



COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Ridgefield, Washington

Year Ended December 31, 2019

CITY OF RIDGEFIELD, WASHINGTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended December 31, 2019

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May 28, 2020

To the Honorable Mayor, Council Members, and the Citizens of the City of Ridgefield:

We are proud to submit the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2019. This report includes all funds and all financial activities that are considered to be part of the City.

This report meets the requirements of RCW 43.09.230, which requires a financial report covering each fiscal year, and is prepared in compliance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

Responsibility for both the accuracy of the presented data, and the completeness and fairness of the presentation including all disclosures, rests with the Finance Department. To the best of our knowledge and belief, the data as presented herein is accurate in all material respects and is reported in a manner designed to fairly state the financial position and the results of operations of the City's various funds. In addition, all disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City management team is responsible for establishing and maintaining a structure of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute assurances that assets of the City are protected from loss, theft, or misuse, and to ensure accounting records are adequate and reliable in order to prepare the financial statements. The concept of reasonable assurance recognizes that the cost of control does not exceed the benefit, and that the evaluation of costs and benefits requires estimates and judgments by management.

State law requires an annual audit of the City's financial statements and records by the Office of the State Auditor. The State Auditor conducts its audit in accordance with Generally Accepted Auditing Standards (GAAS), as established by the American Institute of Certified Public Accountants (AICPA), and provides an independent opinion on the City's financial position, results of operations, and the cash flows of its proprietary fund types. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Ridgefield for fiscal year-end December 31, 2019, are free of material misstatement.

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

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The Notes to the Financial Statements are an integral part of this Comprehensive Financial Report and should be read for a fuller understanding of the statements and the information presented within.

Profile of the City of Ridgefield

The City of Ridgefield was incorporated on August 26, 1909 and operates under the laws of the State of Washington applicable to a Non-Charter Code City with a Council-Manager form of government. In 1999 the voters changed the city government to its current council-manager form. The council-manager form of local government combines the strong political leadership of elected officials with the strong professional experience of an appointed local government manager.

The Mayor is appointed by the City Council and serves as the chief spokesperson and head of the city government for public, political and ceremonial purposes. The Mayor has no full-time administrative duties. The seven city council members are elected by the citizens of Ridgefield on a non-partisan basis for four-year terms. Council members are policy makers; they adopt a budget for city revenues and expenditures and perform all other actions necessary to govern the City, including the passage of ordinances and resolutions. The Council holds regular meetings twice a month and special meetings as needed. All meetings are open to the public as provided by law and agenda items are prepared in advance.

The City Manager is appointed by the City Council. The City Manager heads the administrative branch of city government and directs all city operations, projects and programs.

The City of Ridgefield offers a full range of municipal services including public safety (police protection and contracted court services), parks and recreation, water and storm water drainage utilities, street infrastructure maintenance, community planning and development, zoning, code enforcement, and general administrative services.

These activities are directed and managed by the City of Ridgefield and therefore are included as an integral part of the financial statements.

Accounting

The diverse nature of City government and the necessity of assuring legal compliance preclude recording and summarizing all City financial transactions and balances in a single accounting entity. Therefore, from an accounting and financial management viewpoint, the City is a combination of several distinctly different fiscal and accounting entities, each having a separate set of accounts and functioning independently of each other. Each accounting entity is accounted for in a separate "fund". A fund is defined as a fiscal accounting entity with a self-balancing set of accounts, recording cash and other financial resources, together with all related liabilities and residual equities or fund balance, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The City's accounting records for the general governmental operations are maintained on a modified accrual basis with revenues being recorded when they become both measurable and

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available to finance expenditures in the current period. Expenditures are recorded when the related fund liability is incurred. The accounting records for the City's Proprietary Funds are maintained on the accrual basis with revenues recorded when they are earned, and expenses recorded when they are incurred.

The Government-wide Financial Statements incorporate all the City's governmental and business-type activities. These statements are presented using an economic resources measurement focus and employ the full accrual basis of accounting. Revenues are recognized as soon as the liability is incurred, regardless of the timing of related cash flow. As a result, the Government-wide Financial Statements are similar to and more closely resemble financial statements of private sector businesses.

The City prepares an annual budget in accordance with the Revised Code of Washington (RCW) 35A.33. The City's annual budget serves as the foundation for financial planning and control. The notes to the financial statements (found immediately following the Basic Financial Statements) provide budget information. Note "3" (Stewardship, Compliance and Accountability) of the financial statements further describes the budget procedures, process and control.

Budget-to-actual comparisons are provided in this report for each major individual government fund for which an appropriated budget was adopted. For the General Fund this comparison is presented in the Basic Financial Statements for the governmental funds.

The City of Ridgefield is permitted to invest in United States bonds; United States certificates of indebtedness; bonds or warrants of the State of Washington; general obligation or utility revenue bonds or warrants of a local improvement district; and in any other investment authorized by law for any other taxing district.

The City structures its investments to provide necessary liquidity and to minimize risk, while achieving reasonable yields on its portfolio. The City invests temporarily idle cash in investments authorized by state law, including U.S. agency issues, Washington State and local municipal bonds, the Clark County Investment Pool (CCIP) and the Washington State Local Government Investment Pool (LGIP). As of December 31, 2019, approximately \$2.1 million was invested in United States agency notes, \$1.1 million in local municipal bonds, \$5.5 million in the CCIP, and \$1.6 million invested in the LGIP.

Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from a broader perspective of the specific environment from which the City of Ridgefield operates. The Basic Financial Statements of the City focus on the financial position of the City. That is, they focus on the City's existing resources and any claims on those resources. The City's financial condition, on the other hand, focuses on both existing and future resources and claims on those resources.

Relevant Financial Policies: The City has established financial management policies to ensure the City maintains a strong financial foundation into the future. These policies include:

- Use of a six-year financial sustainability model

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- Use of one-time revenues for one-time expenses
- Budget development and monitoring requirements
- Establishing reserve contingencies for debt service, operations and maintenance, revenue stabilization, accrual payouts at retirement, capital repair and replacement, and equipment replacement
- Investment Policies establishing objectives and diversification limits
- Debt Management Policies establishing guidelines for the issuance and management of all financings of the City.

Management and Structural Changes: The City hired a new Community Development Director in May 2019. The Community Development Director left the City in March 2020 and the Senior Planner was appointed as the interim director. The City added additional staff positions to Community Development, Administration, Public Works Facilities and Engineering to support the increased workload due to the growth the City is experiencing.

The City also filled multiple positions due to retirement or resignation for the following departments; Finance, Community Development, Public Works, and Public Safety. In 2019 the City offered multiple intern positions to help students learn more about government jobs as a career choice. The City elected two new City Council members to join the council effective January 1, 2020.

The City continues to identify staffing needs through a six-year business plan to insure we maintain existing levels of core City services as the City continues to grow.

Economic Condition and Outlook: The City of Ridgefield has seen dramatic growth in development activities since 2012. Residential housing construction and commercial development have exploded in that time frame. The City has seen the largest increase in commercial building permits in their history in 2019. This increase directly impacts sales and use tax and property tax. Sales and use tax increased 24% in 2019 when compared to 2018. This follows a 56% increase from 2018 over 2017. New construction added over \$200 million to the assessed value in 2019 for the 2020 levy and has averaged \$115 million in new construction since 2017. Development related revenues continue to exceed historical budget targets.

The City management team has developed a six-year financial sustainability model for revenues and expenses. The City uses development projections as a tool to estimate revenues. Because of the forecast, staff are confident that the City will transition sales tax revenues from one-time development heavy sources to a more sustainable level, that relies on new retail establishments within the six-year forecast.

Commercial development included 52 permits for large projects including the Discovery Ridge project consisting of Ridgefield's first full-service grocery store and several retail pads. The City has seen reduced inquiries for new commercial projects with only 2 new permits in the first two months of 2020. The City has multiple projects under construction which will add additional living wage jobs, sales tax revenue and property tax revenue in 2020 and 2021.

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The economic momentum is expected to continue over the next few years. New construction in housing continues to grow with an anticipated 275 new homes set to be constructed for new residents coming into the community. This is due to the acceptance of nine new subdivisions in 2019 and twenty-one additional subdivisions that are in either planning or engineering review.

The City of Ridgefield has updated zoning and development codes in the past three years to prepare for the additional growth. In addition, the community development department completed multiple sub-area plans to proactively plan for the residential and commercial growth the city is experiencing.

Commercial activity is expected to continue with multiple projects currently in review and under construction. Commercial activity began to get underway in 2018 and early 2019 in the Union Ridge industrial complex East of I-5 with construction of a new storage facility, new industrial facilities, and additions to an existing industrial facility. Developments under construction on the East side of I-5 include commercial mixed-use projects at the corner of Pioneer Street and 65th, and new facilities for electrical contractors who will be relocating to Ridgefield. Development under construction on the west side of I-5 include additional retail pads located at Discovery Ridge next to the new grocery store, including a fueling station, coffee shop, and credit union with additional restaurants, retail, and offices. Construction is anticipated to continue in 2020 on two mixed-use projects to complete a combined 495 apartments, retail, restaurants, and offices. Additional businesses in the discussion phase include a hotel, RV and boat storage facility, dog day care, additional retail and services, and industrial uses including manufacturing and/or warehousing. Like the existing commercial projects, these are concentrated in or near the Union Ridge industrial complex, I-5 junction, and Pioneer and Royle Road intersection.

Commercial sectors continue to locate and expand within Ridgefield. The new construction assessed value totaled at \$201.4 million for the 2020 levy, compared to \$106.9 million in 2019, \$75.2 million in 2018, and \$75.6 million in 2017. Commercial (new) development included the Rosauers full-service grocery store valued at \$5.5 million, Acero apartment buildings (300 units) valued at \$33.3 million, Panattoni commercial warehouse valued at \$6.5 million, Discovery Ridge commercial retail buildings valued at \$1.1 million, Trademark Plumbing valued at \$2.2 million and the Legacy Trails Apartments valued at \$15.1 Million.

The City is also focusing on economic enhancement in the historic downtown. The City has sponsored many events throughout 2019 and will continue in 2020 with events such as First Saturday, Tuesdays in the Park, Big Paddle, Fourth of July, Hometown Celebration, Farm to Table, and National Night Out. These events have drawn large crowds and incorporate public and private business working together. Since 2015-2016 multiple businesses have seen an increase in taxable retail sales as a direct result of events. In 2019, new businesses including professional services, food services and performing arts have opened in the downtown core.

The City of Ridgefield is the fastest growing city in Washington from 2010-2019 by percentage based upon official population numbers from the Washington State Office of Financial Management at 86.8%. The population growth in the City of Ridgefield was 15.4% in 2019 and has averaged an annual growth rate of 7% since 2010.

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While the growth of the City has had a positive impact, it also requires substantial investment in capital improvements for streets, parks, storm water drainage, water and sewer. Planning for the future is important for the sustained growth of the City.

Long-term Financial Planning: As the Northwest has rebounded from the recession, the City of Ridgefield has enjoyed a favorable economic environment with growth in both residential and commercial development. With it the related revenues, including permit fees, development fees, property taxes, sales and use taxes, impact fees and water system development charges have seen a substantial increase. The activity level began to show signs of recovery in 2012 and is projected to continue into 2020 and beyond. The City has seen an increase in new single-family residential permits issued; beginning in 2012 with 122 permits issued, residential housing starts have continued to increase since 2012 with 313 issued permits in 2018 and 364 in 2019. The City is projecting 275 residential permits and commercial permits valued at over \$100 million to be issued in 2020. At the time these financial statements were presented the City had 54 pending commercial permits in review and expect several more due to active inquiries by developers. The City is planning for up to an additional 3,500 new residential lots to come online over the next six years as the subdivisions under review are approved and developers continue to build.

However, this growth is not without its costs and requires extensive planning for infrastructure to support that growth. The Council has taken the approach that “growth pays for growth”. As a result, the City has implemented various growth-related fees to help fund the infrastructure needs, such as transportation and park impact fees and water system development charges. In 2019 City Council increased school impact fees by 14% to help fund the school infrastructure required to support the growth. Park impact fees, traffic impact fees and water system development charges increased by an indexed amount tied to the Western region consumer price index.

The City of Ridgefield has developed a 20-year Capital Improvement Plan, which is updated annually. The program set forth in the Plan is scheduled to be funded with grants, development charges, General Fund revenue, Utility Fund revenue and long-term debt when necessary. The Capital Improvement Program is then incorporated into the City’s financial model, which is updated for the annual budget.

The City is working with its partners at the state, federal and local level to understand the potential economic impacts related to the Covid-19 outbreak. Financial impacts will be dependent on the length of time social distancing and stay at home measures are necessary and in place. City Council has adopted strong reserve policies for the City which will assist in managing the downturn expected in 2020.

Transfer of Sewer Operations: The City of Ridgefield entered into an agreement with Clark Regional Wastewater District (District) to transfer sewer collection services, assets and liabilities effective January 1, 2014. City Council and staff spent several years researching the benefits and drawbacks to this agreement. It was determined that the agreement to transfer operations was in the best interest of the City and the citizens of Ridgefield to stabilize rates and provide needed infrastructure for anticipated growth. The City entered into an additional agreement with the

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District, City of Battle Ground and Clark County to create Discovery Clean Water Alliance (Alliance) to manage and treat reclaimed sewerage in North Clark County. The agreement included the transfer of the Ridgefield sewer treatment plant and operations to the Alliance effective January 1, 2015. The City signed an operator agreement with the Alliance and continued to operate the treatment plant for the Alliance through June 30, 2018.

Economic Development through New Infrastructure: The City of Ridgefield is fortunate to have received support from the Federal Transportation Department, State of Washington, and local partnerships both in grants and low interest loans, for key infrastructure to support economic growth. The most important project was the I-5/SR 501 interchange project which was completed in 2012. This project rebuilt the interchange at the I-5 Junction to support the vision of Ridgefield as an employment center in North Clark County. The City also partnered with the District to complete the Discovery Corridor Wastewater Transmission System which was started in 2013 by the City of Ridgefield and completed in 2015 by Clark Regional Wastewater District. The project connects Ridgefield to the Salmon Creek Wastewater Treatment Plant and provides sewer services for the anticipated growth over the next twenty years for North Clark County. The City also completed construction of a one-million-gallon reservoir and new well and transmission system at the Junction. The reservoir will add needed water capacity for the commercial growth anticipated in the I-5 junction area.

The City began design of a new roundabout on Pioneer St (SR 501) and 35th St. in 2015 to manage traffic flow for the anticipated growth in new housing starts. Construction began in 2017 and completed in 2018. The City completed design of new roadway and utility improvements along Royle Road to support future subdivisions and the Discovery Ridge commercial project. Construction was completed on the North section of Royle Road in 2019. The City is working with developers and seeking grant funding to complete construction improvements on Royle Road. The City completed a major road and signal project along S Hillhurst Road in conjunction with the Ridgefield Outdoor Recreation Complex project. The project included new water lines to support construction to the Southern portion of the city limits, a new 5-8 school complex and the recreation complex. The city will see a fully funded rail overpass begin construction in 2020 with completion anticipated in early 2021, allowing access to the waterfront. When the overpass is completed this will create additional development opportunities at the waterfront.

In partnership with the State of Washington, Clark County, La Center and regional economic development entities the City led an infrastructure study in 2019 to complete a needs analysis for the Discovery Corridor. The analysis should identify infrastructure needs for the next 20 years to support high quality commercial and job growth in North Clark County.

The City will focus on water capacity, street improvements and storm water treatment projects in 2020. The water projects will identify new water sources and drill additional wells to support the water needs as the city continues to grow over the next several years. The street projects will focus on pavement preservation projects for existing streets. The City is also working with multiple developers to complete needed improvements to main arterials into the City along Pioneer Street and Royle Road. Storm water projects will focus on design and shovel ready engineering plans for several storm water drainage projects in the downtown core.

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Budget Presentation Award

The Government Finance Officers of the United States and Canada (GFOA) awarded the City their second Distinguished Budget Presentation Award for the 2019 adopted budget. The award is a significant achievement and reflects the city's commitment to the highest principles of governmental budgeting. To receive this award, the city had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well an entity's budget serves as; a policy document; a financial plan; an operating guide; and a communications device.

Financial Statement Award

GFOA also awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ridgefield for its comprehensive annual financial report for the fiscal year ended December 31, 2018. This was the fifth year the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

This report reflects well on the entire staff serving the City of Ridgefield. Their continued efforts, day to day, allow the City to deliver the quality core services our citizens have come to expect. We would like to sincerely thank the Finance Staff whose dedicated and professional services were instrumental in the preparation of this report. We also appreciate all the staff whose cooperation during the year from coding of invoices to preparation of the annual budget helps make accounting records more accurate and reliable.

Finally, we would like to thank the Mayor and the City Council for their direction and support of sound fiscal management.

Respectfully submitted,



Steve Stuart
City Manager



Kirk Johnson
Finance Director

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Ridgefield
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

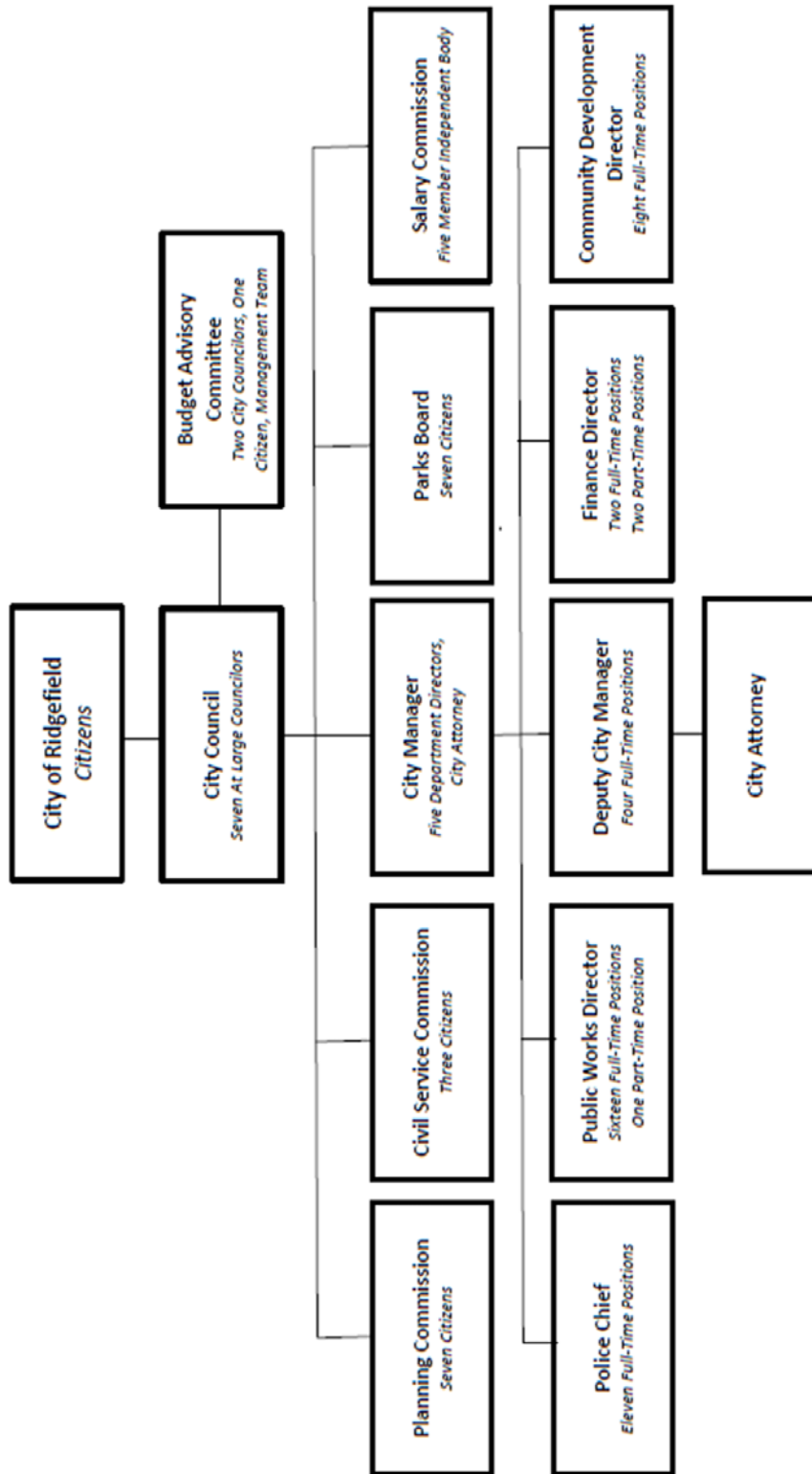
December 31, 2018

Christopher P. Morill

Executive Director/CEO

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City of Ridgefield 2019 Organization Chart



Fire Protection Services provided by
 Clark County Fire and Rescue District

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City of Ridgefield
List of Elected and Appointed Officials
Elected Officials

**MAYOR,
CITY COUNCIL
MEMBER**



Don Stose

**CITY COUNCIL
MEMBER**



Ron Onslow

**MAYOR
PRO TEMPORE,
CITY COUNCIL
MEMBER**



Lee Wells

**CITY COUNCIL
MEMBER**



Sandra Day

**CITY COUNCIL
MEMBER**



Jennifer Lindsay

**CITY COUNCIL
MEMBER**



Dana Ziemer

**CITY COUNCIL
MEMBER**



Rob Aichele

Appointed Officials and City Staff

City Manager
Deputy City Manager
Finance Director
Chief of Police
Public Works Director
Community Development Director

Steve Stuart
Lee Knottnerus
Kirk Johnson
John Brooks
Bryan Kast
Claire Lust

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Office of the Washington State Auditor
Pat McCarthy

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

May 28, 2020

Mayor and City Council
City of Ridgefield
Ridgefield, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Ridgefield, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair

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presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Ridgefield, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 16 to the financial statements, in 2019, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* and Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

As discussed in Note 17 to the financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the City. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The combining and individual fund statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated May 28, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,



Pat McCarthy
State Auditor
Olympia, WA

CITY OF RIDGEFIELD, WASHINGTON
Management's Discussion and Analysis
Year Ended December 31, 2019

The City of Ridgefield's discussion and analysis is a narrative overview of the City's financial activities for the fiscal year ended December 31, 2019. The information presented here should be read in conjunction with the financial statements and notes to the financial statements that follow. The City of Ridgefield is reporting on a government-wide basis as required by the GASB 34 reporting standards.

