Personnel	\$ 89,879	\$ 92,051	\$ 94,967	\$ 98,864
Operating & Maintenance	21,920	21,610	23,050	23,200
Capital Outlay	-	-	-	-
Total Expenditures	111,799	113,661	118,017	122,064
Other Uses				
Interfund Transactions	5,784	5,784	7,166	7,166
Operating Transfers Out	-	-	-	-
Total Uses	\$ 117,583	\$ 119,445	\$ 125,183	\$ 129,230



Discussion of Key Elements

Personnel Expenditures:

There have been no significant changes.

Operating and Maintenance Expenditures:

The majority of the operating and maintenance budget is for travel and professional services.

Capital Outlay:

There are no capital assets budgeted for 2013 or 2014.

Judicial

Mission:

The mission of the Judicial department is to administer the operations of the judicial branch of City government in a neutral and effective manner and to ensure access to justice for all citizens.

Responsibilities:

Municipal Court has jurisdiction over criminal, traffic, parking, and civil matters, which arise from violation of municipal ordinances. The City’s Municipal Court function is contracted to Island County under an interlocal agreement.

2013 – 2014 Goals:

- ❖ **Goal: Continue providing fair and equitable prosecution and public defense services.**
 - Objective: A strong and vibrant community relies on a sound and fair judicial system.
- ❖ **Goals: Continue to provide and improve the Work Crew Program.**
 - Objective: The Work Crew Program represents an alternative to incarceration which benefits the efficiency of the judicial system as well as enhances general revenue.

Measurement Results

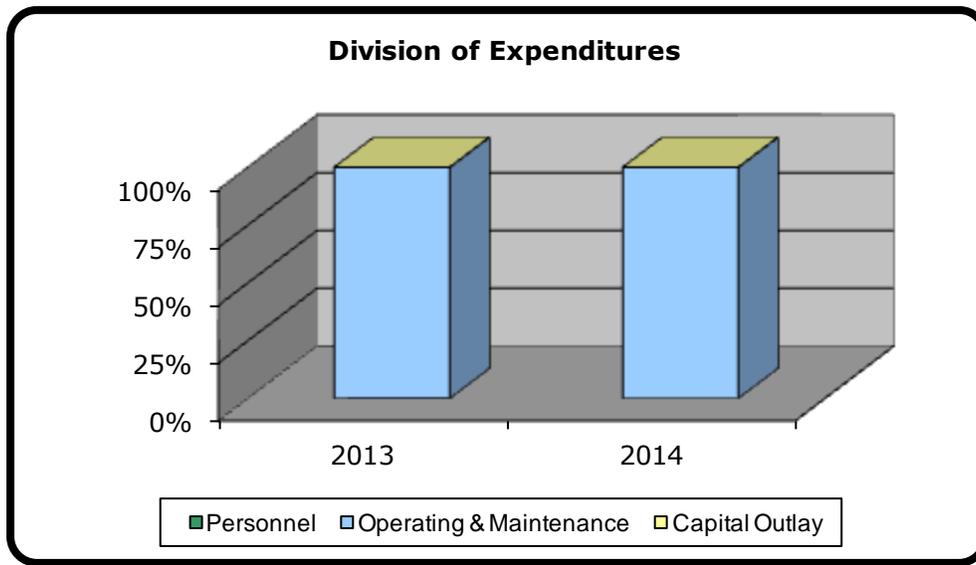
Measures	Actual		Projected	
	2011	2012	2013	2014
Qualitative Measures				
Cases filed	622	521	600	660
Successful prosecutions	531	408	492	541
Quantitative Measures				
Assault 4th domestic violence	74	62	75	80

Personnel Schedule

There are no employees charged to this fund.

Summary of Financial Information

Use of Funds	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Expenditures				
Personnel	\$ 8	\$ -	\$ -	\$ -
Operating & Maintenance	337,748	423,296	352,780	353,570
Capital Outlay	-	-	-	-
Total Expenditures	337,756	423,296	352,780	353,570
Other Uses				
Interfund Transactions	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Uses	\$ 337,756	\$ 423,296	\$ 352,780	\$ 353,570



Discussion of Key Elements

Operating and Maintenance Expenditures:

The majority of the operating and maintenance budget is for professional services which represent the City’s portion of operating the courts, including judges fees.

Capital Outlay:

There are no capital assets budgeted for 2013 or 2014.

Mayor**Mission:**

The City of Oak Harbor is committed to delivering quality services to its citizens in the most effective manner.

Responsibilities:

- Maintain accountability, integrity and communication with the citizens of Oak Harbor.
- Responsive stewardship of the tax dollars collected and spent to deliver City services. And to ensure the City's continued financial health through sound financial management.
- Oversee and command administrative duties of City government.
- Provide leadership to Council concerning the direction and future needs of the City.
- Build quality into the future and purpose into our actions.
- Ensure compliance with all laws, ordinances and policies and respond to emerging issues of policy development and immediate needs.
- Promote healthy relations between business, schools, military and government by identifying and initiating "partnering" opportunities.
- Maintain open communications with Federal, State and local elected officials.

2012 Accomplishments:

- ✓ Public safety is my top priority. At the Police Department, we reinstated the Resource Officer to improve safety at the High School and implemented a Community Service Officer for public outreach, which includes forming Neighborhood Watch groups. Our Fire Department is working to upgrade our rating from a Code 4 City to a Code 3 City. With the addition of the new Rescue Rig, your Fire Department is better equipped to respond to emergencies.
- ✓ In a move to increase economic development, appointed a staff member to work with local citizens and business owners. As a result, the Economic Development Committee was formed and members are working on a strategic economic plan.
- ✓ In order to improve communication and transparency between the City and citizens, we started to stream live City Council meetings. In addition, anyone can view a Council meeting or a Planning Commission meeting via video-on-demand from our website, www.oakharbor.org. We continue to broadcast Council meetings, Council workshops, Planning Commission meetings as well as other programs and community announcements on Comcast Cable Channel 10.
- ✓ Met with Federal legislators and Pentagon officials to discuss issues relative to the City's new Wastewater Treatment Facility project and our unique partnership with Naval Air Station Whidbey Island.
- ✓ Presented our Legislative Priorities to State Senator-Elect Barbara Bailey, State Representative Norma Smith and State Representative-Elect Dave Hayes.
- ✓ Served on the I-COM Board of Directors, Island County Board of Health, Island County Council of Governments, Island County Regional Transportation Planning Organization and Island County Law and Justice Council.

2013 – 2014 Goals:

- ❖ **Goal: Improve communication with our citizens.**
 - Objective: Seek ways to more effectively provide information to our citizens and to bring more citizens into a contributing role in their government.

- ❖ **Goals: Maintain staff health care costs.**
 - Objective: To rein in the unsustainable rise in the cost of health care premiums of our staff.

- ❖ **Goals: Make Oak Harbor a destination for visitors.**
 - Objective: Work with the Events and Activities Committee to showcase Oak Harbor as a place for special events that will bring visitors to our City. We are in the beginning stages of implementing the Main Street Program with our Downtown merchants.

- ❖ **Goals: Continued financial strength and sound fiscal policy.**
 - Objective: To maintain a deliberate and responsible approach to financial management, to live within budget and maintain adequate financial services in case of unseen expenses, economic downturn or emergency.

- ❖ **Goals: Remain strongly focused on infrastructure projects.**
 - Objective: Systematically complete essential public works projects, with emphasis on strong infrastructure. Old and aging infrastructure threatens the City’s finances and our ability to deliver City services.

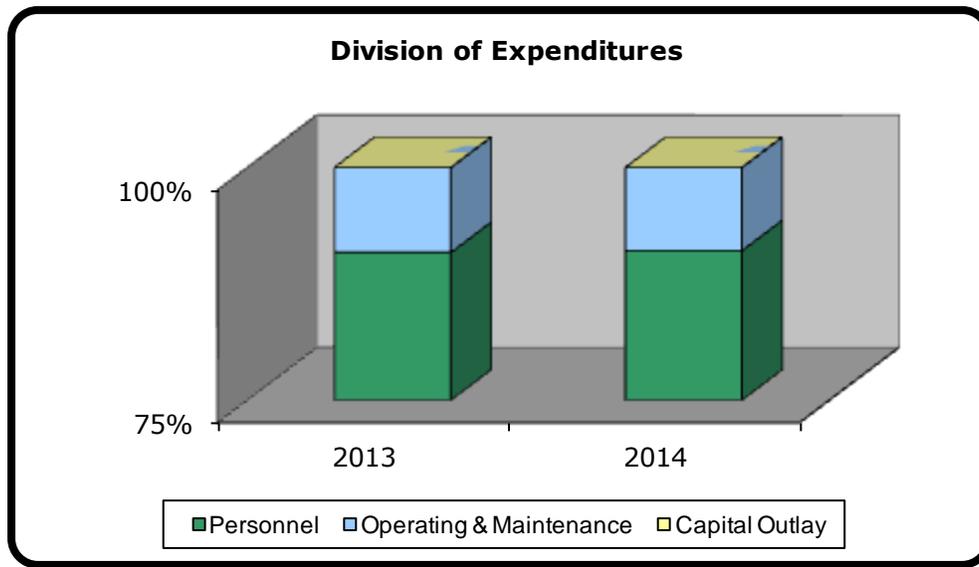
- ❖ **Goals: Meet with Pentagon Officials regarding Naval Air Station Whidbey Island.**
 - Objective: To discuss items of mutual interest and mutual partnership such as police, fire protection, water, sewer, solid waste, zoning, noise and encroachment.

Personnel Schedule

Classification	Authorized Positions				
	2010	2011	2012	2013	2014
Mayor	1.00	1.00	1.00	1.00	1.00
Executive Assistant	1.00	1.00	1.00	1.00	1.00
Total	2.00	2.00	2.00	2.00	2.00

Summary of Financial Information

Use of Funds	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Expenditures				
Personnel	\$ 150,578	\$ 156,233	\$ 163,116	\$ 167,105
Operating & Maintenance	17,820	16,560	16,360	16,360
Capital Outlay	-	-	-	-
Total Expenditures	168,398	172,793	179,476	183,465
Other Uses				
Interfund Transactions	2,532	2,531	2,989	2,989
Operating Transfers Out	-	-	-	-
Total Uses	\$ 170,930	\$ 175,324	\$ 182,465	\$ 186,454



Discussion of Key Elements

Personnel Expenditures:

There have been no significant changes to the personnel expenditures.

Operating and Maintenance Expenditures:

The majority of the operating and maintenance budget is for travel and professional services.

Capital Outlay:

There are no capital assets budgeted for 2013 or 2014.

City Administrator**Mission:**

The mission of the City's Administrator's Office is to maintain effective relationships with the Mayor, City Council, operating departments and other agencies. Assist the Mayor, City Council and City Staff in policy formation and in the implementation of policy decisions and directions. Provide professional leadership and management practices that create an organizational culture that results in the delivery of excellent services to our customers and our community and ensure operational accountability to the public, Mayor and City Council.

Responsibilities:

- Chief Administrative Officer of the City.
- Management and administration of the day-to-day operations of the City.
- Coordination of inter-departmental projects and programs.
- Coordination of departmental programs.
- Liaison between the Mayor, City Council, Boards/Committees, City staff and the general public.
- Provide clear, timely and accurate information to the public, Mayor and City Council.
- Ensure that City services are cost effective and efficiently provided.

2012 Accomplishments:

- ✓ Transition from former City Administrator to Interim City Administrator to confirmation of new City Administrator in December 2012.
- ✓ Oversaw the successful 2012 Whidbey Island Marathon event.
- ✓ Assisted in the development of the Facilities Plan for the new wastewater treatment plant and the selection of the Windjammer Vicinity as the future site.
- ✓ Assisted in the development and refinement of revisions to the personnel code and Employee Policy Manual.
- ✓ Assisted in the overall development of the City of Oak Harbor budget policies.
- ✓ Assisted in filling a City Council vacancy and in recruitment and hiring for several senior management positions.

2013 – 2014 Goals:

- ❖ **Goal: Support the Mayor and City Council in effective ways as they work to achieve the City's goals.**
 - Objective: Provide requested information and new information to the City Council in a timely manner.
 - Objective: Implement 2013/2014 Budget that focuses on achieving the City's goals.
 - Objective: Clearly communicate to the Mayor and City council staff recommendations and the basis for the recommendations.
- ❖ **Goal: Provide consistent and positive leadership to the organization.**
 - Objective: Clearly communicate and discuss with staff the policies, directions, and goals of the Mayor and City Council to assure successful implementation.

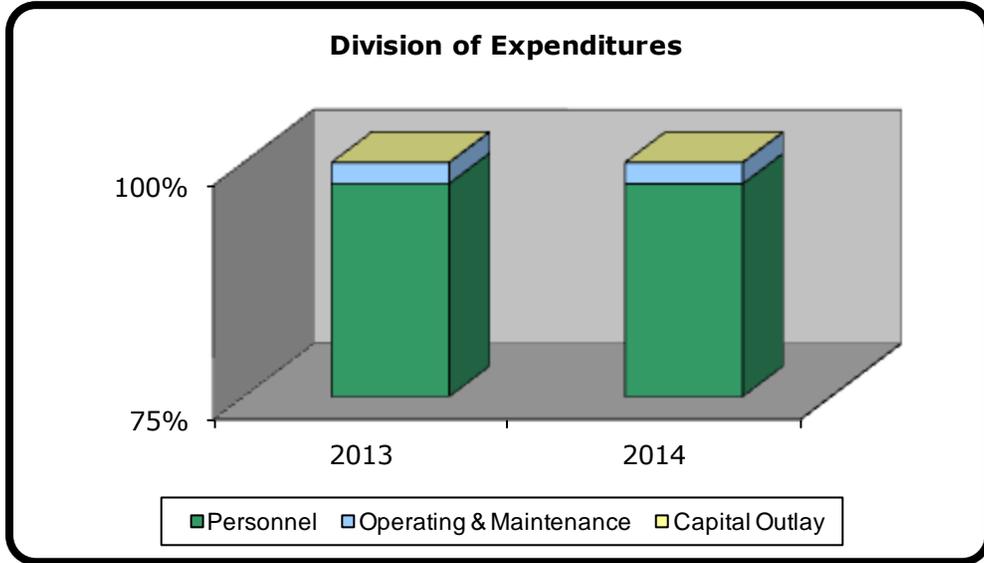
- Objective: Provide information and support that is consistent with the practices of sound public administration to successfully provide the intended outcomes and maintain the delivery of high quality municipal services.
- ❖ **Goal: Align departmental performance expectations with the available resources.**
 - Objective: Provide 2013/2014 work program based on approved biennial budget. Communicate with the City Council the desired outcome and report progress.
 - Objective: Provide ongoing communication to the Mayor and City Council on potential policy direction for enhancing revenue and program delivery.
 - Objective: Work with Human Resources Department to continue the current employee job performance evaluation process to assure it best reflects the revised job descriptions, customer service and departmental performance measures.
 - Objective: Work with Human Resources Department to continue to provide ongoing organization-wide training for safety and operational performance benefits.

Personnel Schedule

Classification	Authorized Positions				
	2010	2011	2012	2013	2014
City Administrator	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Total	2.00	2.00	2.00	2.00	2.00

Summary of Financial Information

Use of Funds	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Expenditures				
Personnel	\$ 251,857	\$ 252,376	\$ 178,606	\$ 182,177
Operating & Maintenance	2,734	5,500	4,100	4,225
Capital Outlay	-	-	-	-
Total Expenditures	254,591	257,876	182,706	186,402
Other Uses				
Interfund Transactions	2,532	2,531	2,989	2,989
Operating Transfers Out	-	-	-	-
Total Uses	\$ 257,123	\$ 260,407	\$ 185,695	\$ 189,391



Discussion of Key Elements

Personnel Expenditures:

There have been no significant changes to the personnel expenditures.

Operating and Maintenance Expenditures:

The majority of the operating and maintenance budget is for travel.

Capital Outlay:

There are no capital assets budgeted for 2013 or 2014.

Human Resources

Mission:

The mission of the Human Resources department is to support the City's mission of premier public service by providing services which promote a work environment that is characterized by fair treatment of staff, open communications, personal accountability, trust and mutual respect. We will seek and provide solutions to workplace issues that support and optimize the principles of the City.

The Human Resources department is a cohesive, collaborative team dedicated to creating partnerships by supporting all programs and departments. We strive to support, guide and maintain requirements to create a healthy and positive work environment in order to assist staff in accomplishing individual program goals as well as overall organizational goals. Because we care about our employees, we stand for integrity, efficiency, problem solving, equity and character in all of our relationships and interactions. We do this to promote growth, accountability and empowerment in our representation of our City.

Responsibilities:

- Strategic human resource planning
- Organizational development
- Policy development and maintenance
- Recruitment and retention
- Compensation and classification
- Training and development
- Employee relations
- Labor relations
- Performance management
- Personnel records
- Workforce planning and development
- Administering Federal/State employment law
- Promoting communications
- Promoting wellness and morale
- Workers Compensation claims management

Day-to-day activities include; support to managers in cases of disciplinary issues, providing counsel and assistance to employees at all levels in the organization, assisting departments in meeting current and anticipated needs by providing the leadership, direction and support to attract, retain and develop quality employees and facilitate conflict resolution.

Human resources strives to provide the best people through effective recruitment, selection, retention and development of all City employees and to ensure compliance with applicable state, federal and City laws, regulations and policies.

2012 Accomplishments:

- ✓ Transitioned the Human Resources department through a change in leadership while continuing to support all City programs and Departments in an efficient and effective manner.
- ✓ Updated and rewrote the Employee Personnel Code providing staff with clear policies that have been updated to reflect legislative and City policy changes. As a result, both the City and employees are protected.
- ✓ Updated Personnel Code to correct all items related to employee compensation as well as to reflect legal requirements.
- ✓ Conducted recruitment efforts for a record number of open positions and filled over twenty vacancies.
- ✓ Managed Workplace Conduct training for all employees City-Wide.

2013 – 2014 Goals:**❖ Goal: Finalize conversion of all personnel data to an electronic management system.**

- Objective: Provide up-to-the minute personnel data as well as providing accurate historical data on positions and employees. Create a check and balance process between Human Resources and payroll.
- Objective: Provide a tracking system for positions that will better enable the City to manage costs and utilize position budgeting.
- Objective: Create a two- step process for all payroll changes that will ensure a check and balance to transactions.
- Objective: Provide a clear process for all personnel changes.
- Objective: Gain efficiencies within the HR Department and better assist City departments in meeting human resources needs and serve citizens in a professional, cost-effective and timely manner.

❖ Goal: Create a supervisor employee manual.

- Objective: Provide a ready reference tool for both experienced and novice supervisors to assist them in the day-to-day management of their employees.
- Objective: Create a Diversity Program that focuses on recruitment and retention of employees.
- Objective: Support the creation of a diverse workforce that appropriately reflects the diverse citizens of the City of Oak Harbor through the creation of a Diversity Program that focuses on expanded public outreach.

❖ Goal: Align the HR function with the strategic goals of the City. Assist the departments in meeting human resources needs and serving the citizens in a professional, cost-effective and timely manner.

- Objective: Increase efficiencies in processes through increased use of the HRIS (Human Resources Information System).
- Objective: By increasing efficiency within the HR department the Department will be better able to assist City departments in meeting current/anticipated human resources needs and serve citizens in a professional, cost-effective and timely manner.

❖ **Goals: Promote a healthy/safe work environment.**

- Objective: Repeat a quality, AWC award-winning wellness program. Encourage continued commitment to healthy employees and a safe workplace by providing onsite wellness programs to help reduce employee health risks and health care costs.
- Objective: Pursuing this will improve morale, retain and attract quality employees and improve productivity.
- Objective: Human resources will fully investigate all accidents. The goal will be to provide information that will eventually lead to an improved L&I Experience Rating thus decreasing L&I rates for the City.

❖ **Goal: Create an online application process to electronically and efficiently manage the recruitment and hiring processes in a professional manner.**

- Objective: Create an online application tool that simplifies the application process for candidates.
- Objective: Streamline the process through online resources that will create efficiencies in tracking, communication, hiring, and on-boarding.

Measurement Results

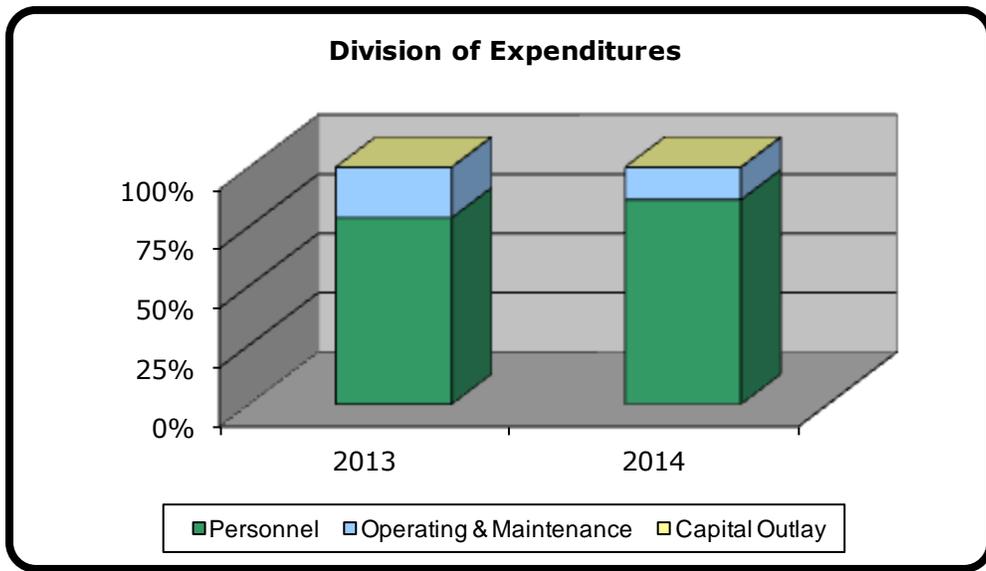
Measures	Actual		Projected	
	2011	2012	2013	2014
Qualitative Measures				
Promote wellness and morale	100%	100%	100%	100%
Improve value/utility of HR paper	25%	25%	25%	25%
Align City salaries with comparables	N/A	90%	100%	100%
Quantitative Measures				
Employee policies manual	90%	100%	100%	100%
Number of internal training programs	5	5	8	8

Personnel Schedule

Classification	Authorized Positions				
	2010	2011	2012	2013	2014
Human Resources Director	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	0.45	0.00	0.00	0.00	0.00
Human Resources Analyst	0.00	0.50	0.45	0.45	0.45
Total	1.45	1.50	1.45	1.45	1.45

Summary of Financial Information

Use of Funds	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Expenditures				
Personnel	\$ 132,396	\$ 141,027	\$ 116,536	\$ 124,197
Operating & Maintenance	20,061	34,160	31,600	19,625
Capital Outlay	-	-	-	-
Total Expenditures	152,457	175,187	148,136	143,822
Other Uses				
Interfund Transactions	8,359	2,531	6,350	6,350
Operating Transfers Out	-	-	-	-
Total Uses	\$ 160,816	\$ 177,718	\$ 154,486	\$ 150,172



Discussion of Key Elements

Personnel Expenditures:

There have been no significant changes to the personnel expenditures.

Operating and Maintenance Expenditures:

The majority of the operating and maintenance budget is for professional services and membership dues.

Capital Outlay:

There are no capital assets budgeted for 2013 or 2014.

Financial Services

Mission:

The mission of the Financial Services department is to promote the efficient and effective use of the City's financial resources, to provide excellent customer service to the citizens, Administration, City Council, and all departments, to present accurate and relevant financial information that is the basis for sound decision making, and to maintain the public trust through integrity and sound financial practices.

Responsibilities:

- Managing and investing public funds.
- Budget management and fiscal compliance.
- Financial reporting for both public information and management decision-making purposes.
- Strategic financial planning and revenue projecting for all City operations.
- Utility rate structure analysis.
- Utility and Business Licensing billing.
- Coordinating and publishing the City's biennial budget and Annual Financial Report.
- Collecting and recording City revenues.
- Liaison for State Auditors office.
- Payroll and accounts payable and audits of all payments.
- Coordinating and regulatory reporting of City grants
- Providing the City Council, City Administrator, and all departments with financial support services
- Coordination of the City audit and establishing financial policies and instituting internal controls.

The bulk of the day-to-day activities of Finance department employees include the processing of accounts payable, accounts receivable, general accounting, utility billing and collection, improving district payment and collection, processing cash payments, purchasing, administering City travel, business licenses, and handling petty cash requests.

Finance strives to provide the highest quality services at the lowest possible cost to the City taxpayers. Employees are committed to the primary goal of protecting and securing City assets for their proper and authorized use.

2012 Accomplishments:

- ✓ Developed new Indirect Cost Allocation Methodology and Plan
- ✓ Developed password policy
- ✓ Redevelopment of cash receipting policy
- ✓ Established volumetric allocation plan for archeology costs related to Pioneer Way.
- ✓ Development of rate structure and long-term financial plan for the City utilities.
- ✓ Restructured General Fund reserve policy.

2013 – 2014 Goals:

- ❖ **Goal: Initiate financing plan for HDHP/HSA employee health benefit program.**
 - Objective: Determine rate differential and tax impacts of structured plan.
 - Objective: Determine balanced rate contribution plan.
 - Objective: Educate staff on components for plan.

- ❖ **Goal: Review and rewrite City Debt policy.**
 - Objective: Review APTUS&C Debt Issue Program.
 - Objective: Rewrite Debt Issue Policy to include issuance of LTGO, Revenue, Assessment, and interfund loan scenarios.
 - Objective: Submit Debt Policy to WMTA peer review program for certification.

- ❖ **Goal: Submit City Comprehensive Annual Report (CAFR) for GFOA certification for 2013.**
 - Objective: Convert existing CAFR document to required standards.
 - Objective: Obtain supplemental information from Island County, if possible.
 - Objective: Submit final document to GFOA for peer review and certification.

- ❖ **Goal: Update program for city-wide document archival and retention.**
 - Objective: Establish city-wide technology standards for hardware/software.
 - Objective: Match current standards against State retention schedule and adjust.
 - Objective: Draft a record retention policy/train staff on procedures.

- ❖ **Goal: Develop financing plan for acquisition/construction of utility infrastructure.**
 - Objective: Determine rate and financing plan for new waste water treatment plant.
 - Objective: Determine rate and financing plan for new water reservoir.
 - Objective: Determine rate and financing plan for 42-inch storm drain outfall.
 - Objective: Initiate refunding of 2004 Sewer revenue bonds.

- ❖ **Goal: Implement project accounting application for job tracking.**
 - Objective: Roll-out implementation of software with EDENs.
 - Objective: Establish standards for tracking and recording project costs.
 - Objective: Train PW staff in use of developed model.