FINANCIAL HIGHLIGHTS

- City of Ridgefield assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$108.0 million, a \$16 million, 17.4 percent, increase from 2018.
- Net Investment in Capital Assets account for about 87.5 percent of net position, with a value of \$94.5 million.
- Of the remaining 12.5 percent of net position that totals \$13.5 million, approximately \$12.2 million can be used to fund capital projects or to pay obligations to creditors. The unrestricted net position is \$1.3 million, which may be used to meet the government's ongoing obligations to citizens and creditors, without legal restrictions.
- The government's total net position showed an overall increase of \$16 million which results from increased capital contributions.
- The City's governmental funds reported combined ending fund balances of \$8,151,758, with \$3,241,043 restricted for capital related purposes, \$1,209,284 restricted for building permit related activities, \$4,785 restricted for public safety related activities, \$465,298 assigned by the City to be used for specific purposes, \$20,224 committed for debt service and \$3,211,124 allocated to unassigned fund balance and not assigned for any specific purpose.
- Debt associated with bonds, notes and loans payable decreased \$409,146, and the liability associated with developer impact and system development charge credits had a net increase of \$557,970, ending the year at \$2.6 million. Capital lease debt increased by \$1.3 million. The impact fee liability outstanding at December 31, 2019 is associated with traffic and park impact fee credits and water system development credits.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis provide an introduction and overview to the City of Ridgefield's basic financial statements. This information will assist users in interpreting the basic statements. We will also provide other supplementary information in addition to the basic financial statements. This financial discussion and analysis should assist the reader in understanding the City's financial condition.

Basic financial statements

The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and, 3) notes to the financial statements. The financial section of this report also contains required supplementary information, in addition to the basic financial statements.

Government-wide financial statements

Government-wide financial statements provide readers with a broad overview of the City of Ridgefield's finances in a manner similar to a private-sector business, distinguishing functions of the City of Ridgefield that are principally supported by taxes and intergovernmental revenues (referred to as "governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as "business-type activities"). The governmental activities of the City of Ridgefield include a full range of local government services provided to the public, such as law enforcement and public safety; road construction and maintenance; community planning and development; parks and recreation facilities; and other community services. In addition, other general government services are provided, such as, tax collection, general administration and the issuance of permits and licenses. The business-type activities of the City of Ridgefield include water and storm water drainage utility management and operation.

The statement of net position presents information on all of the City of Ridgefield's assets, deferred outflows, liabilities and deferred inflows, with the difference between them reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time,

CITY OF RIDGEFIELD, WASHINGTON
Management's Discussion and Analysis
Year Ended December 31, 2019

increases or decreases in net position may serve as one indicator of whether the financial position of the City is improving or deteriorating. Other indicators include the condition of the City's infrastructure systems (roads, drainage systems, bridges, etc.), changes in property tax base, and general economic conditions within the City.

The statement of activities

The Statement of Activities presents information showing how the government's net position changed during the year. This statement separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a specific program). This shows the extent each program relies on taxes for funding. All changes in net position are reported using the accrual basis of accounting, which requires that revenues be reported when they are earned, and expenses are reported when the goods and services are received. Items such as uncollected taxes, unpaid vendor invoices for items received in 2019, and earned but unused vacation leave will be included in the statement of activities as revenue and expense, even though the cash associated with these items was not received or distributed in 2019.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Ridgefield, like other state and local governments, uses fund accounting for compliance with finance-related legal requirements. All the funds of the City fall into two categories: governmental funds and proprietary funds. Governmental Funds account for most, if not all, of a government's tax-supported activities. Proprietary Funds account for a government's business-type activities, where all or part of the costs of activities are supported by fees and charges that are paid directly by those who benefit from the activities.

Governmental funds

The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances present separate columns of financial data for the General Fund and the Capital Projects Fund. These are considered major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating a government's near-term financing requirements in comparison to near-term resources available.

Because the focal point of governmental fund financial statements is narrower than that of government-wide financial statements accrual basis focus, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This gives readers a better understanding of the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to the governmental activities' column in the government-wide statements, facilitating this comparison.

The City maintains budgetary controls over its operating funds. Budgetary controls ensure compliance with legal provisions embodied in the annual appropriated budget. Governmental fund budgets are established in accordance with state law and are adopted on a fund level. Personnel services are budgeted by position and by prorating the costs based on time allocation to the various funds. Budgetary variances are discussed later in this section.

Proprietary funds

There are two types of proprietary funds – enterprise and internal service, and currently, the City uses one type of proprietary fund, which is an enterprise fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The two enterprise funds used to account for the utility operations and capital projects are water and storm water drainage.

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Management's Discussion and Analysis
Year Ended December 31, 2019

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail, since both apply the accrual basis of accounting. In comparing the Proprietary Fund Statement of Net Position to the business-type column on the government-wide Statement of Net Position, the total net position agrees, and therefore need no reconciliation. In comparing the total assets and total liabilities between the same two statements, you will notice slightly different amounts. This is because the "internal balances" line on the government-wide statement combines the "due from other funds" (asset) and the "due to other funds" (liabilities) from the proprietary fund statement in a single line in the asset section of the government-wide statement.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided and are an integral part of the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, changes in net position may serve as a useful indicator of a government's financial position. The City of Ridgefield's net position total equals \$107,995,083. The following is a condensed version of the Government-Wide Statement of Net Position:

City of Ridgefield's Net Position (in thousands)

	Governmental Activities		Business-Type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 10,055	\$ 6,649	\$ 9,353	\$ 8,003	\$ 19,408	\$ 14,652
Capital assets (Net of depr)	81,199	75,622	34,103	28,732	115,302	104,354
Total Assets	91,254	82,271	43,456	36,735	134,710	119,006
Deferred outflows of resources	328	292	80	81	408	373
Current and other liabilities	3,660	3,618	472	268	4,132	3,886
Long-Term liabilities	19,088	19,557	3,031	3,232	22,119	22,789
Total Liabilities	22,748	23,175	3,503	3,500	26,251	26,675
Deferred inflows of resources	749	564	123	113	872	677
Net Position:						
Net Investment in capital assets	63,090	57,237	31,413	25,885	94,503	83,122
Restricted	5,039	2,466	7,213	6,368	12,252	8,834
Unrestricted	(44)	(879)	1,284	950	1,240	71
Total Net Position	\$ 68,085	\$ 58,824	\$ 39,910	\$ 33,203	\$ 107,995	\$ 92,027

The largest portion of current and other assets is cash and investments which comprised \$17.2 million at the end of 2019 compared to \$12.7 million at the end of 2018. The significant increase in cash is due to an increase in revenues for capital projects and building activities. Capital assets, net of accumulated depreciation increased \$10.9 million. This was mainly caused by additions of capital assets through donations and contributions, new construction and a capital lease totaling \$15.6 million, offset with accumulated depreciation of \$2.5 million and a restatement of \$2.1 million related to implementing the accounting standard on leases.

Governmental activities long-term liabilities increased by approximately \$864,000 primarily due to implementation of GASB 87 Leases and recognition of \$1,400,336 in capital leases, offset by a reduction in GO bonds and government loans of \$250,954 and a reduction in net pension liability of \$176,510.

CITY OF RIDGEFIELD, WASHINGTON
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Investment in capital assets, less any related debt used to acquire those assets that is still outstanding, represents 87.5% of the City's net position, totaling \$94.5 million. The City's capital assets are used to provide services to citizens. Consequently, these assets are not available for future spending. At the end of 2019, the City also had a net position of \$12.2 million or 11.3% of the total that was subject to external restrictions on how these funds can be spent. This increased over \$3.4 million due to the city accumulating cash that will be restricted for capital projects and building activities.

The remaining balance is unrestricted net position and represents the amount that may be used to meet the City's ongoing obligations. The City is presenting deficit unrestricted net position in the governmental activities' column of the 2019 statement of net position. The \$4,787 deficit is an increase of \$873,757 over the deficit of \$879 thousand at the end of 2018 for the governmental activities. It is a result of a reduction of \$176 thousand in net pension liabilities, and an increase of approximately \$589 thousand in unrestricted cash. The business-type activities column presents \$1.3 million in unrestricted net position; this is up from \$950 thousand at the end of 2018. The primary increase is due to an increase in unrestricted cash and investments.

At December 31, 2019, the City of Ridgefield reports positive balances in all three categories of net position for business-type activities, but with pension liability and the impact fee credit liability, only two categories are positive for governmental activities.

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Statement of Activities

The City's total Net Position increased by \$16.7 million, ending at \$107,995,083. The following is a condensed version of the Statement of Activities for the City. The full statement is a tabular depiction of the relationship of revenues and expenses for the City's governmental activities and proprietary funds.

City of Ridgefield's Statement of Activities (in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 9,890	\$ 3,018	\$ 2,617	\$ 2,682	\$ 12,507	\$ 5,700
Operating grants/contributions	227	47	-	-	227	47
Capital grants/contributions	7,409	14,712	6,343	8,350	13,752	23,062
General revenues:						
Property taxes	1,269	1,159	-	-	1,269	1,159
Sales taxes	3,250	2,632	-	-	3,250	2,632
Business and Occupation taxes	1,168	1,086	-	-	1,168	1,086
Excise taxes	1,574	1,096	-	-	1,574	1,096
Interest income	111	107	168	50	279	157
Other revenue	349	328	6	-	355	328
Total Revenues	25,247	24,185	9,134	11,082	34,381	35,267
Expenses:						
General Government	1,964	1,702			1,964	1,702
Judicial	133	125			133	125
Public Safety	1,798	1,660			1,798	1,660
Physical Environment	960	695			960	695
Transportation	1,697	1,457			1,697	1,457
Economic Environment	1,620	1,678			1,620	1,678
Education	5,041	-			5,041	-
Culture and Recreation	1,139	669			1,139	669
Interest on L-T Debt	601	453			601	453
Water			1,931	2,032	1,931	2,032
Sewer			779	576	779	576
Stormwater			-	289	-	289
Total Expenses	14,953	8,439	2,710	2,897	17,663	11,336
Excess (deficiency) before transfers	10,294	15,746	6,424	8,185	16,718	23,931
Transfers	(283)	(672)	283	672	-	-
Change in Net Position	10,011	15,074	6,707	8,857	16,718	23,931
Beginning Net Position	58,824	43,750	33,203	24,346	92,027	68,096
Prior Period Adjustment	(750)	-	-	-	(750)	-
Ending Net Position	\$ 68,085	\$ 58,824	\$ 39,910	\$ 33,203	\$ 107,995	\$ 92,027

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Governmental Activity Analysis

Charges for Services was the largest source of revenue in 2019 accounting for 39.8% of governmental activity revenue sources. The reason for the increase in charges for services significant increase was due to the City recognizing school impact fees as a revenue source. The City implemented GASB 84 Fiduciary Activities in 2019 and as a result was required to recognize both revenue and expense for the school impact fees. Charges for services were the leading revenue source at \$10 million as a result of recognition of the school impact fees. General revenues and capital grants and contributions each accounted for \$7.4 million respectively. Capital grants and contributions were down almost 98% from 2018. Capital grants and contributions significant decreases were mainly due to \$5.7 million decrease related to the contributions of capital assets, and a reduction of \$1.9 million in capital grants. Capital contributions received from private developers incorporate 1) the actual cost to construct the assets received by the City and, 2) a reduction for the amount recorded during the year as the amount a developer used in impact fee credits. Contributed assets are mainly associated with transportation infrastructure, such as streets, streetlights, curbs and sidewalks, and land received for parks and trails.

The main source of tax revenue comes from sales and use tax, with property taxes and utility taxes representing the next two significant unrestricted sources. Sales and use taxes total \$3,250,290, accounting for 45% of the total tax revenue. Sales and use tax grew substantially as the economy continued to grow in 2019 and was up 23.5% when compared to 2018. The leading driver of general retail sales tax is construction and building sales and activities. In 2019, the City issued 364 Single-family residential permits, 52 commercial building permits and 695 miscellaneous permits. Property taxes totaled \$1,269,279, up \$110,051 from 2018, and accounting for 17% of the total tax revenue. The Washington State Constitution limits the total annual regular property tax increase to 1% of assessed valuation plus new construction. The same construction activity driving the increase in sales and use tax is additionally adding to the increase in property taxes once the construction is completed and brought onto the tax rolls. Utility taxes come from a charge that is added to the revenue generated by a utility customer that resides within the city limits. A 6% charge is added to customers that use natural gas, electricity, telephone, and cell phone, and an 8% charge is added to the customers that receive water, while 10% is added to customers that receive solid waste and sewer services. Utility taxes, presented as Business and Occupation Taxes increased \$82,109 when compared to 2018, mainly as a result of residential development. Total utility taxes account for 16% of the total tax revenue. Excise and other taxes increased \$478,284 when compared to 2018. The primary source of the excise and other taxes is the Real Estate Excise taxes which ended the year at approximately \$1.57 million. Excise and other taxes account for 22% of the total tax revenue.

Total governmental expenses equate to \$15 million with 34% of this amount for educational expense, for the collection and remittance of school impact fees. 47% of expense was associated with four programs: general government, public safety, transportation, and economic environment each representing 13%, 12%, 11% and 11% respectively of the total governmental activities expense. The governmental activities expenses increased 77.5% or \$6.5 million when compared to 2018. \$5.1 million of this increase was as a result of recognizing the education expense for collection and remittance of school impact fees to Ridgefield School District. This increase was due to the implementation of GASB 84 Fiduciary Activities requiring the City to recognize revenue and expense for this activity. Culture and recreation expense increased 70% over 2018. The main reason for the increase was for operating expenses for the Ridgefield Outdoor Recreation Complex and additional personnel expense. General government expense increased 15% as a result of the minor repairs and maintenance expenses that did not meet the definition for capitalization, increased insurance and personnel expense. Public safety expense increased 8% in 2019 when compared to 2018 due to increased personnel expense related to retirement payouts of accrued leave. Transportation expenses increased 12% due to additional expense related to the City's pavement preservation project. While an overall small portion of the total expenses, interest on long-term debt increased 33% from 2019 to 2018 as the City began paying debt service on the 2018 issuance of General Obligation bonds for the Outdoor Recreation Complex. The remainder of the expense categories were relatively stable from 2018 to 2019.

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Business-Type Activities Analysis

Capital grants and contributions decreased 24%, or \$2.0 million, when compared to 2018. The decrease was a reduction in donated assets from developers when compared to 2018. Of the \$6.3 million balance in 2019, 73% is from contributed assets. Both Water and Storm Water had significant capital contributions during 2019. Capital contributions come from private developers and are recorded either when an asset is completed and accepted by the City or when a developer uses a system development charge credit. Credits are issued to developers as "payment" for assets they construct that benefit the City above and beyond their development and are assets identified in the City's capital facility plan. Once the asset is constructed and contributed to the City, the total amount of credit is determined and issued to the developer. Credits are used in place of payment of the system development charge that would've been charged when a building permit is issued. At the end of 2019 there were \$111,835 in system development charge credits outstanding. Developer contributed assets comprise water and storm water infrastructure, such as water pipelines and storm water drainage facilities.

Charges for services for the water and storm water drainage utility increased by just over \$344,000. This increase occurred because of a 13.3% revenue increase in the Water Utility and a 20.7% revenue increase in the storm water drainage utility. There was a 1.5% rate increase for Water and a 5.5% rate increase for Storm Water services in 2019. The revenue from the Sewer Utility ended June 30, 2018, when the full operations were transitioned to the Discovery Clean Water Alliance.

Summary of Total Government Activities

Overall, the City's financial position improved from 2018 to 2019 with net position increasing by \$16 million or 17.4%. The main reasons for the increase come from increased capital grants and contributions, increased tax revenues and other revenues sources remaining stable or slightly increased while expenses increased at a slower rate than the revenue growth.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS**Governmental Funds Analysis**

The City uses fund accounting to ensure compliance with legal requirements and to assist in the budgeting and operations of the different activities of the City. The governmental funds are categorized into four fund types, general fund, special revenue fund, debt service fund and capital project funds. Each fund type has its unique purpose. Two of these funds are classified as major funds for the purposes of this report, based on criteria set forth by the Government Accounting Standards Board. Those funds are the General Fund, used for traditional government purposes and the Capital Projects Fund, a fund used to record the acquisition and construction activities associated with governmental fund type assets. Other governmental funds classified as non-major funds and reported under Other Governmental Funds, are the Street Fund, used to record the receipt and payment of funds used to pay for the maintenance of streets that reside within the city limits, and the Drug Fund used to record the receipt and payment towards activities and equipment for drug enforcement prevention and policing; the Real Estate Excise Tax, a capital project fund used to record the receipt of real estate excise taxes and approved capital related expenses; Park Impact Fee Fund, used to record the receipt of park impact fees received as part of a permit issued for a new development; and the Traffic Impact Fee Fund, also used to record the receipt of traffic impact fees received as part of a permit issued for new development and the Transportation Benefit District Fund, used to record the receipt of vehicle licensing fees and the approved capital related expenses for transportation related projects.

When reviewed on a separate fund basis, the General Fund's fund balance increased 52% as a result of 2019 operations. The General Fund beginning of the year fund balance was \$3.2 million and 2019 ended at \$4.9 million. The four largest sources of revenue came from sales and use taxes, charges for services, license and permits and property taxes with each comprising 22%, 48%, 9% and 9%, respectively, of the total revenue. Sales and use taxes increased by 23.5% or \$618,748 when compared to 2018, due to construction and development in the City. Charges for Services increased \$5.2 million or 308% compared to 2018. The contributing factor to this increase was the previously mentioned revenue recognition for school impact fees. License and Permits increased \$126,798 or 11% over 2018. This increase is directly

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Year Ended December 31, 2019

related to an increase in building permits, both commercial and residential which increased by 550% and 16%, respectively over the prior year. All three of these significant revenue increases is a direct result of development within the City. The five largest expenditure categories are education, public safety, capital outlay, economic environment and general government with each representing 37%, 13%, 13%, 12% and 12% respectively, of total expenditures. The most significant increase in expenditures is with physical environment and culture and recreation with a 38% and 35% increase respectively. The increase relates to annual lease payments for the offices at the Ridgefield Administration and Civic Center and operating expense for the Ridgefield Outdoor Recreation Complex. General Fund expenditures increased 67% while the revenues increased 80%.

The Capital Projects Fund posted over \$775,000 in total revenues, \$2.1 million in total expenses, and \$1.7 million in transfers in from other funds. Revenues from grants decreased from 2018, from \$2.28 million to \$362,700. This occurred as projects funded by grant revenues decreased in 2019. Additionally, the fund received a total of \$1.7 million of transfers in, down from \$18.7 million in 2018. This result is due to the City completing the Ridgefield Outdoor Recreation Complex project early in 2019.

The Net Change in Total Governmental Funds fund balance increased overall by \$3.7 million with an increase in the General Fund of \$1.7 million and an increase in the Capital Projects fund of \$297 thousand and increases in the Non-Major Governmental Funds of over \$1.7 million. Total fund balance ended at just under \$8.2 million, and out of this amount, \$4.45 million is restricted for capital projects or to make major capital purchases, public safety activities and building inspection related activities, \$465,298 is assigned for specific purposes, such as to use for equipment repair, or vehicle replacement, \$20,224 is committed for debt service and \$3.2 million is unassigned and can be used to fund the ongoing operations of the City.

Business-Type Fund Analysis

Proprietary funds are those funds that account for government operations where the intent is for costs to be primarily paid for by user charges. Enterprise funds are those funds that provide services primarily to external users, and internal service funds provide their services primarily within the City, or to other governmental units. The City has two major Business-Type enterprise funds - Water and Storm Water Drainage.

The two major funds had a combined net position of \$39.9 million. These funds had a combined operating loss of \$8,951, which was reduced when compared to the operating loss in 2018. The combined operating loss in 2018 for Water and Storm Water was recorded at \$274,000. Further, when reviewed on a separate fund basis, the operating gain/loss by fund equates to a gain in the Water Fund of \$92,710, and a loss in the Storm Water Drainage Fund of \$101,661. The operating losses in the Storm Water Fund can be attributed to an increase in increased personnel, professional services and depreciation expense.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City appropriates funds through an annual budget process. Budget amendments are made throughout the year as needed and approved by ordinance action by the city council. State law allows funds to be expended if authorized by an ordinance amending the original budget. The General Fund budget reflects an increase of more than \$665,694 or an 8.9% change from the 2019 original budget. The final 2019 budget increase of \$665,694 in the General Fund was primarily spread between Physical Environment, Economic Environment and Capital Outlay at \$150,770, \$243,500 and \$210,335 respectively. The General Fund actual revenues closed the year at 164% of the final 2019 amended budget. When removing the impact of the recognition of school impact fees the General Fund revenues ended at 107% of the 2019 final amended budget. Expenditures ended at 184% of the final 2019 amended budget. When removing the impact of expenses related to new accounting principles implemented in 2019 (GASB 84 and GASB 87) expense ended at 97% of the 2019 final amended budget. The recognition of the GASB 87 capital leases amounted to \$1,400,336, in accordance with generally accepted accounting principles, required that when a capital lease is initiated, an "Other Financing Source and Capital Outlay", equal to the present value of minimum lease payments be recognized. As a result of the capital lease and the school impact fees in the amount of \$5,040,823, it caused the general fund expenditures, including transfers, to exceed the final authorized

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budget by \$6.1 million or 84%. Refer to Note 3 (Stewardship, Compliance and Accountability) for additional details.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Ridgefield's investment in capital assets, including construction in progress, for its governmental and business-type activities amounts to \$115,301,412 (net of accumulated depreciation). This investment in capital assets includes land, buildings, streets, wells, water and storm sewer pipelines, storm water facilities, system improvements, capital leases, machinery and equipment, park facilities, and construction in progress. The total government-wide capital assets increased in 2019 by a net of \$13 million, including a restating the 2018 year-end construction in progress by a reduction of \$2.1 million related to implementation of the accounting standard on leases. The amount is comprised mostly of infrastructure additions as well as construction on the Ridgefield Outdoor Recreation Complex which was completed in 2019 and the capital lease for the City offices.

Infrastructure, such as water distribution lines, roads, new parks and trails that are constructed by developers become the assets of the City once the engineering department approves the development as complete. Assets added pertain to City constructed and/or purchased assets that Heron Road Storm Pond, Refuge Park Storm, S 8th Avenue infrastructure improvements and the Ridgefield Outdoor Recreation Complex. Capital asset detail in thousands is as follows:

	Governmental Activities		Business Activities		Government Wide	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Land	\$ 6,958	\$ 6,958	\$ 374	\$ 374	\$ 7,332	\$ 7,332
Construction in Progress	1,008	16,572	599	494	1,607	17,066
Intangibles	337	277	259	221	596	498
Buildings	2,680	745	552	477	3,232	1,222
Equipment	1,533	954	1,403	1,342	2,936	2,296
Infrastructure	67,334	48,042	30,876	25,824	98,210	73,866
Intangibles Right to Use	1,348	-	40	-	1,388	-
	<u>81,198</u>	<u>\$ 73,548</u>	<u>\$ 34,103</u>	<u>\$ 28,732</u>	<u>\$ 115,301</u>	<u>\$ 102,280</u>

Additional information on the City of Ridgefield's capital assets can be found in Note 6 (Capital Assets) of the notes to the financial statement of this report.

Long-Term Debt

The City had total long-term debt outstanding of \$19,558,289. Out of this amount, \$16,869,035 pertains to general government and \$2,689,254 pertains to the business-type activities.

The City's total debt decreased by \$409,146 from 2018 to 2019. This is a net amount and associated with principal payment reduction and associated premium on the bonds, for governmental activities.

Additional information on the City's long-term debt can be found in Note 9 (Long-term Debt) of the notes to the financial statement in this report.

Economic Outlook and Future Conditions

Due to a variety of factors including land availability, proximity to major infrastructure, and location in the Portland-Vancouver Metropolitan Area, the City of Ridgefield is planning for continued growth, which has already consistently been experienced at one of the highest rates in the state since 2010. The City is proactively assuring that growth is balanced to include expanding its jobs base and attracting additional commercial development, which will assure the City's ability to offer high quality life, work and play options. In 2017, Council began to use capital reserves for much needed infrastructure improvements that support the growth and bring future commercial activity. For example, the City in partnership with the Ridgefield School District completed the Ridgefield Outdoor Recreation Complex (RORC), which opened in March 2019. RORC is a premier regional sports complex with six turf fields and a community building. The City

CITY OF RIDGEFIELD, WASHINGTON
Management's Discussion and Analysis
Year Ended December 31, 2019

also completed several road projects to facilitate transportation needs on both Pioneer Street and Hillhurst Road, two of the main arterials entering the City. The City will focus on water system delivery, street improvements and the design of storm water drainage projects in 2020. In addition, in early 2020 the City will release the details of an updated community survey that was conducted at the end of 2019.

Due to the continued residential, commercial, and infrastructure development, the City is projecting an increase in property tax base and additional ongoing sales and use tax revenues. Staff is confident this will help set the City of Ridgefield up on a sustainable financial foundation for the future.

City Council and staff have worked proactively to maintain strong reserve levels that allow the City to set aside funds for both current and future needs. As a result of the reserves that have been set aside, the City is well reserved to withstand an economic downturn and continue operations at the current levels of service even as we grow. The City issued Limited Tax General Obligation bonds in 2017 and 2018 to fund the Ridgefield Outdoor Recreation Complex (RORC). During the process of bond issuance, the City requested and received a bond credit rating from Standard & Poor's (S&P) Global Ratings. The City received an "AA" stable credit rating as a result of the work completed over the past several years by Council and staff.

The City Council has tasked staff with becoming more efficient in daily operations as well as providing a more transparent city government that responds to citizen needs. In 2017 and 2018 staff completed several software upgrades that add efficiencies to daily tasks. In 2019, staff transitioned the City's website to a new platform to provide better search functions and engagement opportunities for city residents. The City hired a new position in 2019 that focuses on community engagement and social media interaction. Staff are currently focused on adding an online portal for permit submittals. Staff will continue to look at daily tasks to add additional efficiencies and to reduce expenditures while adding value to city services. The City Council has approved multiple projects in 2020 that will continue assisting staff in preparing for the future in Ridgefield, communicating with our residents, and in our efforts to maintain a culture of continuous improvement.

Initiatives approved over the past few years are an investment in the future of Ridgefield. As the City continues to see growth at a higher rate relative to the rest of the state, the City is planning to meet current and future demands, deliver exceptional service, efficiency and accountability to those we serve.

Requests for Information

This financial report is designed to provide a general overview of the City of Ridgefield's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Finance Department, City of Ridgefield, PO Box 608, 230 Pioneer Street, Ridgefield, WA 98642.

CITY OF RIDGFIELD, WASHINGTON

Statement of Net Position

December 31, 2019

	Governmental Activities	Business-type Activities	Total Primary Government
Assets:			
Cash and Cash Equivalents	\$ 3,407,018	\$ 1,377,034	\$ 4,784,052
Investments	160,135	199,077	359,212
Receivables (Net of Allowance for Uncollectible)	1,007,457	510,325	1,517,782
Inventories	-	4,565	4,565
Prepaid Items	83,766	-	83,766
Restricted Assets			
Cash	4,379,821	4,834,312	9,214,133
Investments	399,886	2,413,992	2,813,878
Receivables (Net)	33,296	14,140	47,436
Nondepreciable Capital Assets	8,174,737	1,144,502	9,319,239
Depreciable Capital Assets, net of accumulated depreciation	73,024,131	32,958,042	105,982,173
Net Pension Asset	583,923	-	583,923
Total Assets	91,254,170	43,455,989	134,710,159
Deferred Outflows of Resources			
Deferred amount related to pensions	328,165	79,845	408,010
Total deferred outflows of resources	328,165	79,845	408,010
Liabilities:			
Accounts Payable and Other Current Liabilities	1,034,895	331,430	1,366,325
Accrued Interest Payable	93,705	10,087	103,792
Unearned Revenues	2,531,843	130,465	2,662,308
Noncurrent Liabilities:			
Due within One Year	388,697	179,391	568,088
Due in More than One Year	17,983,380	2,632,735	20,616,115
Net Pension Liability	715,866	218,411	934,277
Total Liabilities	22,748,386	3,502,519	26,250,905
Deferred Inflows of Resources			
Deferred amounts related to pensions	663,535	123,275	786,810
Deferred amounts related to leases	85,371	-	85,371
Total deferred inflows of resources	748,906	123,275	872,181
Net Position:			
Net Investment in Capital Assets	63,089,555	31,413,290	94,502,845
Restricted for:			
Building Permit Functions	1,209,284	-	1,209,284
Public Safety	4,785	-	4,785
Pension	583,923	-	583,923
Capital	3,241,043	7,213,240	10,454,283
Unrestricted	(43,547)	1,283,510	1,239,963
Total Net Position	\$ 68,085,043	\$ 39,910,040	\$ 107,995,083

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

CITY OF RIDGEFIELD, WASHINGTON
Statement of Activities
Year Ended December 31, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business -type Activities	Total
PRIMARY GOVERNMENT							
Governmental Activities:							
General Government	\$ 1,964,481	\$ 663,639	\$ -	\$ 29,223	\$ (1,271,619)	\$ -	\$ (1,271,619)
Judicial	132,677	43,695	-	-	(88,982)	-	(88,982)
Public Safety	1,797,779	54,167	58,511	-	(1,685,101)	-	(1,685,101)
Physical Environment	960,065	2,000	-	28,997	(929,068)	-	(929,068)
Transportation	1,697,138	1,478,574	86,510	6,461,396	6,329,342	-	6,329,342
Education	5,040,823	-	-	-	(5,040,823)	-	(5,040,823)
Economic Environment	1,619,974	7,501,746	32,051	789,869	6,703,692	-	6,703,692
Culture and Recreation	1,138,723	146,156	50,000	100,000	(842,567)	-	(842,567)
Interest on Long-Term Debt	601,449	-	-	-	(601,449)	-	(601,449)
TOTAL GOVERNMENTAL ACTIVITIES	14,953,109	9,889,977	227,072	7,409,485	2,573,425	-	2,573,425
Business Type Activities:							
Water	1,931,183	1,940,262	-	3,383,707	-	3,392,786	3,392,786
Storm	779,036	676,721	-	2,959,361	-	2,857,046	2,857,046
TOTAL BUSINESS-TYPE ACTIVITIES	2,710,219	2,616,983	-	6,343,068	-	6,249,832	6,249,832
Total Primary Government	\$ 17,663,328	\$ 12,506,960	\$ 227,072	\$ 13,752,553	\$ 2,573,425	\$ 6,249,832	\$ 8,823,257
General Revenues:							
Property Taxes Levied for General Purposes					\$ 1,269,279	\$ -	\$ 1,269,279
Sales and Use Taxes					3,250,290	-	3,250,290
Business and Occupation Taxes					1,167,609	-	1,167,609
Excise and Other Taxes					1,574,478	-	1,574,478
Unrestricted Investment Earnings					111,115	167,683	278,798
Gain on Disposal of Capital Assets					9,301	6,254	15,555
Grants and Contributions not Restricted to Specific Programs					338,437	-	338,437
Transfers					(283,291)	283,291	-
Total General Revenues and Transfers					7,437,218	457,228	7,894,446
Change in Net Position					10,010,643	6,707,060	16,717,703
Net Position - Beginning					58,824,400	33,202,980	92,027,380
Change in Accounting Principles					(750,000)	-	(750,000)
Net Position - Ending					\$ 68,085,043	\$ 39,910,040	\$ 107,995,083

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

CITY OF RIDGEFIELD
 Governmental Funds
 Balance Sheet
 December 31, 2019

	General Fund	Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 4,912,970	\$ 306,889	\$ 2,566,980	\$ 7,786,839
Investments	160,135	-	399,886	560,021
Property Taxes Receivables	15,713	-	-	15,713
Accounts Receivable (net)	289,059	-	7,334	296,393
Interest Receivable	872	-	2,324	3,196
Lease Receivable	83,766	-	-	83,766
Due from Other Governments	644,155	28,997	52,299	725,451
Total Assets	<u>\$ 6,106,670</u>	<u>\$ 335,886</u>	<u>\$ 3,028,823</u>	<u>\$ 9,471,379</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts Payable	468,043	31,310	48,014	547,367
Other Accrued Liabilities	107,443	-	7,202	114,645
Due to Other Governments	372,883	-	-	372,883
Total Liabilities	<u>948,369</u>	<u>31,310</u>	<u>55,216</u>	<u>1,034,895</u>
Deferred Inflows of Resources:				
Unavailable Revenue	255,729	28,997	-	284,726
Total Deferred Inflows of resources:	<u>255,729</u>	<u>28,997</u>	<u>-</u>	<u>284,726</u>
Fund Balances:				
Restricted	1,209,284	292,210	2,953,618	4,455,112
Committed	20,224	-	-	20,224
Assigned	445,309	-	19,989	465,298
Unassigned	3,227,755	(16,631)	-	3,211,124
Total Fund Balances	<u>4,902,572</u>	<u>275,579</u>	<u>2,973,607</u>	<u>8,151,758</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,106,670</u>	<u>\$ 335,886</u>	<u>\$ 3,028,823</u>	

Amounts reported for governmental activities in the statement of net position are different because (See Note 2 also):

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	\$ 81,198,868
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds—unavailable revenues	199,355
Other items related to Pension activity that are not financial resources therefore, not reported in the funds.	(467,313)
Long-term liabilities that are not due and payable in the current period and are not reported in the funds	(20,997,625)
Net position of governmental activities	<u>\$ 68,085,043</u>

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

CITY OF RIDGEFIELD

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended December 31, 2019

	General Fund	Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 1,288,393	\$ -	\$ -	\$ 1,288,393
Sales and Use Taxes	3,250,290	-	-	3,250,290
Utility	1,095,607	-	72,002	1,167,609
Other Taxes	5,127	-	1,645,324	1,650,451
License and Permits	1,302,769	-	18,528	1,321,297
Intergovernmental	314,624	362,700	177,662	854,986
Charges for Services	6,862,240	224,345	2,537,333	9,623,918
Fines and Forfeits	74,827	-	947	75,774
Interest Earnings	90,248	10	20,857	111,115
Contributions and Donations	90,728	187,998	-	278,726
Miscellaneous	56,408	-	1,740	58,148
Total Revenues	14,431,261	775,053	4,474,393	19,680,707
Expenditures:				
Current				
General Government	1,581,103	-	-	1,581,103
Judicial	132,677	-	-	132,677
Public Safety	1,803,257	-	5,638	1,808,895
Physical Environment	959,593	-	-	959,593
Transportation	-	-	506,915	506,915
Economic Environment	1,657,657	-	-	1,657,657
Education	5,040,823	-	-	5,040,823
Culture and Recreation	554,379	-	-	554,379
Capital Outlay	1,748,460	2,114,199	103,919	3,966,578
Debt Service				
Principal Retirement	121,010	-	213,846	334,856
Interest/Fiscal Charges	899	-	594,653	595,552
Total Expenditures	13,599,858	2,114,199	1,424,971	17,139,028
Excess (Deficiency) of Revenues Over (Under) Expenditures	831,403	(1,339,146)	3,049,422	2,541,679
Other Financing Sources (Uses)				
Issuance of Debt	1,400,336	-	-	1,400,336
Sale of Capital Assets	14,475	-	-	14,475
Transfers In	-	1,735,199	1,235,574	2,970,773
Transfers Out	(560,314)	(98,950)	(2,547,949)	(3,207,213)
Total Other Financing Sources and Uses	854,497	1,636,249	(1,312,375)	1,178,371
Net Change in Fund Balances	1,685,900	297,103	1,737,047	3,720,050
Fund Balance at Beginning of Year	3,216,672	(21,524)	1,236,560	4,431,708
Fund Balance at End of Year	\$ 4,902,572	\$ 275,579	\$ 2,973,607	\$ 8,151,758

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

CITY OF RIDGEFIELD

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
Year Ended December 31, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds:	\$ 3,720,050
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount by which capital outlays exceeded depreciation in the current period.	1,680,934
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) to increase net position.	5,969,297
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(464,288)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(1,028,373)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	133,023
Changes in Net Position (governmental activities)	\$ <u>10,010,643</u>