Measurement Results

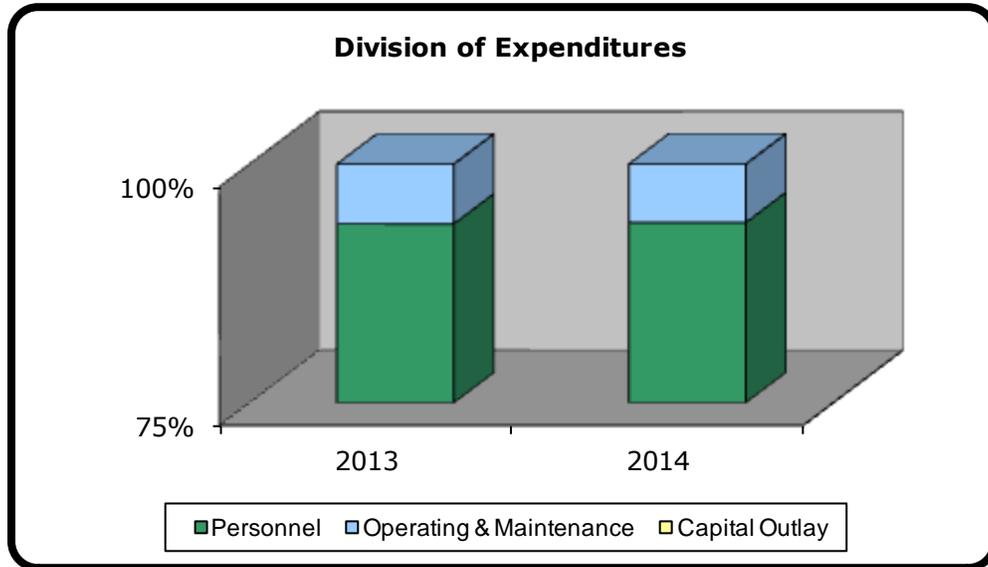
Measures	Actual		Projected	
	2011	2012	2013	2014
Qualitative Measures				
State Auditor findings	0	0	0	0
Quantitative Measures				
Number of accounts payable invoices processed	10,767	10,250	10,500	10,750
Size of expenditure budget managed	\$97 mil	\$72 mil	\$82 mil	\$83 mil
Number of utility accounts maintained	6,028	6,048	6,100	6,150

Personnel Schedule

Classification	Authorized Positions				
	2010	2011	2012	2013	2014
Finance Director	1.00	1.00	1.00	1.00	1.00
City Clerk	1.00	1.00	1.00	1.00	1.00
Accountant/Internal Audit	3.00	0.00	0.00	0.00	0.00
Financial/Systems Accountant	0.00	3.00	3.00	3.00	3.00
Finance Manager - Utilities	0.00	0.00	1.00	1.00	1.00
Accounting Technician	3.00	2.00	2.00	2.00	2.00
Cashier	2.00	2.00	2.00	2.00	2.00
Receptionist	1.00	1.00	1.00	1.00	1.00
Total	11.00	10.00	11.00	11.00	11.00

Summary of Financial Information

Use of Funds	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Expenditures				
Personnel	\$ 727,695	\$ 872,291	\$ 935,846	\$ 958,841
Operating & Maintenance	41,247	63,100	62,430	62,485
Capital Outlay	-	5,000	-	-
Total Expenditures	768,942	940,391	998,276	1,021,326
Other Uses				
Interfund Transactions	20,664	20,662	25,841	25,841
Operating Transfers Out	-	-	-	-
Total Uses	\$ 789,606	\$ 961,053	\$ 1,024,117	\$ 1,047,167



Discussion of Key Elements

Personnel Expenditures:

An Accountant position and an Accounting Technician position remain unfilled.

Operating and Maintenance Expenditures:

The majority of the operating and maintenance budget is for professional services for auditing fees.

Capital Outlay:

There are no capital assets budgeted for 2013 or 2014.

Law

Mission:

The Law department's mission is to deliver excellent legal services to the City of Oak Harbor by providing sound legal advice to the Mayor, Council and City department managers, to help them achieve their goals; represent or oversee outside counsel for the City in litigation; and protect public health, safety, and welfare by effectively prosecuting violations of City ordinances.

Responsibilities:

- Provides legal advice to the Mayor, City Council and other City officials.
- Prepares ordinances, resolutions and related documents and provides information for City Council decisions.
- Drafts and reviews City contracts as requested by Mayor and City Administrator.
- Negotiates contracts and legal disputes to resolve issues in a fair and cost effective manner.
- Oversees outside counsel retained to carry out City's litigation requirements.
- Prosecutes violations of City code.

The areas of law in which these activities are primarily carried out are municipal governance, constitutional land use, employment, contract, criminal and tort law.

2012 Accomplishments:

- ✓ Amendments to Nuisance Abatement Code.
- ✓ Amendments to the Sign Code.
- ✓ Managed contract for outside legal counsel for tribal related matters.
- ✓ Managed contract for outside legal counsel for GMA appeal.
- ✓ Reviewed Marin Annexation documents.
- ✓ Managed contract for outside legal counsel for Navy jet fuel line easement.
- ✓ Amendments to Personnel Code and Employee Policy Manual.
- ✓ Reviewed contracts for Professional Services Agreements, Consultant Contracts, Employment Contracts and Interlocal Agreements.
- ✓ Supported archaeological recovery effort for Pioneer Way project.
- ✓ Prosecution of Criminal and Code Violations.
- ✓ Continuation of Strong Police-Prosecutor Collaborations -- Legal guidance on search and seizure and other issues.

2013 – 2014 Goals:

- ❖ **Goal: Hire a new in-house City Attorney to manage legal affairs for the City.**
 - Objective: As soon as practicable, fill the vacant City Attorney position.
- ❖ **Goal: Up-to-date Municipal Code and supporting documents.**
 - Objective: Continue efforts to review court decisions and constitutional requirements to insure that the Municipal Code remains up-to-date.

❖ **Goal: Establish case load standards.**

- Objective: Work with Island County to develop a standardized approach to case loads.

❖ **Goal: Establish Fee Resolution and Review Annually.**

- Objective: Amend code to remove all code references to fees and move fee structure to a resolution format that is adopted annually with the budget or budget review.

❖ **Goals: Adoption of prosecution plea and sentencing standards.**

- Objective: Standardized and public criteria for disposing of criminal/traffic/code violations.

Measurement Results

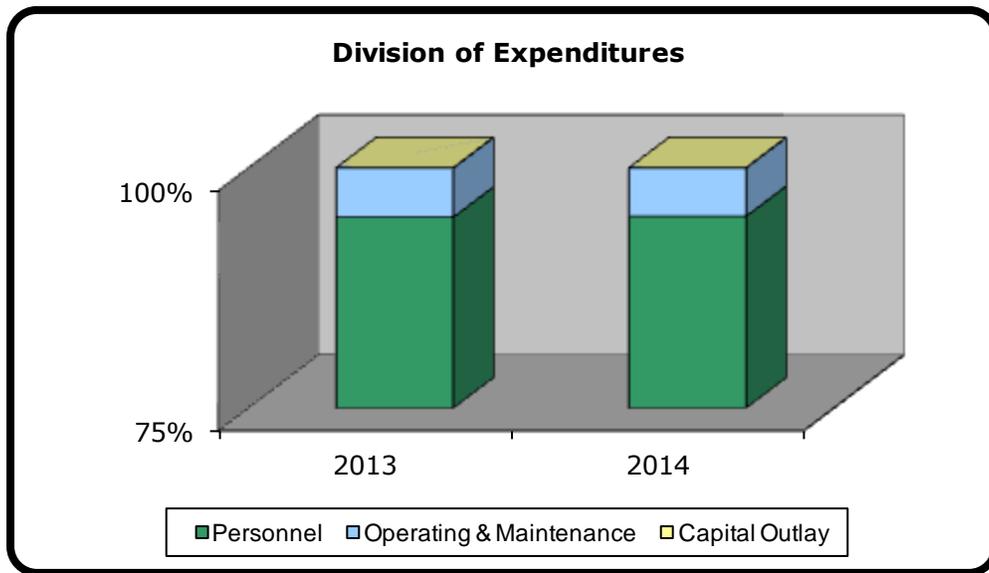
Measures	Actual		Projected	
	2011	2012	2013	2014
Quantitative Measures				
Criminal cases:				
Filed/cited	622	521	600	660
Declined	44	14	10	10
Ordinances reviewed	23	25	30	30

Personnel Schedule

Classification	Authorized Positions				
	2010	2011	2012	2013	2014
City Attorney	1.00	1.00	1.00	1.00	1.00
Assistant City Attorney/Prosecutor	1.00	1.00	1.00	1.00	1.00
Paralegal	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	1.00	0.00	0.00	1.00	1.00
Admin Assistant/Chief Examiner/ Civic Service Secretary	0.00	1.00	1.00	0.00	0.00
Total	4.00	4.00	4.00	4.00	4.00

Summary of Financial Information

Use of Funds	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Expenditures				
Personnel	\$ 434,354	\$ 434,016	\$ 399,636	\$ 416,560
Operating & Maintenance	36,365	37,724	21,600	22,100
Capital Outlay	-	-	-	-
Total Expenditures	470,719	471,740	421,236	438,660
Other Uses				
Interfund Transactions	4,188	4,184	5,036	5,036
Operating Transfers Out	-	-	-	-
Total Uses	\$ 474,907	\$ 475,924	\$ 426,272	\$ 443,696



Discussion of Key Elements

Personnel Expenditures:

The City Attorney is current unfilled, but is expected to be filled shortly.

Operating and Maintenance Expenditures:

The majority of the operating and maintenance budget is for professional services.

Capital Outlay:

There are no capital assets budgeted for 2013 or 2014.

Development Services**Mission:**

The mission of the Development Services department is to help the community articulate and carry out its vision for Oak Harbor. This is accomplished through the ongoing refinement and implementation of the community's Comprehensive Plan and its related development regulations and design standards. To ensure that the vision becomes a reality, staff conscientiously applies and administers the City's development regulations to public and private development projects. The department also plans and assists with the implementation of community-enhancing projects, such as parks, streets and utility infrastructure. Staff courteously works with the community to preserve and safeguard public health, safety and welfare through the provision of accurate technical information and the professional, efficient and timely evaluation and inspection of construction projects within the City.

Responsibilities:

- To protect the public by reducing the potential hazards of unsafe construction and ensuring public health, safety and welfare.
- Provide basic permit and code information to the public and other city departments; issuing permits; plan reviews; site plan reviews; issuing certificate of occupancies; maintaining records on all projects; performing inspections; and enforcing city codes.
- Promote compliance with the Growth Management Act through the monitoring and implementation of the Comprehensive Plan.
- Guide the growth and appearance of Oak Harbor through thoughtful administration of community design guidelines and development standards.
- Administer and enforce city codes as they pertain to land development, infrastructure construction and building construction.
- Assure proper and timely processing of land use applications, utility construction permits and building permits.
- Safeguard the community's environmental features by ensuring compliance with the City's environmental regulations and policies, the State Environmental Policy Act and the State Shoreline Management Act.
- Serve as liaison with other departments and agencies involved in growth management, transportation and other infrastructure development.
- Manage and update the City's permit tracking system, various project files and related databases.
- Provide a public process intended to promote public participation in the land use decision-making process.

2012 Accomplishments:

- ✓ The 120-acre Goldie Road Annexation was approved.
- ✓ The Enterprise Area Code, which provides annexation incentives, was approved.
- ✓ Completed an update to the City's code to allow for and promote low impact development.

- ✓ Received a Washington Chapter of the American Planning Association/Planning Association of Washington Joint Award (First Place) for “Transportation” for the Pioneer Way Street Improvement Project.
- ✓ Completed an update to the City’s temporary sign code.
- ✓ Completed a comprehensive update to the City’s Shoreline Master Program.

2013 – 2014 Goals:

- ❖ **Goal: Maintain the City’s compliance with the Growth Management Act.**
 - Objective: Working with the Planning Commission, take initial steps towards completion of the State-mandated update to the Comprehensive Plan by June 30, 2016.
- ❖ **Goal: Continue implementation of the Oak Harbor Comprehensive Plan.**
 - Objective: Assist in implementation of community development and capital projects identified in the Comprehensive Plan, the Marina Redevelopment Program and the Capital Improvements Plan.
 - Objective: Work with downtown businesses and the greater community to develop and adopt downtown-specific design guidelines.
- ❖ **Goals: To provide timely and accurate planning review of permit applications and information to the public.**
 - Objective: Review land use and development permit applications for code compliance within prescribed timeframes.

Measurement Results

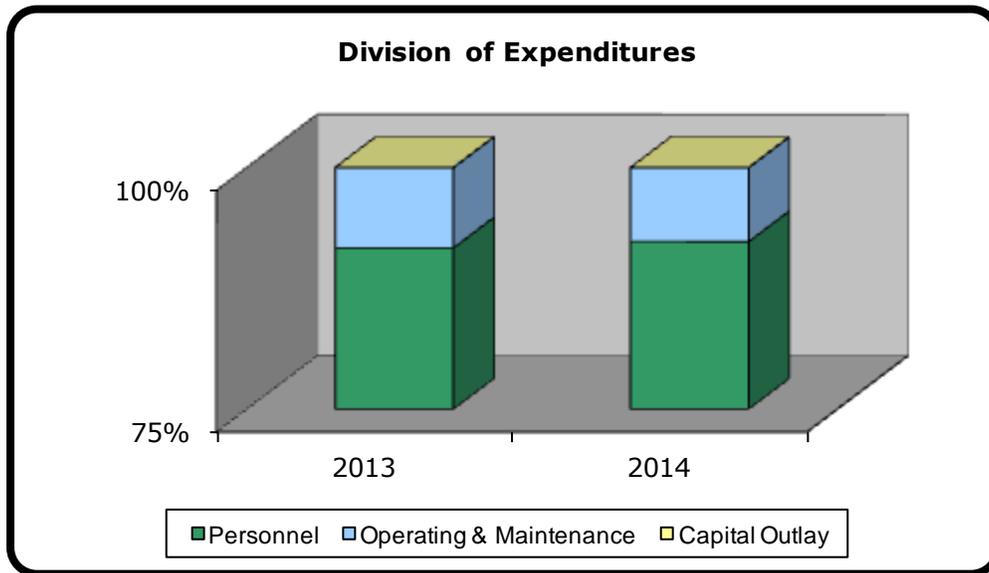
Measures	Actual		Projected	
	2011	2012	2013	2014
Qualitative Measures				
Percent of customer service responses within prescribed timelines	95%	95%	95%	95%
Percent of planning reviews completed within 120-day timeline	95%	95%	95%	95%
Percent of applications approved without administrative variances	95%	100%	N/A	N/A
Complete Shoreline Master Program update on-time and on-budget	N/A	X	N/A	N/A
Percent of preliminary plat reviews completed within 90-day timeline	N/A	N/A	100%	100%
Percent of single-family home permits issued within two weeks	N/A	N/A	100%	100%
Quantitative Measures				
Number of land use applications reviewed	11	16	20	25
Number of customer feedback surveys returned or received	N/A	24	30	35

Personnel Schedule

Classification	Authorized Positions				
	2010	2011	2012	2013	2014
Development Services Director	1.00	1.00	1.00	1.00	1.00
Senior Planner	2.00	2.00	2.00	2.00	2.00
Associate Planner	1.00	1.00	1.00	0.00	0.00
Permit Coordinator	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Building Official	1.00	1.00	1.00	1.00	1.00
Plans Examiner	1.00	1.00	1.00	1.00	1.00
Building Inspector	1.00	1.00	1.00	1.00	1.00
Total	9.00	9.00	9.00	8.00	8.00

Summary of Financial Information

Use of Funds	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Expenditures				
Personnel	\$ 757,746	\$ 846,014	\$ 682,672	\$ 700,098
Operating & Maintenance	119,122	79,691	61,824	57,965
Capital Outlay	-	-	-	-
Total Expenditures	876,868	925,705	744,496	758,063
Other Uses				
Interfund Transactions	68,187	14,581	16,824	16,824
Operating Transfers Out	-	-	-	-
Total Uses	\$ 945,055	\$ 940,286	\$ 761,320	\$ 774,887



Discussion of Key Elements

Personnel Expenditures:

Funding limitations saw the Department's staffing levels affected with this budget. It was necessary to eliminate the Associate Planner position and to leave the Building Inspector position unfunded. Beyond funding the remaining staff there are no significant personnel expenditures anticipated for 2013-2014.

Operating and Maintenance Expenditures:

The majority of the operating and maintenance budget is for professional services.

Capital Outlay:

There are no capital assets budgeted for 2013 or 2014.

General Government

Mission:

The mission of the General Governmental department is to provide funding for the various components of administrative and overhead costs that are not directly attributable to one of the other specific General Fund departments. Thus, the General Governmental department acts as a catch all for those activities within the General Fund that cannot be categorized to other defined departments.

Responsibilities:

- Monitor those congruent activities, such as special event against the intended purpose.
- Review all activities for any significant or unintended expenses.
- Act as an indicator for General Fund supporting costs.

2012 Accomplishments:

- ✓ Continued monitoring and developed further changes in general governmental activities in line with diminishing resources.
- ✓ Identified funding required to offset revenue loss at Senior Center.

2013 – 2014 Goals:

- ❖ **Goal: Better identify those needed services and demonstrate true cost for services as we move through this budget cycle.**
 - Objective: Utilizing the General Government fund to assist in developing policies to better respond to the community needs of those general activities.

Measurement Results

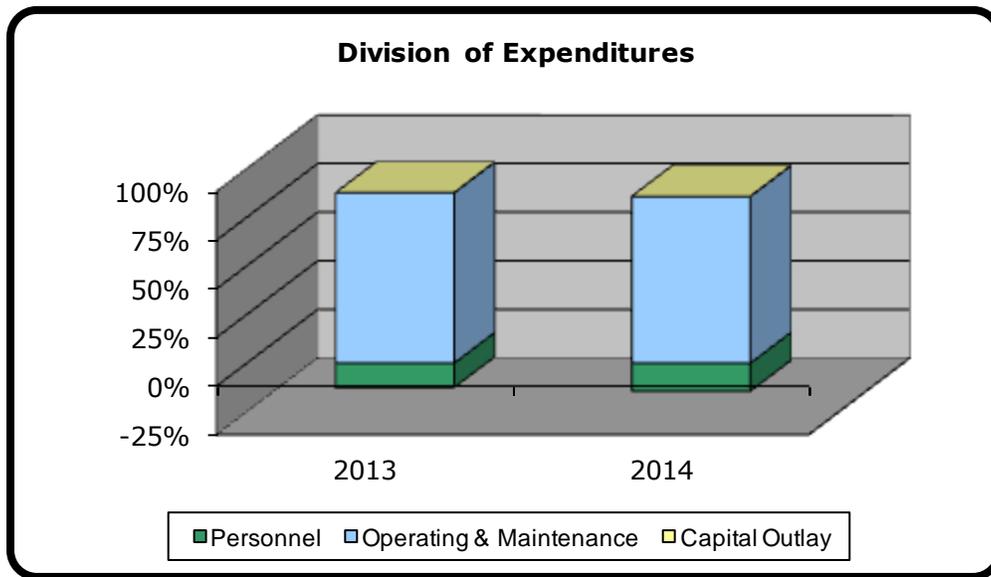
Measures	Actual		Projected	
	2011	2012	2013	2014
Qualitative Measures				
Insurance claims associated with special events	0	0	0	0
Quantitative Measures				
Number of special events permits	37	67	70	70

Personnel Schedule

There are no employees charged to this fund.

Summary of Financial Information

Use of Funds	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Expenditures				
Personnel	\$ (422,197)	\$ -	\$ (55,128)	\$ (60,089)
Operating & Maintenance	356,404	351,800	387,330	358,850
Capital Outlay	-	-	-	-
Total Expenditures	(65,793)	351,800	332,202	298,761
Other Uses				
Interfund Transactions	38,406	30,784	20,133	20,633
Operating Transfers Out	117,000	149,472	117,000	117,000
Total Uses	\$ 89,613	\$ 532,056	\$ 469,335	\$ 436,394



Discussion of Key Elements

Operating and Maintenance Expenditures:

The most significant item of the operating and maintenance expenditures is insurance.

Capital Outlay:

There are no capital assets budgeted for 2013 or 2014.

Operating Transfers:

Operating transfers consist of transfers out to the Senior Center for operations.

Police**Mission:**

The mission of the Police department is to provide law enforcement services within the City, to include service assistance to Base Housing within the corporate limits of the City. This service involves responding to calls for service, resolution of disputes, apprehension of individuals responsible for criminal activity, enforcement of traffic laws, development of community programs that enhance community safety/service, as well as pro-active and reactive police responses.

Responsibilities:

- Overall management of all police operations, labor relations, budget, community interaction, crisis management, community issues.
- Responding to calls for service, self-initiation of enforcement, traffic enforcement, preventive patrol, initial follow-up on minor offenses.
- Follow-up on criminal activity, attempt to identify and develop prosecutable cases against those that commit crime within our jurisdiction.
- Responsible for the entering of case information into the Records Management System (RMS), transcribing taped interviews, entering traffic citations into RMS.
- Operation of our 12-bed, thirty-day facility.

The Police department is committed to providing the highest level of service to the citizens of our community, while at the same time being cognizant of our responsibility of stewardship.

2012 Accomplishments:

- ✓ Completed jail video system.
- ✓ Leads Online (Implemented late 2011, early 2012).
- ✓ In-car video improvements to provided better stability.
- ✓ Washington State Digital Traffic System fully implemented
- ✓ Transitioned to mobile hotspots to allow more mobility and easier access to data.
- ✓ Reinstated the school Resource Officer.
- ✓ Continuation of jail bed space rental program.
- ✓ Increased participation in community events.
- ✓ Washington State Criminal Justice Training Commission training standards met affording all commissioned officers with 24+ hours of training.

2013 – 2014 Goals:

- ❖ **Goal: Focus on “Community Safety and Service”.**
 - Objective: Get the department to focus on policing with an emphasis on keeping the community safe. Also provide a service to the community in ways such as the Bike Patrols, Foot Patrols, working with the Residents, Neighborhoods and Businesses to establish watch programs and crime alerts.

- ❖ **Goal: Lexipol.**
 - Objective: Transition from 1990’s MOS to online, easy to update policy manual.
- ❖ **Goal: Community Advisory Board.**
 - Objective: Having members increase their involvement, and interact with the public on a regular basis; Work with them so they understand their “mandates” as dictated by the Oak Harbor Municipal Code; Conduct the necessary community surveys; Collect data and information from the community as it pertains to police department in an effort to measure our successes and weaknesses.
- ❖ **Goal: Work with Skagit Valley College to train new reserve officers.**
 - Objective: Establish a working relationship with Skagit Valley Community College in an effort to utilize their Reserve Officer Training Program to train new reserve officers for the Oak Harbor Police Department.
- ❖ **Goal: Department structure changes.**
 - Objective: Maintain School Resource Officer position; Create a Community Service Officer Position; Assign a sergeant to oversee the Community Service Officer.
- ❖ **Goal: Enhance the role of the Citizens on Patrol (COP) group.**
 - Objective: Get the members more actively involved in the department; Train them to assist with traffic control at events and crime scenes.
- ❖ **Goal: Work with Neighborhood Groups to re-establish Neighborhood Watch Groups.**
 - Objective: Have an officer (Community Service Officer) re-establish contacts in the neighborhoods to resurrect the Neighborhood Watch Programs and provide resources necessary to sustain the programs.
- ❖ **Goal: Work with business / merchant associations.**
 - Objective: Have an officer (Community Service Officer) establish contacts in the businesses to determine their needs and educate them with regard to the services we can provide in an effort to make them feel secure and be successful.

Measurement Results

Measures	Actual		Projected	
	2011	2012	2013	2014
Qualitative Measures				
Part one crimes	429	432	430	430
Cases taken	3,641	3,475	3,558	3,558
Quantitative Measures				
Calls for service	12,524	12,747	12,635	12,635
Misdemeanor/felony arrests	1,406	1,573	1,489	1,489
Traffic stops:	8,036	5,428	6,732	6,732
NOI’s	1,504	808	1,156	1,156
Citations	299	230	264	264

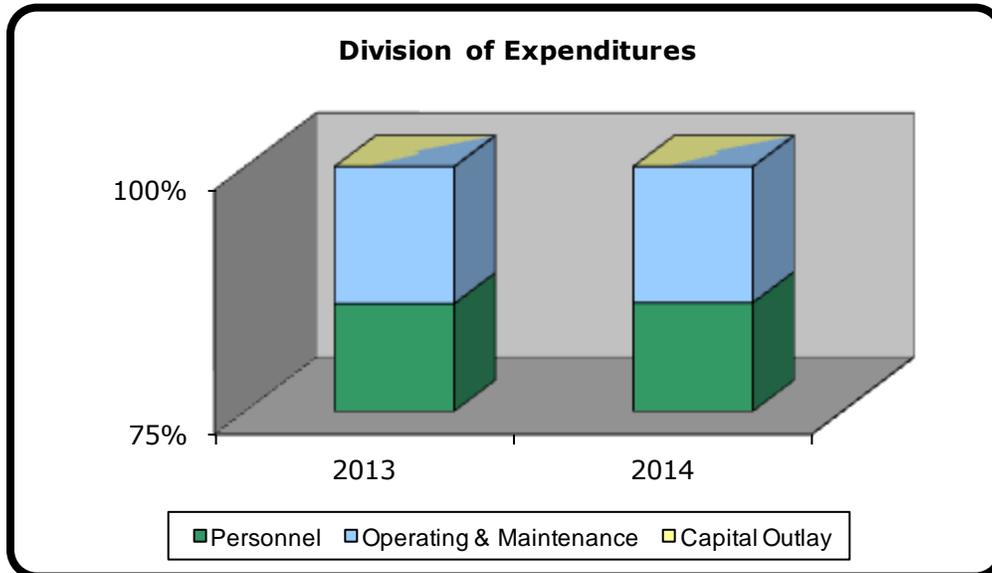
*Projected Numbers: determined by using average from last two years numbers.

Personnel Schedule

Classification	Authorized Positions				
	2010	2011	2012	2013	2014
Chief of Police	1.00	1.00	1.00	1.00	1.00
Lieutenant	2.00	2.00	2.00	2.00	2.00
Administration Assistant	1.00	1.00	1.00	1.00	1.00
Sergeant	5.00	5.00	5.00	5.00	5.00
Police Officer	19.00	19.00	19.00	19.00	19.00
Jail Sergeant	1.00	1.00	1.00	1.00	1.00
Jailer	6.00	6.00	6.00	6.00	6.00
ID/Evidence Technician	1.00	1.00	1.00	0.00	0.00
Support Services Supervisor	1.00	1.00	1.00	1.00	1.00
Records Information Specialist	2.00	2.00	2.00	2.00	2.00
Receptionist	1.00	1.00	1.00	1.00	1.00
Total	40.00	40.00	40.00	39.00	39.00

Summary of Financial Information

Use of Funds	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Expenditures				
Personnel	\$ 3,850,759	\$ 4,190,611	\$ 3,968,629	\$ 4,039,707
Operating & Maintenance	608,901	688,208	645,681	651,814
Capital Outlay	-	-	-	-
Total Expenditures	4,459,660	4,878,819	4,614,310	4,691,521
Other Uses				
Interfund Transactions	238,493	154,863	289,347	289,635
Operating Transfers Out	-	-	-	-
Total Uses	\$ 4,698,153	\$ 5,033,682	\$ 4,903,657	\$ 4,981,156



Discussion of Key Elements

Personnel Expenditures:

We did experience a reduction in our authorized force which occurred through attrition. Due to budget constraints, those positions may not be filled during this budget cycle.

Operating and Maintenance Expenditures:

The majority of the operating and maintenance budget is for dispatch services to the ICOM 911 Dispatch Center. Approximately \$349,000 has been budgeted for each year.

Capital Outlay:

There are no capital assets budgeted for 2013 or 2014.

Animal Control**Mission:**

The mission of the Animal Control department is to provide enforcement of State and Municipal laws relating to the care and custody of animals within our jurisdiction, as well as ensuring that an appropriate level of care is given to animals that are under our care through shelter operations.

Responsibilities:

- Enforcement of Title Seven of the Oak Harbor Municipal Code.
- Shelter operations, which include the impounding and release of animals, adoptions of animals.
- Partnering with the Navy and WAIF for the utilization and operation of the animal shelter.

2012 Accomplishments:

- ✓ Purchased a microchip scanner to facilitate the return of animals to their owners.

2013 – 2014 Goals:

- ❖ **Goal: Relocate animal shelter.**
 - Objective: Locate a new location for the animal shelter as a result of the loss of the USN-provided shelter facility.
- ❖ **Goal: Maintain City Facebook “Stray Page”.**
 - Objective: To reunite pet owners with their pets.
- ❖ **Goal: Increased animal control presence in the community**
 - Objective: To have speak and publish information about pet ownership and responsibility.
- ❖ **Goal: Obtain new shelter services.**
 - Objective: Select a vendor, and negotiate a contract for shelter services which reflects the desires of the City.
- ❖ **Goal: Professionalize the position of Animal Control Officer.**
 - Objective: Change in uniform to a more professional appearance; institute a training program for the Animal Control Officer.