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

CITY OF RIDGEFIELD

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended December 31, 2019

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues:				
Property Taxes	\$ 1,260,000	\$ 1,260,000	\$ 1,288,393	\$ 28,393
Sales and Use Taxes	2,143,500	3,143,500	3,250,290	106,790
Utility and Other Taxes	1,103,148	1,103,148	1,100,734	(2,414)
License and Permits	1,050,010	1,090,010	1,302,769	212,759
Intergovernmental	287,566	364,366	314,624	(49,742)
Charges for Services	1,392,073	1,597,073	6,862,240	5,265,167
Fines and Forfeits	72,675	72,675	74,827	2,152
Interest Earnings	21,900	71,925	90,248	18,323
Contributions and Donations	10,000	30,000	90,728	60,728
Other Miscellaneous	49,000	75,825	56,408	(19,417)
Total Revenues	<u>7,389,872</u>	<u>8,808,522</u>	<u>14,431,261</u>	<u>5,622,739</u>
Expenditures:				
Current				
General Government	1,591,252	1,657,752	1,581,103	76,649
Judicial	136,896	136,896	132,677	4,219
Security/Persons and Property	1,863,901	1,863,901	1,803,257	60,644
Physical Environment	730,750	881,520	959,593	(78,073)
Economic Environment	1,637,846	1,881,346	1,657,657	223,689
Education	-	-	5,040,823	(5,040,823)
Culture and Recreation	545,538	544,538	554,379	(9,841)
Debt Service				-
Lease Principal	-	-	121,010	(121,010)
Lease Interest	-	-	899	(899)
Capital Outlay	228,540	438,875	1,748,460	(1,309,585)
Total Expenditures	<u>6,734,723</u>	<u>7,404,828</u>	<u>13,599,858</u>	<u>(6,195,030)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	655,149	1,403,694	831,403	(572,291)
Other Financing Sources (Uses):				
Leasing Activity	-	-	1,400,336	1,400,336
Sale of Capital Assets			14,475	14,475
Transfers Out	(739,805)	(735,394)	(560,314)	175,080
Total Other Financing Sources and Uses	<u>(739,805)</u>	<u>(735,394)</u>	<u>854,497</u>	<u>1,589,891</u>
Net Change in Fund Balance	(84,656)	668,300	1,685,900	1,017,600
Fund Balances at Beginning of Year	3,216,672	3,216,672	3,216,672	-
Fund Balances at End of Year	\$ <u>3,132,016</u>	\$ <u>3,884,972</u>	\$ <u>4,902,572</u>	\$ <u>1,017,600</u>

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

CITY OF RIDGEFIELD
Proprietary Funds
Statement of Fund Net Position
December 31, 2019

	Major Fund		
	Water	Storm Water	Total
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 1,176,449	\$ 200,585	\$ 1,377,034
Investments	199,077	-	199,077
Receivables (net)			
Interest	1,162	-	1,162
Accounts	240,836	118,327	359,163
Due from Other Governmental Units	-	150,000	150,000
Inventory	4,565	-	4,565
Restricted Assets			
Cash and Cash Equivalents	4,825,050	9,262	4,834,312
Investments	2,413,992	-	2,413,992
Interest Receivable	14,140	-	14,140
Total Current Assets	<u>8,875,271</u>	<u>478,174</u>	<u>9,353,445</u>
<i>Noncurrent Assets:</i>			
Nondepreciable Capital Assets	787,195	357,307	1,144,502
Depreciable Property, Plant and Equipment (Net)	<u>18,970,296</u>	<u>13,987,746</u>	<u>32,958,042</u>
Total Long-term Assets	<u>19,757,491</u>	<u>14,345,053</u>	<u>34,102,544</u>
Total Assets	<u>28,632,762</u>	<u>14,823,227</u>	<u>43,455,989</u>
Deferred Outflows of Resources:			
Amounts Related to Pensions	<u>56,714</u>	<u>23,131</u>	<u>79,845</u>
Total Deferred Outflows of Resources	<u>56,714</u>	<u>23,131</u>	<u>79,845</u>
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	88,820	23,275	112,095
Accrued Interest Payable	10,087	-	10,087
Accrued Employee Benefits	13,367	6,764	20,131
Accrued Compensated Absences	16,812	3,978	20,790
Accounts Payable from Restricted Assets	39,942	159,262	199,204
Unearned Revenues	129,548	917	130,465
Leases Payable	410	-	410
Bonds, Notes and Loans Payable	<u>158,191</u>	<u>-</u>	<u>158,191</u>
Total Current Liabilities	<u>457,177</u>	<u>194,196</u>	<u>651,373</u>
<i>Noncurrent Liabilities:</i>			
Accrued Compensated Absences	50,437	11,933	62,369
Leases Payable	39,303	-	39,303
Bonds, Notes and Loan Payable (Net)	2,531,063	-	2,531,063
Net Pension Liability	<u>155,136</u>	<u>63,275</u>	<u>218,411</u>
Total Long-term Liabilities	<u>2,775,939</u>	<u>75,208</u>	<u>2,851,146</u>
Total Liabilities	<u>3,233,116</u>	<u>269,403</u>	<u>3,502,519</u>
Deferred Inflows of Resources:			
Amounts related to pensions	<u>87,562</u>	<u>35,713</u>	<u>123,275</u>
Total Deferred Inflows of Resources	<u>87,562</u>	<u>35,713</u>	<u>123,275</u>
Net Position:			
Net Investment in Capital Assets	17,068,237	14,345,053	31,413,290
Restricted for Capital Projects	7,213,240	-	7,213,240
Unrestricted	<u>1,087,321</u>	<u>196,189</u>	<u>1,283,510</u>
Total Net Position	<u>\$ 25,368,798</u>	<u>\$ 14,541,242</u>	<u>\$ 39,910,040</u>

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

CITY OF RIDGEFIELD

Proprietary Funds

Statement of Revenues, Expenses and Changes in Fund Net Position

For the Fiscal Year Ended December 31, 2019

	Major Fund		
	Water	Storm Water	Total
Operating Revenues			
Charge for Services	\$ 1,940,262	\$ 676,721	\$ 2,616,983
Total Operating Revenues	<u>1,940,262</u>	<u>676,721</u>	<u>2,616,983</u>
Operating Expenses			
Salaries, Wages and Benefits	591,184	274,122	865,306
Supplies	170,633	21,966	192,599
Professional Services	489,340	258,010	747,350
Utilities	103,647	4,742	108,389
Repairs and Maintenance	67,888	25,187	93,075
Taxes	109,960	9,467	119,427
Depreciation, Amortization, Depletion	356,413	184,888	541,301
Total Operating Expenses	<u>1,889,065</u>	<u>778,382</u>	<u>2,667,447</u>
Operating Income (loss)	51,197	(101,661)	(50,464)
Nonoperating Revenues (Expenses)			
Interest Earnings	167,289	394	167,683
Interest and Fiscal Charges	(42,118)	-	(42,118)
Gain (Loss) on Disposal of Assets	6,254	(654)	5,600
Other Non Operating Expense	(73,012)	-	(73,012)
Total Nonoperating Revenues (Expenses)	<u>58,413</u>	<u>(260)</u>	<u>58,153</u>
Income (Loss) before Contributions and Transfers	109,610	(101,921)	7,689
Capital Contributions	3,383,707	3,079,224	6,462,931
Transfers In	-	236,440	236,440
Increase (Decrease) in Net Position	<u>3,493,317</u>	<u>3,213,743</u>	<u>6,707,060</u>
Total Net Position at Beginning of Year	<u>21,875,481</u>	<u>11,327,499</u>	<u>33,202,980</u>
Total Net Position at End of Year	\$ <u>25,368,798</u>	\$ <u>14,541,242</u>	\$ <u>39,910,040</u>

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

CITY OF RIDGEFIELD

Proprietary Funds

Statement of Cash Flows

For the Fiscal Year Ended December 31, 2019

	Major Fund		Total
	Water	Storm Water	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 1,873,495	\$ 653,074	\$ 2,526,569
Payments to Suppliers	(484,120)	(125,959)	(610,079)
Payments to Employees	(679,989)	(276,545)	(956,534)
Payments for Interfund Services Used and City Taxes	(373,952)	(198,651)	(572,603)
Payments for Taxes	(109,960)	(9,467)	(119,427)
Net Cash Provided (Used) by Operating Activities	225,474	42,452	267,926
Cash Flows from Noncapital Financing Activities:			
Transfers - In	-	116,577	116,577
Net Cash Provided (Used) by Noncapital Financing Activities	-	116,577	116,577
Cash Flows from Capital and Related Financing Activities:			
Proceeds from the sale of capital assets	-	280	280
Receipts for Future System Improvements	1,647,175	-	1,647,175
Acquisition and Construction of Capital Assets	(735,377)	(152,180)	(887,557)
Principal Paid on leases	(1,800)	-	(1,800)
Principal Paid on Debt	(158,192)	-	(158,192)
Interest Paid on Capital Debt	(42,711)	-	(42,711)
Net Cash Provided (Used) for Capital and Related Financing Activities	709,095	(151,900)	557,195
Cash Flows from Investing Activities:			
Interest on Investments	166,988	886	167,874
Purchase of Investment Securities	(320,000)	-	(320,000)
Proceeds from Sale and Maturities of Investment Securities	1,755,618	106,822	1,862,440
Net Cash Provided (Used) by Investing Activities	1,602,606	107,708	1,710,314
Net Increase (Decrease) in Cash and Cash Equivalents	2,537,175	114,837	2,652,012
Cash and Cash Equivalents at Beginning of Year	3,464,324	95,010	3,559,334
Cash and Cash Equivalents at End of Year	\$ 6,001,499	\$ 209,847	\$ 6,211,346
Reconciliation to Net Position:			
Cash and Cash Equivalents	1,176,449	200,585	1,377,034
Restricted Cash and Cash Equivalents	4,825,050	9,262	4,834,312
Total Cash and Cash Equivalents	\$ 6,001,499	\$ 209,847	\$ 6,211,346

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

CITY OF RIDGEFIELD

Proprietary Funds

Statement of Cash Flows (continued)

For the Fiscal Year Ended December 31, 2019

	Major Fund		
	Water	Storm Water	Total
Reconciliation of Operating Income (Loss) to Net Cash:			
Cash Used by Operating Activities:			
Net Operating Income (Loss)	\$ 51,197	\$ (101,661)	\$ (50,464)
Adjustments to Reconcile Net operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation Expense	356,413	184,888	541,301
(Increase) Decrease in Receivables	(67,950)	(23,848)	(91,798)
(Increase) Decrease in Inventories	1,051	-	1,051
Increase (Decrease) in Current Payables	(27,615)	(14,705)	(42,320)
Increase (Decrease) in Pension Activity	(69,497)	1,136	(68,361)
Increase (Decrease) in Accrued Employee Benefits	(19,308)	(3,559)	(22,867)
Increase (Decrease) in Customer Deposits	1,183	-	1,183
Increase (Decrease) in Unearned Revenues	-	201	201
	<u>174,277</u>	<u>144,113</u>	<u>318,390</u>
Net Cash Used by Operating Activities	\$ <u>225,474</u>	\$ <u>42,452</u>	\$ <u>267,926</u>
Noncash Transactions			
Change in Fair Value of Investments	\$ 78,686	\$ (142)	\$ 78,544
Capital Assets Financed Through Accounts Payable	37,541	159,262	196,803
Donated Capital Assets by Developers	1,848,367	2,809,311	4,657,678
Capital Assets Transferred in from Governmental Activities	-	119,863	-
Capital Assets Added through leasing arrangements	41,513	-	-

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

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Washington State Auditor's Office has developed and implemented the Budgeting, Accounting, and Reporting System (BARS) designed to promote uniformity among cities and counties in Washington. Following is a summary of the significant accounting policies for the City of Ridgefield:

A. REPORTING ENTITY

The reporting entity "City of Ridgefield" consists of the City as the primary government; there are no component units. The City of Ridgefield, Washington, was incorporated in August 1909 and operates under the laws of the State of Washington applicable to an optional municipal code city (Title 35A RCW) with a council-manager form of government with a government body consisting of seven Council members with one selected to serve as the Mayor.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Our policy is to allocate indirect costs to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are separate financial statements provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted or reported in another fund.

The *capital projects fund* was established to construct governmental fund type capital projects. Construction of street and park projects has been the predominant use. Resources are transferred from other funds and combined with other restricted, committed, or assigned resources to be used for the acquisition or construction of capital facilities or other capital assets, such as grants to reimburse this fund for the costs of construction.

The government reports the following major proprietary funds:

The *water fund* accounts for the City's water utility operations. This fund comprises activity of the municipal water system that includes production, treatment, storage and distribution of domestic water. The system is comprised of five production wells, three storage reservoirs and over fifty-three miles of water lines. The City's operations division provides management operations and maintenance of the City's water system to provide for the reliable delivery of safe, high quality water for all water users. This fund also incorporates the revenues received from system development

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2019

charges and expenses incurred for capital project activities. System development charges are assessed on new development activities and expended to build or expand capacity that is required as a result of growth and development.

The *storm water fund* accounts for the City's storm water drainage utility operations. This fund provides management operations and maintenance of the City's storm water system and ensures the storm water facilities are mowed and cleared to allow for proper drainage. The City has thirty-six storm water facilities that require maintenance and twenty-six miles of storm sewer lines. Revenue to fund the operations comes from charges for services generated from monthly storm water maintenance fees.

Additionally, the government reports the following fund types as non-major governmental funds:

Special revenue funds account for revenues from specific taxes, grants, or other sources, which are restricted or committed to finance particular activities of the City.

Debt service funds account for principal and interest payments on City debt.

Capital project funds account for revenue which is restricted for capital project activities.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Basis of accounting refers to the point at which revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements report the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The City considers taxes as available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales tax, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and storm water function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
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Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Storm Water Funds are charges to customers for sales and services. Operating expenses for these funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY

1. Cash, cash equivalents and investments

The City's cash and cash equivalents are considered to be cash on hand, certificates of deposit, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash resources of individual funds are invested directly into government securities with interest accruing for the benefit of the investing funds. The interest earned on these investments is prorated to the various funds. This policy covers all funds operated by the City.

For the purposes of the statement of cash flows, the City considers the Washington State Local Government Investment Pool and the Clark County Investment Pool as cash. Investments in the State Investment Pool and the Clark County Investment Pool are classified as cash equivalents on the financial statements.

Certain Investments for the City are reported at fair value in accordance with GASB statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Likewise, some investments are reported at amortized cost.

2. Receivables

All trades are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles.

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied annually before December 15, and become a lien as of January 1, on property value listed as of the prior May 31. Assessed values are established by the county assessor at 100 percent of fair market value. A revaluation of all property is required every four years.

Taxes are due in two equal installments on April 30 and October 31. The county treasurer remits collections to the appropriate district as taxes are received. Taxes receivable consists of property taxes and related interest and penalties. See Note 5 (Property Taxes). Accrued interest receivable consists of amounts earned on investments, notes and contracts at the end of the year.

Customer accounts receivable consists of amounts owed from private developers, individuals or organizations for goods and services including amounts owed for which billings have not been prepared. Due from other governmental units represent amounts owed under grant programs or any other intergovernmental activity.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
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	Receivables			Due from Other Gov'ts	
	Taxes	Accounts	Interest		Total
<u>Governmental Activities</u>					
General Fund	\$ 15,713	\$ 289,059	\$ 872	\$ 644,155	\$ 949,799
Capital Projects	-	-	-	28,997	28,997
Nonmajor Governmental	-	7,334	2,324	52,299	61,957
Total Governmental	<u>15,713</u>	<u>296,393</u>	<u>3,196</u>	<u>725,451</u>	<u>1,040,753</u>
<u>Business Type Activities</u>					
Water	\$ -	\$ 240,836	\$ 15,302	\$ -	\$ 256,138
Storm Water	-	118,327	-	150,000	268,327
Total Business Type	<u>-</u>	<u>359,163</u>	<u>15,302</u>	<u>150,000</u>	<u>524,465</u>
Total Combined Receivables	<u>\$ 15,713</u>	<u>\$ 655,556</u>	<u>\$ 18,498</u>	<u>\$ 875,451</u>	<u>\$ 1,565,218</u>

3. Amounts due to and from other funds and governments, interfund loans and advances receivable

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund loans receivable/payable" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

4. Inventories and prepaid items

Inventories in governmental funds consist of expendable supplies held for consumption and are recorded as an expenditure when the items are purchased. Inventories in proprietary funds are valued on the First In/First Out or FIFO method, which approximates market value. Inventory consists of water meters that are mainly used for new homes built by developers.

5. Leases Receivable and Deferred Inflows of Resources

Leases receivable consist of amounts recorded in compliance with GASB 87, *Leases*. The City has recorded the Lease Receivable and Deferred Inflows of Resources. See Note 12 for more information.

6. Deferred inflows and outflows of resources related to unavailable revenue

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but have not yet been

CITY OF RIDGEFIELD, WASHINGTON
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earned. At the end of the current fiscal year, the various components of deferred inflow of resources and unavailable revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent Property Taxes Receivable - General Fund	\$ 14,128
Outstanding Court Receivable	22,834
Outstanding Developer Receivable	132,987
Amounts related to Lease Receivable	83,766
Outstanding Grant Receivable	31,011
Total Deferred Revenue for Governmental Funds	<u>\$ 284,726</u>

The proprietary funds and government wide statement of net position also present deferred inflows and outflows related to pensions. See Note 7 (Pension Plans).

7. Restricted assets

These resources are set aside for specific uses and/or are restricted by law for specific purposes. In the governmental and business-type activities the restricted amounts are held for debt service, the construction and/or acquisition of capital assets associated with the infrastructure systems, and for operating purposes. The restricted assets comprise the following:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
<i>Restricted for:</i>		
Capital Facility Plan Projects	\$ 3,241,043	\$ -
Public Safety Drug Prevention	4,789	-
Building Permit Functions	1,209,284	-
School Impact Fees	357,887	-
Storm Water Capital Projects	-	9,262
Water Capital Projects	-	7,253,182
Total Restricted Amounts	<u>\$ 4,813,003</u>	<u>\$ 7,262,444</u>

8. Capital assets

Capital assets includes property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more with a life expectancy of more than one year. Easements and right of ways are capitalized if initial costs are \$20,000 or more. Land is capitalized for all costs. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Intangible assets are defined as easements, water rights, patents, trademarks and computer software.

As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. Major outlays for capital assets and improvements are capitalized as projects are completed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life are not capitalized.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
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Property, plant, equipment, and intangible assets with a definite useful life are depreciated using the straight-line method over the estimated useful lives. See below for useful life. With the implementation of GASB Statement 87, *Lease*, the right to use assets are being amortized over the same useful lives as the asset category of the underlying assets shown below.

Asset Category	Years Useful Life
Buildings	50
Building Improvements and Furnishings	10-20
Streets	50
Lighting	50
Sidewalks, Curbs and Gutters	50
Trails	30-50
Structures	20-40
Infrastructure	20-75
Vehicles (Public Safety)	10
Vehicles (All Other)	12
Public Works Equipment	5-20
Office Equipment/Furniture	5-10
Software	5-10
Hardware (Servers etc.)	5-10

The City has acquired certain assets with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal government could retain an equity interest in these assets. However, the City has sufficient legal interest to accomplish the purposes for which the assets were acquired and has included such assets within the applicable column in the statement of net position.

9. Compensated absences

Compensated absences are absences for which employees will be paid, such as vacation and comp-time. In governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for them. In proprietary (and similar trust) funds, compensated absences are recorded as an expense and liability of the fund that will pay for them as they are earned.

Vacation pay is payable up to 240 hours (30 days) on the employee's anniversary date with the City and is payable upon resignation, retirement or death. Sick leave is earned at a rate of one day per month for full-time employees and is recorded when leave is taken; however, the liability for sick leave is limited because it is generally not paid out at separation. In the event of an employee's retirement from service with the City, sick leave is payable subject to limitations that range between 25% of accumulated sick leave up to 1,600 hours (or 400 hours maximum), 50% of sick leave accumulated up to 800 hours (or 400 hours maximum), and 50% of accumulated sick leave of the amount that exceeds 720 hours, depending upon the employees bargaining unit agreement and/or personnel policy.