Measurement Results

Measures	Actual		Projected	
	2011	2012	2013	2014
Qualitative Measures				
Animal control public education (animals returned to owner/owner educated):				
Cats	13	20	17	17
Dogs	184	151	168	168
Quantitative Measures				
Number of animal licenses sold	1,302	1,176	1,239	1,239
Number of animals impounded:				
Cats	83	91	87	87
Dogs	212	161	187	187

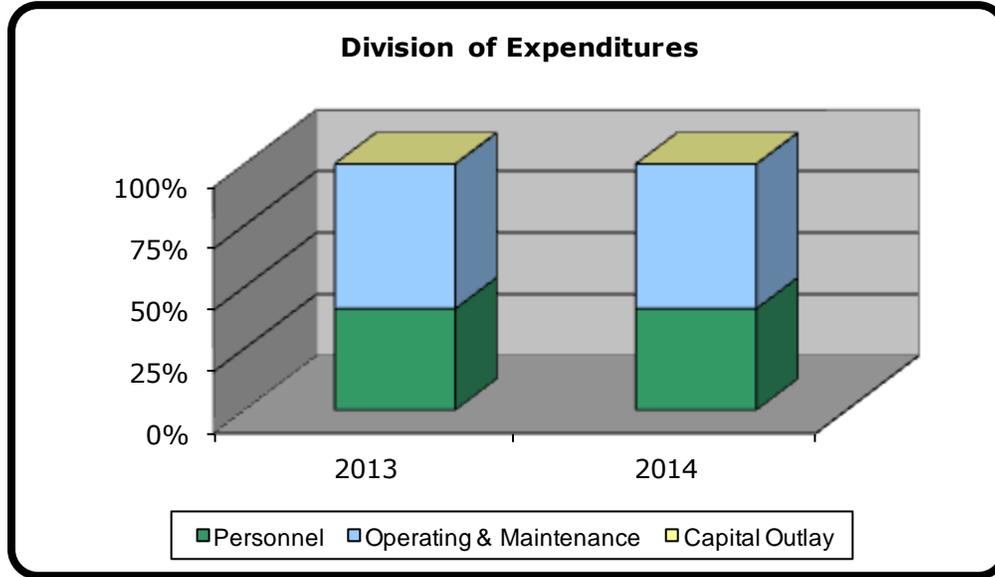
*Projected Numbers: determined by using average from last two years numbers.

Personnel Schedule

Classification	Authorized Positions				
	2010	2011	2012	2013	2014
Animal Control/Code Enforcement Officer	1.00	1.00	1.00	1.00	1.00
Total	1.00	1.00	1.00	1.00	1.00

Summary of Financial Information

Use of Funds	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Expenditures				
Personnel	\$ 71,469	\$ 73,312	\$ 74,109	\$ 75,713
Operating & Maintenance	100,327	103,548	105,763	107,886
Capital Outlay	-	-	-	-
Total Expenditures	171,796	176,860	179,872	183,599
Other Uses				
Interfund Transactions	12,394	6,589	15,274	15,315
Operating Transfers Out	-	-	-	-
Total Uses	\$ 184,190	\$ 183,449	\$ 195,146	\$ 198,914



Discussion of Key Elements

Personnel Expenditures:

There have been no significant changes.

Operating and Maintenance Expenditures:

The most significant item of the operating and maintenance budget is professional services for the Whidbey Animal Improvement Foundation (WAIF) which operates the Oak Harbor Animal Shelter.

Capital Outlay:

There are no capital assets budgeted for 2013 or 2014.

Fire**Mission:**

The mission of the Fire department is to provide emergency and non-emergency services within the city limits of Oak Harbor and auto aid areas with North Whidbey Fire and Rescue. Emergency services include responding to all hazards ranging from fire suppression, medical, hazardous materials, marine, fire investigation, and technical rescue incidents.

Non-emergency services include functions that support fire and life safety inspections, fire code enforcement, facility maintenance, apparatus and equipment maintenance, record keeping, and all other administrative and public education activities.

Responsibilities:

- Management of department operations, budgeting, personnel relations, and community interaction.
- The suppression division is primarily responsible for responding to emergency incidents. Other functions include fire and life safety inspections and assisting with public education activities.
- Our prevention division is the code enforcement arm of the department. Primary duties include the management of fire and life safety inspections, new construction and development plan review and inspections.
- The training division is tasked with managing the training of department personnel. These duties include the scheduling of all training to meet federal, state, and local requirements. The coordination of public education requests is also included in the responsibilities of the training division.
- All divisions participate in managing inventories and the care and maintenance of the station and training facilities, apparatus and equipment, and working closely with the public works maintenance personnel to assure the readiness of all apparatus and equipment.

2012 Accomplishments:

- ✓ Completed transition of shift lieutenants from 12-hour to 24-hour shifts.
- ✓ Successfully transitioned the Fire Department through a change in leadership and administration.
- ✓ Battalion Chief to Deputy Chief.
- ✓ Renegotiated Inter-local Agreement for EMS Services with Whidbey General Hospital.
- ✓ Bid and purchased a rescue apparatus to replace Support/Aid 81.
- ✓ Celebrated the 20th Anniversary of Station 81, Oak Harbor Fire Department's fire house which was built in 1992.

2013 – 2014 Goals:

- ❖ **Goal: Re-rate the City's insurance rating from a class 4 to a class 3, per the Washington Surveying and Rating Bureau's standard rating scale.**
 - A lower rating reflects the abilities and preparedness of the department to respond to emergency incidents.
 - Lower rating reduces property insurance premiums.
 - Insurance rates for businesses and some residences may be decreased when the City has earned a lower insurance rating.

- ❖ **Goal: Certify all career firefighters to a Fire Inspector 1 certification through the International Code Council.**
 - Objective: Provide additional certified fire inspectors, thus assisting in the insurance rating.

- ❖ **Goal: Sponsor six (6) Paid-On-Call Recruit Firefighters through the Island County Recruit Firefighting Academy and certify to an IFSACC Firefighter 1 standard.**
 - Objective: Increase the number of available Paid-On-Call Firefighters.

- ❖ **Goal: Complete burn cell testing for Certified Fire Investigator.**
 - Objective: Provide the required hands on testing in order to become certified as a fire investigator.

- ❖ **Goal: Continued effort in Public Education on fire safety and disaster preparedness.**
 - Objective: Reduce loss and prepare for disasters that are likely to occur in the Oak Harbor area.

- ❖ **Goal: Continue certification process for Firefighter 2, Fire Officer 1 and 2.**
 - Objective: Maintain highly trained and qualified personnel.

Measurement Results

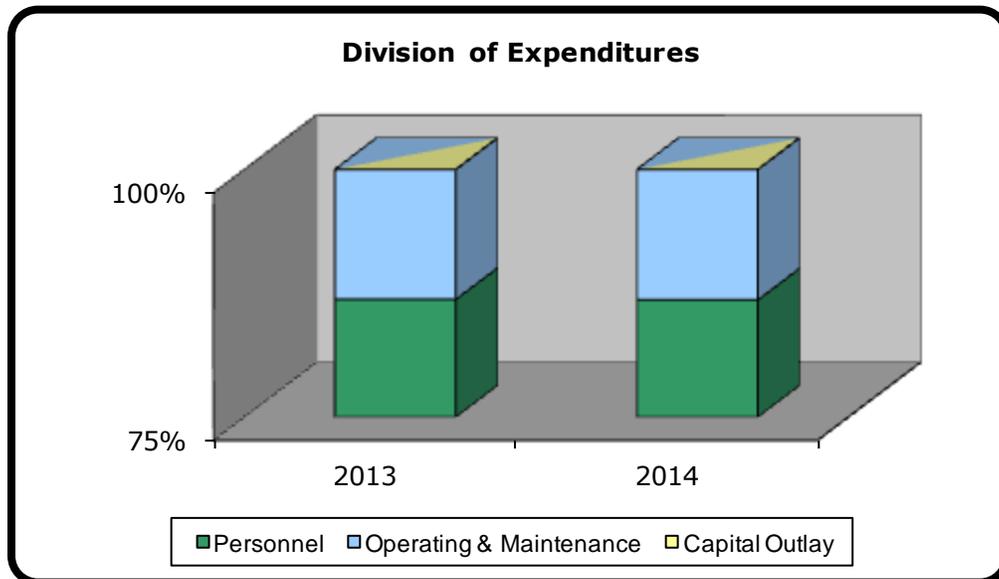
Measures	Actual		Projected	
	2011	2012	2013	2014
Qualitative Measures				
Surveying & Rating Bureau: Rating	4	4	3	3
Quantitative Measures				
Fire & Life Safety Inspections Complete	85%	80%	98%	98%
Percentage Tested: Hose, Ladders, Pumps, and Self Contained Breathing Apparatus	100%	100%	100%	100%

Personnel Schedule

Classification	Authorized Positions				
	2010	2011	2012	2013	2014
Fire Chief	0.90	0.90	0.90	0.90	0.90
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Office Assistant	1.00	0.00	0.00	0.00	0.00
Career Lieutenant	4.00	4.00	4.00	4.00	4.00
Career Firefighter	4.00	4.00	4.00	4.00	4.00
Paid On Call Captain	2.00	2.00	2.00	2.00	2.00
Paid on Call Lieutenant	4.00	4.00	4.00	4.00	4.00
Paid On Call Firefighter	36.00	36.00	36.00	36.00	36.00
Deputy Chief	2.00	2.00	2.00	2.00	2.00
Fire Prevention Specialist/Public Educator/ Public Information Officer	1.00	1.00	1.00	1.00	1.00
Total	55.90	54.90	54.90	54.90	54.90

Summary of Financial Information

Use of Funds	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Expenditures				
Personnel	\$ 1,477,273	\$ 1,661,593	\$ 1,411,433	\$ 1,438,207
Operating & Maintenance	161,947	276,340	213,025	218,025
Capital Outlay	-	-	-	-
Total Expenditures	1,639,220	1,937,933	1,624,458	1,656,232
Other Uses				
Interfund Transactions	90,264	100,986	184,784	184,784
Operating Transfers Out	51,711	25,856	-	-
Total Uses	\$ 1,781,195	\$ 2,064,775	\$ 1,809,242	\$ 1,841,016



Discussion of Key Elements

Personnel Expenditures:

All current staffing levels are maintained by this budget and there are no significant personnel expenditures anticipated for 2013-2014.

Operating and Maintenance Expenditures:

The majority of the operating and maintenance budget is for office and operating supplies, communications, and utilities.

Capital Outlay:

There are no capital assets budgeted for 2013 or 2014.

Emergency Services

Mission:

The mission of Emergency Services is to plan and prepare for hazards that threaten the lives, property, and environment of our citizens. This includes the maintenance of a Comprehensive Emergency Management Plan (CEMP) that provides the direction for city departments to mitigate the hazards and emergency preparedness training for our citizens.

Responsibilities:

Preparing for all types of hazards our city can encounter is the prime concern of the Department of Emergency Services. They include all events from civil disorder to earthquakes. A top priority is the training of City employees and to promote and provide public education to prepare our citizens.

2012 Accomplishments:

- ✓ City Emergency Operations Center utilized by Island County DEM.

2013 – 2014 Goals:

- ❖ **Goal: Review and update the Comprehensive Emergency Management Plan (CEMP).**
 - Objective: Maintain a current and effective plan for emergency management within the City of Oak Harbor..
- ❖ **Goals: Conduct an annual training exercise.**
 - Objective: An annual exercise will allow for practice and evaluation of the effectiveness of the CEMP and the readiness of City departments.

Measurement Results

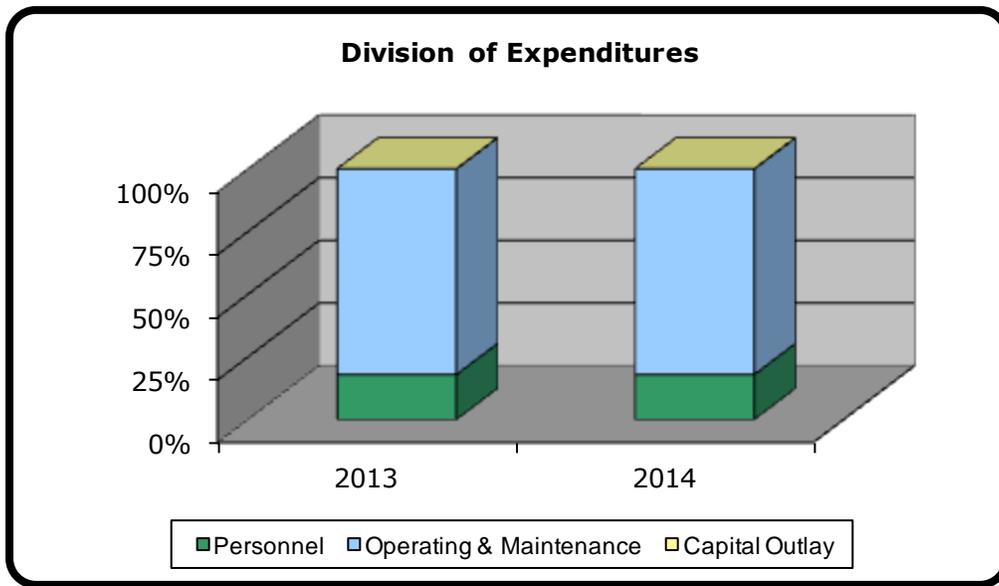
Measures	Actual		Projected	
	2011	2012	2013	2014
Qualitative Measures				
Percentage of CEMP updated	0	0	50%	0
Quantitative Measures				
Number of training exercises	1	0	1	1

Personnel Schedule

Classification	Authorized Positions				
	2010	2011	2012	2013	2014
Director of Emergency Services	0.10	0.10	0.10	0.10	0.10
Total	0.10	0.10	0.10	0.10	0.10

Summary of Financial Information

Use of Funds	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Expenditures				
Personnel	\$ 975	\$ 975	\$ 1,025	\$ 1,025
Operating & Maintenance	28,905	6,475	4,675	4,675
Capital Outlay	-	24,000	-	-
Total Expenditures	29,880	31,450	5,700	5,700
Other Uses				
Interfund Transactions	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Uses	\$ 29,880	\$ 31,450	\$ 5,700	\$ 5,700



Discussion of Key Elements

Personnel Expenditures:

No changes or significant items to this category.

Operating and Maintenance Expenditures:

The most significant expenditure of the operating and maintenance budget is for communications.

Capital Outlay:

There are no capital assets budgeted for 2013 or 2014.

Parks

Mission:

The mission of the Parks department is to create and maintain attractive and safe parks, open spaces and trails that conserve and enhance our relationship with nature and provide the citizens with leisure time, relaxing and active recreational opportunities.

Responsibilities:

- To provide for active and passive recreational opportunities through a network of parks and trails totaling 124 developed acres and 72.6 acres of open space.
- To develop and maintain attractive parks, green belts and community spaces through the use of City staff, contract labor and volunteers.
- To promote tourism through the efficient operation of the Windjammer Staysail RV Park, this includes 56 full hook-ups and 23 overflow sites.
- To collaborate with athletic leagues to make facility improvements, plan for future growth and coordinate field usage.
- To improve the appearance of the community through partnerships with volunteers in the Adopt-A-Park program, the Gift Catalog program, the Oak Harbor Garden Club and service organizations.
- To promote tourism and community involvement by working with the Chamber of Commerce, service organizations and other agencies to host special events and activities in the parks.
- To collaborate with the Development Services department to identify and implement capital improvement projects that meet the needs identified in the Parks Comprehensive Plan and growth in the community.
- To maintain public art and memorials throughout the community in cooperation with the Oak Harbor Arts Commission.

2012 Accomplishments:

- ✓ Repainted tennis courts at Sumner Park.
- ✓ Installation of interpretive panels and trail maps on a Kiosk that was installed at Scenic Heights trailhead.

2013 – 2014 Goals:**❖ Goal: Promote recreational activities for all residents.**

- Objective: To increase recreational opportunities available to the public by promoting the use of our facilities to both organized and casual park users. Encourage traditional recreational activities as well as non-traditional, such as disc golf, Frisbee football and skateboarding. Add 1-2 new T-ball fields within existing city parks to accommodate the increased number of children participating in the North Whidbey Little league program.

● Goal: Protect and enhance capital investment in City parks and facilities.

- Objective: To repair the roofing on the restrooms/ kitchens at Windjammer Park to extend their life and usefulness.
- Objective: To control vandalism and graffiti that occurs within the City parks by strengthening our partnership with the Oak Harbor Police Department and connecting our surveillance cameras to the City's computer network for better recording capabilities and quicker responses to crimes.

● Goals: Promote community pride and tourism in Oak Harbor.

- Objective: To collaborate and coordinate with the Chamber of Commerce, athletic leagues and service groups to organize and support community events and activities as well as athletic tournaments in our parks.
- Objective: To collaborate with the Garden Club and other service organizations to develop and implement community beautification projects.

● Goals: High quality maintenance of parks, greenbelts and public open spaces in a cost-effective manner.

- Objective: To evaluate maintenance methods, schedules and standards to determine if modification is necessary to meet desired levels of service. Consider alternative staffing structures as well as volunteer and contract opportunities. Continuing to maintain current maintenance standards of parks and public facilities will be challenging with the loss of one of the Parks maintenance workers due to budget constraints. The completion of Scenic Heights Trailhead and the Pioneer way planters, street trees, hanging baskets and public art also adds to the Parks dept maintenance responsibilities.
- Objective: To increase the number of parks adopted within the community through the City's Adopt-A-Park program.

Measurement Results

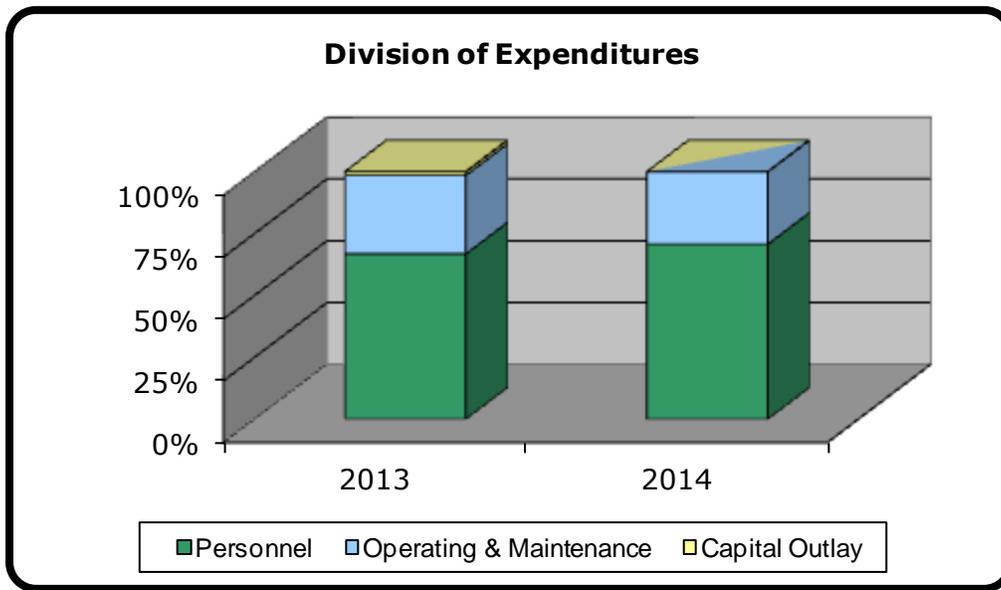
Measures	Actual		Projected	
	2011	2012	2013	2014
Qualitative Measures				
Percent of capital project funds spent in year allocated	0%	0%	100%	0%
Percent of grant and/or sponsorship funds received			0%	0%
Quantitative Measures				
Acres of open space maintained	72.6	72.6	72.6	72.6
Community parks (acres)	87	87	87	87
Neighborhood parks (acres)	37	37	37	37
Linear miles of trails maintained	4.5	4.5	4.5	4.5
Total number of sports camps and tournaments in City parks	6	6	6	7
Sports leagues participation	1,181	1,181	1,200	1,200
Number of volunteer groups participating in Parks projects	16	16	17	17
Total number of community events held in parks	34	44	46	46
Number of visitors to the RV Park (full hookups)	6,600	6,590	6,620	6,620
Number of visitors to tent sites	400	400	400	400
Number of parks adopted	9	10	11	11
Public art pieces/memorials	10	14	14	14
Kitchen facility rentals	244	250	290	295
Banners hung at Beeksma Park	30	31	32	32

Personnel Schedule

Classification	Authorized Positions				
	2010	2011	2012	2013	2014
Parks Operations Manager	1.00	1.00	1.00	1.00	1.00
Lead Parks Specialist	1.00	1.00	1.00	1.00	1.00
Parks Specialist II	2.00	1.00	1.00	1.00	1.00
Parks Specialist I	3.00	4.00	4.00	3.00	3.00
Parks Laborer (Part Time)	0.20	0.20	0.20	0.20	0.20
Seasonal Laborer	1.00	2.00	2.00	2.00	2.00
Total	8.20	9.20	9.20	8.20	8.20

Summary of Financial Information

Use of Funds	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Expenditures				
Personnel	\$ 563,432	\$ 619,332	\$ 581,322	\$ 604,211
Operating & Maintenance	249,405	285,640	275,849	249,849
Capital Outlay	765	24,500	13,000	-
Total Expenditures	813,602	929,472	870,171	854,060
Other Uses				
Interfund Transactions	198,970	211,254	270,464	267,255
Operating Transfers Out	-	-	-	-
Total Uses	\$ 1,012,572	\$ 1,140,726	\$ 1,140,635	\$ 1,121,315



Discussion of Key Elements

Personnel Expenditures:

The loss of one Parks maintenance worker will decrease personnel costs.

Operating and Maintenance Expenditures:

The most significant item in operating and maintenance is the utility costs of approximately \$140,000 which include water for irrigating and electricity for the parks. The repair & maintenance line item includes funds to repair roofing on the Windjammer Park restrooms/kitchens and also funding to facilitate corrosion control and painting of the A6 static display at Navy Gateway Park.

Capital Outlay:

The 2013 budget includes \$13,500 for the installation of a pay station at the RV Park that will enable RV park patrons to pay by credit card and to make reservations on line.

Library

The Library fund accounts for expenditures related to the City support of the Sno-Isle Regional Library System. This entity, separate and apart from the City, receives support in the form of funding for shared janitorial and security services at the Library located at the Skagit Valley College campus.

Sources of Revenue:

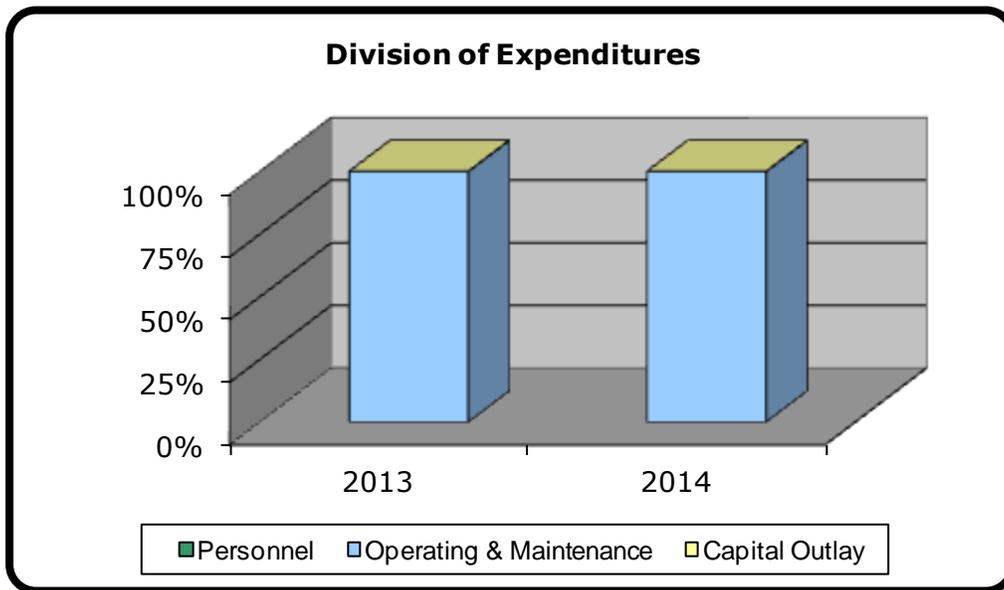
There are no sources of revenue from this operation.

Personnel Schedule

There are no employees charged to this fund.

Summary of Financial Information

Use of Funds	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Expenditures				
Personnel	\$ -	\$ -	\$ -	\$ -
Operating & Maintenance	72,522	68,900	71,100	72,600
Capital Outlay	-	-	-	-
Total Expenditures	72,522	68,900	71,100	72,600
Other Uses				
Interfund Transactions	9,561	1,000	1,000	1,000
Operating Transfers Out	-	-	-	-
Total Uses	\$ 82,083	\$ 69,900	\$ 72,100	\$ 73,600



Discussion of Key Elements

Operating and Maintenance Expenditures:

The most significant item of the operating and maintenance budget is professional services and utilities for the City's portion of the operations of the Library.

Capital Outlay:

There are no capital assets budgeted for 2013 or 2014.

Reserves

General Fund Reserves

General Fund Reserves consists of a number of General Fund sub-funds utilized as depositories for the portion of beginning fund balance that exceeds the City policy of 15% of the annual expenditure budget for the General Fund. Sub-fund #002 is used to segregate Council designated funds for anticipated future projects. In addition, sub-funds #003 through #006 are used as conduit or special purpose type accounts for certain "pass thru" transactions or entrepreneurial operations that are not specific operational activities of another General Fund Department. These activities pertain to the Ameriflex Section 125 medical reimbursement plan, the DARE program, the City's Drug Seizure Program, and the Whidbey Island Marathon.

Sources of Revenue:

There are no sources of revenue from this operation.

Personnel Schedule

There are no employees charged to this fund.

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 1,390,238	\$ 1,390,238	\$ 3,214,372	\$ 3,214,372
Operating Revenues	-	-	-	-
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Operating Surplus (Deficit)	-	-	-	-
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	-	-	-	-
Change in Fund Balance	-	-	-	-
Ending Fund Balance	\$ 1,390,238	\$ 1,390,238	\$ 3,214,372	\$ 3,214,372

The following 3 divisions, while part of the general fund, are related to separate funding accounts that do not require performance standards.

Ameriflex

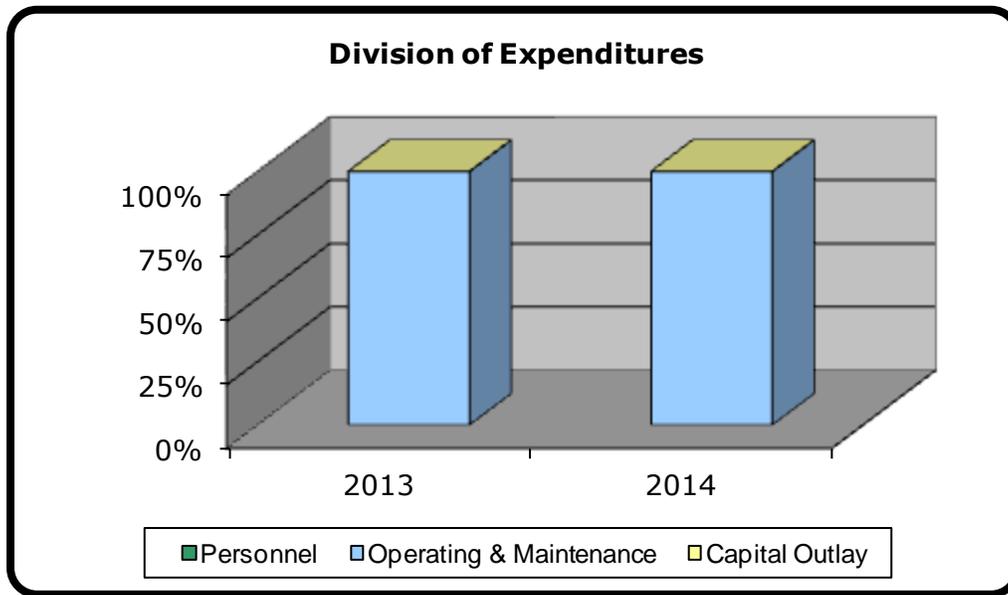
Ameriflex fund accounts for employee contributions into a tax deferred Section 125 fund.