10. Other accrued liabilities

This account consists of accrued wages and accrued employee benefits.

11. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2019

applicable bond premium or discount. Bond issuance costs are reported as period costs in the year of the bond issuance.

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs, during the current period. The face amount of debt and leases issued are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

12. Net pension liabilities (assets)

For purposes of measuring the net pension liability (assets), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

13. Net position

Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted is the amount restricted by external creditors, grantors, contributors, or laws and regulations imposed by other governments. The capital component is associated with impact fees, system development charges and excise taxes where the funds received are restricted for capital purposes. The building permit function is associated with the building department within the general fund and restricted for a specific operating purpose. The public safety component is associated with activities restricted towards drug enforcement prevention and policing. While the amount related to pensions is the pensions net asset for the LEOFF 2 retirement program.

Unrestricted is the amount of all net position that does not meet the definition of "invested in capital assets" or "restricted" net position.

14. Fund balances in the governmental fund financial statements

On the balance sheet – governmental funds, assets in excess of liabilities are reported as fund balances and are segregated into separate classifications indicating the extent to which the city is bound to honor constraints on specific purposes for which the funds can be spent.

Nonspendable – amounts that cannot be spent because they are either not in spendable form or are legally required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments, including the State and Federal government. The City has restricted amounts, shown on the Governmental Funds Balance Sheet, with the majority of it is available for use to complete major capital projects identified in an appropriate City capital facilities plan.

Committed – amounts that can be used only for specific purposes determined by a formal action of the City Council (the City's highest level of decision-making authority). Once committed by Council legislative action (by ordinance), the limitation imposed by this action remains in place until a similar action is taken to remove or revise the limitation.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes; and any excess of nonspendable, restricted, and committed fund balance over total fund balance in a governmental fund other than the general fund. Under the City's adopted policy, the City finance director or management staff may assign amounts for specific purposes.

CITY OF RIDGEFIELD, WASHINGTON
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December 31, 2019

The City has assigned an amount, shown on the Governmental Funds Balance Sheet, and plans to use it for equipment repair and replacement, such as to replace a vehicle; and capital maintenance projects, such as to remodel a building or make a major repair of a building.

Unassigned – total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance. The general fund is the only fund that can report a positive unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds.

The City adopted a resolution in October 2014 which sets apart fund balance reserve accounts for stabilization purposes in the General Fund. These are classified as unassigned per the City financial policies. No requirements or conditions for addition or spending these funds have been established by the City. The City's policy states that an unassigned fund balance for revenue stabilization will be designated at a minimum of 10% of prior year General Fund revenues less any one-time revenues such as grants or interfund transfers; at December 31, 2019, the balance is \$767,727. Council action is required in order for stabilization funds to be used. The policy also states that an operations and maintenance reserve will be designated at a minimum of 60 days of prior year actual operating expenses in the General and Street Fund; at December 31, 2019, the balance is \$1,029,176. The policy also states that a capital reserve will be set aside at 1% of the prior year's Net Investment in Capital Assets calculated in the Statement of Net Position, plus an additional reserve specific for equipment replacement; the balance at December 31, 2019, is \$445,309. This is classified as assigned fund balance.

Additionally, the policy requires a debt service reserve equal to the amount of the upcoming year's debt service payment. At December 31, 2019, this was \$20,224. This fund balance is identified as committed. City Council adopted a separation reserve in 2019. The reserve is for accrued balance payouts at the time of retirement. The amount is designated at 30% of the anticipated accrued balance payouts over the next 10 years. At December 2019, this was \$200,000. This fund balance is identified as unassigned.

City Council adopted reserve policies by resolution and therefore any changes to the policies would require a new resolution to be adopted. Use of the reserves require budget enactment or a budget amendment adopted by ordinance of the Council.

The City as of December 31, 2019 has a total fund balance in the governmental funds of \$8,151,758 and is classified as follows:

<u>Classification on Balance Sheet</u>	<u>Fund Balance</u>
Restricted for capital purposes	\$ 3,241,043
Restricted for building permitting functions	1,209,284
Restricted for public safety	4,785
Committed for debt reserve	20,224
Assigned for equipment replacement and capital maintenance purposes	445,309
Assigned for streets	19,989
Unassigned (can be used for any specific purpose)	3,211,124
Total Fund Balance - Governmental Funds	<u>\$ 8,151,758</u>

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2019

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

The governmental fund balance sheet includes the reconciliation between *fund balance — total governmental funds* and *net position — governmental activities* as reported in the government-wide statement of net position.

One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Bonds payable	\$ 15,965,000
Plus: Issuance premium (to be amortized as interest expense)	864,987
Leases Payable	1,279,326
Compensated Absences	220,248
Interest Payable	93,705
Pollution Remediation Obligation	3,468
Due to Other Governments	39,048
Impact Fee Credits	<u>2,531,843</u>
Net adjustment to reduce fund balance - total governmental funds	
to arrive at <i>net position - governmental activities</i>	<u>\$ 20,997,625</u>

Another element of that reconciliation explains that “other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds as unavailable revenues”. The details of this difference are as follows:

Unavailable Revenue presented on fund statements	\$ 284,726
Deferred revenue related to leases	<u>(85,371)</u>
Net adjustment to reduce fund balance - total governmental funds	
to arrive at <i>net position - governmental activities</i>	<u>199,355</u>

Another element of that reconciliation explains that “other items related to pension activity are not financial resources, therefore, not reported in the funds.” The details of this difference are as follows:

Net Pension Asset	\$ 583,923
Deferred Outflow of Resources - Pension	328,165
Net Pension Liability	(715,866)
Deferred Inflow of Resources - Pension	<u>(663,535)</u>
Net adjustment to reduce fund balance - total governmental funds	
to arrive at <i>net position - governmental activities</i>	<u>\$ (467,313)</u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between *net changes in fund balances—total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
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statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The difference of this amount is as follows:

Capital Outlays and Constructed Assets	\$ 3,635,586
Depreciation expense	(1,954,652)
	<u>1,680,934</u>
Net adjustment to increase <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net position</i> of \$	<u>1,680,934</u>

Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) to increase net position" is as follows:

Donated capital assets	\$ 6,094,336
Disposal of capital assets	(5,176)
Transfer of capital assets to Business Type Activities	(119,863)
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position governmental activities</i>	<u>\$ 5,969,297</u>

Another element of that reconciliation states that "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this difference are as follows:

Grant revenues	\$ 20,385
Impact Fee Credits redeemed	1,285,156
Impact Fee Credits issued	(1,731,291)
Lease revenue	(1,604)
Other revenues unavailable	(16,173)
Municipal Court revenue	(32,079)
Pension Contributions from State	30,432
Tax revenues - unavailable	(19,114)
Net adjustment to increase <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (464,288)</u>

Another element of that reconciliation states that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items." The details of this difference are as follows:

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Issuance of Debt related to Leases	\$ (1,400,336)
Amortization of issuance premiums	37,107
Principal payment on loans and leases	<u>334,856</u>
Net adjustments to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (1,028,373)</u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this difference are as follows:

Pollution Remediation Adjustment	\$ (369)
Interest expense	(43,006)
Pension expense adjustment	178,414
Compensated absences	<u>(2,016)</u>
Net adjustments to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 133,023</u>

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Scope of budget

Annual appropriated budgets are adopted for all governmental fund types and proprietary funds. The budgets constitute the legal authority for expenditures at the fund level. Annual appropriations for funds lapse at the end of the fiscal year. There is no difference between the budgetary basis and generally accepted accounting principles. Budgetary accounts are integrated in fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for the governmental funds only. All governmental funds are budgeted on the modified accrual basis of accounting. Proprietary funds are budgeted on the full accrual basis for management control purposes only.

Adopting the budget

The City's budget procedures are mandated by RCW 35.33A. The steps in the budget process are as follows:

1. Prior to September, the City Manager requests all department heads to submit their annual budget requests along with all applicable narratives.
2. Prior to October 1, the City Manager will review the department request with each department. The Finance Director compiles preliminary revenue estimates to determine available financing of the proposed requests.
3. By October 1, the preliminary budget proposal is complete and put into a preliminary budget document and published.
4. Prior to November 1, the City Manager submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following January 1. The operating and capital budgets include the proposed expenditures and revenue estimates.
5. The City Clerk publishes a notice of filing of the preliminary budget and schedules property tax levy and budget hearings during the months of October and November.
6. Following the public hearings and prior to December 31, the budget is legally adopted through passage of an ordinance.

CITY OF RIDGEFIELD, WASHINGTON
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Amending the budget

The City Manager or authorized designee is authorized to transfer budgeted amounts between departments and object classes within any fund; however, any revisions that alter the total expenditures of a fund or that affect the number of authorized employee positions, salary ranges or other conditions of employment must be approved by the City Council.

When the Council determines that it is in the best interest of the City to increase or decrease the appropriations for a particular fund, it may do so by passage of an ordinance that is approved by a super majority of the city council members.

Budget amounts shown in the basic financial statements include the original budget amounts and the final authorized amounts as revised during the year for the major governmental funds. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

Budget Overage

The General Fund recognized Capital Outlay in the amount of \$1,748,460. This was done to satisfy generally accepted accounting principles related to the early implementation of GASB 87 for leases. Additionally, the General Fund recognized \$5,040,823 in Education expenditures. This was done to satisfy generally accepted accounting principles related to the implementation of GASB 84 for fiduciary accounting. With these two accounting changes, it caused the general fund expenditures, including transfers, to exceed the final authorized budget by \$6,019,950. The City plans to change budgetary policies in the future to avoid a budget reflecting a budget overage specific to the school impact fees which are collected on behalf of the Ridgefield School District.

NOTE 4. DEPOSITS AND INVESTMENTS

As of December 31, 2019, the City cash, cash equivalents, and investments as reported on the Statement of Net Position are as follows:

Cash on Hand	\$ 6,875,783
State Treasurer's Investment Pool	1,608,595
Clark County Investment Pool	5,530,915
Municipal Bonds	1,060,470
US Agency Bonds	2,095,512
	<u>\$ 17,171,275</u>

The City as of December 31, 2019, had investments of \$1,608,595 in the Washington State Local Government Investment Pool and \$5,530,915 in the Clark County Investment Pool, which are classified as cash equivalents. Additional cash & cash equivalents consist of \$6,875,783 held in interest bearing bank accounts, certificates of deposit, petty cash, and cash change drawers.

Deposits:

Custodial credit risk (deposits). Custodial risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned. The City has an adopted policy that addresses deposit custodial risk; however, the City's deposits and certificates of deposit are entirely covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). In the event of a bank failure, claims for the City's deposits would be satisfied by the FDIC or from the sale of collateral held in the PDPC pool.

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Investments

Statutes authorize the City to invest in obligations of the U.S. Treasury, U.S. Agencies, and instrumentality's, banker's acceptances, repurchase agreements, county investment pool and the state treasurer's investment pool. The City is also authorized to enter into reverse repurchase agreements, but did not participate in these investments during 2019.

The City is currently invested in two public funds investment pools, Washington State Local Government Investment Pool (LGIP), which is reported at amortized cost, and the Clark County Investment Pool (CCIP), reported at fair value. Otherwise, investments for the City are reported at fair value.

The City is a participant in the Local Government Investment Pool which was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASBS 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200. Online at <http://www.tre.wa.gov>.

The City is a participant in the Clark County Investment Pool (CCIP), an external investment pool. The City reports its investment in the Pool at the fair value amount, which is the same as the value of the Pool per share. The responsibility for managing the pool resides with the County Treasurer. The Pool is established from the RCW 36.29 which authorizes the County Treasurer to invest the funds of participants. The CCIP is an unrated fund. The weighted average maturity of the CCIP is approximately one (1) year, with cash available to the City on demand. The on-demand availability of these funds defines them as cash equivalent liquid investments. Cash investments are not subject to interest rate risk reporting requirement as defined by GASB 31. The CCIP is overseen by the Clark County Finance Committee and is audited annually by the Washington State Auditor's Office and regulated by Washington RCW's.

The LGIP and CCIP operate in accordance with appropriate state laws and regulations. The LGIP transacts with its participants at a stable net asset value per share and meets the portfolio maturity, quality, diversification, liquidity and shadow pricing requirements that allows it to report at amortized costs.

The weighted average maturities of the LGIP and CCIP are less than three (3) months and approximately one (1) year, respectively, with cash available to the City on demand. The on demand availability of these funds defines them as cash equivalent liquid investments and not subject to interest rate risk or any market value reporting requirements. All LGIP investments are either obligations of the United States government, government-sponsored enterprises, or insured demand deposit accounts and certificates of deposits, meaning credit risk is very limited. The investments are either fully insured or fully held by a third party custody provider in the name of the LGIP or CCIP.

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Investments Measured at Amortized Cost

As of December 31, 2019, the City had the following investments at amortized cost.

Investment	Maturities	City's own investments	Investment held by City as an agent for other local governments, individuals or private organizations	Total
State Investment Pool	N/A	1,608,595	-	1,608,595
Total		1,608,595	-	1,608,595

These are reported at amortized cost because the State Pool has elected to measure in this manner. The only restriction on withdrawals from the State Investment Pool is when a deposit is received by ACH. In this case, a five-day waiting period exists.

Investments Measured at Fair Value

The City measures and records its investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3: Unobservable inputs for an asset or liability.

As of December 31, 2019, the City had the following recurring fair value measurements:

Fair Value Measurements Using				
Investments by fair value level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
Local Government Issues	\$ 1,060,470	\$ -	\$ 1,060,470	\$ -
Fannie Mae	499,089	-	499,089	-
Federal Farm Credit Bank	548,630	-	548,630	-
Federal Home Loan Bank	747,748	-	747,748	-
Federal Home Loan Mortgage Corporation	300,045	-	300,045	-
Total Debt Securities	3,155,982	-	3,155,982	-
Clark County Investment Pool	5,530,915	5,530,915	-	-
Total Investments by Fair Value Level	\$ 8,686,897	\$ 5,530,915	\$ 3,155,982	\$ -

Prices for determining market values represent estimates obtained from multiple sources, including Piper Sandler, its affiliates, and outside vendors. Pricing estimates may be based upon bids, prices within the bid/asked spread, closing prices, or matrix methodology that uses data relating to other sources where prices are more ascertainable, producing a hypothetical price based on the estimated yield spread between the securities. Piper Sandler has contracts with outside pricing vendors to obtain valuations for customer securities held on Piper Sandler's stock record. The primary vendor relationship is with Interactive Data Corporation, Standard & Poor's handles municipal bond pricing, while SIX Telekurs USA Inc. prices commercial paper.

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Interest rate risk

City Council policy limits investment maturities as a means to manage its exposure to fair value losses arising from increasing interest rates. The City's intent is to purchase investments that may be held until maturity. This risk is measured using the weighted average to maturity method. Investment maturities at December 31, 2019, is as follows:

Investment Type	Weighted Average (Months)
Federal Farm Credit Bank	5.79
Local Government Issue Bonds	4.31
Fannie Mae	3.00
Federal Home Loan Mortgage Corporation	5.61
Federal Home Loan Bank	5.29
	<u>24.00</u>

Credit risk

Credit risk is the risk that an issuer or related party will not fulfill its obligations. The City has a formal investment policy that limits its investment and diversification by investment type and issuer beyond the limits imposed by State law. As required by state law, all investments of the City's funds are obligations of the U.S. Government, U.S. agency issues, obligations of the State of Washington, general obligations of Washington State municipalities, investments in the State Treasurer's Investment Pool, investments in the Clark County Investment Pool, bankers' acceptances, or certificates of deposit with Washington State banks and savings and loan institutions. The City invests in Federal National Mortgage Association, Federal Home Loan Bank, and Federal Farm Credit Bank notes. The Federal Farm Credit Bank investments have the highest investment ratings available from both Standard & Poor's and Moody's Investors Service. Local Government Issue Bonds have ratings ranging from AA to A-.

Concentration of credit risk

Concentration risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City has an adopted policy limiting the amount the City may invest in any one issuer. The investments held at year-end are listed below along with their percentage of the government's total investment:

Investment Type	12/31/2019	
	Fair Value	Percentage of Portfolio
Federal Farm Credit Bank	\$ 548,630	16%
Local Government Issue Bonds	1,060,470	34%
Fannie Mae	499,089	16%
Federal Home Loan Mortgage Corporation	300,045	10%
Federal Home Loan Bank	747,748	24%
	<u>\$ 3,155,982</u>	<u>100%</u>

Custodial credit risk (investments)

Custodial risk is the risk that, in the event of a failure of the counterparty, the government will not be able to recover its investments that are in the possession of an outside party. The City uses Pershing, LLC and

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US Bank as the custodial agent for safekeeping of the City's investments. Pershing, LLC and US Bank provide monthly reports on the City's securities, all of which are held in the City's name. The investments held by the City at year-end are all book-entry, registered securities.

Total cash and investments are stated at \$17,171,275. There is additional cash held in city accounts due to "float" of outstanding checks, which have not cleared the bank as of December 31, 2019. The total cash and investments held by the City per the bank and investment account statements, include the uncleared checks, in the amount of \$61,118. The City invests all temporarily idle funds.

NOTE 5. PROPERTY TAXES

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed after the end of each month.

Property Tax Calendar

January 1	Taxes are levied and become an enforceable lien against properties.
February 14	Tax bills are mailed.
April 30	First of two equal installment payments is due.
May 31	Assessed value of property established for next year's levy at 100 percent of market value.
October 31	Second installment is due.

Property tax is recorded as a receivable and revenue when levied. Property tax collected in advance of the fiscal year to which it applies is recorded as deferred inflow and recognized as revenue of the period to which it applies. No allowance for uncollectible tax is established because delinquent taxes are considered fully collectible.

The City may levy up to \$1.60 per \$1,000 of assessed valuation for general governmental services.

The City's regular levy for 2019 was \$0.86 per \$1,000 on an assessed valuation of \$1,463,452,195 for a total regular levy of \$1,254,512.

Special levies approved by the voters are not subject to the limitations listed above. In 2019, there were no outstanding voter approved bonds, and therefore no additional levy.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
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NOTE 6. CAPITAL ASSETS

A summary of capital asset activity for the year ended December 31, 2019, was as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 6,958,342	\$ -	\$ -	\$ 6,958,342
Intangibles	208,286	-	-	208,286
Construction in progress *	16,572,600	1,771,585	17,336,076	1,008,109
Total capital assets, not being depreciated	<u>23,739,228</u>	<u>1,771,585</u>	<u>17,336,076</u>	<u>8,174,737</u>
Capital assets, being depreciated/depleted:				
Buildings and improvements	1,078,333	1,992,007	8,968	3,061,372
Equipment	1,643,519	706,384	62,508	2,287,395
Intangibles	92,142	71,494	-	163,636
Infrastructure	66,911,906	21,124,191	119,863	87,916,234
Total capital assets being depreciated	<u>69,725,900</u>	<u>23,894,076</u>	<u>191,339</u>	<u>93,428,637</u>
Less accumulated depreciation for:				
Buildings and improvements	333,238	51,990	3,871	381,357
Equipment	688,880	127,535	62,429	753,986
Intangibles	23,423	11,170	-	34,593
Infrastructure	18,870,949	1,711,818	-	20,582,767
Total accumulated depreciation	<u>19,916,490</u>	<u>1,902,513</u>	<u>66,300</u>	<u>21,752,703</u>
Total capital assets, being depreciated, net	<u>49,809,410</u>	<u>21,991,563</u>	<u>125,039</u>	<u>71,675,934</u>
Right to use assets, being amortized				
Building	1,369,215	-	-	1,369,215
Equipment	31,121	-	-	31,121
Total right to use assets, being amortized	<u>1,400,336</u>	<u>-</u>	<u>-</u>	<u>1,400,336</u>
Less accumulated amortization for:				
Right to use assets				
Building	-	45,641	-	45,641
Equipment	-	6,498	-	6,498
Total accumulated amortization	<u>-</u>	<u>52,139</u>	<u>-</u>	<u>52,139</u>
Total capital assets, being amortized, net	<u>1,400,336</u>	<u>(52,139)</u>	<u>-</u>	<u>1,348,197</u>
Governmental activities capital assets, net	<u>\$ 74,948,974</u>	<u>\$ 23,711,009</u>	<u>\$ 17,461,115</u>	<u>\$ 81,198,868</u>

* The beginning balance of Construction in progress was restated by \$2,072,913 due to the implementation of GASB 87. A lease for office space for the community development department was executed in 2019 with a pre-payment of \$2,072,913 including the first-year lease amount of \$750,000. The capital outlay was posted to CIP in 2019 as the office space was under construction and not ready for occupancy until February 2020. See Note 16, for more discussion.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
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	Restated Beginning Balance	Additions	Reductions	Ending Balance
Business type Assets				
Capital assets, not being depreciated				
Land	\$ 373,887	\$ -	\$ -	\$ 373,887
Intangibles - Easements	171,814	-	-	171,814
Construction in progress	494,105	123,532	18,836	598,801
Total capital assets, not being depreciated	1,039,806	123,532	18,836	1,144,502
Capital assets, being depreciated/depleted:				
Buildings and improvements	579,389	90,482	5,979	663,892
Equipment	1,915,669	150,341	36,248	2,029,762
Intangibles	50,217	46,438	-	96,655
Infrastructure	29,525,364	5,554,366	73,012	35,006,718
Total capital assets being depreciated	32,070,639	5,841,627	115,239	37,797,027
Less accumulated depreciation for:				
Buildings and improvements	102,019	12,305	2,581	111,743
Equipment	574,149	88,578	36,248	626,479
Intangibles	1,498	8,312	-	9,810
Infrastructure	3,700,360	431,163	-	4,131,523
Total accumulated depreciation	4,378,026	540,358	38,829	4,879,555
Total capital assets, being depreciated, net	27,692,613	5,301,269	76,410	32,917,472
Right to use assets, being amortized				
Land	41,513	-	-	41,513
Total right to use assets, being amortized	41,513	-	-	41,513
Less accumulated amortization for:				
Right to use assets				
Land	-	943	-	943
Total accumulated amortization	-	943	-	943
Total capital assets, being amortized, net	41,513	(943)	-	40,570
Business type capital assets, net	\$ 28,773,932	\$ 5,423,858	\$ 95,246	\$ 34,102,544

CITY OF RIDGEFIELD, WASHINGTON
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Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	\$ 96,750
Security of persons and property	42,543
Transportation, including depreciation of general infrastructure	1,201,329
Physical environment	1,462
Economic environment	15,392
Culture and recreation	597,176
Total depreciation expense—governmental activities	<u>\$ 1,954,652</u>
 Business-type activities:	
Water	\$ 356,413
Storm	184,888
Total depreciation expense—business-type activities	<u>\$ 541,301</u>

Commitments

The City had four construction projects that were substantially complete as of December 31, 2019, however retainage remained outstanding. Retainage amounted to \$30,326 and is associated with contracts for Sierra Santa Fe Corp. for the 2019 Chip Seal project, NW Construction General Contracting, Inc. for the Refuge Park Stormwater construction project, Odyssey Contracting, LLC for the Heron Road Stormwater Pond construction project and Jensen Drilling Company for the Abrams Park Well 11 drilling project. The City had nine professional service agreements outstanding that will be completed in 2020. These agreements have a remaining commitment of \$235,511 and are for the projects listed below.

Project	Commitment	Retainage Held and Not Yet Paid	Remaining Commitment
2019 Chip Seal Project	\$ 95,845	\$ 4,717	\$ -
Refuge Park Stormwater Project	150,871	6,959	-
Heron Road Storm Pond Construction	171,008	8,391	-
Abrams Park Well 11 Drilling Project	222,422	10,259	-
Water System Plan Update	58,500	-	22,387
Ridgefield Prks & Recreation Plan Update	29,128	-	4,292
Gee Creek Trail - Heron Dr to Abrams Park Design/Engineering	23,077	-	23,077
Carty Road Subarea Plan	75,000	-	61,080
Refuge Park Improvements - Design/Engineering	101,748	-	44,269
9th Street Waterline - Design/Engineering	18,800	-	1,949
Junction Pump Station VFD Upgrade - Design/Engineering	28,900	-	12,629
S. 3rd Ave Improvements - Design/Engineering	101,048	-	57,438
S. 3rd Ave Undersized Main Replacement - Design/Engineering	-	-	8,390
	<u>\$ 1,076,347</u>	<u>\$ 30,326</u>	<u>\$ 235,511</u>

NOTE 7. PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2019:

CITY OF RIDGEFIELD, WASHINGTON
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December 31, 2019

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ 934,277
Pension assets	583,923
Deferred outflows of resources	408,010
Deferred inflows of resources	786,810
Pension expense/expenditures	148,185

State Sponsored Pension Plans

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

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PERS Plan 1		
Actual Contribution Rates:	Employer	Employee
January - June 2019:		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Total	12.83%	6.00%
July–December 2019:		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	12.86%	6.00%

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee

CITY OF RIDGEFIELD, WASHINGTON
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contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2
January - June 2019:		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.83%	7.41%
July–December 2019:		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.86%	7.90%

The City's actual PERS plan contributions were \$135,977 to PERS Plan 1 and \$212,942 to PERS Plan 2/3 for the year ended December 31, 2019.

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

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans, LEOFF Plan 1 and LEOFF Plan 2. The City participates in LEOFF Plan 2.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.44% as of July 1, 2019.

Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2019 were as follows:

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LEOFF Plan 2		
Actual Contribution Rates:	Employer	Employee
January – June 2019		
State and local governments	5.25%	8.75%
Administrative Fee	0.18%	
Total	5.43%	8.75%
July – December 2019		
State and local governments	5.15%	8.59%
Administrative Fee	0.18%	
Total	5.33%	8.59%

The City's actual contributions to the plan were \$46,038 for the year ended December 31, 2019.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2019, the state contributed \$72,959,897 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$30,432.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2007-2012 *Experience Study* and the 2017 *Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled forward from June 30, 2018, to June 30, 2019, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

Mortality rates were based on the RP-2000 report's "Combined Healthy Table" and "Combined Disabled Table". The Society of Actuaries publishes this document. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

Actuarial results reflect the following changes in assumptions and methods since the last valuation.

- OSA updated modeling to reflect providing benefit payments to the date of initial retirement eligibility for terminated vested members who delay application for retirement benefits.
- OSA updated Cost-of-Living Adjustment (COLA) programming to reflect legislation signed during the 2018 Legislative Session (C151 L18). This law provides PERS Plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5 percent increase to their monthly retirement benefit, not to exceed a maximum of \$62.50 per month.

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Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent. To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members.

Consistent with current law, the asset sufficiency test included an assumed 7.50% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.50% except LEOFF Plan 2, which has assumed 7.40%.)

Consistent with the long-term expected rate of return, a 7.40% future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS Plans 2 and 3, whose rates include a component for the PERS Plan 1). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.40% was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of the Net Pension Liability/ (Asset)

The table below presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease 6.40%	Current Rate 7.40%	1% Increase 8.40%
PERS 1	882,268	704,507	550,277
PERS 2/3	1,762,248	229,770	(1,027,729)
LEOFF 2	(108,576)	(583,923)	(971,914)

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Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the City reported a total pension liability of \$934,277 for its proportionate share of the net pension liabilities and \$583,923 for its share of net pension assets as follows:

Plan	Liability or Asset
PERS 1	704,507
PERS 2/3	229,770
LEOFF 2	(583,923)

The amount of the asset reported above for LEOFF Plan 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension asset, the related State support, and the total portion of the net pension asset that was associated with the City were as follows:

	LEOFF 2 Asset
LEOFF - Employer's proportionate share	(583,922)
LEOFF - State's proportionate share of the net pension asset associated with the employer	(382,391)
TOTAL	(966,313)

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

	Proportionate Share 6/30/18	Proportionate Share 6/30/19	Change in Proportion
PERS 1	0.01788%	0.01832%	0.00045%
PERS 2/3	0.02295%	0.02366%	0.00071%
LEOFF 2	0.02403%	0.02521%	0.00118%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2019. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2019, the State of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2019, the state of Washington contributed 39.57 percent of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 60.43 percent of employer contributions.

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The collective net pension liability (asset) was measured as of June 30, 2019, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2018, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2019, the City recognized pension expense as follows:

	Pension Expense
PERS 1	52,907
PERS 2/3	96,299
LEOFF 2	(1,021)
TOTAL	148,185

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (47,067.0)
Contributions subsequent to the measurement date	68,746	-
TOTAL	\$ 68,746	\$ (47,067.0)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 65,830	\$ (49,399)
Net difference between projected and actual investment earnings on pension plan investments	-	(334,452)
Changes of assumptions	5,884	(96,404)
Changes in proportion and differences between contributions and proportionate share of contributions	86,704	-
Contributions subsequent to the measurement date	114,384	-
TOTAL	\$ 272,802	\$ (480,255)

CITY OF RIDGEFIELD, WASHINGTON
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LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 42,018	\$ (10,500)
Net difference between projected and actual investment earnings on pension plan investments	-	(119,722)
Changes of assumptions	962	(65,710)
Changes in proportion and differences between contributions and proportionate share of contributions	-	(63,556)
Contributions subsequent to the measurement date	23,482	-
TOTAL	\$ 66,462	\$ (259,488)

TOTAL ALL PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 107,848	\$ (59,899)
Net difference between projected and actual investment earnings on pension plan investments	-	(501,241)
Changes of assumptions	6,846	(162,114)
Changes in proportion and differences between contributions and proportionate share of contributions	86,704	(63,556)
Contributions subsequent to the measurement date	206,612	-
TOTAL	\$ 408,010	\$ (786,810)

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	PERS 1	PERS 2/3	LEOFF 2
2020	(10,390)	(81,946)	(43,143)
2021	(24,612)	(155,157)	(70,512)
2022	(8,783)	(59,631)	(33,839)
2023	(3,282)	(24,247)	(21,143)
2024	-	(7,508)	(11,550)
Thereafter	-	6,652	(36,321)

NOTE 8. RISK MANAGEMENT

The City is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 163 members.

CITY OF RIDGEFIELD, WASHINGTON
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New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$300 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

For the last three years no settlements exceeded insurance coverage.

NOTE 9. LONG-TERM DEBT

LONG-TERM DEBT

Bonds

The City issued publicly offered general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Both the issuances listed below are collateralized by the full faith and credit and resources payable from property tax revenue. If any Bond is duly presented for payment and funds have not been provided by the City on the applicable payment date, then interest will continue to accrue thereafter on the unpaid principal thereof at the rate stated on the Bond until the Bond is paid. The bonds may be redeemed early, any date on or after June 1, 2027 for either issue, at a price equal to the principal amount to be redeemed plus accrued interest, if any, to the date fixed for redemption.

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Name of Issuance	Purpose	Original Issue Amounts	Issuance Date	Maturity Date	Interest Rate	Debt Outstanding
2017 LTGO Debt	Ridgefield Outdoor Recreation Complex	\$ 9,455,000	10/5/2017	12/1/2047	3%-4%	9,260,000
2018 LTGO Debt	Ridgefield Outdoor Recreation Complex	\$ 6,705,000	6/5/2018	12/1/2038	3%-4%	6,705,000
<i>Total Governmental LTGO Bonded debt</i>						<u>\$ 15,965,000</u>

Annual debt service requirements to maturity for the bonds are as follows:

Governmental Activities			
	Principal	Interest	Total Requirement
2020	\$ 200,000	\$ 587,425	\$ 787,425
2021	480,000	581,425	1,061,425
2022	495,000	567,025	1,062,025
2023	505,000	552,175	1,057,175
2024	525,000	537,025	1,062,025
2025-2029	2,930,000	2,368,875	5,298,875
2030-2034	3,490,000	1,806,825	5,296,825
2035-2039	3,690,000	1,083,675	4,773,675
2040-2044	2,160,000	505,925	2,665,925
2045-2047	1,490,000	105,525	1,595,525
	<u>\$ 15,965,000</u>	<u>\$ 8,695,900</u>	<u>\$ 24,660,900</u>

Annual debt service requirements to maturity for each of the governmental activities LTGO Bonds are as follows:

2017 LTGO Debt			
	Principal	Interest	Total Requirement
2020	\$ 200,000	\$ 330,575	\$ 530,575
2021	210,000	324,575	534,575
2022	215,000	318,275	533,275
2023	220,000	311,825	531,825
2024	230,000	305,225	535,225
2025-2029	1,270,000	1,396,275	2,666,275
2030-2034	1,485,000	1,177,825	2,662,825
2035-2039	1,780,000	889,075	2,669,075
2040-2044	2,160,000	505,925	2,665,925
2045-2047	1,490,000	105,525	1,595,525
	<u>\$ 9,260,000</u>	<u>\$ 5,665,100</u>	<u>\$ 14,925,100</u>

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Notes to Financial Statements
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2018 LTGO Debt			
	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2020	\$ -	256,850	\$ 256,850
2021	270,000	256,850	526,850
2022	280,000	248,750	528,750
2023	285,000	240,350	525,350
2024	295,000	231,800	526,800
2025-2029	1,660,000	972,600	2,632,600
2030-2034	2,005,000	629,000	2,634,000
2035-2039	1,910,000	194,600	2,104,600
	<u>\$ 6,705,000</u>	<u>\$ 3,030,800</u>	<u>\$ 9,735,800</u>

At December 31, 2019, the City had \$0 reserved for debt service payments in the debt service fund balance. The Real Estate Excise Tax (REET) fund is responsible for payment of the GO bonded debt. Through the budget appropriation process, arrangements are made for transfers from those funds to the debt service funds prior to payment of the debt.

Governmental Direct Borrowing Loans and Notes

The City receives direct borrowing loans to finance capital projects in the business-type activity funds. Direct borrowing loans are also often acquired in the general government funds to finance street improvements and to purchase capital assets. The governmental activity loan outstanding at December 31, 2019 is for the purchase of police radios, which were not capitalized. Loans and notes outstanding at year-end are as follows:

Name of Issuance	Original Issue Amounts	Purpose	Issuance Date	Maturity Date	Interest Rate	Debt Outstanding
Governmental Activities						
CRESA	\$ 92,030	Police Radios	5/18/2015	3/1/2021	2.38%	39,048
<i>Total Governmental Activities Direct Borrowing Loans and Notes</i>						<u>\$ 39,048</u>
Business-Type Activities						
DWSRF -DM13-952-173	\$1,659,763	Junction Well	7/1/2014	10/1/2036	1.50%	1,044,217
DWSRF DM13-952-193	2,174,530	Reservoir	7/24/2014	10/1/2036	1.50%	1,645,038
<i>Total Business Type Direct Borrowing Loans and Notes</i>						<u>\$ 2,689,255</u>

The City entered into a new loan agreement, PR20-96103-012, to fund preconstruction activities in the Stormwater Fund. The loan is considered direct governmental borrowing. The contract was signed on October 10, 2019 for an amount up to \$359,000. The loan is a 5-year loan but may be converted to a 20-year loan. It will bear interest at 0.79%. As of December 31, 2019, no draws against this loan have been taken.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
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Governmental Activities				Business Type Activities			
Loans from Direct Borrowings				Loans from Direct Borrowings			
	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements	
2020	\$ 19,295	929	\$ 20,224	\$ 158,192	\$ 40,339	\$ 198,531	
2021	19,753	471	20,224	158,192	37,966	196,158	
2022	-	-	-	158,192	35,594	193,786	
2023	-	-	-	158,192	33,221	191,413	
2024	-	-	-	158,192	30,848	189,040	
2025-2029	-	-	-	790,958	118,643	909,601	
2030-2034	-	-	-	790,958	59,322	850,280	
2035-2036	-	-	-	316,379	7,119	323,498	
	<u>\$ 39,048</u>	<u>\$ 1,400</u>	<u>\$ 40,448</u>	<u>\$ 2,689,255</u>	<u>\$ 363,052</u>	<u>\$ 3,052,307</u>	

Annual debt service requirements to maturity for each of the business type direct borrowing loans are as follows:

2013 DWSRF Loan - Junction Well			
	Principal	Interest	Total Requirements
2020	\$ 61,425	\$ 15,663	\$ 77,088
2021	61,425	14,742	76,167
2022	61,425	13,821	75,246
2023	61,425	12,899	74,324
2024	61,425	11,978	73,403
2025-2029	307,123	46,068	353,191
2030-2034	307,123	23,034	330,157
2035-2036	122,847	2,764	125,611
	<u>\$ 1,044,218</u>	<u>\$ 140,969</u>	<u>\$ 1,185,187</u>

2013 DWSRF Loan - Reservoir			
	Principal	Interest	Total Requirements
2020	\$ 96,767	\$ 24,676	\$ 121,443
2021	96,767	23,224	119,991
2022	96,767	21,773	118,540
2023	96,767	20,321	117,088
2024	96,767	18,870	115,637
2025-2029	483,835	72,575	556,410
2030-2034	483,835	36,288	520,123
2035-2036	193,532	4,355	197,887
	<u>\$ 1,645,037</u>	<u>\$ 222,082</u>	<u>\$ 1,867,119</u>

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Compensated Absences

Accumulated amounts of vacation leave are accrued as expenses when incurred in the government-wide and proprietary fund financial statements. At December 31, 2019, the recorded liability for sick and vacation time amounted to \$303,407 with \$220,248 recorded in governmental activities and \$83,159 recorded in business-type activities. See Note 1.D.8 for more discussion.

Arbitrage

The Tax Reform Act of 1986 requires the City to rebate the earnings on the investment of bond proceeds, in excess of their yield, to the federal government. Because positive arbitrage can be offset against negative arbitrage, the rebated amount fluctuates each year and may or may not be owing at the payment intervals. The City has no arbitrage liability at this time.

CHANGES IN LONG-TERM LIABILITIES

The following is a summary of the changes to the long-term debt obligations for the City during the year:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds Payable					
General obligation bonds	\$ 16,160,000	\$ -	\$ 195,000	\$ 15,965,000	\$ 200,000
Issuance Premiums	902,094	-	37,107	864,987	37,107
Total GO bonds payable	17,062,094	-	232,107	16,829,987	237,107
Government loans	57,895	-	18,847	39,048	19,295
Leases *	1,400,336	-	121,010	1,279,326	77,233
Compensated absences	218,232	18,779	16,763	220,248	55,062
Net Pension Liability	892,376	-	176,510	715,866	-
Pollution Remediation Obligation	3,099	369	-	3,468	-
Total Governmental activity long-term liabilities	<u>\$ 19,634,032</u>	<u>\$ 19,148</u>	<u>\$ 565,237</u>	<u>\$ 19,087,943</u>	<u>\$ 388,697</u>
Business-type activities					
Government loans	\$ 2,847,446	\$ -	\$ 158,192	\$ 2,689,254	\$ 158,191
Leases *	41,513	-	1,800	39,713	410
Net Pension Liability	297,772	-	79,361	218,411	-
Compensated absences	86,723	7,229	10,793	83,159	20,790
Total Business-type activity long-term liabilities	<u>\$ 3,273,454</u>	<u>\$ 7,229</u>	<u>\$ 250,146</u>	<u>\$ 3,030,537</u>	<u>\$ 179,391</u>

* Lease Payable beginning balance has been restated due to the implementation of GASB 87. See Note 16 for further discussion of implementation.