Sources of Revenue:

Revenues consist of employee contributions.

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -
Operating Revenues	42,956	60,000	42,000	42,000
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	42,956	60,000	42,000	42,000
Capital Outlay	-	-	-	-
Total Expenditures	42,956	60,000	42,000	42,000
Operating Surplus (Deficit)	-	-	-	-
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	-	-	-	-
Change in Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -



Seizure

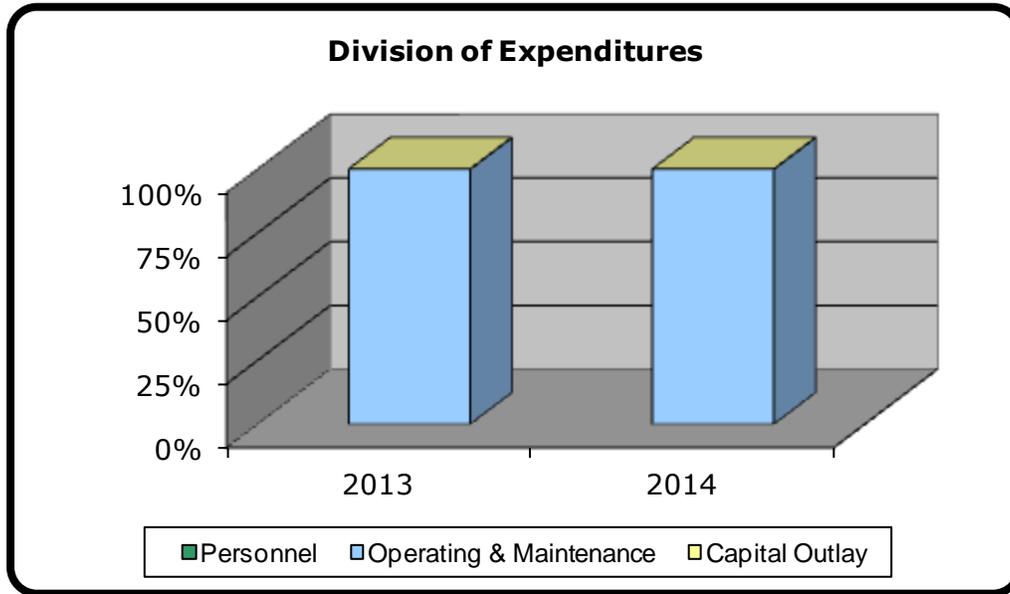
The Seizure fund accounts for expenditures in support of the City’s confidential Drug Seizure program.

Sources of Revenue:

Revenues consist of funds confiscated from drug seizure arrests.

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -
Operating Revenues	9,779	10,000	10,000	10,000
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	10,512	10,000	10,000	10,000
Capital Outlay	-	-	-	-
Total Expenditures	10,512	10,000	10,000	10,000
Operating Surplus (Deficit)	(733)	-	-	-
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	-	-	-	-
Change in Fund Balance	(733)	-	-	-
Ending Fund Balance	\$ (733)	\$ -	\$ -	\$ -



Whidbey Island Marathon

Mission:

The mission of the Whidbey Island Marathon is to promote community vitality and economic development through the promotion and hosting of a quality athletic event which draws not only athletes from around the world, but worldwide attention for tourism. Coupled with the associated Health and Fitness Expo, the event promotes opportunities for community wellness throughout the year as entrants plan and train for their participation

Responsibilities:

- To provide a safe, well organized recreation event for participants and spectators.
- To ensure the Whidbey Island Marathon maintains itself as a top quality event for its continued success

2012 Accomplishments:

- ✓ Included crossing the Deception Pass Bridge as part of the full marathon course.

2013 – 2014 Goals:

- ❖ **Goal: Increase participation in the 5K Race, Half and Full Marathon each year by 10%.**
 - Objective: To continue to promote and advertise through international media.
- ❖ **Goals: Increase the number of Expo vendors.**
 - Objective: To continue to provide a quality event that would draw increased vendor participation

Measurement Results

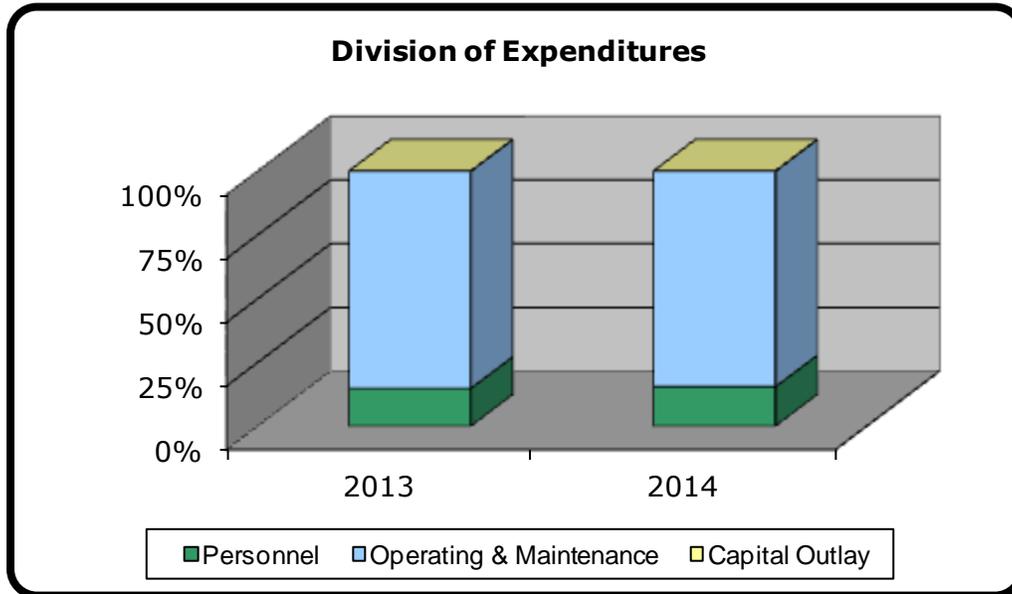
Measures	Actual		Projected	
	2011	2012	2013	2014
Quantitative Measures				
Number of participants:				
Full marathon	251	269	295	325
Half marathon	1,492	1,429	1,570	1,730
5-K	208	213	235	260
Number of vendors	10	9	12	12

Personnel Schedule

Classification	Authorized Positions				
	2010	2011	2012	2013	2014
Web Specialist	0.00	0.30	0.30	0.30	0.30
Total	0.00	0.30	0.30	0.30	0.30

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 167,936	\$ 172,447	\$ 177,032	\$ 185,973
Operating Revenues	156,221	169,825	149,500	149,500
Expenditures				
Personnel	19,077	25,106	20,859	21,884
Operating & Maintenance	148,457	140,231	119,700	119,700
Capital Outlay	12,000	12,000	-	-
Total Expenditures	179,534	177,337	140,559	141,584
Operating Surplus (Deficit)	(23,313)	(7,512)	8,941	7,916
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	12,000	12,000	-	-
Sources Over (Under) Uses	12,000	12,000	-	-
Change in Fund Balance	(11,313)	4,488	8,941	7,916
Ending Fund Balance	\$ 156,623	\$ 176,935	\$ 185,973	\$ 193,889



Discussion of Key Elements

Personnel Expenditures:

There have been no significant changes.

Operating and Maintenance Expenditures:

Approximately \$42,000 relates to professional fees for the following services:

- » Marathon Coordinator – duties include general organization, securing of sponsorships, coordination of promotion and marketing, expo coordination, race course coordination, start/finish line coordination and 5K coordination.
- » Marathon Contractor – duties include working with the Marathon Coordinator in marketing/promotion, sponsorships, expo planning and management and race logistics and operations.
- » Timing Contractor – duties include registration/packet pickup services, chip and race bib preparation and timing/scoring services.

There are no capital assets budgeted for 2013 or 2014..



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Special Revenue Funds



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Streets

Mission:

The mission of the Streets division is to maintain streets, rights-of-way and related facilities in a safe manner that complies with local, state and federal standards and regulations.

Responsibilities:

- To maintain more than 68 miles of paved roadways and associated shoulders including crack sealing, pothole patching and grading of shoulders.
- To provide and maintain traffic control devices including more than 2,750 traffic and street signs, 8 signalized intersections, 35 School Zone flashing lights, 10 pedestrian activated lighted crosswalks, 2 radar activated speed reader boards and channelization (striping and pavement markings).
- To manage and fund the energy costs for 1,100 Street lights through Puget Sound Energy and also to operate and maintain 300 City-owned street lights.
- To improve and promote safety in the community by trimming trees and vegetation for sight distance and vehicular and pedestrian clearance, and by repairing sidewalks that have been raised or damaged by tree roots.
- To support community events through the installation of banners on Pioneer Way, provide assistance with the installation and removal of the lighted holiday decorations on Midway Boulevard and Pioneer Way, and to coordinate with the Police Department regarding road closures and traffic control during special events.
- To be accountable for snow and ice removal, respond to emergency calls and provide assistance during inclement weather and natural disasters.
- To support the Engineering division by collecting traffic data for Engineering Studies and installing traffic calming devices.

2012 Accomplishments:

- ✓ Installed painted "sharrows" (share the road for bicycles) on SW Fairhaven DR. from SW Barrington DR. to NW Hiyu Ave.
- ✓ Removed trip hazards in the sidewalks, and upgraded ADA crosswalk ramps on W Whidbey Ave. / NW Bosun ST. (2), W Whidbey Ave / NW Jib St. (4), NW Delta Ct / NW 1st Ave.(2), SW Columbia DR. / N Oak Harbor St. (1), SW Barrington DR. / SW Heller St. (1), SW 8th Ave. / SW Heller St. (2), SE Fidalgo Ave. / SE Hathaway St. (2).
- ✓ Striping re-alignment of W Whidbey Ave. from SW Fairhaven Dr. to SW Jib St.
- ✓ Installed reflectors and road markers on 90 degree corners of NE Koetje St. and NW 1st Ave. to increase visibility.
- ✓ Upgraded street signage to the new retro-reflectivity standards on all City arterial streets. Regulatory and Warning signs (80% Complete). Guide /street names signs (40% complete).
- ✓ Completed physical inventory of all of the Cities 2,750 street signs on 1,225 sign posts.
- ✓ Upgraded the way-finding signage to include the historic down town district and other updated destinations.

2013 – 2014 Goals:

❖ **Goal: Meet retro-reflectivity requirements mandated by the WSDOT.**

- Objective: Planned upgrade of all signage to new retro-reflectivity standards mandated by the Washington State Department of Transportation by 2018.

❖ **Goal: Maintain safety of public streets and related infrastructure.**

- Objective: To provide annual striping of public streets; maintain roadway surface in good repair; assist property owners in repair and maintenance of sidewalks; maintain signage and signals to regulatory standards; maintain street lighting for safety; coordinate with the Engineering Division on annual pavement management program; and respond to customer concerns in a timely manner.
- Objective: To control vegetation in order to maintain sight distance and pedestrian clearance; remove sidewalk trip hazards.
- Objective: To maintain street signage and lighted devices to enhance pedestrian and vehicle awareness by programming and maintenance of School Zone flashing lights, radar warning signage and lighted crosswalks.
- Objective: To implement the use of salt and salt brine as an alternative to sanding City streets during snow and ice events. Using salt brine will help the Streets Division to be more pro-active to control of ice and snow. Using sand is labor intensive due to application and cleans up, and is not as environmentally safe.

❖ **Goal: Maintain Pavement Management Program.**

- Objective: Objective: To reduce operation and maintenance costs and long term replacement costs through timely rehabilitation and maintenance projects; extend the life of the City's pavement and related infrastructure including identifying and securing a revenue source for the program.

❖ **Goal: Secure stable funding source for Streets Division operations.**

- Objective: To assist the Administration and Finance Departments in identifying and securing stable sources of funding for Streets division functions due to the possible elimination of the special allotted gas tax revenue (Capron Funds) which is 63% of the Street operations budget. Securing funding to assist the Streets Division with costs associated with special event support such as street closures and banners would make more funds available for on-going maintenance activities which are funded by the Streets Division.

Measurement Results

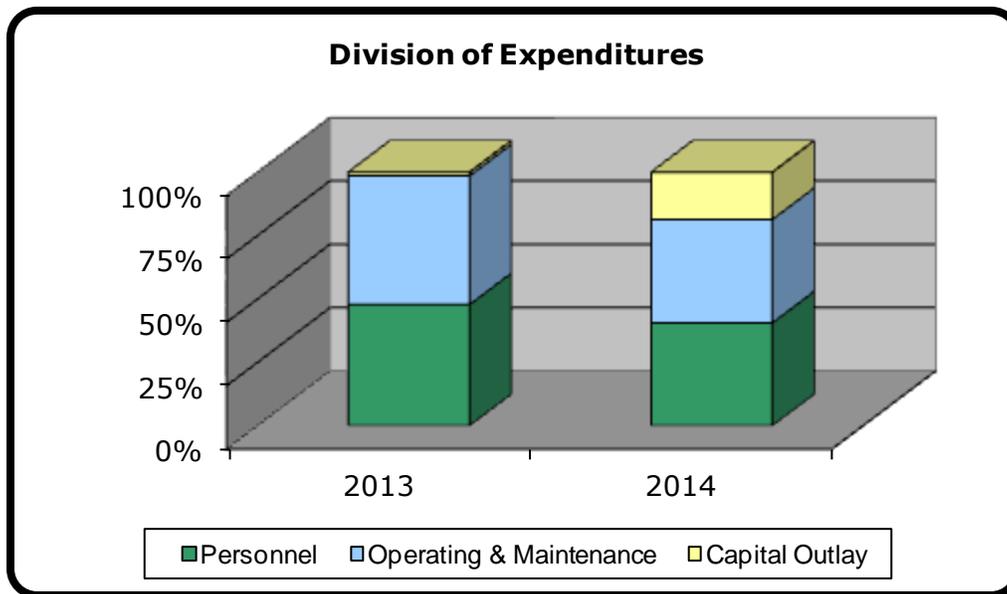
Measures	Actual		Projected	
	2011	2012	2013	2014
Qualitative Measures				
Overall street rating (4-year rating cycles for residential) (2-year rating cycles for arterials)	100%	100%	100%	100%
Repair potholes within 72 hours	100%	100%	100%	100%
Quantitative Measures				
Linear feet of sidewalks repaired and/or installed	128'	636'	200'	200'
Grinding trip hazards on existing sidewalks	500'	300'	300'	300'

Personnel Schedule

Classification	Authorized Positions				
	2010	2011	2012	2013	2014
Operations Manager	0.33	0.00	0.00	0.00	0.00
Lead Streets Specialist	1.00	1.00	1.00	1.00	1.00
Streets Specialist I	0.00	0.00	0.00	1.00	1.00
Streets Specialist II	4.00	4.00	4.00	4.00	4.00
Seasonal Laborer	0.00	0.25	0.25	0.50	0.50
Total	5.33	5.25	5.25	6.50	6.50

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 923,135	\$ 855,823	\$ 710,124	\$ 511,094
Operating Revenues	1,026,297	977,000	915,200	915,200
Expenditures				
Personnel	317,300	339,759	333,369	348,893
Operating & Maintenance	318,119	349,953	354,392	350,692
Capital Outlay	-	210,000	10,000	160,000
Total Expenditures	635,419	899,712	697,761	859,585
Operating Surplus (Deficit)	390,878	77,288	217,439	55,615
Other Sources (Uses)				
Net Interfund Transactions	(243,995)	(427,687)	(416,469)	(384,255)
Net Operating Transfers	25,000	10,000	-	-
Sources Over (Under) Uses	(218,995)	(417,687)	(416,469)	(384,255)
Change in Fund Balance	171,883	(340,399)	(199,030)	(328,640)
Ending Fund Balance	\$ 1,095,018	\$ 515,424	\$ 511,094	\$ 182,454



Discussion of Key Elements

Sources of Revenue:

The Streets division receives revenues primarily from a portion of the State Motor Vehicle Fuel Tax and a special Capron Fund, which is also funded from Motor Vehicle Fuel Tax.

Personnel Expenditures:

The wages, salaries, overtime costs and related employee benefits included in this budget support the current level of staffing. The continued aging of City streets and infrastructure as well as new construction has understandably increased the demand for manpower to maintain City street facilities. Due to limited revenue, the Streets division will not fill an authorized staff position for 2013-2014. The Streets division will hire a five-month temporary employee in 2013-2014..

Operating and Maintenance Expenditures:

All supplies, professional services, training, communication and other regular, on-going costs of operation are included in the expenditure category. Increased costs are reflected in the substantial cost increase of office and operating supplies in the traveled way portion of the budget. Electricity for street and signal lighting will increase with the proposed addition to new planned street lighting and possible energy rate increases. Approximately 17% of the streets operations budget is dedicated for energy costs for street lighting.

In 2013 and 2014, the General Fund will not allocate funds to support special events, including the Banner Program that is managed by the Streets division and funds to continue ADA upgrades and Street overlays.

Capital Outlay:

In 2013, Capital Outlay for street related improvements includes \$10,000 for ADA access upgrades.

In 2014, Capital Outlay for the Street Division is \$300,000 for street overlays and \$10,000 for ADA access upgrades.

Operating Transfers:

There are no operating transfers budgeted for 2013 or 2014.

Streets Cumulative Reserve

The Streets Cumulative Reserve fund was established to reserves matching funds for grant requirements and as a contingency reserve for unanticipated expenditures. As streets construction projects are authorized, these funds will be transferred into the Streets fund (or a specially created utility construction fund) for expenditure.

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 17,563	\$ 21,223	\$ -	\$ -
Operating Revenues	-	160	-	-
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Operating Surplus (Deficit)	-	160	-	-
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	-	-	-	-
Change in Fund Balance	-	160	-	-
Ending Fund Balance	\$ 17,563	\$ 21,383	\$ -	\$ -

Discussion of Key Elements

Sources of Revenue:

Revenues normally consist of operating transfers in.

Capital Outlay:

There are no capital projects budgeted for 2013 or 2014.

Arterials

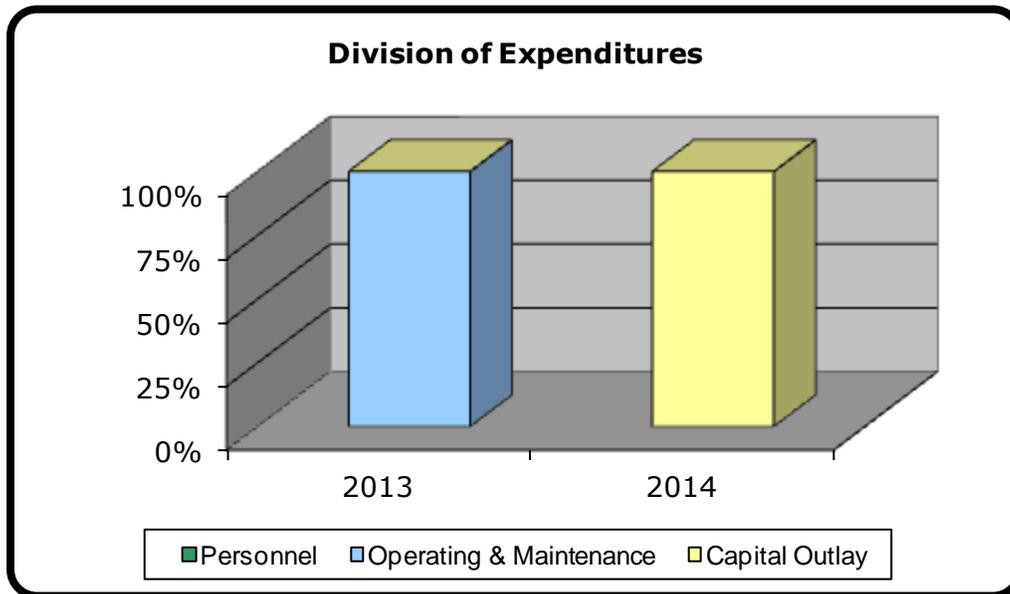
The Arterial Street fund accounts for the operation, maintenance, and minor improvements to the City’s arterial streets. Within the City of Oak Harbor, SR 20 is the only principal arterial street. Minor arterials include Bayshore Drive, Fort Nugent Road, Whidbey Avenue, NE 16th Avenue, Heller Street, Midway Boulevard, Goldie Street and SE Regatta Drive.

Personnel Schedule

There are no employees charged to this fund.

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 627,540	\$ 245,566	\$ -	\$ -
Operating Revenues	1,489,199	125,100	110,000	2,465,000
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	209,313	25,000	100,690	690
Capital Outlay	3,626,008	100,000	-	3,200,000
Total Expenditures	3,835,321	125,000	100,690	3,200,690
Operating Surplus (Deficit)	(2,346,122)	100	9,310	(735,690)
Other Sources (Uses)				
Net Interfund Transactions	(884,537)	(184,025)	(459,702)	(443,346)
Net Operating Transfers	2,752,000	-	-	825,000
Sources Over (Under) Uses	1,867,463	(184,025)	(459,702)	381,654
Change in Fund Balance	(478,659)	(183,925)	(450,392)	(354,036)
Ending Fund Balance	\$ 148,881	\$ 61,641	\$ (450,392)	\$ (354,036)



Discussion of Key Elements

Sources of Revenue:

All Transportation Impact Fees collected from developers are deposited into this fund. In addition, this fund receives State-shared restricted gasoline tax revenues and State grants for capital improvements to the City's arterial systems.

Capital Outlay:

The 2013 budget includes \$100,000 for the Comprehensive Transportation Plan update and \$500,000 for right of way acquisition for NE 7th Ave improvements.

The 2014 budget includes \$2,700,000 for Design and Construction for NE 7th Ave. improvements..

Operating Transfers:

Operating transfers consist of transfers in from the Cumulative Reserve 1st 1/4% REET, Cumulative Reserve 2nd 1/4% REET, and Water funds for archaeological costs.

Transportation Capital Improvement

The Transportation Capital Improvement fund accounts for activities relates to improvements to public streets and roads.

Personnel Schedule

There are no employees charged to this fund.

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 1,013,324	\$ 1,090,100	\$ 1,160,507	\$ 995,425
Operating Revenues	83,660	54,699	34,918	35,919
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Operating Surplus (Deficit)	83,660	54,699	34,918	35,919
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	(25,000)	-	(200,000)	(200,000)
Sources Over (Under) Uses	(25,000)	-	(200,000)	(200,000)
Change in Fund Balance	58,660	54,699	(165,082)	(164,081)
Ending Fund Balance	\$ 1,071,984	\$ 1,144,799	\$ 995,425	\$ 831,344

Discussion of Key Elements**Sources of Revenue:**

The Transportation Capital Improvement fund receives revenue from development activity, motor vehicle tax and grants.

Capital Outlay:

There are no capital projects budgeted for 2013 or 2014.

Operating Transfers:

Operating transfers consist of transfers out to the Arterial fund for archaeological costs.

Paths and Trails

The Paths and Trails fund accounts for revenues and expenditures related to identified projects of a multi-modal nature. The City uses these funds primarily for the funding of certain pathway projects such as the Windjammer and Freund Marsh Trails.

Personnel Schedule

There are no employees charged to this fund.

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 17,504	\$ 19,968	\$ 22,173	\$ 24,348
Operating Revenues	2,368	2,450	2,175	2,200
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Operating Surplus (Deficit)	2,368	2,450	2,175	2,200
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	-	-	-	-
Change in Fund Balance	2,368	2,450	2,175	2,200
Ending Fund Balance	\$ 19,872	\$ 22,418	\$ 24,348	\$ 26,548

Discussion of Key Elements

Sources of Revenue:

The source of revenue for this fund is a operating transfer-in of 1% of all Motor Vehicle Fuel Tax proceeds received by the City's Streets and Arterials funds. Under State law, the funds must be spent within a ten year period from receipt.

Capital Outlay:

There are no capital projects budgeted for 2013 or 2014.

Arts Acquisition and Maintenance

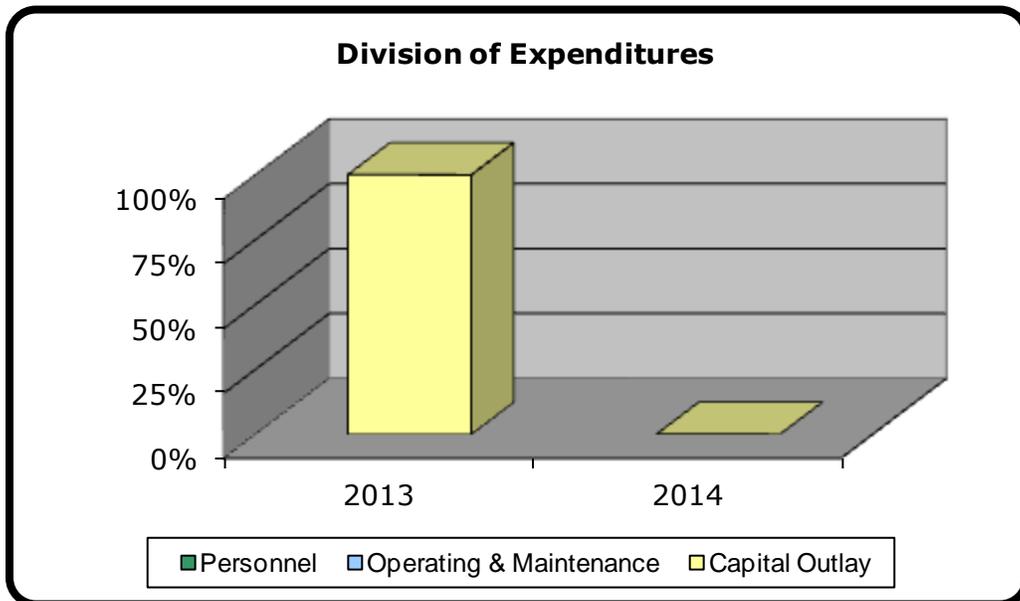
The Arts Acquisition and Maintenance fund accounts for revenues and expenditures related to purchase and preservation of art within the City. The Arts Commission researches and suggests potential projects for the Council’s authorization.

Personnel Schedule

There are no employees charged to this fund.

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 50,058	\$ 87,505	\$ 19,784	\$ 44,365
Operating Revenues	32,408	1,000	32,581	34,453
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	252	1,200	-	-
Capital Outlay	34,804	60,000	8,000	-
Total Expenditures	35,056	61,200	8,000	-
Operating Surplus (Deficit)	(2,648)	(60,200)	24,581	34,453
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	32,472	-	-
Sources Over (Under) Uses	-	32,472	-	-
Change in Fund Balance	(2,648)	(27,728)	24,581	34,453
Ending Fund Balance	\$ 47,410	\$ 59,777	\$ 44,365	\$ 78,818



Discussion of Key Elements

Sources of Revenue:

The source of funds is a portion of the City's Utility Tax. The amount of the allocations is set by Council through the adoption of the budget and currently is 0.25% of the gross revenue on the supply of water; collection and treatment of sewer; and the collection of solid waste. These proceeds must be utilized for the promotion of art.

Operating and Maintenance Expenditures:

Operating and maintenance expenditures consist of office and operating supplies.

Capital Outlay:

\$8,000 has been designated to purchase art.