For the governmental activities, compensated absences are generally liquidated by operating funds, such as the General Fund. The pension liability is generally liquidated by the General Fund and Street Fund.

NOTE 10. CONTINGENCIES AND LITIGATION

Litigation

The City of Ridgefield has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved but where, based on available information, management believes

CITY OF RIDGEFIELD, WASHINGTON
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it is probable that the City will have to make payment. In the opinion of management, the City of Ridgefield's insurance policies are adequate to pay all known or pending claims, and at this time, there are no outstanding claims against the City.

The City participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. City management believes that if such disallowances occurred, it would be immaterial.

NOTE 11. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Loans between funds are classified as interfund loans receivable or payable or as advances to and from other funds and are shown in the Governmental Funds Balance Sheet and Proprietary Funds Statement of Net Position. Within the City, one fund may borrow from another when specifically authorized by council resolution or ordinance. No interfund receivables or payables existed at year end.

Interfund transfers are the flow of assets without a reciprocal return of assets, goods or services. These are transfers to support other funds without a requirement for repayment. The interfund transfer activity for the year is as follows:

Transfer From:	Transfer To:			
	Capital Project Fund	Non Major Governmental Funds	Storm Utility	Total Transfer Out
General Fund	\$ 211,965	\$ 348,349	\$ -	\$ 560,314
Capital Project Fund	-	98,950	-	98,950
Nonmajor Govt Funds	1,523,234	788,275	236,440	2,547,949
Total Transfer In	\$ 1,735,199	\$ 1,235,574	\$ 236,440	\$ 3,207,213

General Fund transfers into the nonmajor governmental funds were made to support the Street Fund operations. Other transfers occurred to fund capital expenditures paid for by the Real Estate Excise Tax Transportation Impact Fee and Park Impact Fee funds.

At the Government wide statement level, the City recognizes assets transferred from Business Type Activities into Governmental Activities in the amount of \$73,012, and \$119,863 of assets transferred from Governmental Activities to Business Type activities that are not recognized at the fund level.

NOTE 12. LEASES

At December 31, 2019, the City had one lease receivable in which it is acting as Lessor.

In September 2018, the City entered into a 10-year lease with up to 10 years of extensions. The lease is with a sports league for use of recreational outdoor space. The City is assuming the full extension period will be used. The receivable payments range for \$6,000 annual to \$6,340 at the end of the lease.

During 2019, the recognized lease revenue of \$6,000 in the Statement of Revenue, Expenditures and Changes in Net Position. This is recorded as Other Miscellaneous Revenues.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2019

Lease Receivables			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
			<u>Requirements</u>
2020	3,068	2,932	6,000
2021	3,176	2,824	6,000
2022	3,287	2,713	6,000
2023	3,402	2,598	6,000
2024	3,521	2,479	6,000
2025-2029	19,709	10,459	30,168
2030-2034	24,314	6,699	31,013
2035-2037	23,290	2,073	25,363
	<u>\$ 83,766</u>	<u>\$ 32,778</u>	<u>\$ 116,544</u>

The City's schedule of future payments included in the measurement of the lease receivable is as follows: At December 31, 2019, the City has four leases in which it is acting as the Lessee for office equipment, office space and a land for which it utilizes for the placement of a water tower. Refer to Note 6, Capital Assets, for information related to the Right to Use assets accounted for through these leases.

The Governmental Activities has three leases, two for equipment and one for office space. The lease information is as follows:

Postage Machine	Ends: August 13, 2023	Period Payments: Monthly
Copiers	Ends: October 23, 2023	Period Payments: Monthly
Office Space	Ends: December 20, 2048	Period Payments: Annual through December 20, 2033. There are no payments from 2033 through the end of the lease.

The Business Activities has one lease for land in which the City has placed a water tower. The lease information is as follows:

Water Tower Land	Ends: February 28, 2037	Period Payments: Annual
------------------	-------------------------	-------------------------

The City's schedule of future payments included in the measurement of the lease payable is as follows:

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2019

Leases Payable

Governmental Activities

	Principal	Interest	Total Requirements
2020 \$	77,233	\$ 44,676	\$ 121,909
2021	79,939	41,970	121,909
2022	82,741	39,168	121,909
2023	84,151	36,272	120,423
2024	81,428	33,434	114,862
2025-2029	451,937	122,373	574,310
2030-2034	421,897	37,551	459,448
	<u>\$ 1,279,326</u>	<u>\$ 355,444</u>	<u>\$ 1,634,770</u>

Leases Payable

Business-type Activities

	Principal	Interest	Total Requirements
2020 \$	410	\$ 1,390	\$ 1,800
2021	424	1,376	1,800
2022	439	1,361	1,800
2023	455	1,345	1,800
2024	471	1,329	1,800
2025-2029	2,612	6,388	9,000
2030-2034	3,102	5,898	9,000
2035-2039	3,684	5,316	9,000
2040-2044	4,375	4,625	9,000
2045-2049	5,196	3,804	9,000
2050-2054	6,172	2,828	9,000
2055-2059	7,330	1,670	9,000
2060-2062	5,043	357	5,400
	<u>\$ 39,713</u>	<u>\$ 37,687</u>	<u>\$ 77,400</u>

NOTE 13. POLLUTION REMEDIATION OBLIGATIONS

The remediation of the Lake River (Pacific Wood Treating or PWT) site within the Port District of Ridgefield, Washington is required by the United States Environmental Protection Agency (EPA) pursuant to its authority under the Resource Conservation and Recovery Act of 1976. The EPA transferred oversight of the cleanup to the State Department of Ecology under the Model Toxics Control Act, Ch 70.105D RCW. The Port is one of several parties named or considered a potentially responsible party.

A budget for cleanup costs has been prepared by the Port's environmental engineer. This budget is the basis for the estimates for the year ending December 31, 2019, in the amount of \$2,311,875. This is measured at current value.

On November 5, 2014 Consent Decree Number 13-2-03830-1 (Consent Decree) was filed in Clark County, Washington. The Consent Decree is an agreement between the Port and Ecology as to what actions it will take to complete remedial activities at the site. The remedial activities included dredging sediments in Lake

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2019

River and Carty Lake and capping the Port's Railroad Avenue property. The Port's Railroad Avenue property was capped in 2013.

The Port started the dredging work in Lake River and Carty Lake in 2014 and completed the work in 2015. There is ongoing monitoring and reporting associated with this work and these ongoing costs have been included in the December 31, 2019, estimate.

On December 8, 2014, the Port entered into Agreed Order DE 11057 (Agreed Order) with Ecology. The Agreed Order required the Port to sample properties adjacent to the Lake River Site for wood treating chemicals associated with the former PWT operations. This is considered the "Off-Property" portion of the PWT site. The Agreed Order required the Port to complete a remedial investigation and feasibility study (RI/FS) for the Off-Property Portion. Investigation work was completed in 2015. Elevated concentrations of constituents associated with wood treating chemicals were discovered. Ecology determined that remediation of properties adjacent to the Lake River Site was necessary. The Port and Ecology determined that 29 properties required remediation. In 2016, twenty properties were remediated. The remaining nine properties were remediated in 2017.

In 2016, Ecology determined that the full extent of Off-Property impacts had not been fully characterized. The sampling area was initially expanded to the east and north, and sampling was completed in this "Phase 2" area in 2017. Based on the Phase 2 results, further characterization in a "Phase 3" area (north of Maple Street) was required. Sampling is ongoing and is expected to be completed in early 2020. Included in the December 31, 2019 estimate is a range of possible remediation costs for cleaning up additional properties in the expanded (Phase 2 and 3) sampling areas. Variability in the estimate is associated with the fact that the full extent of the properties requiring remediation has not been determined.

Groundwater monitoring costs have very little variability. The Port was required to complete groundwater monitoring in 2016, in 2018, and is required to conduct monitoring in 2020 and then again in 2021. If groundwater conditions remain the same in 2020 and 2021, the Port will advocate for a reduced groundwater monitoring sampling frequency starting in 2024. Costs for ongoing groundwater monitoring have been included in the December 31, 2019, estimate.

The State of Washington is considered a potentially responsible party (PRP) under GASB 49. The State entered into binding agreements with Pacific Wood Treating Company (former tenant) that allowed or permitted release of runoff water onto state owned property. Through December 2010, the State has contributed 65% of the total cleanup costs. The State contributed 90% for the 2011 and 2012 grant/loan agreements. For the most recent grant/loan agreements, the State has committed to contribute 97%. The State's total contributive share is not yet realized or realizable. Therefore, the liability recognized on the Statement of Net Assets is reduced by the expected recoveries.

The total expected outlays are \$2,311,875. Estimated recoveries by the Port of Ridgefield are \$2,242,519 leaving the remaining remediation obligation of \$69,356 to be shared by the City and Port.

The City and Port are negotiating a cost sharing agreement to cover the remaining remediation obligation. The City is expecting to share in the costs incurred by the Port to monitor groundwater as required in the Consent Decree. Using the proportion of property once or currently owned by the City covered by the Consent Decree the City expects its responsibility to be less than five percent (5%) of the remaining remediation obligation. As a result, the City has reported \$3,468 as a long term liability related to its pollution remediation obligations. As required by GASB 49, this amount will be remeasured when new information indicates changes in estimated outlays, for example, when the cost sharing agreement is finalized.

NOTE 14. UNEARNED REVENUE – IMPACT FEE CREDITS

Impact Fee Credits

The City of Ridgefield adopted an impact fee ordinance to ensure that adequate facilities are available to serve new growth and development. An impact fee is charged at the issuance of a building permit. In addition, the developer may be entitled to a non-refundable "credit" against the applicable impact fee

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2019

component for the fair market value of appropriate dedications of land, improvements or new construction of system improvements provided by the developer. In the event that the amount of the "credit" calculated is greater than the amount of the impact fee due, the developer is entitled to request issuance of impact fee credits for the calculated difference. These credits are recorded as a governmental activity in the Government-wide Financial Statements.

Water system development charge credits are recoded as a business type activity. 2019 Impact fee credits and system development charge credit activity is as follows:

Impact Fee/Development Charge Credits	Beginning Balance	Additions	Applied	Ending Balance
Traffic Impact Fees	\$ 2,051,119	\$ 1,731,291	\$ 1,267,779	\$ 2,514,631
Park Impact Fees	34,589	-	17,377	17,212
	<u>2,085,708</u>	<u>1,731,291</u>	<u>1,285,156</u>	<u>2,531,843</u>
Water System Development Charges	\$ -	\$ 111,835	\$ -	\$ 111,835
	<u>-</u>	<u>111,835</u>	<u>-</u>	<u>111,835</u>
Total Impact Fee Credits	\$ <u>2,085,708</u>	\$ <u>1,843,126</u>	\$ <u>1,285,156</u>	\$ <u>2,643,678</u>

NOTE 15. JOINTLY GOVERNED ORGANIZATIONS AND RELATED PARTY

Emergency Services- CRESA

In 1975, Clark Regional Emergency Services Agency (CRESA) was created under the Interlocal Cooperation Act (RCW 39.4) by agreement between the City and other governmental units and political districts. Its purpose was to provide a consolidated public safety communications service to participating cities, political districts, and Clark County.

As reflected in Note 9, the City also has a long-term note payable to CRESA, issued in 2016 for police radios. During the current year, the City made payments of \$20,224 to CRESA for this note; \$18,846 in principal and \$1,378 in interest.

Clark County maintains the accounting records for CRESA. Detailed financial statements for this entity can be obtained from CRESA, 710 W. 13th Street, Vancouver, Washington 98660.

Wastewater Transmission/Treatment - Discovery Clean Water Alliance (Alliance)

On September 27, 2012, Clark County, Clark Regional Wastewater District and the Cities of Battle Ground and Ridgefield (City) created a new regional utility entity, the Alliance, under the empowerment of RCW 39.106 – the Joint Municipal Utility Services Act (JMUSA). The Alliance is governed by a four-member board, one elected official from each entity, and was established to provide wastewater transmission/treatment services to the citizenry of the respective participating members.

The City Sewer Utility assets were transferred to the Alliance on January 1, 2016. The City and the Alliance signed an operator agreement where the City continued to operate the Wastewater Treatment Plant. During 2018, the City transferred the operations of the wastewater treatment plant to Discovery Clean Water Alliance (the Alliance) and at the end of fiscal year 2018, the City no longer had an operating contract with the Alliance.

More information about the Alliance can be found on their website at <http://discoverycwa.org/>.

NOTE 16. IMPLEMENTATION OF NEW ACCOUNTING STANDARDS BOARD PRONOUNCEMENTS

The City implemented GASB 87, *Leases* on January 1, 2019. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2019

inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the rights to use an underlying asset.

As a result of implementing this GASB, the City has recorded the following:

Governmental Funds Balance Sheet

Lease Receivable	\$ 83,766
Deferred Inflows of Resources; Unavailable Revenue Amounts related to Leases	83,766

Statement of Revenues, Expenses, and Changes in Fund Balance

Capital Outlay	\$1,400,336
Principal lease payments	121,010
Interest charges for lease payments	899

Statement of Fund Net Position

Current liabilities: Leases Payable	\$ 410
Noncurrent liabilities: Leases Payable	39,303

Statement of Net Position

Governmental Activities

Lease Receivable	\$ 83,766
Deferred Inflows of Resources; Unavailable Revenue Amounts related to Leases	85,370
Noncurrent Liabilities: Due within one year, leases payable	77,233
Noncurrent liabilities, Due in more than one year, leases payable	1,202,093

Business type activities

Noncurrent Liabilities: Due within one year, leases payable	\$ 410
Noncurrent liabilities, Due in more than one year, leases payable	39,303

Statement of Activities

Governmental Activities

Removal of Capital leased assets	\$2,072,913
Removal of Capital lease debt	1,322,913
Change in Accounting Principle	<u>\$ 750,000</u>

The City also implemented GASB statement Number 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement* on January 1, 2019. The objective of this standard is to improve note disclosures related to debt obligations. The standard defines debt as a liability that arises from a contractual obligation to pay cash (or other assets in lieu of cash) in one or more amounts that is fixed at the date the contractual obligation is established. It requires new disclosures related to amounts pledged for collateral of debt, unused lines of credit, terms related to default, termination or acceleration of debt and disclosures related to direct borrowings and direct placements. This implementation related to note disclosures only; no changes were required on the financial statements.

The City also implemented GASB statement Number 84, *Fiduciary Activities*. The objective of this standard is to improve guidance regarding identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. As a result, the City identified a revenue source and the related expenditure is now being recorded as Charges for Services and Education expenditures in the

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2019

Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities. Both the revenue and the expenditure are \$5,040,823.

NOTE 17. OTHER DISCLOSURES

Tax Abatement Programs

High Unemployment County Sales & Use Tax Deferral for Manufacturing Facilities

The State of Washington administers this tax deferral program under Washington State RCW 82.60. The purpose of the program is to promote economic stimulation, create new employment opportunities in distressed areas, and reduce poverty in certain distressed counties in the state. During the year ended December 31, 2019, the state issued tax deferrals which reduced the City's revenue under the program. However, the State and therefore the City, is legally prohibited from disclosing taxpayer information for less than three taxpayers related to this program per RCW 82.32.330 (Disclosure of return or tax information).

Subsequent Events

The City has evaluated events subsequent to the fiscal year-end December 31, 2019, and has identified the following events:

- In March 2020, The City entered into a purchase agreement for property for a new operation center for \$3.8 million with planned tenant improvements of approximately \$600,000.
- In March 2020, the City was impacted by the COVID-19 virus. The City limited access to City Hall by the public and closed offices and other facilities. There will be financial and economic impacts due to the impacts of the virus on the economy. Potential impacts can include, reduced building permits revenue, sales and use tax revenue and potential delays in property tax revenue receipts. The City plans to monitor the impacts intensely to make any necessary adjustments to operations in order to function within the incoming financial resources.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2019

Federal Financial Assistance

The City recorded the following federal grant expenditures for 2019:

City of Ridgefield

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2019

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other Award Number	Expenditures			Footnote Ref
				From Pass- Through Awards	From Direct Awards	Total Amount	
Department of Housing and Urban Development Office of Community Planning and Development/Clark County Department of Community Services	Community Development Block Grants/Entitlement Grants	14.218	2018-CDBG- 1803	230,000		230,000	1,2,3
Department of Transportation National Highway Traffic Safety Administration (NHTSA) / Washington Traffic Safety Commission	State and Community Highway Safety	20.600		1,910		1,910	1,2,3
Department of Transportation National Highway Traffic Safety Administration (NHTSA) / Washington Association of Sheriff's and Police	State and Community Highway Safety	20.600		1,145		1,145	1,2,3
Department of Transportation National Highway Traffic Safety Administration (NHTSA) / Washington Traffic Safety Commission	State and Community Highway Safety	20.600		2,131		2,131	1,2,3
Department of Transportation National Highway Traffic Safety Administration (NHTSA) / Washington Traffic Safety Commission	State and Community Highway Safety	20.600		879		879	1,2,3
Total Federal Awards Expended:				236,065	-	236,065	

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the City of Ridgefield's financial statements. The City uses the accrual basis of accounting.

NOTE 2 - PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the City of Ridgefield's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The City of Ridgefield has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF RIDGEFIELD, WASHINGTON
Required Supplementary Information
Year Ended December 31, 2019

Schedule of Proportionate Share of the Net Pension Liability

PERS 1

As of June 30

Last Six Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.018321%	\$ 704,507	\$ 2,569,878	27.41%	67.12%
2018	0.017876%	798,348	2,390,444	33.40%	63.22%
2017	0.017029%	808,039	2,167,600	37.28%	61.24%
2016	0.016141%	866,848	1,868,774	46.39%	57.03%
2015	0.014371%	751,737	1,647,024	45.64%	59.10%
2014	0.013762%	693,267	1,434,478	48.33%	61.19%

Schedule of Proportionate Share of the Net Pension Liability

PERS 2/3

As of June 30

Last Six Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.023655%	\$ 229,770	\$ 2,569,878	8.94%	97.77%
2018	0.022947%	391,800	2,390,444	16.39%	95.77%
2017	0.021904%	761,059	2,167,600	35.11%	90.97%
2016	0.020658%	1,040,114	1,868,774	55.66%	85.82%
2015	0.018560%	663,159	1,647,024	40.26%	89.20%
2014	0.015702%	317,394	1,355,562	23.41%	93.29%

Schedule of Proportionate Share of the Net Pension Liability

LEOFF 2

As of June 30

Last Six Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability	Employer's proportionate share of the net pension liability	State's proportionate share of the net pension liability (asset)	TOTAL	Covered payroll	Employer's proportionate share of the net pension liability as a percentage of	Plan fiduciary net position as a percentage of the total pension liability
2019	0.025205%	\$ (583,923)	\$ (382,391)	\$ (966,314)	\$ 887,437	-65.80%	119.43%
2018	0.024029%	(487,841)	(315,868)	(803,709)	798,613	-61.09%	118.50%
2017	0.021843%	(303,110)	(196,622)	(499,732)	689,628	-43.95%	113.36%
2016	0.018625%	(108,328)	(70,622)	(178,950)	554,005	-19.55%	106.04%
2015	0.016106%	(165,537)	(109,453)	(274,990)	467,365	-35.42%	111.67%
2014	0.014435%	(191,559)	(125,159)	(316,718)	401,594	-47.70%	116.75%

CITY OF RIDGEFIELD, WASHINGTON
Required Supplementary Information
Year Ended December 31, 2019

Schedule of Employer Contributions
PERS 1
As of December 31
Last Six Fiscal Years

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2019	\$ 135,977	\$ (135,977)	\$ -	\$ 2,754,859	4.94%
2018	125,197	(125,197)	-	2,472,398	5.06%
2017	113,990	(113,990)	-	2,325,555	4.90%
2016	93,017	(93,017)	-	1,950,033	4.77%
2015	80,460	(80,460)	-	1,812,174	4.44%
2014	64,907	(64,907)	-	2,227,135	2.91%

Schedule of Employer Contributions
PERS 2/3
As of December 31
Last Six Fiscal Years

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2019	\$ 212,942	\$ (212,942)	\$ -	2,754,859	7.73%
2018	185,432	(185,432)	-	\$ 2,472,398	7.50%
2017	159,716	(159,716)	-	2,325,555	6.87%
2016	121,486	(121,486)	-	1,950,033	6.23%
2015	103,283	(103,283)	-	1,812,174	5.70%
2014	77,946	(77,946)	-	2,205,719	3.53%

Schedule of Employer Contributions
LEOFF 2
As of December 31
Last Six Fiscal Years

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2019	\$ 46,038	\$ (46,038)	\$ -	\$ 885,369	5.20%
2018	45,343	(45,343)	-	863,756	5.25%
2017	38,589	(38,589)	-	748,914	5.15%
2016	30,431	(30,431)	-	602,589	5.05%
2015	24,661	(24,661)	-	471,525	5.23%
2014	25,356	(25,356)	-	484,795	5.23%

CITY OF RIDGEFIELD, WASHINGTON
Required Supplementary Information
Year Ended December 31, 2019

Notes to Required Supplemental Information - Pension

As of December 31
 Last Six Fiscal Years

Note 1: Information Provided

GASB 68 was implemented for the year ended December 31, 2014, therefore there is no data available for years prior to 2014. Eventually, the schedules will show ten years of data.