Civic Improvement

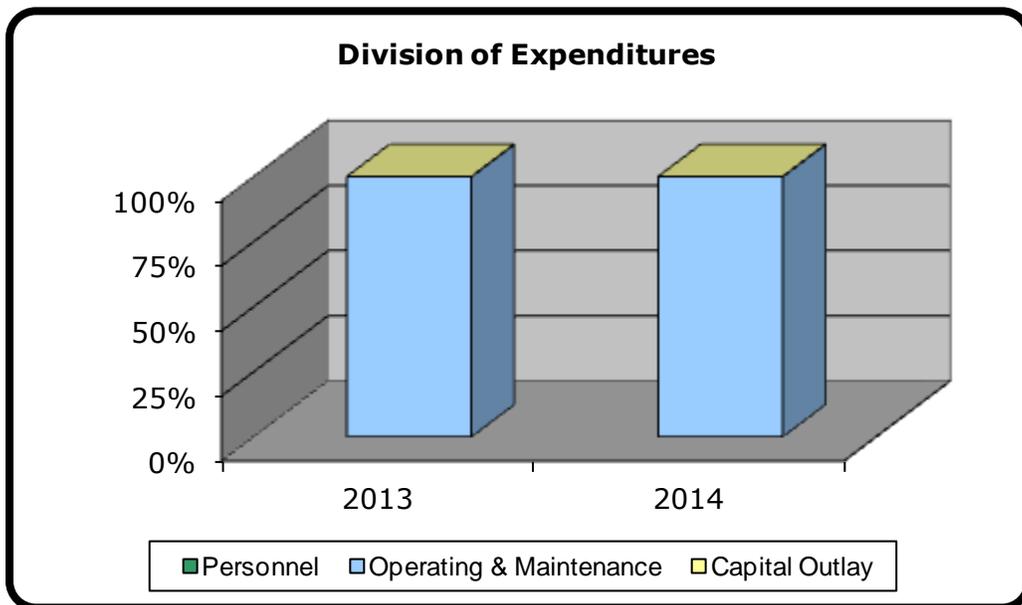
The Civic Improvement fund accounts for revenues and expenditures related to tourism. The City utilizes a Lodging Tax Advisory Committee consisting of representatives from two entities that collect the 2% Hotel Motel Tax funds (hoteliers) and two entities that use the funds in the promotion of tourism. The Committee is chaired by one City Council member, with the City's Finance Director attending in an ex officio advisory capacity.

Personnel Schedule

There are no employees charged to this fund.

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 315,236	\$ 346,918	\$ 404,375	\$ 431,375
Operating Revenues	180,509	171,700	162,000	162,000
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	121,069	118,000	164,000	164,000
Capital Outlay	-	-	-	-
Total Expenditures	121,069	118,000	164,000	164,000
Operating Surplus (Deficit)	59,440	53,700	(2,000)	(2,000)
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	(12,000)	(12,000)	(24,000)	(24,000)
Sources Over (Under) Uses	(12,000)	(12,000)	(24,000)	(24,000)
Change in Fund Balance	47,440	41,700	(26,000)	(26,000)
Ending Fund Balance	\$ 362,676	\$ 388,618	\$ 378,375	\$ 405,375



Discussion of Key Elements

Sources of Revenue:

The source of funds is the City's 2% Hotel Motel Tax. These proceeds must be utilized for the promotion of tourism.

Operating and Maintenance Expenditures:

Operating and maintenance expenditures consist of the promotion of tourism.

Capital Outlay:

There are no capital projects budgeted for 2013 or 2014.

Operating Transfers:

Operating transfers consist of transfers out to the Waterfront Redevelopment fund for the construction of capital projects.

Neighborhood Parks

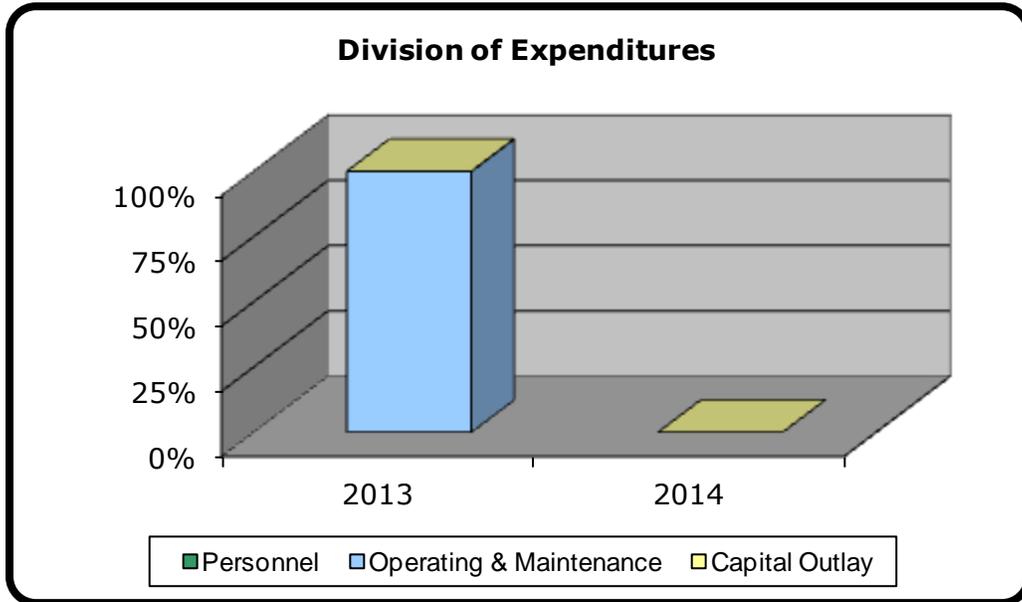
The Neighborhood Parks Improvement fund accounts for revenues and expenditures related to acquisition and/or construction of neighborhood parks.

Personnel Schedule

There are no employees charged to this fund.

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 47,144	\$ 39,433	\$ 87,842	\$ 89,842
Operating Revenues	35,183	20,000	12,000	12,000
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	10,000	-
Capital Outlay	150,096	10,250	-	-
Total Expenditures	150,096	10,250	10,000	-
Operating Surplus (Deficit)	(114,913)	9,750	2,000	12,000
Other Sources (Uses)				
Net Interfund Transactions	(10,591)	-	-	-
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	(10,591)	-	-	-
Change in Fund Balance	(125,504)	9,750	2,000	12,000
Ending Fund Balance	\$ (78,360)	\$ 49,183	\$ 89,842	\$ 101,842



Discussion of Key Elements

Sources of Revenue

All Park Impact Fees collected from developers related to neighborhood parks are deposited here.

Capital Outlay:

In 2013, \$10,000 has been allocated for the purchase of miscellaneous items for recently developed parks, such as trees, tables, benches and park signs. A new park sign will be installed at Scenic heights trailhead.

There are no capital projects budgeted for 2014.

Community Parks

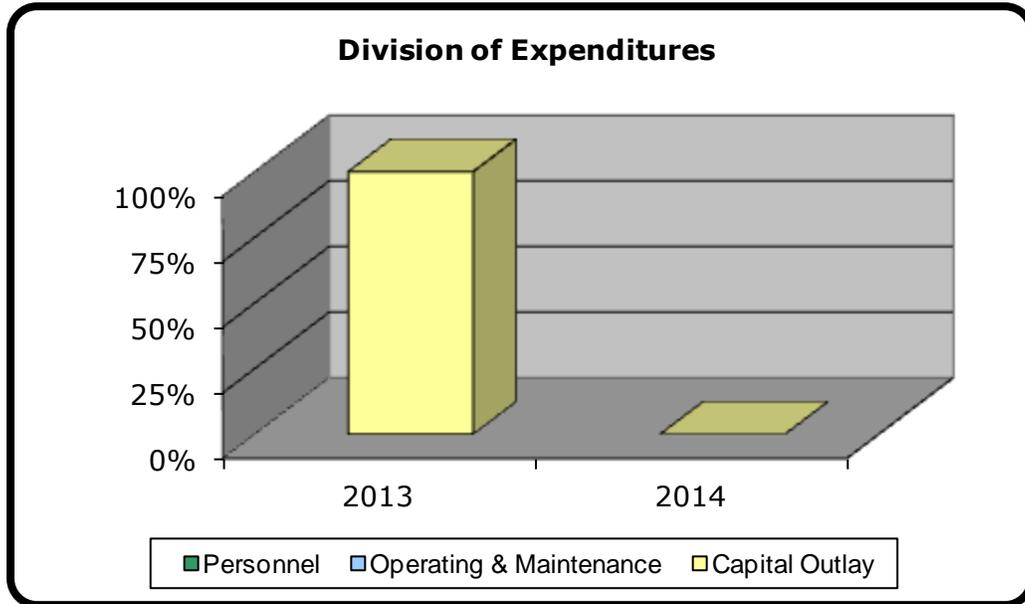
The Community Parks Improvement fund accounts for revenues and expenditures related to acquisition and/or construction of community parks.

Personnel Schedule

There are no employees charged to this fund.

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 283,617	\$ 211,435	\$ 348,601	\$ 236,381
Operating Revenues	31,984	45,000	34,780	34,780
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	1,002	-	-	-
Capital Outlay	6,348	250,000	147,000	-
Total Expenditures	7,350	250,000	147,000	-
Operating Surplus (Deficit)	24,634	(205,000)	(112,220)	34,780
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	-	-	-	-
Change in Fund Balance	24,634	(205,000)	(112,220)	34,780
Ending Fund Balance	\$ 308,251	\$ 6,435	\$ 236,381	\$ 271,161



Discussion of Key Elements

Sources of Revenue:

All Park Impact Fees collected from developers related to community parks are deposited here.

Capital Outlay:

\$67,000 has been allocated in 2013 for the construction of two covered picnic shelters at Ft. Nugent Park \$80,000 has also been budgeted to install a drain system in ball fields at Ft Nugent Park.

Senior Services

Mission:

The mission of the Senior Services Center is to deliver the highest possible level of service to citizens of Oak Harbor and North and Central Whidbey Island who are age 50 and over. Senior Services is dedicated to improving quality of life, fostering community partnerships, responding to diverse needs and interests, enhancing dignity, supporting independence and encouraging members to be involved in and with the community.

Responsibilities:

- Provide programs that promote healthy aging and stimulate mental, intellectual, emotional and spiritual processes that promote balance in healthy aging.
- Provide and then document program use, operations and outcomes to improve service and develop reports for both public information and management decision-making purposes.
- Strategically plan to ensure Senior Services financial, material, and people resources are efficiently used and are in keeping with City goals.
- Promote Senior Services programs and activities to eligible participants through the monthly newspaper, Chamber of Commerce meetings and publications, personal contact with service and community organizations and the local newspaper.
- Maintain facilities that are attractive, safe, welcoming and optimized for housing older adult support programs.
- Develop programs that promote enhancement of independent living capabilities and facilitate optimizing senior population community volunteer involvement/work.
- Advocate for our older adults in all aspects of community life.

2012 Accomplishments:

- ✓ Completed installation of new senior center ventilation system. Have experienced energy savings (approximately \$1,500/year) with significant reduction in repair costs.
- ✓ Adult Day Care contracted services were discontinued in 2011. Substituted state certification caregiver training (in concert with Bellingham Community College) to help fill local in-residence demand for caregiver support (over 300 trained/certified participants).
- ✓ Following loss of Island County government funding support (\$96,000/year) in 2011, new and better partnering with local profit/non-profit groups used to help reduce operating and center member costs (Senior Services of Island County, fitness facility, banks, older adult housing groups, OHSC Foundation, various businesses).

2013 – 2014 Goals:

- ❖ **Goals: Promote a healthy and growing business community.**
 - Objective: Develop support of our local business community for Senior Center activities.
 - Objective: Ensure that local business organizations are aware of the support services of which owners/employees may avail themselves.

- Objective: Introduce and advertise to our increasing older adult population information regarding goods and services offered by local businesses and non-profit groups.

❖ **Goals: Encourage a safe community.**

- Objective: Increase the attendance at safety, emergency and disaster preparedness events.
- Objective: Participate in meetings, maintain current materials for distribution and support planning efforts relating to safety and emergency preparedness.
- Objective: Provide adequate number of safety and preparedness articles published in the Newspaper, flyers and posters.
- Objective: Keep the number and type of discrepancies noted on annual safety and fire inspections at a minimum.

❖ **Goals: Promote a healthy work environment and employee/volunteer excellence.**

- Objective: Obtain feedback from employees and volunteers.
- Objective: Increase volunteer recruitment and training.
- Objective: Observation of employees and volunteers in daily work.
- Objective: Provide formal employee and volunteer recognition.

❖ **Goals: Deliver superior quality service to our customers.**

- Objective: Increase number of people who are members.
- Objective: Maintain/improve passport services for members and the community.
- Objective: Increase meal site and meals-on-wheels nutrition services/support.
- Objective: Increase and vary as needed the number and types of activities in which the members participate, including but not limited to health and travel related activities.
- Objective: Support as feasible the work of social services organizations looking to assist local older adult with health, quality of life and other important issues.

❖ **Goals: Protect and enhance capital investment in the City of Oak Harbor.**

- Objective: Modify existing plans for design of enhanced facility(ies) based on community input.
- Objective: Create a “business plan” for operation of future facility(ies).
- Objective: Develop plans for raising funds for construction of facility(ies)
- Objective: Continue to plan, monitor and perform as needed ongoing maintenance of existing structures

❖ **Goals: Build and enhance community partnerships.**

- Objective: Optimally maintain current partnerships.
- Objective: Actively seek/develop new partnership opportunities.

Measurement Results

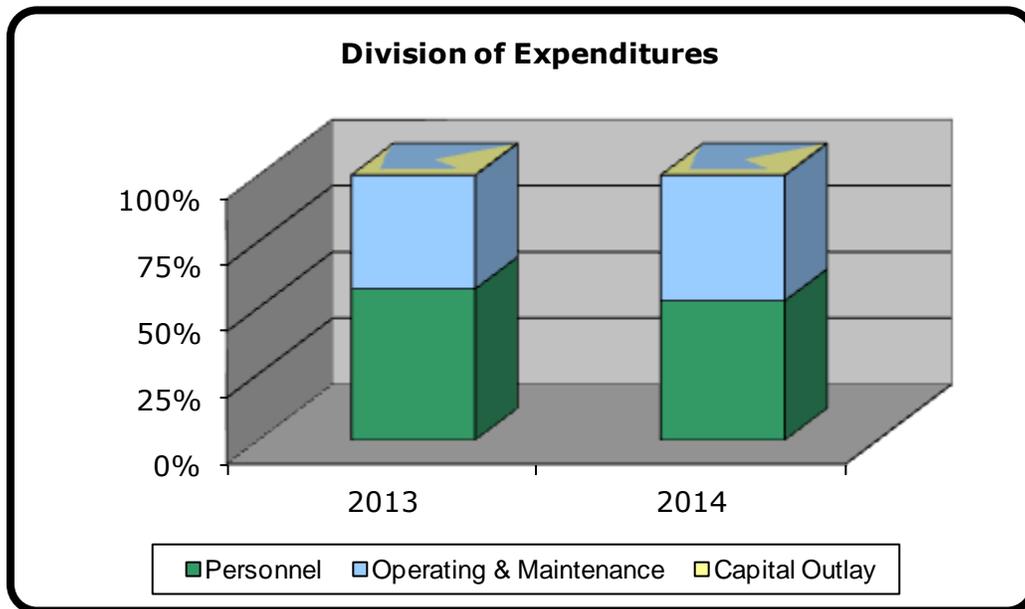
Measures	Actual		Projected	
	2011	2012	2013	2014
Qualitative Measures				
Modify new facility design per community input	N/A	N/A	X	
Develop operational plan for new facility	N/A	N/A		X
Initial fundraising for new facility	N/A	N/A		X
Quantitative Measures				
Passports processed	709	892	840	840
Meals served (Site/MOWs)	20,095	19,200	19,500	19,500
Membership funds	\$26,905	\$26,933	\$27,000	%27,000
Volunteer hours	6,358	5,844	6,400	6,400
Trip participants	1,753	1,896	1,900	1,900

Personnel Schedule

Classification	Authorized Positions				
	2010	2011	2012	2013	2014
Senior Services Administrator	1.00	1.00	1.00	1.00	1.00
Program Coordinator	1.00	1.00	1.00	1.00	1.00
Admin Assistant/Volunteer Coordinator	0.75	0.75	0.75	0.75	0.75
Total	2.75	2.75	2.75	2.75	2.75

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 90,486	\$ 93,840	\$ 50,031	\$ 53,174
Operating Revenues	210,460	276,326	278,449	268,934
Expenditures				
Personnel	181,179	206,572	201,668	208,146
Operating & Maintenance	116,057	151,000	151,400	187,400
Capital Outlay	41,346	-	-	-
Total Expenditures	338,582	357,572	353,068	395,546
Operating Surplus (Deficit)	(128,122)	(81,246)	(74,619)	(126,612)
Other Sources (Uses)				
Net Interfund Transactions	(40,926)	(30,920)	(39,238)	(39,238)
Net Operating Transfers	129,500	97,000	117,000	117,000
Sources Over (Under) Uses	88,574	66,080	77,762	77,762
Change in Fund Balance	(39,548)	(15,166)	3,143	(48,850)
Ending Fund Balance	\$ 50,938	\$ 78,674	\$ 53,174	\$ 4,324



Discussion of Key Elements

Sources of Revenue:

Revenues are generated through membership dues, the travel program, passport processing and a variety of fundraising efforts.

Personnel Expenditures:

There have been no significant changes.

Operating and Maintenance Expenditures:

A significant portion of the operating and maintenance budget is for the senior travel program, which is a revenue generating program that makes trips available for older adults and also includes the passport program.

Capital Outlay:

There are no capital projects budgeted for 2013 or 2014.

Operating Transfers:

Operating transfers consist of transfers in from the General Fund for operations.

Debt Service Funds



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Long-term Debt

In Washington State, City long-term debt can take one of four basic forms. For each form of debt there are dollar limitations on the amounts that can be issued. Discussed below are the basic types of debt, their dollar limitations, and current outstanding balances for the City of Oak Harbor.

Councilmanic Debt

This generally refers to long-term debt that, following a majority vote of the City Council, is authorized. No public vote is necessary for the issuance of councilmanic debt and repayment must come from the existing revenue sources of the City. There is no separate tax levy to support councilmanic bonds. The limitation on councilmanic debt is 1½% of the City's tax assessed valuation.

Currently the City has one councilmanic debt. The 2011 Marina bond has an outstanding balance of \$2,345,000. Repayment comes from the Marina Fund.

Voter Approved Debt

This is the most common type of general long-term debt for cities. A 60% voter approval is necessary for the issuance of General Obligation Debt and, subject to certain limitations; the debt is restricted to 2½% of the city's tax assessed valuation.

The City currently has no voter-approved bonds outstanding.

Revenue Debt

This type of long-term debt can only be issued by those funds that can generate user fees for the repayment of the debt. Water and sewer capital projects are often times financed through revenue debt. Naturally the water or sewer service fees are adjusted to generate sufficient cash flow to service the debt.

Currently revenue debt is outstanding from the Sewer fund. The OAKWA04 Bond has an outstanding balance of \$1,935,000.

Assessment Debt

This type of debt frequently funds capital projects wherein there are specific pieces of property that benefit from the improvements. These properties are assessed an annual tax to pay for these improvements. Common types of assessment debt are street/sidewalk extensions, new water lines and sewer service extensions.

Currently the City has no outstanding assessment debt.

Fire and Public Safety Bond

The 1996 Fire and Police Refinancing Bond fund accounts for the advance refunding of the callable portion of the City's 1987 General Obligation Bond and advance refunding of the City's 1991 General Obligation Bond. This bond was paid off in 2010.

Sources of Revenue:

Revenues consist of operating transfers from the fire department and the police department.

Personnel Schedule

There are no employees charged to this fund.

Summary of Financial Information

N/A

Fire Vehicle LOCAL Loan

The Fire Vehicle LOCAL Loan fund accounts for the debt service on the purchase of two new fire trucks and fire equipment. This debt was paid off in 2012.

Sources of Revenue:

Revenues consist of operating transfers from the fire department.

Personnel Schedule

There are no employees charged to this fund.

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -
Operating Revenues	-	-	-	-
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay				
Debt Service	51,711	25,856	-	-
Total Expenditures	51,711	25,856	-	-
Operating Surplus (Deficit)	(51,711)	(25,856)	-	-
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	51,711	25,856	-	-
Sources Over (Under) Uses	51,711	25,856	-	-
Change in Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -



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Capital Projects Funds



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Cumulative Reserve 1st 1/4% REET

The Cumulative Reserve 1st ¼% REET fund accounts for revenues and expenditures related to the collection and disbursement of the first quarter percent Real Estate Excise Tax.

Sources of Revenue:

The 1st ¼% Real Estate Excise Tax is received from the State of Washington. The tax is collected on the sale of real property within the City limits of Oak Harbor. Uses of the funds are designated by City Council, and pertain to projects within the City’s Capital Improvement Plan (CIP).

Personnel Schedule

There are no employees charged to this fund.

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 2,801,509	\$ 1,320,702	\$ 1,931,993	\$ 1,831,993
Operating Revenues	118,984	180,500	100,000	100,000
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Operating Surplus (Deficit)	118,984	180,500	100,000	100,000
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	(1,169,000)	-	(200,000)	(425,000)
Sources Over (Under) Uses	(1,169,000)	-	(200,000)	(425,000)
Change in Fund Balance	(1,050,016)	180,500	(100,000)	(325,000)
Ending Fund Balance	\$ 1,751,493	\$ 1,501,202	\$ 1,831,993	\$ 1,506,993

Capital Outlay:

There are no capital projects budgeted for 2013 or 2014.

Operating Transfers:

Operating transfers consist of transfers out to the Arterial fund for archaeological costs.

Cumulative Reserve 2nd 1/4% REET

The Cumulative Reserve 2nd 1/4% REET fund accounts for revenues and expenditures related to the collection and disbursement of the second quarter percent Real Estate Excise Tax.

Sources of Revenue:

The 2nd 1/4% Real Estate Excise Tax is received from the State of Washington. The tax is collected on the sale of real property within the City limits of Oak Harbor. Uses of the funds are designated by City Council, and pertain to projects within the City’s Capital Improvement Plan (CIP).

Personnel Schedule

There are no employees charged to this fund.

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 2,271,328	\$ 183,853	\$ 980,069	\$ 880,069
Operating Revenues	117,991	173,750	100,000	100,000
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Operating Surplus (Deficit)	117,991	173,750	100,000	100,000
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	(1,583,000)	-	(200,000)	(200,000)
Sources Over (Under) Uses	(1,583,000)	-	(200,000)	(200,000)
Change in Fund Balance	(1,465,009)	173,750	(100,000)	(100,000)
Ending Fund Balance	\$ 806,319	\$ 357,603	\$ 880,069	\$ 780,069

Capital Outlay:

There are no capital projects budgeted for 2013 or 2014.

Operating Transfers:

Operating transfers consist of transfers out to the Arterial fund for archaeological costs.

Municipal Pier

The Municipal Pier fund accounts for revenues and expenditures related to any acquisition, construction, permitting, and other related costs incurred for the possible building of a City pier adjacent to Flintstone Park on Bayshore Drive. To date, the fund is operating as a reserve fund to set aside funding for future additions when and if they occur.

Sources of Revenue:

The primary sources of revenue are contributions from the General Fund, and various grant revenues.

Personnel Schedule

There are no employees charged to this fund.

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 204,671	\$ 276,961	\$ -	\$ -
Operating Revenues	287	1,500	-	-
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	61,268	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	61,268	-	-	-
Operating Surplus (Deficit)	(60,981)	1,500	-	-
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	20,000	20,000	-	-
Sources Over (Under) Uses	20,000	20,000	-	-
Change in Fund Balance	(40,981)	21,500	-	-
Ending Fund Balance	\$ 163,690	\$ 298,461	\$ -	\$ -

Capital Outlay:

There are no capital projects budgeted for 2013 or 2014.

Operating Transfers:

There are no operating transfers budgeted for 2013 or 2014.

Waterfront Redevelopment

The Waterfront Redevelopment fund accounts for revenues and expenditures related to acquisitions and improvements to Windjammer Park (formerly known as City Beach Park).

Sources of Revenue:

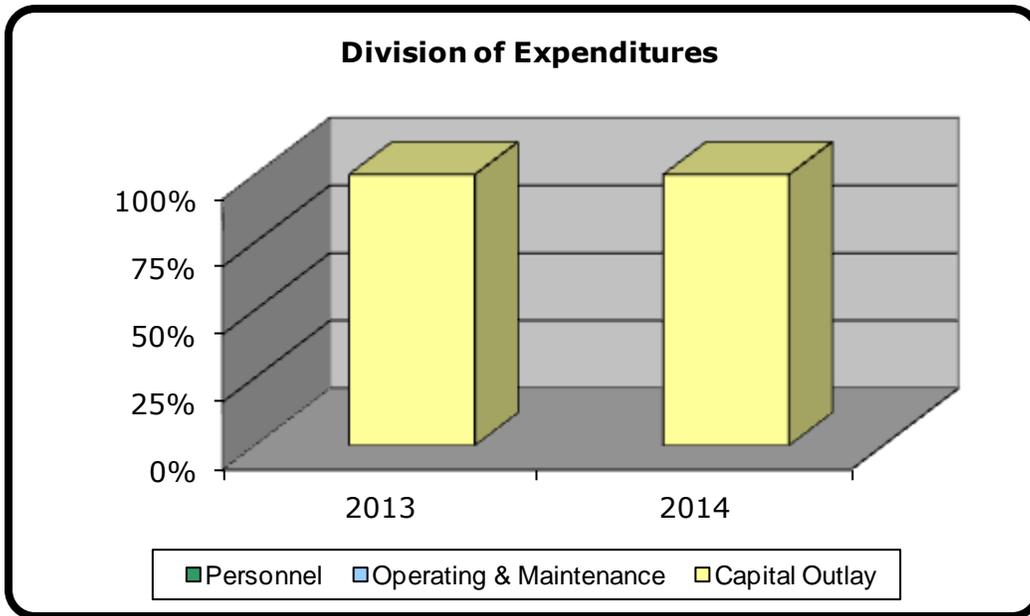
The sources of funds are General Fund contributions, grants, and 2% hotel motel tax.

Personnel Schedule

There are no employees charged to this fund.

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 475,081	\$ 439,039	\$ 475,778	\$ 426,278
Operating Revenues	6,327	5,000	1,500	1,500
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	75,000	60,000
Total Expenditures	-	-	75,000	60,000
Operating Surplus (Deficit)	6,327	5,000	(73,500)	(58,500)
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	65,000	35,000	24,000	24,000
Sources Over (Under) Uses	65,000	35,000	24,000	24,000
Change in Fund Balance	71,327	40,000	(49,500)	(34,500)
Ending Fund Balance	\$ 546,408	\$ 479,039	\$ 426,278	\$ 391,778



Capital Outlay:

The 2013 budget includes the construction of informational kiosks along the Waterfront Trail and in the downtown area. The 2014 budget includes the replacement of the windbreak/picnic areas along the Trail.

Operating Transfers:

Operating transfers include transfers in from the Civic Improvement fund for the construction of the capital projects.



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Enterprise Funds



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Water

Mission:

The mission of the Water division is to provide safe, uninterrupted, quality water to our customers now and in the future, build confidence with our customers through education and efficient operation and maintenance programs.

Responsibilities:

- To comply with all regulations regarding the quality and distribution of potable water through daily sampling and testing and timely response to customer concerns.
- To reliably distribute and maintain potable water through a system of three storage tanks, 103 miles of water mains, three booster pump stations and associated facilities.
- To maintain and be accountable for the City's emergency water supply through maintaining three million gallons of storage and three existing deep wells, and actively seeking additional sources for emergency supplies.
- To promote community safety by providing adequate water pressure for fire flow and coordination with the Fire department to ensure a well-maintained network of more than 875 fire hydrants.
- To support the Finance department operations through accurate and dependable meter reading and meter repairs of the 5,840 water service connections, as well as addressing customer service related questions and issues.
- To protect public health and safety through administration and enforcement of the City's Cross Connection Control Program and state mandated water quality sampling.
- To promote community awareness of water conservation through public education, identification and notification of unusually high customer consumption and timely repairs of leaks in the City's water mains.
- To coordinate and communicate with the Development Services department regarding review of development plans and inspection of water infrastructure installed by developers.
- To collaborate with the Development Services department to identify and implement capital projects that will improve reliability, safety and accommodate growth.

2012 Accomplishments:

- ✓ Replacement of the 18 inch totalizer meter at the Ault Field Booster Pump Station.
- ✓ Exterior painting of the East Reservoir and exterior cleaning of the West Reservoirs.
- ✓ Preliminary in-house GPS mapping of water related infrastructure.
- ✓ Design of the new North Reservoir.
- ✓ Construction of the Gun Club North Reservoir water main connection.

2013 – 2014 Goals:

- ❖ **Goal: Educate and assist customers concerning new rate structure and billing policy and procedures.**
 - Objective: To assist the City water customers to understand the new rate structure as it pertains to type of use. To assist customers in making educated water use decisions and assist in leak detection and water use trending to conserve water.
- ❖ **Goal: Maintain optimum flows and ensure system reliability and dependability.**
 - Objective: To service and maintain all 1,250 of the City water main valves every two years; perform meter installations, service and repairs in a timely manner to ensure accurate meter readings; perform daily inspection of all pump stations, tank sites and critical facilities and services as needed; closely monitor and track unaccounted for water; and repair and maintain fire hydrants in a timely manner.
 - Objective: To maintain water system reliability during the construction of the 4 million gallon north water reservoir and future related infrastructure upgrades.
 - Objective: To secure emergency supply of water by updating emergency response procedures, maintaining existing wells and pursuing additional sources of supply through reactivation of old wells. Design and construction of replacement for well #9.
 - Objective: To use existing resources available to inventory and map all water infrastructure including water mains, water services and meters, fire hydrants and valves. The information will be used for better asset management, locating of utilities and mapping and maintenance activities.
 - Objective: To improve redundancy of our water main grid in critical areas.
- ❖ **Goal: Minimize water main breaks/leaks.**
 - Objective: To perform quality repairs; maintain a proactive program of water main replacement activities for substandard lines, connections and services; be proactive in investigating high water consumption for possible water leaks on customer water services.
- ❖ **Goal: Protect the public from the introduction of potential contamination hazards through the City water system.**
 - Objective: To maintain security and integrity of the system at reservoirs. Immediately investigate and address water quality concerns of customers.
 - Objective: To manage the City Cross Connection Control Program to protect the water system from contamination due to cross connections. Ensure the 932 backflow assemblies are properly inspected, maintained and tested.
- ❖ **Goal: Continue to expand the Water Conservation and Efficiency Program.**
 - Objective: To educate the public regarding environmental benefits of water conservation to protect our resources and minimize unaccountable water loss, which is a requirement of the State of Washington.
- ❖ **Goal: Maintain "Green" Operating Permit.**
 - Objective: To comply with all water quality standards and to meet and/or exceed the level of service required by the Department of Health.

Measurement Results

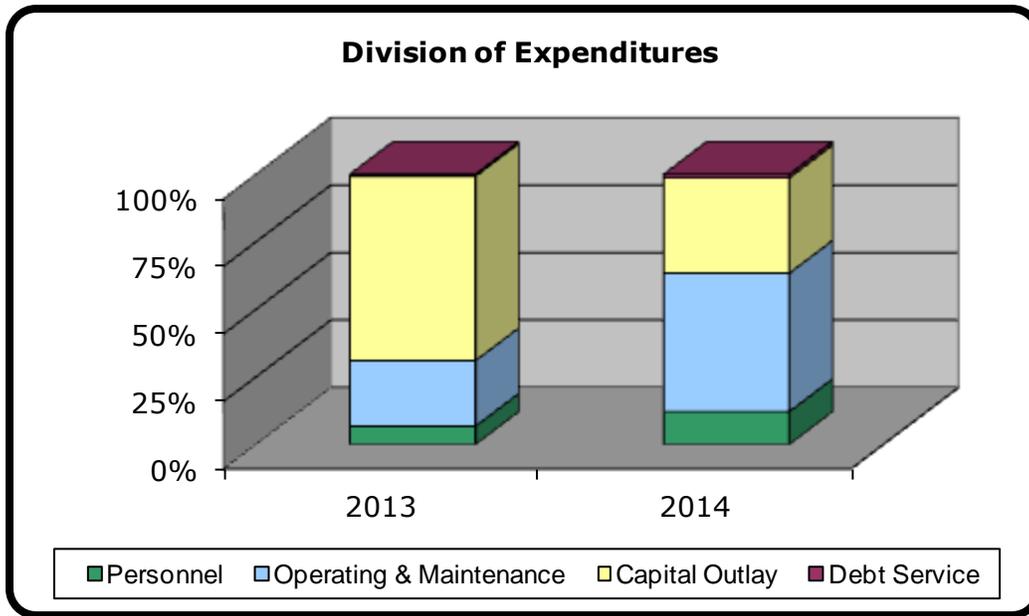
Measures	Actual		Projected	
	2011	2012	2013	2014
Qualitative Measures				
Water quality sampling compliance	100%	100%	100%	100%
Quantitative Measures				
Number of water line breaks/leaks repaired	16	11	<12	<12
Number of undesirable water quality concern	13	3	<10	<10
Percentage of water unaccounted for	2.61%	5.43%	<10%	<10%

Personnel Schedule

Classification	Authorized Positions				
	2010	2011	2012	2013	2014
Operations Manager	0.34	0.00	0.00	0.00	0.00
Lead Water Specialist	1.00	1.00	1.00	1.00	1.00
Water Specialist II	5.00	5.00	5.00	5.00	5.00
Water Specialist I	1.00	1.00	1.00	1.00	1.00
Water Service Lead	0.00	0.00	1.00	1.00	1.00
Water Service Coordinator	1.00	1.00	0.00	0.00	0.00
Seasonal Laborer	0.25	0.50	0.50	0.50	0.50
Total	8.59	8.50	8.50	8.50	8.50

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 3,356,221	\$ 4,546,673	\$ 3,256,016	\$ 4,016,055
Operating Revenues	4,475,776	4,513,252	7,454,700	4,672,700
Expenditures				
Personnel	514,717	583,330	537,194	519,214
Operating & Maintenance	2,471,209	2,324,023	1,918,968	2,178,556
Capital Outlay	-	363,000	5,398,000	1,500,000
Debt Service	55,208	334,757	54,824	54,568
Total Expenditures	3,041,134	3,605,110	7,908,986	4,252,338
Operating Surplus (Deficit)	1,434,642	908,142	(454,286)	420,362
Other Sources (Uses)				
Net Interfund Transactions	(788,549)	(895,264)	(934,675)	(922,659)
Net Operating Transfers	(24,000)	(34,000)	2,149,000	(224,000)
Sources Over (Under) Uses	(812,549)	(929,264)	1,214,325	(1,146,659)
Change in Fund Balance	622,093	(21,122)	760,039	(726,297)
Ending Fund Balance	\$ 3,978,314	\$ 4,525,551	\$ 4,016,055	\$ 3,289,758



Discussion of Key Elements

Personnel Expenditures:

There are two authorized positions in the Water division that are vacant and will not be filled at this time. The salary and benefits for this position were removed from the 2013/2014 budget.

The Water division budgeted for a six month temporary laborer in 2013/2014. This position is necessary to address seasonal maintenance, fire hydrant painting and assist full time employees in water related tasks.

Operating and Maintenance Expenditures:

Significant items in operating and maintenance include the purchase of water from the City of Anacortes, the State B&O Tax and the City Utility Tax that the Water division must pay.

Capital Outlay:

The 2013/2014 budget includes several projects that are identified in the Water Comprehensive Plan.

For 2013, the projects include:

- » \$150,000 to investigate reactivation of well #9 and alternative water sources.
- » \$100,000 to replace a failed water main on SR-20 from SW 6th to SW 8th Avenue.
- » \$4,348,000 to construct a four million gallon north reservoir.
- » \$500,000 for water main replacement upgrades of aging mains.
- » \$25,000 for truck scale at the public works facility.
- » \$75,000 design of the north reservoir booster pump station
- » \$200,000 Modifications to the Ault Field booster pump station.

For 2014 the projects include:

- » \$500,000 for water main replacement upgrades of aging mains.
- » \$1,000,000 Construction of north reservoir pressure booster pump station.

Operating Transfers:

Operating transfers consist of transfers in from the Water Cumulative Reserve fund for the Ault Field pump station, the North reservoir and north reservoir booster pump station and operating transfers out to the Water Cumulative Reserve fund for future capital projects and to the Arterial fund for archaeological costs.

Water Cumulative Reserve

The Water Cumulative Reserve fund was established to accumulate excess water revenue for anticipated future capital projects. As water construction projects are authorized, these funds will be transferred into the Water fund (or a specially created utility construction fund) for expenditure.

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 5,514,719	\$ 3,071,983	\$ 5,830,736	\$ 3,606,736
Operating Revenues	137,595	382,000	125,000	125,000
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	5,410	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	5,410	-	-	-
Operating Surplus (Deficit)	132,185	382,000	125,000	125,000
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	24,000	24,000	(2,349,000)	24,000
Sources Over (Under) Uses	24,000	24,000	(2,349,000)	24,000
Change in Fund Balance	156,185	406,000	(2,224,000)	149,000
Ending Fund Balance	\$ 5,670,904	\$ 3,477,983	\$ 3,606,736	\$ 3,755,736

Discussion of Key Elements**Sources of Revenue:**

System Development Fees and transfers from the Water fund are the two major revenues sources for this fund.

Operating Transfers:

Operating transfers consist of transfers out to the Water fund for the Ault Field pump station, the North reservoir and north reservoir booster pump station.

Wastewater

Mission:

The mission of the Wastewater division is to serve the community by protecting public health, property and the environment. To provide efficient and reliable service by utilizing sound financial and resource management practices. Encourage the support of the public and recognize that our employees are the key to success.

Responsibilities:

- To provide wastewater collection and treatment in compliance with the City's NPDES discharge permit as issued by the Washington State Department of Ecology.
- To effectively treat an average of 2.02 million gallons of wastewater each day at the City's two wastewater treatment plants.
- To provide dependable collection and conveyance of wastewater to both City Wastewater Treatment Plants through a network of more than 70 miles of sewer mains, 11 remote lift stations and appurtenant structures.
- To perform regularly scheduled inspections and be proactive in the maintenance and repairs of the treatment plant and collection system components.
- To administer the City's pretreatment ordinance through public education regarding the impacts of fats, oils and grease in the wastewater system and regular inspection of grease traps in restaurants and other food preparation facilities.
- The Wastewater division currently conducts three annual grease trap inspections of 70 businesses per year.
- To coordinate and communicate with the Development Services department regarding review of development plans and inspection of wastewater facilities installed by developers.
- To collaborate with the Development Services department to identify and implement capital projects that will improve reliability, safety and accommodate growth.

2012 Accomplishments:

- ✓ The Wastewater Division recently upgraded the alarm and response system at the Lagoon to radio communication from a wire line system.
- ✓ City council selected the Windjammer vicinity for the site of the new treatment plant. An MBR was the technology agreed upon.
- ✓ Staff developed and conducted ground water studies in and around the Lagoon for the Department of Ecology as required by our NPDES permit.
- ✓ Preventive maintenance cleaning and tightening of vulnerable connections was performed. Thermal imaging of all major electrical service equipment and motors was done to locate the weak points in the systems.
- ✓ Installed a new hypogen cell which produces chlorine by utilizing electrolysis via saltwater and DC current. The production of this solution is used for effluent disinfection.

2013 – 2014 Goals:

- ❖ **Goal: Continue the process to build a new wastewater treatment facility.**
 - Objective: To keep on track the process of building a new wastewater treatment plant by 2017, a capital facilities plan has begun and is scheduled to be completed by the end of 2012. RCW 36.70A.070.
 - Objective: A capital facilities plan element consisting of: (a) An inventory of existing capital facilities owned by public entities, showing the locations and capacities of the capital facilities; (b) a forecast of the future needs for such capital facilities; (c) the proposed locations and capacities of expanded or new capital facilities; (d) at least a six-year plan that will finance such capital facilities within projected funding capacities and clearly identifies sources of public money for such purposes; and (e) a requirement to reassess the land use element if probable funding falls short of meeting existing needs and to ensure that the land use element, capital facilities plan element, and financing plan within the capital facilities plan element are coordinated and consistent. Park and recreation facilities shall be included in the capital facilities plan element.

- ❖ **Goal: Effectively convey wastewater to the treatment plants.**
 - Objective: Lift station maintenance – service and provide preventive maintenance on all sanitary sewer lift stations within the City system; inspect and repair all pumps, motors, valves, wet wells, and appurtenances; maintain and ensure system reliability and dependability; optimize usable life of the facilities; and ensure dependability and reliability through proper preventive maintenance activities.
 - Objective: Inspect the condition of sewer lines on a regular basis, utilizing remote video camera system.
 - Objective: Clean all sewer lines on a regular schedule, and increase frequency if needed, based on inspections.

- ❖ **Goal: Compliance with all health and environmental regulations.**
 - Objective: Meet all NPDES discharge permit parameters; maintain lab accreditation; and successfully implement biological pretreatment at the RBC.
 - Objective: Improve operations of the Lagoon WWTP by operational controls and engineered controls. With the use of a fluorescence microscope we continued to identify indicator bacteria the may forewarn us of an imminent upset to process.
 - Objective: With the implementation of a new NPDES permit in 2011 the Laboratory will have new challenges. To address this challenge the wastewater staff will modify bench sheets and reporting tools to align with the anticipated changes. New responsibilities will be defined such as process analysis and data correlation.

- ❖ **Goal: Ensure discharge compliance through our pretreatment Fats, Oils and Grease (FOG) program.**
 - Objective: We will formalize a new pretreatment standard and data collection system which will involve the City Compliance Officer. With training and thoughtful customer consideration we feel this enhanced program will be a positive to the transition into our new plant and help preserve its longevity and effectiveness.
 - Objective: Enforce compliance by making regular site visits and adhering to our program rules and requirements.

Measurement Results

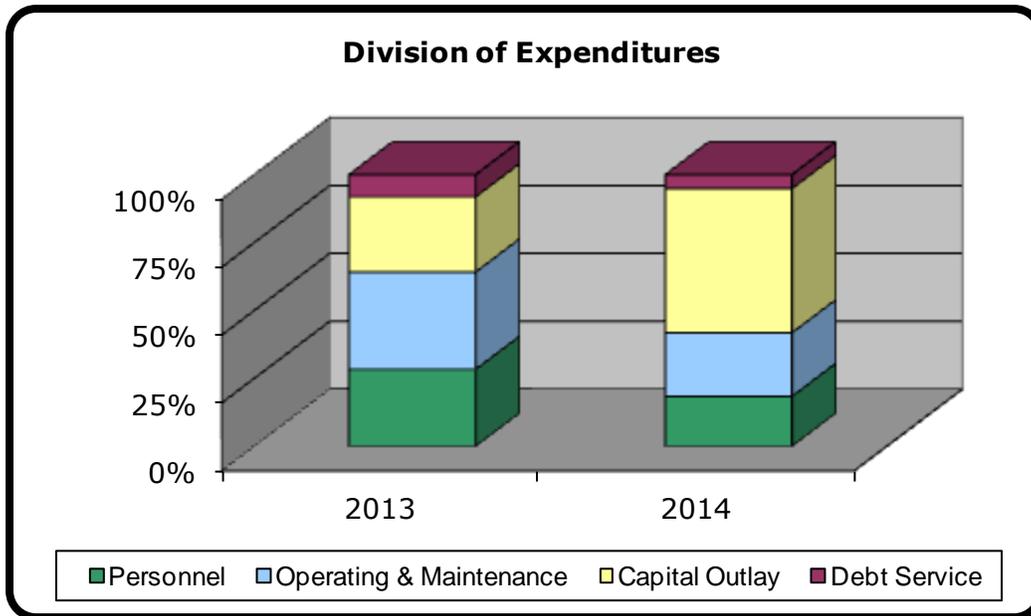
Measures	Actual		Projected	
	2011	2012	2013	2014
Qualitative Measures				
Permit compliance violations	1	0	0	0
Quantitative Measures				
Number of grease traps inspected	120	110	180	190
Millions of gallons of wastewater treated	737	746	750	750

Personnel Schedule

Classification	Authorized Positions				
	2010	2011	2012	2013	2014
Operations Manager	0.33	0.33	0.33	0.33	0.33
Lead WWC Specialist	0.50	0.50	0.50	0.50	0.50
WWC Specialist II	1.00	2.00	2.00	2.00	2.00
WWC Specialist I	1.00	0.00	0.00	0.00	0.00
WWTP Supervisor	1.00	1.00	1.00	1.00	1.00
Lead WWTP Operator	2.00	2.00	2.00	1.00	1.00
WWTP Lab Coordinator	1.00	1.00	1.00	1.00	1.00
WWTP Operator II	1.00	1.00	1.00	1.00	1.00
WWTP Operator I	1.00	0.00	0.00	1.00	1.00
WWTP Operator In Training	0.00	1.00	1.00	1.00	1.00
Total	8.83	8.83	8.83	8.83	8.83

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 5,608,265	\$ 5,515,125	\$ 8,062,610	\$ 8,994,259
Operating Revenues	4,453,753	4,945,460	4,415,500	4,855,000
Expenditures				
Personnel	651,127	684,308	741,661	771,649
Operating & Maintenance	1,821,249	1,042,368	936,622	981,220
Capital Outlay	-	616,000	723,500	2,225,000
Debt Service	607,448	211,530	212,155	212,410
Total Expenditures	3,079,824	2,554,206	2,613,938	4,190,279
Operating Surplus (Deficit)	1,373,929	2,391,254	1,801,562	664,721
Other Sources (Uses)				
Net Interfund Transactions	(702,438)	(941,916)	(869,913)	(887,973)
Net Operating Transfers	-	72,000	-	-
Sources Over (Under) Uses	(702,438)	(869,916)	(869,913)	(887,973)
Change in Fund Balance	671,491	1,521,338	931,649	(223,252)
Ending Fund Balance	\$ 6,279,756	\$ 7,036,463	\$ 8,994,259	\$ 8,771,007



Discussion of Key Elements

Personnel Expenditures:

The Wastewater Division has one unfilled authorized position in the budget and there are no plans at this time to fill this position until the new treatment plant is substantially completed.

Operating and Maintenance Expenditures:

A significant portion of the operating and maintenance budget is for utilities and taxes, including the State B&O Tax and the City Utility Tax that the Wastewater division must pay.

Capital Outlay:

2013 Capital Outlay:

- » \$150,000 to upgrade sewer lines that cause maintenance problems for the department. A 15" main on Ely Street has a major sag in the line, so it needs to be replaced.
- » \$25,000 to install a truck scale at the shop
- » \$12,500 for manhole replacement equipment
- » \$6,000 for sampling equipment
- » \$500,000 to design new treatment plant
- » \$30,000 SCADA system for lift stations

2014 Capital Outlay:

- » \$150,000 to upgrade sewer mains
- » \$1,500,000 to finish up design for a new treatment plant
- » \$250,000 to extend the gravity line to NE Taftson Street and that will allow us to remove the lift station and save on operation and maintenance.

- » \$325,000 to remove the Biosolids in the anaerobic cell at the Lagoon Wastewater plant. At this time it is unclear whether or not this project will need to be done, we test it regularly and it will need to be done in the near future.

Debt Service:

The Wastewater division has bonding related to the repair of the liner that forms a protective layer from the soil and the construction of a anaerobic line cell which digests the sludge.

Operating Transfers:

There are no operating transfers budgeted for 2013 or 2014.

Wastewater Cumulative Reserve

The Wastewater Cumulative Reserve fund was established to accumulate excess wastewater revenue for anticipated future capital projects. As wastewater construction projects are authorized, these funds will be transferred into the Wastewater fund (or a specially created utility construction fund) for expenditure.

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 4,765,569	\$ 4,846,247	\$ 4,942,272	\$ 5,029,772
Operating Revenues	91,159	179,250	87,500	87,500
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	3,194	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	3,194	-	-	-
Operating Surplus (Deficit)	87,965	179,250	87,500	87,500
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	(72,000)	-	-
Sources Over (Under) Uses	-	(72,000)	-	-
Change in Fund Balance	87,965	107,250	87,500	87,500
Ending Fund Balance	\$ 4,853,534	\$ 4,953,497	\$ 5,029,772	\$ 5,117,272

Discussion of Key Elements

Sources of Revenue:

System Development Fees and transfers from the Wastewater fund are the two major revenues sources for this fund.

Solid Waste

Mission:

The mission of the Solid Waste division is to provide excellent full service solid waste, recycling and yard waste programs to our customers at a reasonable cost.

Responsibilities:

- To provide dependable and efficient collection of residential and commercial solid waste.
- To coordinate with the Finance department regarding changes in solid waste account status and other customer service related issues.
- To promote community waste reduction through a residential and commercial curbside recycling program and through public education regarding the environmental benefits of recycling.
- To provide cost effective alternatives for the disposal of yard waste through subscription roll cart or prepaid yard waste bag programs.
- To support community events by providing solid waste and recycling services; Adopt-A-Street program, timely clean up of illegal dumping and regularly scheduled litter collection along arterial streets.
- To coordinate with the Development Services department regarding review of development plans as related to Solid Waste division functions.
- To continually look at and research different methods to improve and reduce solid waste and recycling costs.

2012 Accomplishments:

- ✓ Expanded commercial recycling.
- ✓ Brought on new annexations areas with equivalent or better services than they were used to.
- ✓ Expanded yard waste into established and future annexed areas.
- ✓ Continued upkeep of dumpsters and updating dumpster enclosures closely working with development services department.

2013 – 2014 Goals:

- ❖ **Goal: Expand the Yard waste and Recycle programs.**
 - Objective: Educate the public to remove yard waste and recycle from the solid waste stream to reduce the solid waste tipping costs to further our goal.
- ❖ **Goal: Increase public awareness and education.**
 - Objective: Provide sources of educational information using our newly expanded web site, and informational pamphlets sent out with utility bills.
- ❖ **Goal: Seamless transition for areas where Island Disposal Franchise is expiring.**
 - Objective: In January 2013, the Solid Waste division will be adding over 600 new accounts due to the expiration of a franchise agreement with Island Disposal. The developments include: Cherry Hill, Red Wing, West Meadows, Crosby Commons, and East Park. Our objective is to deliver the roll Carts and to start picking up the solid waste in these areas with a seamless transition from Island Disposal to the City's program.

❖ **Goal: Complete feasibility analysis for a City owned Solid Waste Transfer Station.**

- Objective: In an effort to reduce solid waste costs by reducing the distance travelled to the transfer station and associated wear on the vehicles and reduced solid waste tonnages through increased recycling, the City is evaluating the benefits and cost of constructing and operating a transfer station for City route trucks only.

Measurement Results

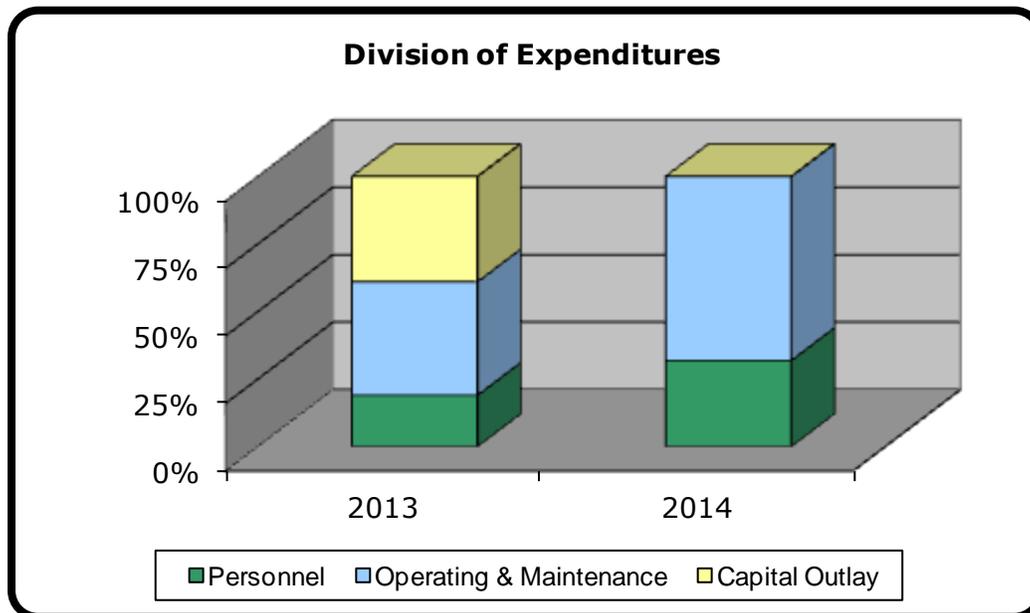
Measures	Actual		Projected	
	2011	2012	2013	2014
Qualitative Measures				
Number of households participating in curbside recycling program	86%	86%	86%	86%
Percent of solid waste stream diverted	33%	33%	33%	33%
Number of households participating in curbside subscription yard waste program	1,338	1,338	1,338	1,338
Quantitative Measures				
Tons of solid waste collected	7,578	7,378	7,600	7,600
Tons of recycling	1,174	1,150	1,300	1,300
Tons of yard waste	719	874	950	950
Number of commercial accounts with recycle rollcarts	300	300	300	300

Personnel Schedule

Classification	Authorized Positions				
	2010	2011	2012	2013	2014
Operations Manager	0.33	0.33	0.33	0.33	0.33
Lead Solid Waste Specialist	1.00	1.00	1.00	1.00	1.00
Solid Waste Specialist II	5.00	5.00	5.00	5.00	5.00
Solid Waste Specialist I	1.00	1.00	1.00	1.00	1.00
Total	7.33	7.33	7.33	7.33	7.33

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 2,023,413	\$ 1,917,564	\$ 2,348,911	\$ 1,305,329
Operating Revenues	3,133,325	3,334,625	3,074,800	3,166,660
Expenditures				
Personnel	554,225	601,531	621,634	645,245
Operating & Maintenance	1,503,549	1,610,454	1,373,200	1,376,925
Capital Outlay	-	-	1,274,980	-
Total Expenditures	2,057,774	2,211,985	3,269,814	2,022,170
Operating Surplus (Deficit)	1,075,551	1,122,640	(195,014)	1,144,490
Other Sources (Uses)				
Net Interfund Transactions	(899,143)	(965,158)	(848,568)	(851,017)
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	(899,143)	(965,158)	(848,568)	(851,017)
Change in Fund Balance	176,408	157,482	(1,043,582)	293,473
Ending Fund Balance	\$ 2,199,821	\$ 2,075,046	\$ 1,305,329	\$ 1,598,802

**Discussion of Key Elements****Personnel Expenditures:**

There are no significant changes to the personnel expenditures.

Operating and Maintenance Expenditures:

A significant portion of the operating and maintenance budget is for utilities.

Capital Outlay:

2013 Capital Outlay:

- » \$25,000 to install a truck scale at the shop
- » \$1,249,980 to build a new solid waste transfer station if approved by City Council.

Solid Waste Cumulative Reserve

The Solid Waste Cumulative Reserve fund was established to accumulate excess solid waste revenue for anticipated future capital projects, including a possible future solid waste transfer station and a recycle center. As solid waste construction projects are authorized, these funds will be transferred into the Solid Waste fund (or a specially created utility construction fund) for expenditure.

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 115,777	\$ 120,414	\$ 115,946	\$ 116,546
Operating Revenues	170	900	600	600
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Operating Surplus (Deficit)	170	900	600	600
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	-	-	-	-
Change in Fund Balance	170	900	600	600
Ending Fund Balance	\$ 115,947	\$ 121,314	\$ 116,546	\$ 117,146

Discussion of Key Elements**Sources of Revenue:**

Transfers from the Solid Waste fund are the major revenue source for this fund.

Storm Drain

Mission:

The mission of the City's Storm Drain division is to protect and preserve the community public health and the environment through implementation of activities to reduce and eliminate urban runoff pollution from industrial, commercial, new development/construction, and residential areas that may enter the storm drainage system.

Responsibilities:

- To protect the public through efficient collection and conveyance of storm water runoff through a well-maintained network of 10 City-owned detention facilities and control structures and 58+ miles of storm drain pipe, roadside ditches and bio-swales.
- To protect and enhance the quality of storm and surface water runoff through a proactive program of regularly scheduled catch basin cleaning, street sweeping and public education activities.
- To inspect privately owned detention facilities and control structures to ensure proper operation, and coordinate with the Engineering division regarding maintenance needs of these privately owned facilities.
- To coordinate and communicate with the Development Services department regarding review of development plans and inspection of storm water facilities installed by developers.

2012 Accomplishments:

- ✓ Installed 750 feet of storm drain pipe and 6 catch basins on NE 1st.
- ✓ Instrumental in archeology recovery for outlier properties.
- ✓ Inspected 2,626 detention ponds and control devices.

2013 – 2014 Goals:

- ❖ **Goal: Provide pollution prevention public education and outreach.**
 - Objective: Provide sources of educational information using our newly expanded web site, informational pamphlets sent out with utility bills, and volunteers and local organizations.
- ❖ **Goal: Protect and preserve ocean, shoreline/beaches, and ecosystems from pollutants.**
 - Objective: Utilizing the new ordinance entitled Elicit Discharge Elimination 12.50 the Storm Drain division has the ability to inspect and require organizations to use proper Best Management Practices (BMPs) to reduce the amount of urban runoff pollution from various activities.
 - Objective: Perform street sweeping on a regular schedule and increase frequency as needed to reduce leaves and debris entering the storm water system.

Measurement Results

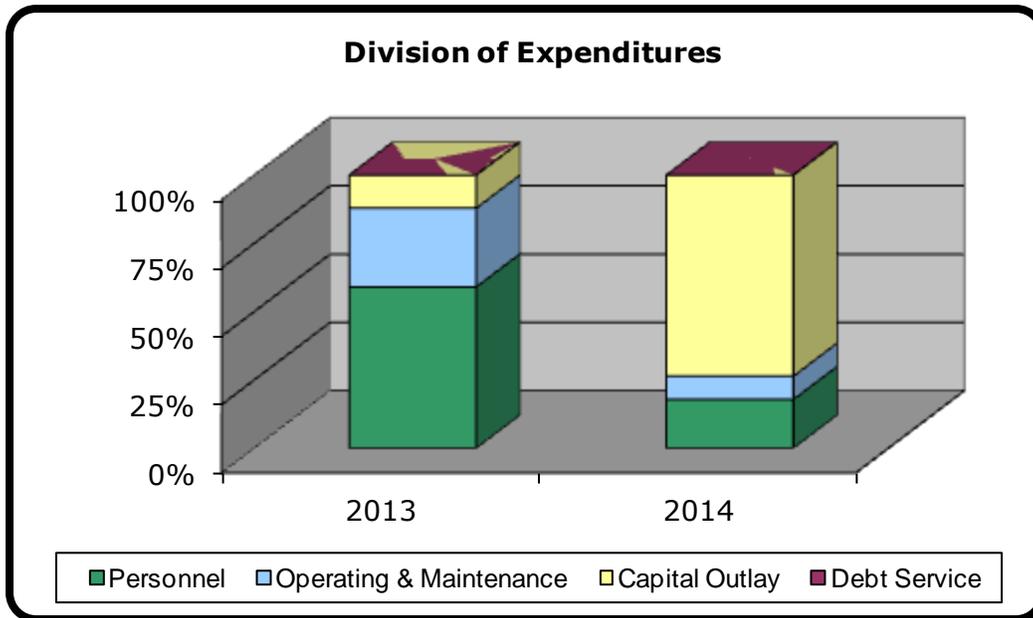
Measures	Actual		Projected	
	2011	2012	2013	2014
Qualitative Measures				
Environmental activities	40	40	0	0
Quantitative Measures				
Street sweeping (hours)	800	710	750	750
Control devices/detention pond inspections	262	262	270	270
Catch basins cleaned	493	421	450	450

Personnel Schedule

Classification	Authorized Positions				
	2010	2011	2012	2013	2014
Operations Manager	0.34	0.34	0.34	0.34	0.34
Lead Storm Drain Specialist	0.50	0.50	0.50	0.50	0.50
Storm Drain Specialist II	3.00	3.00	3.00	3.00	3.00
Environmental Educator	1.00	1.00	1.00	1.00	1.00
Code Compliance Officer	0.00	0.25	0.25	0.25	0.25
Seasonal Laborer	0.25	0.25	0.25	0.25	0.25
Total	5.09	5.34	5.34	5.34	5.34

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 620,540	\$ 206,387	\$ 85,662	\$ 244,249
Operating Revenues	1,341,832	1,476,831	1,360,600	3,346,600
Expenditures				
Personnel	451,693	509,436	427,672	449,280
Operating & Maintenance	358,028	195,131	208,907	214,567
Capital Outlay	-	50,000	87,500	1,850,000
Debt Service	-	173,022	-	-
Total Expenditures	809,721	927,589	724,079	2,513,847
Operating Surplus (Deficit)	532,111	549,242	636,521	832,753
Other Sources (Uses)				
Net Interfund Transactions	(318,426)	(552,765)	(477,934)	(486,485)
Net Operating Transfers	(25,000)	(25,000)	-	-
Sources Over (Under) Uses	(343,426)	(577,765)	(477,934)	(486,485)
Change in Fund Balance	188,685	(28,523)	158,587	346,268
Ending Fund Balance	\$ 809,225	\$ 177,864	\$ 244,249	\$ 590,517



Discussion of Key Elements

Personnel Expenditures:

Due to budgetary constraints, we will not have an Environmental Educator for this budget period.

Operating and Maintenance Expenditures:

A significant portion of the operating and maintenance budget is for taxes, including the City Utility Tax that the Storm Drain division must pay.

Capital Outlay:

Capital outlay include the following:

2013 Capital Outlay:

- » \$50,000 annual main replacements
- » \$25,000 included for scale for Public Works Facility
- » \$12,500 included for manhole equipment

2014 Capital Outlay:

- » \$50,000 annual main replacements
- » \$300,000 Laszak Outfall
- » \$1,500,000 to replace the 42" storm drain outfall

Debt Service:

A new bond may potentially be issued in to cover the cost of the capital projects.

Storm Drain Cumulative Reserve

The Storm Drain Cumulative Reserve fund was established to accumulate excess storm drain revenue for anticipated future capital projects. As storm drain construction projects are authorized, these funds will be transferred into the Storm Drain fund (or a specially created utility construction fund) for expenditure.

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 362,818	\$ 395,370	\$ 409,203	\$ 436,203
Operating Revenues	552	3,050	2,000	2,000
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Operating Surplus (Deficit)	552	3,050	2,000	2,000
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	25,000	25,000	-	-
Sources Over (Under) Uses	25,000	25,000	-	-
Change in Fund Balance	25,552	28,050	2,000	2,000
Ending Fund Balance	\$ 388,370	\$ 423,420	\$ 411,203	\$ 438,203

Discussion of Key Elements**Sources of Revenue:**

Transfers from the Storm Drain fund are the major revenue source for this fund.

Marina

Mission:

The mission of the Oak Harbor Marina is to provide the highest quality boating and recreational facilities for both permanent tenants and visitors, and to provide outstanding service to our customers, all while maintaining safe, fiscally sound and efficient operations.

Responsibilities:

- Provide quality, in-water moorage for our permanent tenants and visiting boaters, to include electrical power, water service, sound floats and cleats for mooring, and a clean and safe environment in which to store, maintain and operate their boats.
- Provide efficient and professional services to the public through operation of storage sheds for lease by the public and marina tenants, in which they may store boats, equipment, etc; operation of a marine fueling dock, at which we provide fuel and lubricants to all boaters, both transient and permanent; and safe and efficient launch and recovery of boats utilizing our overhead sling hoist.
- Accomplish effective maintenance and repair of all marina facilities, so that we provide for all of our customers grounds and facilities that are safe, clean, properly functioning and in good repair, and by so doing, to ensure the longest possible service life for these facilities.
- Plan and execute an effective facilities improvement, upgrade and expansion program.
- Provide recycling opportunities and facilities for our tenants and guests, with the objective of eliminating any adverse impact on the environment that might result from our marina operation.
- Ensure sound accounting and bookkeeping through professional maintenance of customer accounts, including accurate billing, correct and timely processing of payments, and proper reporting of revenues and expenditures to the City Finance department.

It is our vision that the Oak Harbor Marina will continue to earn its reputation as one of the premier marinas in the Northwest, through friendly, quality and professional service to the boating public. The Marina will continue to grow and improve in both quality and quantity of facilities and services, and will realize its full potential as a key component of the City's waterfront through thoughtful planning and careful analysis of the needs of the boaters in this area and in the Puget Sound. The Marina will continue to operate on a sound fiscal basis.

2012 Accomplishments:

- ✓ Completed the Marina Redevelopment Program, Phase II improvements (partial dredging of the marina).
- ✓ Improved customer service by creating an "open door" policy, installing fostering a "can do" attitude in the staff and implementing customer service projects (e.g. a boat loading zone).
- ✓ Installed security gates with computer activated locks at the beginning of A, B, C, D and E docks.
- ✓ Implemented contract pricing plans for small boats, winter moorage and yearly tenants.
- ✓ Implemented new cash handling policies and procedures that fit within the State Auditor recommendations.

2013 – 2014 Goals:

- ❖ **Goal: Continue implementation of the Marina Redevelopment Program.**
 - Objective: Adopt a Marina Improvement Plan that identifies the sequencing and funding for future phases of work.
 - Action: Work with the Marina Advisory Committee to complete a plan for City Council review and approval.
 - Action: Purchase and install 60 new power pedestals.
 - Action: Replace existing PVC water pipes with HDPE.
 - Action: Replace select whalers, rub boards and pile hoops.
- ❖ **Goals: Continue modernizing Marina facilities and operations.**
 - Objective: Improve customer service and customer satisfaction in targeted areas.
 - Action: Obtain and provide WI-FI service for Marina tenants and visitors.
 - Action: Purchase and install credit/debit card readers system at the fuel dock to simplify transactions and provide better financial controls.
 - Action: Purchase and install new computer software that will expand the Marina's capabilities in moorage management and guest moorage reservations.
- ❖ **Goals: Maintain Marina facilities to a high standard to extend their useful life and to provide quality facilities for our customers.**
 - Objective: Complete major maintenance projects.
 - Action: Obtain and provide WI-FI service for Marina tenants and visitors.
 - Action: Replace existing PVC water pipes with HDPE.
 - Action: Replace select whalers, rub boards and pile hoops.

Measurement Results

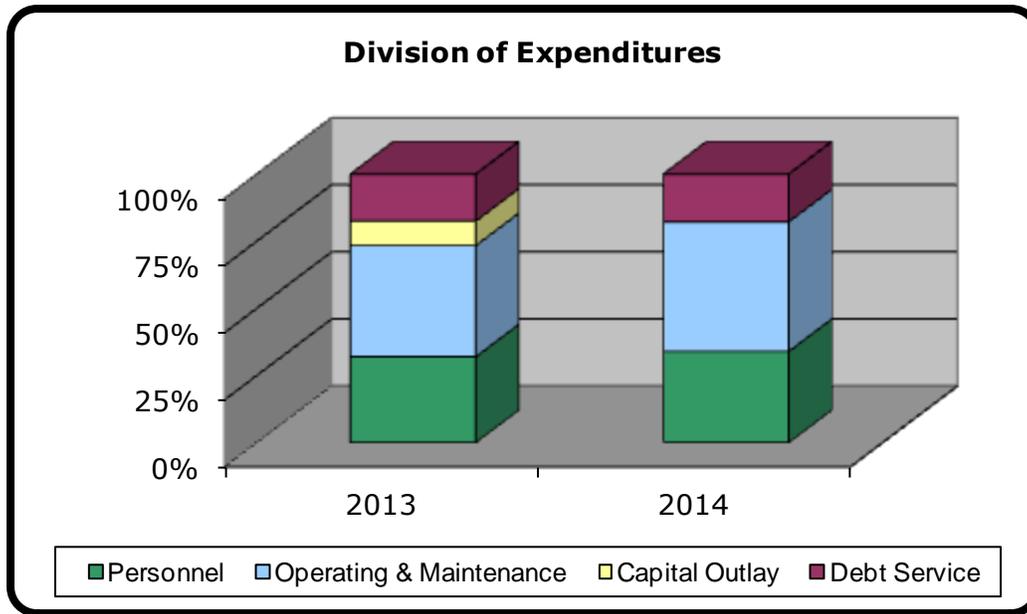
Measures	Actual		Projected	
	2011	2012	2013	2014
Qualitative Measures				
Complete Redevelopment Program Phase 2: dredging	X	N/A	N/A	N/A
Adopt Marina Improvement Plan	N/A	N/A	X	X
Improve moorage management through new computer software	N/A	N/A	X	N/A
Improve marina security through installation of new gate controls	X	N/A	N/A	N/A
Quantitative Measures				
Gallons of fuel pumped	64,072	75,561	70,056	72,158
Yacht clubs hosted	10	12	14	16

Personnel Schedule

Classification	Authorized Positions				
	2010	2011	2012	2013	2014
Operations Manager	0.34	0.34	0.34	0.34	0.34
Lead Storm Drain Specialist	0.50	0.50	0.50	0.50	0.50
Storm Drain Specialist II	3.00	3.00	3.00	3.00	3.00
Environmental Educator	1.00	1.00	1.00	0.00	0.00
Code Compliance Officer	0.00	0.25	0.25	0.25	0.25
Seasonal Laborer	0.25	0.25	0.25	0.50	0.50
Total	5.09	5.34	5.34	4.59	4.59

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 226,506	\$ 963,141	\$ 410,000	\$ 288,153
Operating Revenues	3,879,410	1,357,650	1,098,130	1,130,741
Expenditures				
Personnel	380,065	430,480	336,761	350,424
Operating & Maintenance	673,510	630,250	436,040	497,354
Capital Outlay	-	15,700	96,000	-
Debt Service	195,343	233,325	184,053	182,903
Total Expenditures	1,248,918	1,309,755	1,052,854	1,030,681
Operating Surplus (Deficit)	2,630,492	47,895	45,276	100,060
Other Sources (Uses)				
Net Interfund Transactions	(488,797)	(104,053)	(213,347)	(213,347)
Net Operating Transfers	(25,000)	(25,000)	46,224	46,224
Sources Over (Under) Uses	(513,797)	(129,053)	(167,123)	(167,123)
Change in Fund Balance	2,116,695	(81,158)	(121,847)	(67,063)
Ending Fund Balance	\$ 2,343,201	\$ 881,983	\$ 288,153	\$ 221,090



Discussion of Key Elements

Personnel Expenditures:

While the total TFEs will be maintained, vacant positions will likely not be filled (at least temporarily) in order to control personnel expenditures.

Operating and Maintenance Expenditures:

Significant operating and maintenance expenditures anticipated include the purchase of fuel for resale at the Marina and purchase of marina modernization items such as new marina management software and new credit/debit card readers at the fuel dock.

Capital Outlay:

Capital outlay purchases include new credit and debit card readers at the fuel dock, new point of sale software that will improve moorage management capabilities, 60 new power pedestals and .

Debt Service:

A new bond was issued in 2011 to cover the cost of the Marina’s capital projects.

Operating Transfers:

Operating transfers consist of transfers in from the Marina Cumulative Reserve fund for operations.

Marina Cumulative Reserve

The Marina Cumulative Reserve fund was established to accumulate marina funds for anticipated future capital projects. As marina construction projects are authorized, these funds will be transferred into the Marina fund (or a specially created utility construction fund) for expenditure.

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 50,210	\$ 75,710	\$ 96,224	\$ 50,000
Operating Revenues	94	510	-	-
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Operating Surplus (Deficit)	94	510	-	-
Other Sources (Uses)				
Net Interfund Transactions	-	-	-	-
Net Operating Transfers	25,000	25,000	(46,224)	-
Sources Over (Under) Uses	25,000	25,000	(46,224)	-
Change in Fund Balance	25,094	25,510	(46,224)	-
Ending Fund Balance	\$ 75,304	\$ 101,220	\$ 50,000	\$ 50,000

Discussion of Key Elements**Sources of Revenue:**

Transfers from the Marina fund are the major revenue source for this fund.

Internal Service Funds



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Equipment Rental

Mission:

The mission of the Equipment Rental division is to provide safe, efficient and economical fleet services for the City and to be recognized by our customers as improving their efficiency and effectiveness by providing the highest level of fleet services at the lowest possible cost.

Responsibilities:

- To support the mission of all City departments by providing cost effective and dependable vehicles and equipment, by performing timely maintenance, repairs and safety inspections.
- To be accountable for the on-site fuel system and communication needs.
- To cooperate with State and local agencies to establish cooperative purchasing agreements that will reduce costs and improve efficiency and effectiveness.
- To maintain a fleet replacement program that adequately funds vehicle replacement without having to borrow funds.
- To oversee the City auction and sale of City assets in accordance with RCW 39.

2012 Accomplishments:

- ✓ Provided an effective fleet management program.
- ✓ Mechanics and operators are regularly trained on equipment. Mechanics have continually increased their training on fire apparatuses, 6 liter diesel engines, big truck brake clinics and clutch repair and replacement.
- ✓ Improved customer relationships with all City departments/divisions.

2013 – 2014 Goals:

- ❖ **Goal: Continue to provide an effective Fleet Management program.**
 - Objective: Schedule preventive maintenance services on all vehicles/equipment, provide high quality maintenance for all City vehicles and equipment, and service all vehicles and equipment within the scheduled maintenance period. Prepare and maintain an accurate and effective replacement program.
- ❖ **Goals: Continue to develop a comprehensive fleet policy guide.**
 - Objective: To continue to develop a comprehensive fleet policy guide which will allow Equipment Rental staff to educate customers on the City's policies and procedures related to fleet operations. This will increase the operator's knowledge of the care, maintenance and operation for vehicles and equipment, as well as fulfill State and Federal safety requirements. Operator safety will increase and the essential care and operation of vehicles and equipment will extend the life of the fleet. This is a continuing goal and one that we are striving to obtain and constantly enhance.

❖ **Goal: Pursue opportunities with City departments and other agencies to improve operations and to lower overhead costs to our internal customers.**

- Objective: Through new inter-local agreements we will be able to decrease our overhead and operating costs. Perhaps in the future create a revenue source through outside customers and possible fueling opportunities.

Measurement Results

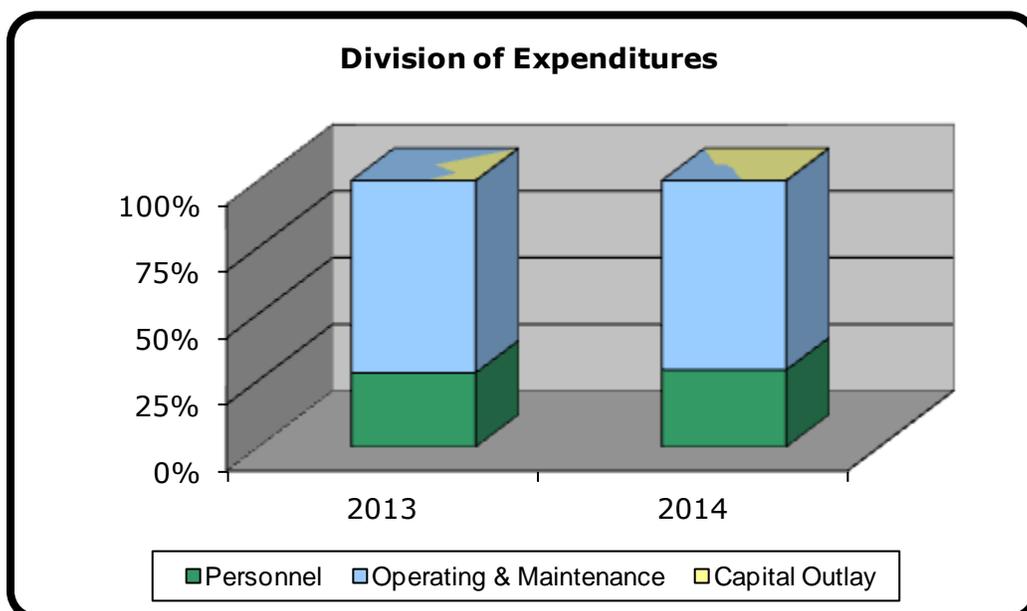
Measures	Actual		Projected	
	2011	2012	2013	2014
Qualitative Measures				
Scheduled preventive maintenance orders completed within 30 days	100%	100%	100%	100%
Scheduled equipment repairs completed within 20 days	100%	100%	100%	100%
Non-billable department costs (overhead percentage)	42%	49%	49%	49%
Quantitative Measures				
Ratio of vehicles to mechanics	47	49	49	49
Number of vehicles in fleet	118	123	123	123
Number of equipment in fleet	106	92	92	92
Number of preventive maintenance orders performed monthly	487	400	450	450
Number of work orders performed	1,425	1,400	1,400	1,400
Gallons of diesel fuel used	4,1396	35,832	37,000	37,000
Gallons of unleaded fuel used	40,001	31,825	33,000	33,000
Total cost of fuel	\$263,325	\$253,292	\$270,000	\$270,000

Personnel Schedule

Classification	Authorized Positions				
	2010	2011	2012	2013	2014
Chief Mechanic	1.00	0.00	0.00	0.00	0.00
Lead Mechanic	0.00	1.00	1.00	1.00	1.00
Mechanic	2.00	1.00	1.00	1.00	1.00
Equipment & Purchasing Coordinator	0.50	0.00	0.00	0.00	0.00
Seasonal Laborer	0.50	0.50	0.50	0.50	0.50
Total	4.00	2.50	2.50	2.50	2.50

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ -	\$ 5,988	\$ 547,115	\$ 398,162
Operating Revenues	10,904	153,330	3,000	3,000
Expenditures				
Personnel	164,814	210,626	186,784	196,804
Operating & Maintenance	559,607	475,100	483,506	483,506
Capital Outlay	-	-	-	-
Total Expenditures	724,421	685,726	670,290	680,310
Operating Surplus (Deficit)	(713,517)	(532,396)	(667,290)	(677,310)
Other Sources (Uses)				
Net Interfund Transactions	903,474	538,128	518,337	515,018
Net Operating Transfers	-	-	-	-
Sources Over (Under) Uses	903,474	538,128	518,337	515,018
Change in Fund Balance	189,957	5,732	(148,953)	(162,292)
Ending Fund Balance	\$ 189,957	\$ 11,720	\$ 398,162	\$ 235,870



Discussion of Key Elements

Personnel Expenditures:

There are two full time mechanics budgeted in this fund and a five month temporary help if needed.

Operating and Maintenance Expenditures:

A significant portion of the operating and maintenance budget is for fuel and parts for City vehicles.

Capital Outlay:

There are no capital assets budgeted for 2013 or 2014.

Equipment Replacement

Mission:

The mission of the Equipment Replacement fund is to provide safe, efficient and economical fleet replacements and effective and economical technology services for the City and to be recognized by our customers as improving their efficiency and effectiveness. Individual departments contribute towards future purchases over time in order to have adequate cash to fully purchase the asset with no short term borrowing.

In 2012, the Technology Fund and Equipment Replacement Fund were combined based on guidance in the State BARS manual, which indicates that you should work with the fewest number of funds necessary. Finance Department and Equipment Rental staff determined that it would be in the City's best interest to combine the funds due to the similar nature of their functions.

Responsibilities:

- To cooperate with State and local agencies to establish cooperative purchasing agreements that will reduce costs and improve efficiency and effectiveness.
- To maintain a fleet replacement program that adequately funds vehicle replacement without having to borrow funds.
- To oversee the City auction and sale of City assets in accordance with RCW 39.
- To support the mission of all City departments by providing cost effective and dependable computers and high tech assets.
- To be accountable for the maintenance and upkeep of all City software.
- To maintain a technology replacement program that adequately funds hardware and software replacements without having to borrow funds.
- To provide reliable communication through the upkeep of the internal and external network system.

2012 Accomplishments:

- ✓ Continued to implement a fleet procurement program that matches the needs and resources for each division/department.
- ✓ Implemented vehicles that would allow the divisions to move towards their goals such as a street sweeper capable of maintaining pervious pavement.
- ✓ Increased the motor pool program by moving rarely used vehicles into the motor pool fleet in order to be utilized more efficiently. In addition, equipment has been also put into the motor pool program to be utilized by all divisions in order to remove any redundancy issues that would cost the City with unnecessary expenditures
- ✓ Implemented a technology procurement program that matches the needs and resources.
- ✓ Implemented new technology, such as mobile hotspots for our wireless needs.

2013 – 2014 Goals:

- ❖ **Goal: Continue to implement a fleet procurement program that matches the needs and resources for each division/department.**
 - Enhance communication among departments, assess with departments the condition of assigned equipment, work with departments to identify their needs and resources, purchase new equipment in a cost effective manner, purchase multi-use vehicles whenever feasible and utilize alternative fuel and electric vehicles when available.
- ❖ **Goals: Continue to enhance the motor pool program.**
 - Objective: By doing so the City will save money and also provide adequate equipment for all division/department needs.
- ❖ **Goals: Continue to enhance our existing technology fund.**
 - Implement new technology and procedures to assist the departments in meeting their daily needs.

Measurement Results

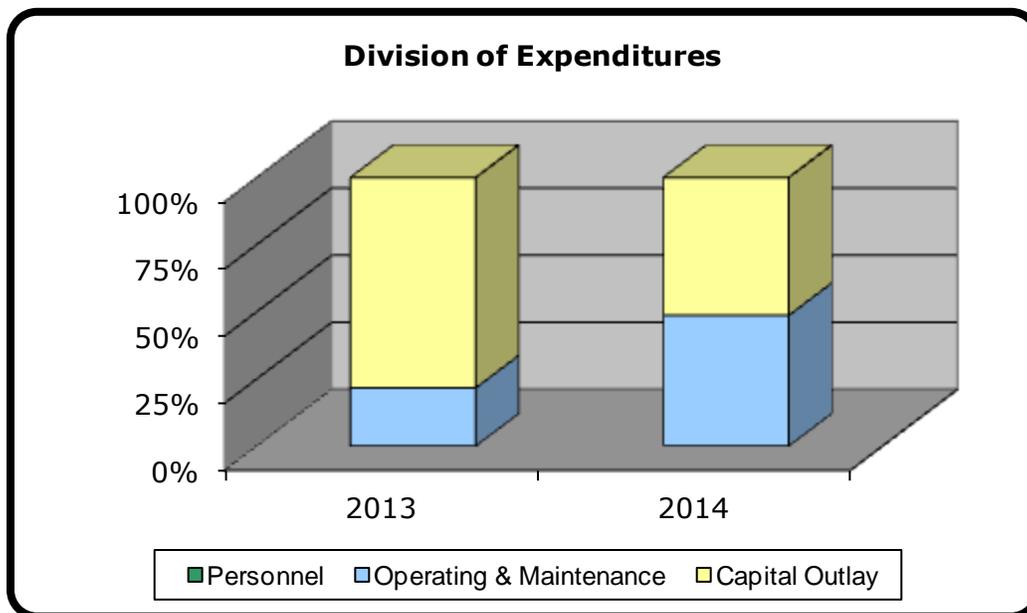
Measures	Actual		Projected	
	2011	2012	2013	2014
Qualitative Measures				
Ongoing completion of a schedule for all technology assets	100%	100%	100%	100%
Review needs annually and implement	100%	100%	100%	100%
Respond to service calls in 24 hours	90%	90%	90%	90%
Respond to supply calls in 24 hours	95%	95%	95%	95%
Percent of replacements completed	67%	0%	100%	100%
Quantitative Measures				
Number of workstations replaced	3	25	6	6
Number of IT tickets placed	30	40	50	50
Number of motor pool vehicles	19	19	19	19
Number of replacements completed	2	0	10	8

Personnel Schedule

There are no employees charged to this fund.

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ 6,399,282	\$ 6,420,931	\$ 7,111,675	\$ 6,831,703
Operating Revenues	5,054	-	-	-
Expenditures				
Personnel	-	-	-	-
Operating & Maintenance	686,127	229,200	280,000	280,000
Capital Outlay	-	75,000	1,010,000	295,000
Total Expenditures	686,127	304,200	1,290,000	575,000
Operating Surplus (Deficit)	(681,073)	(304,200)	(1,290,000)	(575,000)
Other Sources (Uses)				
Net Interfund Transactions	905,818	919,188	1,010,028	1,010,028
Net Operating Transfers	(35,000)	-	-	-
Sources Over (Under) Uses	870,818	919,188	1,010,028	1,010,028
Change in Fund Balance	189,745	614,988	(279,972)	435,028
Ending Fund Balance	\$ 6,589,027	\$ 7,035,919	\$ 6,831,703	\$ 7,266,731



Discussion of Key Elements

Operating and Maintenance Expenditures:

The majority of the operating and maintenance budget is for software licensing, which is anticipated to increase in 2013 and 2014.

Capital Outlay:

Capital asset purchases include replacements for the following:

2013 Capital Acquisitions:

- » Two-1987 Hiway Sanders
- » 1995 Freighliner 5 Yard Swap Loader
- » 1988 Cleasby Oil Sprayer
- » 1991 Ford 5 Yard Swap Loader
- » 1992 Ingersoll-Rand Air Compressor
- » 1999 Dodge Pick Up
- » 1999 Crane Carrier YW Truck
- » 2001 Currotto Can
- » 2005 Laser X Mower
- » Two-2006 Peterbilt Waynes
- » Two-2007 Chevrolet Impalas

2014 Capital Acquisitions:

- » 2004 Jacobsen Mower
- » Five-2008 Ford Crown Victorias

Shop Facility

Mission:

The mission of the Shop Facility division is to effectively manage and maintain several of the City facilities, as well as provide for the administration functions necessary to support all of the Public Works divisions.

The Engineering Division budget is included in the Shop Facility Fund. The mission of the Engineering Division is to provide the essential engineering support for the City of Oak Harbor. Many of the functions of the Engineering Division are required by state statute and regulations, such as traffic engineering and water system planning.

Responsibilities:

- To maintain City facilities at a level which achieves or surpasses the design life and to be proactive in implementing preventive maintenance measures while tracking inventory, work orders and other costs through a facility maintenance program.
- To be accountable for a safe workplace in compliance with State and Federal safety regulations.
- To establish maintenance contracts which provide reliable and cost effective repairs and maintenance.
- To manage the central purchasing function for the City and reduce the cost of supplies and goods.
- To provide dependable support and service to all City departments by providing accurate fixed asset and purchasing records; future replacement needs for budgetary consideration; as well as other documents such as invoices, handouts, and financial reports.
- To promote compliance with City codes as they relate to City-owned and privately-owned properties.
- Plan, organize, supervise, control, direct and evaluate the engineering functions of the City.
- Develop or supervise development of plans, specifications, cost estimates and bid documents for utility and street projects and other projects and/or supervise individuals engaged in these activities.
- Administer the review and approval of plans for municipal and private development and stamp plans for municipal development produced in-house. Analyze proposals for technical adequacy and compliance with City codes, policy requirements and safety needs and/or provide direction and guidance to individuals or groups involved in the projects.
- Meet with citizens, developers, consultants and contractors to discuss projects or proposals and explain/negotiate needed changes. Review proposals with City staff and make public presentations. Recommend contract awards and other actions to the City Council.
- Conduct or supervise studies to determine future City needs and capital improvement priorities. Review utility systems for operational characteristics, impacts or needed changes.
- Plans, organizes and directs major utility studies, including transportation.

- Coordinate and oversee engineering support to other divisions and departments by serving as technical liaison.
- Prioritize public infrastructure needs for the City and assist in securing funding for such improvements.
- Mapping and utility inventory and asset management support.
- Statutory traffic safety engineer.
- Act as liaison with other agencies such as State DOT, Island County and other cities.
- Procure, negotiate and administer consultant contracts.

2012 Accomplishments:

- ✓ Provided a safe, clean and comfortable place for the City of Oak Harbor employees to work and citizens to participate.
- ✓ Lowered the cost of goods and services by utilizing inter-local agreements with outside agencies and vendors.
- ✓ Completed a contract with Barron Heating to provide HVAC preventative maintenance services for all City Facilities to reduce costs and multiple contracts with each facility.

2013 – 2014 Goals:

- ❖ **Goals: Provide effective management and implementation of the directives established by the Mayor, City Administrator and City Council.**
 - Objective: Maintain accountability and open communication with other City Departments and all employees in Public Works.
- ❖ **Goals: Implement and oversee a preventive maintenance program for City owned facilities.**
 - Objective: Identify deficiencies and maintain a schedule for repair and replacement.
- ❖ **Goals: Continue to provide a safe, clean and comfortable place for City of Oak Harbor employees to work and citizens to participate.**
 - Objective: Respond to service requests in a timely and efficient manner. Establish and manage required maintenance service contracts for HVAC, janitorial, fire alarms and others as needed.
- ❖ **Goals: Continue to lower the cost of goods to the City through existing inter-local agreement and through the establishment of new inter-local agreements with additional agencies.**
 - Objective: Lower cost of goods. Establish and manage inter-local agreements with agencies willing to help us meet this goal.
- ❖ **Goals: Implement the new purchasing policies and procedures that will improve the purchasing process.**
 - Objective: Now that the purchasing ordinance has been implemented, it is time to implement the new policies and procedures that will help streamline and improve the purchasing process.

Measurement Results

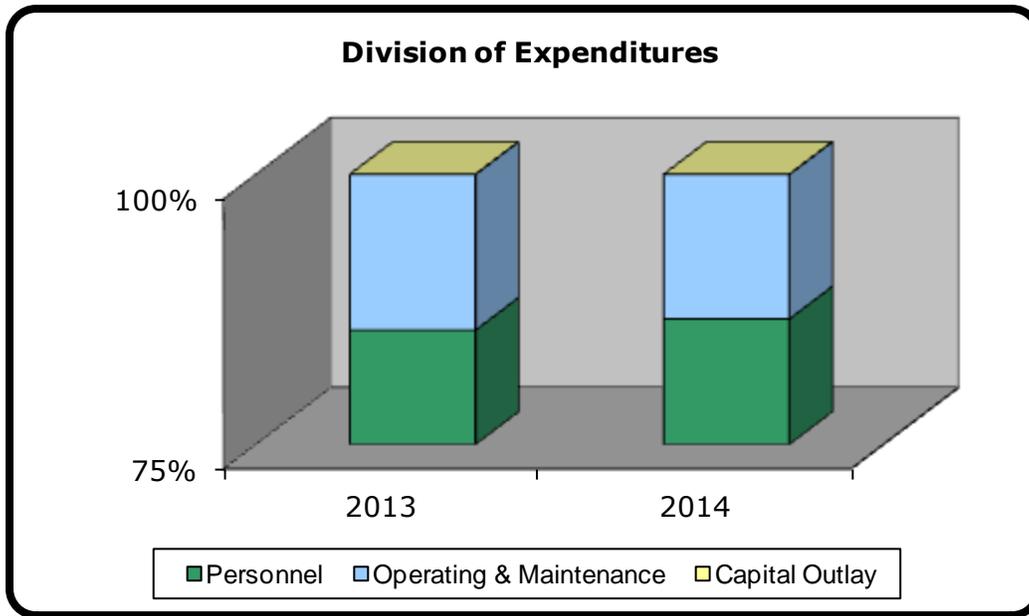
Measures	Actual		Projected	
	2011	2012	2013	2014
Qualitative Measures				
Audit and develop a replacement schedule for City facilities, equipment and property	75%	75%	75%	75%
Percent of maintenance staff hours devoted to preventative maintenance	25%	25%	25%	25%
Percent of maintenance staff hours devoted to on call maintenance issues	25%	25%	25%	25%
Response to service calls in 24 hours	90%	90%	90%	90%
Maintenance requests completed in five days	90%	90%	90%	90%
Quantitative Measures				
Number of hours spent at City Hall	295	296	300	300
Number of hours spent at Police Dept	167	139	200	200
Number of hours spent at Senior Center	76	65	75	75
Number of hours spent at Library	94	33	50	50
Number of hours spent with PW divisions	340	145	200	200

Personnel Schedule

Classification	Authorized Positions				
	2010	2011	2012	2013	2014
Public Works Director	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Equipment and Purchasing Coordinator	0.50	1.00	0.00	0.00	0.00
Budget & Purchasing Specialist	0.00	0.00	1.00	1.00	1.00
Operations Manager	0.34	1.00	1.00	1.00	1.00
Facilities/Utility Worker	1.00	1.00	1.00	1.00	1.00
Code Enforcement	0.50	0.00	0.00	0.00	0.00
City Engineer	1.00	1.00	1.00	1.00	1.00
Project Engineer	1.00	1.00	1.00	1.00	1.00
Civil Engineer	2.00	2.00	2.00	2.00	2.00
Engineering Technician	1.00	1.00	1.00	1.00	1.00
Archaeologist	0.00	0.00	0.00	1.00	1.00
Associate Planner-Engineering	0.00	0.00	0.00	1.00	1.00
Construction Inspector	1.00	1.00	1.00	1.00	1.00
Project Specialist	0.00	1.00	1.00	0.00	0.00
Administrative Assistant-Engineering	0.00	1.00	1.00	1.00	1.00
Total	10.34	13.00	13.00	14.00	14.00

Summary of Financial Information

Fund Balance Reconciliation	Actual 2011	Amended 2012	Adopted 2013	Adopted 2014
Beginning Fund Balance	\$ -	\$ 240,554	\$ 678,687	\$ 587,603
Operating Revenues	3,325	-	-	-
Expenditures				
Personnel	1,353,345	1,376,491	1,658,069	1,613,408
Operating & Maintenance	369,207	260,250	279,058	249,058
Capital Outlay	-	40,000	-	-
Total Expenditures	1,722,552	1,676,741	1,937,127	1,862,466
Operating Surplus (Deficit)	(1,719,227)	(1,676,741)	(1,937,127)	(1,862,466)
Other Sources (Uses)				
Net Interfund Transactions	1,611,020	1,720,980	1,846,043	1,794,581
Net Operating Transfers	2,500	-	-	-
Sources Over (Under) Uses	1,613,520	1,720,980	1,846,043	1,794,581
Change in Fund Balance	(105,707)	44,239	(91,084)	(67,885)
Ending Fund Balance	\$ (105,707)	\$ 284,793	\$ 587,603	\$ 519,718



Discussion of Key Elements

Personnel Expenditures:

A new Staff Archaeologist position has been added to assist the City with management of cultural resources.

The Project Specialist position was restructured and is now an Associate Planner/Engineering.

Operating and Maintenance Expenditures:

A significant portion of the operating and maintenance budget is for professional services and utilities.

Capital Outlay:

There are no capital assets budgeted for 2013 or 2014.



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Supplemental Information



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Glossary

Accrual Basis. The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash receipts and disbursements.

Actuarial Basis. A basis used in computing the amount of contributions to be made periodically to a fund or account so that the total contributions plus the compounded earnings thereon will equal the required payments to be made out of the fund. A pension trust fund for a public employee retirement system is an example of a fund concerned with actuarial basis data.

Ad Valorem Taxes. Commonly referred to as property taxes levied on both real and personal property according to the property's valuation and the tax rate.

Agency Fund. A governmental accounting classification used to describe those situations where one jurisdiction is acting on behalf of another. In this context, the City of Oak Harbor is providing accounting services for D.A.R.E. and Drug Seizure Funds via an agency fund.

Amortization. (1) Gradual reduction, redemption, or liquidation of the balance of an account according to a specified schedule of times and amounts. (2) Provisions for the extinguishment of a debt by means of a debt service fund.

Appropriation. A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. Spending should not exceed this level without approval by the legislative body.

Assessed Valuation. A value assigned to real estate or other property by a government as a basis for levying taxes.

Assessment. (1) The process of making the official valuation of property for purposes of taxation. (2) The valuation placed upon property as a result of this process.

Assets. Resources owned or held by a government which have monetary value.

Balanced Budget. The budget is in balance when revenues plus available resources are equal to or greater than planned expenditures plus reserves.

BARS. The State of Washington Budget, Accounting and Reporting System required for all governmental entities in the State.

Benefits. Benefits provided for employees, such as Social Security, retirement, worker's compensation, life insurance, and medical insurance.

Biennial Budget. A budget applicable to two fiscal years.

Bond. A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate. The difference between a note and a bond is that the latter runs for a longer period of time and requires greater legal formality.

Bonded Debt. That portion of indebtedness represented by outstanding bonds.

Budget. A forecast of expected resources and the purposeful distribution of those scarce resources. When a budget is appropriated by ordinance or resolution, it provides both the right to spend and limits the amount to be spent.

Budgetary Control. The control or management of a government or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.

Budget Document. The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating body.

Budget Message. A general discussion of the proposed budget as presented in writing by the budget-making authority to the legislative body.

Capital Improvement. Expenditures related to the acquisition, expansion or rehabilitation of public facilities, equipment, and infrastructure.

Capital Plan/Program. A plan for capital expenditures to be incurred each year over a fixed number of years to meet capital needs arising from the government's long-term needs.

Capital Outlay. Expenditures which result in the acquisition of or addition to fixed assets.

Capital Project. The largely one-time cost for acquisition, construction, improvement, replacement, or renovation of land, structures, and improvements thereon. Capital project budgets are adopted at the time the project is authorized and continue until completion.

Cash Basis. A basis of accounting under which transactions are recognized only when cash is received or disbursed.

Collective Bargaining Agreement. A legal contract between the employer and a verified representative of a recognized bargaining unit for specific terms and conditions of employment (e.g. hours, working conditions, salary, fringe benefits, and matters affecting health and safety of employees).

Comprehensive Budget. An entity-wide budget that includes all resources the government expects and everything it intends to spend or encumber during a fiscal period. The comprehensive budget contains annual/biennial appropriated budgets, the annual/biennial portion of continuing appropriations such as capital improvement projects, debt amortization schedules, and grant projects, flexible budgets and all non-budgeted funds.

Consumer Price Index (CPI). A statistical description of price levels provided by the U.S. Department of Labor. The index is used as measure of the increase in cost of living (i.e. economic inflation).

Contingency. The appropriation of reserve funds for emergencies, unforeseen expenditures not otherwise budgeted, or for future allocation in the event specific budget allotments have expired and additional funds are needed.

Contributed Capital. An equity account recording resources externally restricted for the acquisition or construction of capital assets, contributions from developers and customers, and tax levies restricted to capital purposes.

Cost Allocation. Assignment of applicable costs and charges from one fund to another required by treating each fund as an independent entity.

Coverage. Percent of revenues which covers expenditures.

Current Assets. (1) In governmental funds, those assets which are available or can be made readily available to finance current operations or to pay current liabilities. (2) In proprietary funds, those assets which will be used up or converted into cash within next operating cycle (e.g. one year). Some examples are cash, temporary investments, and taxes receivable.

Current Expense Fund. Same as General Fund.

Current Liabilities. Liabilities which are payable within next operating cycle (e.g. one year).

Debt Limit. The maximum amount of gross or net debt which is legally permitted.

Debt Service. The annual payment of principal and interest according to a predetermined payment schedule on the City's bonded indebtedness. Bonds are issued to finance the construction of capital projects such as utility facilities and expansion.

Deficit. (1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures or expenses over revenues during an accounting period; or, in the case of proprietary funds, the excess of expense over income during an accounting period.

Depreciation. Expiration in the service life of fixed assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence.

Direct Costs/Expensed. Those expenses which can be charged directly as a part of the cost of a product, service, department, operating unit or activity, as distinguished from indirect costs (overhead) which must be prorated among several products, services, departments, operating units or activities.

Employee (or Fringe) Benefits. Contributions made by a government to meet commitments or obligations for employee fringe benefits. Included are the government's share of costs for Social Security and the various pension and medical plans.

Encumbrances. The amount of funds committed to vendors for goods or services received or to be received by the City as specified in a City purchase order.

Enterprise Fund. A fund established to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed primarily through user charges. Examples include the utility funds.

Entitlement. The amount of payment to which a state or local government is entitled as determined by the federal government pursuant to an allocation formula contained in applicable statutes.

Estimated Revenue. The amount of projected revenue to be collected during the fiscal year.

Expenditures. Decreases in net current assets. Expenditures include debt service, capital outlays, and those current operating costs which require the use of current assets.

Expenses. Decreases in net total assets. Expenses represent the total cost of operations during a period regardless of the timing of related expenditures.

Fees. A general term for any charge for services levied by government associated with providing a service, permitting an activity, or imposing a fine or penalty. Major types of fees include business licenses, fines, and user charges.

Fiduciary Fund Type. The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other government units and/or other funds.

Fiscal Policy. A government's policies with respect to revenues, spending, and debt management as these relate to government services, programs and capital investment. Fiscal policy provides an agreed-upon set of principles for the planning and programming of government budgets and their funding.

Fixed Assets. Assets which are intended to be held or used for a long term, such as land, buildings, improvements other than buildings, machinery and equipment.

Fixed Budget. Used to describe those budgets which set an absolute maximum or ceiling on the expenditures of a particular fund, department, or other specific category. A fixed budget can be either an annual/biennial appropriated budget or a continuing appropriation. Fixed budgets must be adopted by ordinance or resolution, either for the government's fiscal period or at the outset of a service project, debt issue, grant award, or capital project.

Franchise. A special privilege granted by a government permitting a monopoly or the continuing use of public property, such as city streets.

Full-time Equivalent Position (FTE). A part-time position converted to the decimal equivalent of a full-time position based on 2,080 hours per year.

Function. A group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible.

Fund. A fiscal and accounting entity with a self-balancing set of accounts (revenues and expenses) which are segregated for the purpose of carrying out a specific purpose or activity.

Fund Balance. The excess of the assets of a fund over its liabilities, reserves, and carryover.

GAAP. Generally Accepted Accounting Principles. Uniform minimum standards and guidelines used for financial accounting and reporting. They govern the form and content of the financial statements of an entity. They include not only broad guidelines, but also detailed practices and procedures. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board.

GASB. Governmental Accounting Standards Board. Established in 1985 it is the authoritative accounting and financial reporting standard-setting body for government entities.

General Fund. The fund used to account for all financial resources except those required to be accounted for in another fund.

General Ledger. A book, file, or other device which contains the accounts needed to reflect the financial position and the results of operations of an entity.

General Long-term Debt. Long-term debt expected to be repaid from governmental funds. This includes general assessment debt for which the government is obligated in some manner.

General Obligation (G.O.) Bonds. Bonds for which the full faith and credit of the issuing government has been pledged for repayment.

Goal. A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless.

Grants. External contributions or gifts of cash or other assets to be used or expended for a specified purpose, activity, or facility.

Impact Fees. Fees assessed to developers to help mitigate costs associated with the impact of growth and development.

Indirect Costs. A cost necessary for the functioning of the organization as a whole, but which cannot be directly assigned to one service.

Infrastructure. The physical assets of a government (e.g. streets, water, sewer, public buildings and parks).

Interfund Transfers. The movement of monies between funds of the same governmental entity.

Intergovernmental Revenue. Funds received from federal, state and other local government sources in the form of grants, entitlements, shared revenues, or payments in lieu of taxes.

Internal Control. The system of controls established by the City to protect the assets from misappropriation and ensure accurate reporting of financial transactions.

Internal Service Fund. A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies on a cost-reimbursement basis. The City's Equipment Rental Fund is an example of an internal service fund.

LEOFF. Law Enforcement Officers and Firefighters Retirement System provided in the State of Washington.

Levy. (*Verb*) To impose taxes, special assessments, or service charges for the support of governmental activities. (*Noun*) The total amount of taxes, special assessments, or service charges imposed by a government.

Liabilities. Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded at some future date. The term does not include encumbrances.

Licenses and Permits. Revenue category that include building permits, business licenses, and any other miscellaneous license.

LID. Local Improvement District or Special Assessments made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily

benefit those properties. The City is not directly responsible for the debt but is obligated to the extent that it is required to establish a guaranty fund to guaranty payments.

Long-term Debt. Debt with a maturity of more than one year after the date of issuance.

Mission Statement. A broad statement of the purpose, in terms of meeting public service needs, that a department is organized to meet.

Net Income/Revenue. The excess of operating revenues, nonoperating revenues, and operating transfers-in over operating expenses, nonoperating expenses, and transfers-out.

Nonoperating Expenses. Those expenses which are not directly related to the fund's primary service activities.

Nonoperating Revenues. Those revenues which are incidental to, or by-products of, the fund's primary service activities.

Objective. Something to be accomplished in specific, well-defined, and measurable terms and that is achievable within a specific time frame.

Obligations. Amounts which a government may be required legally to meet out of its resources.

Operating Budget. Plans of current expenditures and the proposed means of financing them. The annual/biennial operating budget is the primary means by which most of the financing, acquisition, spending, and service delivery activities of a government are controlled.

Operating Expenses. Those costs including expenditures for salaries and wages, benefits, supplies, services, and charges which are necessary to support the primary services of the operation.

Operating Revenues. Those revenues which are directly related to the fund's primary service activities. They consist primarily of user charges for service.

Other Financing Sources. Governmental fund general long-term debt proceeds, operating transfers-in, and material proceeds of fixed asset dispositions. Such amounts are classified separately from revenues.

Other Financing Uses. Governmental fund operating transfers-out. Such amounts are classified separately from expenditures.

Outlays. Synonymous with expenditures.

Overhead. All costs other than direct costs.

Performance Indicators. Specific quantitative and qualitative measures of work performed as an objective of specific departments or programs.

Performance Measure. Data collected to determine how effective or efficient a program is in achieving its objectives.

PERS. Public Employees Retirement System provided for employees other than police and fire personnel in the State of Washington.

Policy. A principle or course of action chosen to guide decision making.

Preliminary Budget. The recommended and unapproved City budget submitted to the City Council and the public.

Refunding Bonds. Bonds issued to retire bonds already outstanding. The refunding bonds may be sold for cash and outstanding bonds redeemed in cash, or the refunding bonds may be exchanged with holders of outstanding bonds.

Reserve. (1) An account used to segregate a portion of fund balance to indicate that it is not available for expenditure; and (2) an account used to segregate a portion of fund equity as legally set aside for a specific future use.

Restricted Assets. Monies or other resources, the use of which is restricted by legal or contractual requirements. These are sometimes called restricted "funds" but such terminology is not preferred.

Resolution. A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

Resources. Total amounts available for appropriation including estimated revenues, fund transfers, and beginning balances.

Revenue. Sources of income financing the operations of government.

Revenue Bonds. Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

Special Assessment. A compulsory levy made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

Tax Levy. The resultant product when the tax rate per one hundred dollars is multiplied by the tax base.

Taxes. Compulsory charges levied by a government for the purpose of financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit such as special assessments. Neither does the term include charges for services rendered only to those who pay, for example, sewer service charges.

Trust Funds. Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments, and/or other funds.

Unreserved Fund Balance. The portion of fund's balance that is not restricted for a specific purpose and is available for general appropriation.

User Fees. The payment of a fee for direct receipt of a public service by the party who benefits from the services.

Working Capital. The year-end balance of current assets less current liabilities in the Enterprise and Internal Service Funds. The unencumbered balance at year-end is available for appropriation in the next year's budget.

ORDINANCE NO. 1645

AN ORDINANCE TO ENCUMBER RESOURCES AND TO ESTABLISH EXPENDITURE AUTHORITY THROUGH THE ADOPTION OF THE CITY OF OAK HARBOR 2013-2014 BIENNIAL BUDGET.

WHEREAS, the City of Oak Harbor has elected to utilize a biennial budget as provided in RCW 35A.34.040; and

WHEREAS, a public hearing was held June 15, 2012 regarding revenue sources for the coming year's budget, including consideration of possible increases in property tax revenues as required by RCW 84.55.120; and

WHEREAS, budget estimates from each department of City government were provided to the City Clerk as required by RCW 35A.34.050 on or before September 18, 2012 setting forth the complete financial program of the City for the ensuing fiscal biennium; and

WHEREAS, a proposed preliminary budget was prepared setting out the complete financial program of the City for the ensuing fiscal biennium as required by RCW 35A.34.070; and

WHEREAS, the preliminary budget was prepared in detail on November 20, 2012, making revisions or additions to the reports of the department heads and is made available to the public at least six weeks prior to the City's new fiscal biennium, beginning January 1, 2013; and

WHEREAS, the City Clerk has published notice of a final public hearing on the final 2013-2014 biennial budget in the Whidbey News Times on October 31 and November 7, 2012; and,

WHEREAS, the Oak Harbor City Council held the final public hearing at the December 4, 2012 City Council meeting to receive discussion and input from the public; and,

WHEREAS, the City of Oak Harbor desires to set forth and establish expenditure authority for the purpose of continuing operations for the biennial period commencing January 1, 2013 through December 31, 2014;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OAK HARBOR do hereby ordain as follows:

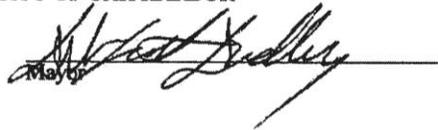
Section 1: The 2013-2014 Biennial Budget as presented at the December 4, 2012 public hearing is hereby adopted as the revenue and expenditure authority for years 2013-2014 for the City of Oak Harbor. The City Clerk is instructed to file the same with the minutes of this meeting. Set forth in summary form are the totals of the estimated revenues and encumbrances for each separate fund and the aggregate totals for all such funds combined.

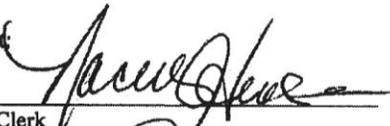
Fund Name	Fund #	2013	2014
General Fund	001	\$15,919,629	\$16,184,307
Street Fund	101	1,630,324	1,431,294
Arterials Fund	104	110,000	3,290,000
Transportation Capital Improvement Fund	105	1,195,425	1,031,344
Paths & Trails Fund	106	24,348	26,548
Art Acquisition & Maintenance Fund	115	52,365	78,818
Civic Improvement Fund	116	566,375	593,375
Neighborhood Parks Fund	125	99,842	101,842
Community Parks Fund	126	383,381	271,161
Senior Center Fund	129	445,480	439,108
Municipal Capital Improvement Fund - REET I	311	2,031,993	1,931,993
Municipal Capital Improvement Fund - REET II	312	1,080,069	980,069
Waterfront Redevelopment Fund	325	501,278	451,778
Water Fund	401	13,088,716	8,693,755
Waste Water Fund	402	12,478,110	13,849,259
Solid Waste Fund	403	5,423,711	4,471,989
Storm Drain Fund	404	1,471,262	3,615,849
Marina Fund	410	1,554,354	1,465,118
Water Cumulative Reserve Fund	411	5,979,736	3,755,736
Waste Water Cumulative Reserve Fund	412	5,029,772	5,117,272
Solid Waste Cumulative Reserve Fund	413	116,546	117,146
Storm Drain Cumulative Reserve Fund	414	411,203	438,203
Marina Cumulative Reserve Fund	420	96,224	50,000
Equipment Rental Fund	501	1,441,735	1,292,782
Equipment Replacement Fund	502	8,121,703	7,841,731
Facility Fund	510	2,926,205	2,786,539
Total		\$82,179,786	\$80,307,016

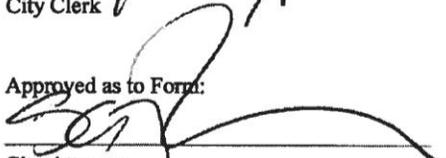
Section 2: This ordinance shall be in full force and effect on January 1, 2013, at least five days after passage and upon legal publication.

PASSED and approved by the City Council this 4th day of December, 2012.

THE CITY OF OAK HARBOR


Mayor

Attest: 
City Clerk

Approved as to Form: 
City Attorney