Note 2: Significant Factors

There were no changes of benefit terms, significant changes in the employees covered under the benefit terms or in the use of different assumptions.

Note 3: Covered Payroll

Covered payroll has been presented in accordance with GASB 82, *Pension Issues*. Covered payroll includes all payroll on which a contribution is based.

Note 4: Contribution Rates

Rates in effect during the periods covered by the Required Supplemental Information are below:

PERS 1

<u>From this</u>	<u>Through</u>	
<u>Date</u>	<u>this Date</u>	<u>Rate</u>
9/1/2013	6/30/2015	9.21%
7/1/2015	6/30/2017	11.18%
7/1/2017	8/31/2018	12.70%
9/1/2018	6/30/2019	12.83%
7/1/2019	current	12.86% *

* Employer contribution rate includes an administrative expense rate of 0.18%

PERS 2/3

<u>From this</u>	<u>Through</u>	
<u>Date</u>	<u>this Date</u>	<u>Rate</u>
9/1/2013	6/30/2015	9.21%
7/1/2015	6/30/2017	11.18%
7/1/2017	8/31/2018	12.70%
9/1/2018	6/30/2019	12.83%
7/1/2019	current	12.86% *

* Employer contribution rate includes an administrative expense rate of 0.18%

LEOFF 2

<u>From this</u>	<u>Through</u>	<u>Employer</u>
<u>Date</u>	<u>this Date</u>	<u>Rate</u>
9/1/2013	6/30/2017	5.23%
7/1/2017	6/30/2019	5.43%
7/1/2019	current	5.33% *

* Employer contribution rate includes an administrative expense rate of 0.18%

Effective July 1, 2019, LEOFF employers must pay an additional 3.44% to pick up the state contributions on basis salary paid for services rendered to non-LEOFF employers

CITY OF RIDGEFIELD, WASHINGTON
Combining and Individual Fund Statements
Year Ended December 31, 2019

Special Revenue Funds**Drug Fund**

The Drug Fund is used towards activities and equipment related to drug enforcement prevention and policing. The Drug Fund is funded by revenues received from drug seizure/forfeitures, fines and penalties related to drug and alcohol offenses, and proceeds from the soft drink machines located at the police department.

Street Fund

The Street Fund comprises both arterial and city roads and is designed to operate and maintain the built-in capacity, traffic control, and safety devices of the street network including sidewalks, street lighting, signage, surface water drainage facilities and road side trees and vegetation. Public Works staff oversees and maintains the streets. The majority of funding is from General Fund transfers and motor vehicle fuel taxes.

Debt Service Fund

The Debt Service Fund accounts for principal and interest payments on City debt.

Capital Project Fund**Traffic Impact Fee Fund**

The TIF fund records the collection and accounting of transportation impact fees, collected from developers, when constructing new developments. Funds are used for the construction of city street infrastructure. The Traffic Impact Fee is a charge to be used exclusively to build or expand capacity that is required as a result of development.

Real Estate Excise Tax Fund

The REET (real estate excise tax) fund was established to account for taxes that are restricted for capital purposes. Resources are typically transferred to other funds as they are needed.

Park Impact Fee Fund

The PIF fund was established to account for impact fees that are restricted for culture and recreation capital purposes. Resources are typically transferred to other funds as they are needed.

Transportation Benefit District Fund

Under RCW 36.73 this fund was established to provide funding for transportation improvements that preserve, maintain, and construct or reconstruct the transportation infrastructure within the City limits.

CITY OF RIDGEFIELD, WASHINGTON

Nonmajor Governmental Funds

Combining Balance Sheet

December 31, 2019

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 51,329	\$ -	\$ 2,515,651	\$ 2,566,980
Investments	-	-	399,886	399,886
Accounts Receivable (net)	300	-	7,034	7,334
Interest Receivable	-	-	2,324	2,324
Due from Other Governmental Units	28,361	-	23,938	52,299
Total Assets	<u>\$ 79,990</u>	<u>\$ -</u>	<u>\$ 2,948,833</u>	<u>\$ 3,028,823</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$ 48,014	\$ -	\$ -	\$ 48,014
Other Accrued Liabilities	7,202	-	-	7,202
Total Liabilities	<u>55,216</u>	<u>-</u>	<u>-</u>	<u>55,216</u>
Fund Balances:				
Restricted				
Public Safety	4,785	-	-	4,785
Capital Outlay	-	-	2,948,833	2,948,833
Assigned	19,989	-	-	19,989
Total Fund Balances	<u>24,774</u>	<u>-</u>	<u>2,948,833</u>	<u>2,973,607</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 79,990</u>	<u>\$ -</u>	<u>\$ 2,948,833</u>	<u>\$ 3,028,823</u>

CITY OF RIDGEFIELD, WASHINGTON
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the fiscal year ended December 31, 2019

	Special Revenue Funds	Debt Service Fund	Capital Project Fund	Total Nonmajor Governmental Funds
Revenues:				
Utility Taxes	\$ 72,002	\$ -	- \$	72,002
Other Taxes	-	-	1,645,324	1,645,324
License and Permits	18,528	-	-	18,528
Intergovernmental	177,662	-	-	177,662
Charges for Services	-	-	2,537,333	2,537,333
Fines and Forfeits	947	-	-	947
Interest Earnings	222	-	20,635	20,857
Miscellaneous	1,740	-	-	1,740
Total Revenues	<u>271,101</u>	<u>-</u>	<u>4,203,292</u>	<u>4,474,393</u>
Expenditures:				
Current:				
Public Safety	5,638	-	-	5,638
Transportation	506,915	-	-	506,915
Capital Outlay	103,919	-	-	103,919
Debt Service				
Principal Retirement	-	213,846	-	213,846
Interest and Other Charges	-	594,653	-	594,653
Total Expenditures	<u>616,472</u>	<u>808,499</u>	<u>-</u>	<u>1,424,971</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(345,371)	(808,499)	4,203,292	3,049,422
Other Financing Sources (Uses):				
Transfers In	328,125	808,499	98,950	1,235,574
Transfers Out	-	-	(2,547,949)	(2,547,949)
Total Other Financing Sources and Uses	<u>328,125</u>	<u>808,499</u>	<u>(2,448,999)</u>	<u>(1,312,375)</u>
Net Change in Fund Balances	(17,246)	-	1,754,293	1,737,047
Fund Balances at Beginning of Year	42,020	-	1,194,540	1,236,560
Fund Balances at End of Year	<u>\$ 24,774</u>	<u>\$ -</u>	<u>\$ 2,948,833</u>	<u>\$ 2,973,607</u>

CITY OF RIDGEFIELD, WASHINGTON

Nonmajor Special Revenue Funds

Combining Balance Sheet

December 31, 2019

	Drug Fund	City Street Fund	Total Nonmajor Special Revenue Funds
Assets:			
Cash and Cash Equivalents	\$ 4,789	\$ 46,540	\$ 51,329
Accounts Receivable (net)	-	300	300
Due from Other Governmental Units	-	28,361	28,361
Total Assets	\$ 4,789	\$ 75,201	\$ 79,990
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$ -	\$ 48,014	\$ 48,014
Other Accrued Liabilities	4	7,198	7,202
Total Liabilities	4	55,212	55,216
Fund Balances:			
Restricted			
Public Safety	4,785	-	4,785
Assigned	-	19,989	19,989
Total Fund Balances	4,785	19,989	24,774
Total Liabilities and Fund Balances	\$ 4,789	\$ 75,201	\$ 79,990

CITY OF RIDGEFIELD, WASHINGTON
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the fiscal year ended December 31, 2019

	Drug Fund	City Street Fund	Total Nonmajor Special Revenue Funds
Revenues:			
Utility Taxes	\$ -	\$ 72,002	\$ 72,002
License and Permits	-	18,528	18,528
Intergovernmental	-	177,662	177,662
Fines and Forfeitures	947	-	947
Interest Earnings	198	24	222
Miscellaneous	65	1,675	1,740
Total Revenues	<u>1,210</u>	<u>269,891</u>	<u>271,101</u>
Due from Other Governmental Units			
Expenditures:			
Current:			
Public Safety	5,638	-	5,638
Transportation	-	506,915	506,915
Capital Outlay	-	103,919	103,919
Total Expenditures	<u>5,638</u>	<u>610,834</u>	<u>616,472</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,428)	(340,943)	(345,371)
Other Financing Sources (Uses)			
Transfers In	-	328,125	328,125
Total Other Financing Sources (Uses)	<u>-</u>	<u>328,125</u>	<u>328,125</u>
Net Change in Fund Balances	(4,428)	(12,818)	(17,246)
Fund Balances at Beginning of Year	<u>9,213</u>	<u>32,807</u>	<u>42,020</u>
Fund Balances at End of Year	\$ <u><u>4,785</u></u>	\$ <u><u>19,989</u></u>	\$ <u><u>24,774</u></u>

CITY OF RIDGEFIELD, WASHINGTON

Nonmajor Debt Service Fund

Balance Sheet

December 31, 2019

	Debt Service Fund
Assets:	
Total Assets	\$ -
Liabilities and Fund Balances:	
Total Liabilities	-
Fund Balances:	
Total Fund Balances	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -

CITY OF RIDGEFIELD, WASHINGTON
 Nonmajor Debt Service Funds
 Statement of Revenues, Expenditures and
 Changes in Fund Balances
 Year Ended December 31, 2019

	Debt Service Fund
Revenues:	
Total Revenues	\$ -
Expenditures:	
Debt Service	
Principal Retirement	213,846
Interest and Other Charges	594,653
Total Expenditures	808,499
Excess (Deficiency) of Revenues Over (Under) Expenditures	(808,499)
Other Financing Sources (Uses):	
Transfers In	808,499
Total Other Financing Sources (Uses)	808,499
Net Change in Fund Balances	-
Fund Balances at Beginning of Year	
Fund Balances at End of Year	\$ -

CITY OF RIDGEFIELD, WASHINGTON
Nonmajor Capital Project Fund
Combining Balance Sheet
December 31, 2019

	Traffic Impact Fee Fund	Real Estate Excise Tax Fund	Park Impact Fee Fund	Transportation Benefit District Fund	Total Nonmajor Capital Project Funds
Assets:					
Cash and Cash Equivalents	\$ 1,006,004	\$ 1,156,084	\$ 331,524	\$ 22,039	\$ 2,515,651
Investments	396,582	3,304	-	-	399,886
Accounts Receivable (net)	7,034	-	-	-	7,034
Interest Receivable	2,324	-	-	-	2,324
Due from Other Governmental Units	-	-	-	23,938	23,938
Total Assets	\$ 1,411,944	\$ 1,159,388	\$ 331,524	\$ 45,977	\$ 2,948,833
Liabilities and Fund Balances:					
Liabilities:					
Total Liabilities	-	-	-	-	-
Fund Balances:					
Restricted					
Capital Outlay	\$ 1,411,944	\$ 1,159,388	\$ 331,524	\$ 45,977	\$ 2,948,833
Total Fund Balances	1,411,944	1,159,388	331,524	45,977	2,948,833
Total Liabilities and Fund Balances	\$ 1,411,944	\$ 1,159,388	\$ 331,524	\$ 45,977	\$ 2,948,833

CITY OF RIDGEFIELD, WASHINGTON
Nonmajor Capital Project Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the fiscal year ended December 31, 2019

	Traffic Impact Fee Fund	Real Estate Excise Tax Fund	Park Impact Fee Fund	Transportation Benefit District Fund	Total Nonmajor Capital Project Funds
Revenues:					
Other Taxes	\$ -	\$ 1,569,351	\$ -	\$ 75,973	\$ 1,645,324
Charges for Services	1,443,129	-	1,094,204	-	2,537,333
Interest Earnings	(370)	20,962	39	4	20,635
Total Revenues	<u>1,442,759</u>	<u>1,590,313</u>	<u>1,094,243</u>	<u>75,977</u>	<u>4,203,292</u>
Expenditures:					
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,442,759	1,590,313	1,094,243	75,977	4,203,292
Other Financing Sources (Uses)					
Transfers In	42,700	56,250	-	-	98,950
Transfers Out	(73,515)	(1,681,715)	(762,719)	(30,000)	(2,547,949)
Total Other Financing Sources (Uses)	<u>(30,815)</u>	<u>(1,625,465)</u>	<u>(762,719)</u>	<u>(30,000)</u>	<u>(2,448,999)</u>
Net Change in Fund balances	1,411,944	(35,152)	331,524	45,977	1,754,293
Fund Balances at Beginning of Year	<u>-</u>	<u>1,194,540</u>	<u>-</u>	<u>-</u>	<u>1,194,540</u>
Fund Balances at End of Year	<u>\$ 1,411,944</u>	<u>1,159,388</u>	<u>331,524</u>	<u>45,977</u>	<u>2,948,833</u>

CITY OF RIDGEFIELD, WASHINGTON

Drug Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances

Compared to Budget (GAAP Basis) and Actual

For the Fiscal Year Ended December 31, 2019

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues:				
Fines and Forfeits	\$ 1,000	\$ 1,000	\$ 947	\$ (53)
Interest Earnings	25	25	198	173
Miscellaneous	50	50	65	15
Total Revenues	<u>1,075</u>	<u>1,075</u>	<u>1,210</u>	<u>135</u>
Expenditures:				
Current:				
Public Safety	<u>8,791</u>	<u>8,791</u>	<u>5,638</u>	<u>3,153</u>
Total Expenditures	<u>8,791</u>	<u>8,791</u>	<u>5,638</u>	<u>3,153</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	(7,716)	(7,716)	(4,428)	3,288
Fund Balances at Beginning of Year	<u>9,213</u>	<u>9,213</u>	<u>9,213</u>	-
Fund Balances at End of Year	\$ <u>1,497</u>	\$ <u>1,497</u>	\$ <u>4,785</u>	\$ <u>3,288</u>

CITY OF RIDGEFIELD, WASHINGTON

City Street Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances

Compared to Budget (GAAP Basis) and Actual

For the Fiscal Year Ended December 31, 2019

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues:				
Utility Taxes	\$ 75,186	\$ 75,186	\$ 72,002	\$ (3,184)
License and Permits	14,000	14,000	18,528	4,528
Intergovernmental	179,604	179,604	177,662	(1,942)
Interest Earnings	25	50	24	(26)
Miscellaneous	2,500	2,500	1,675	(825)
Total Revenues	<u>271,315</u>	<u>271,340</u>	<u>269,891</u>	<u>(1,449)</u>
Expenditures:				
Current				
Transportation	704,498	529,498	506,915	22,583
Capital Outlay	74,010	84,950	103,919	(18,969)
Total Expenditures	<u>778,508</u>	<u>614,448</u>	<u>610,834</u>	<u>3,614</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	(507,193)	(343,108)	(340,943)	2,165
Other Financing Sources (Uses):				
Transfers In	527,530	333,170	328,125	(5,045)
Transfers Out	(20,333)	-	-	-
Total Other Financing Sources and Uses	<u>507,197</u>	<u>333,170</u>	<u>328,125</u>	<u>(5,045)</u>
Net Change in Fund Balance	4	(9,938)	(12,818)	(2,880)
Fund Balances at Beginning of Year	32,807	32,807	32,807	-
Fund Balances at End of Year	<u>\$ 32,811</u>	<u>\$ 22,869</u>	<u>\$ 19,989</u>	<u>\$ (2,880)</u>

CITY OF RIDGEFIELD, WASHINGTON

Debt Service Funds

Schedule of Revenues, Expenditures and Changes in Fund Balances

Compared to Budget (GAAP Basis) and Actual

For the Fiscal Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amount	
Revenues:				
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Debt service:				
Principal Retirement	213,846	213,846	213,846	-
Interest/Fiscal Charges	594,653	594,653	594,653	-
Bond Issuance Costs	-	-	-	-
Total Expenditures	808,499	808,499	808,499	-
Excess (Deficiency) of Revenues Over (under) Expenditures	(808,499)	(808,499)	(808,499)	-
Other Financing Sources (Uses):				
Transfers In	808,499	808,499	808,499	-
Total Other Financing Sources and Uses	808,499	808,499	808,499	-
Net Change in Fund Balance	-	-	-	-
Fund Balances at Beginning of Year	-	-	-	-
Fund Balances at End of Year	\$ -	\$ -	\$ -	\$ -

CITY OF RIDGEFIELD, WASHINGTON

Traffic Impact Fee Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances

Compared to Budget (GAAP Basis) and Actual

For the Fiscal Year Ended December 31, 2019

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 3,610,550	\$ 1,610,550	\$ 1,443,129	\$ (167,421)
Interest Earnings	250	250	(370)	(620)
Total Revenues	<u>3,610,800</u>	<u>1,610,800</u>	<u>1,442,759</u>	<u>(168,041)</u>
Expenditures:				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	3,610,800	1,610,800	1,442,759	(168,041)
Other Financing Sources (Uses):				
Transfers In	-	112,700	42,700	(70,000)
Transfers Out	-	(133,030)	(73,515)	59,515
Total Other Financing Sources and Uses	<u>-</u>	<u>(20,330)</u>	<u>(30,815)</u>	<u>(10,485)</u>
Net Change in Fund Balance	3,610,800	1,590,470	1,411,944	(178,526)
Fund Balances at Beginning of Year	-	-	-	-
Fund Balances at End of Year	<u>\$ 3,610,800</u>	<u>\$ 1,590,470</u>	<u>\$ 1,411,944</u>	<u>\$ (178,526)</u>

CITY OF RIDGEFIELD
Real Estate Excise Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Fiscal Year Ended December 31, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual Amount	Final Budget
Revenues:				
Other Taxes	\$ 1,236,840	\$ 1,436,840	\$ 1,569,351	\$ 132,511
Interest Earnings	10,000	10,000	20,962	10,962
Total Revenues	<u>1,246,840</u>	<u>1,446,840</u>	<u>1,590,313</u>	<u>143,473</u>
Expenditures:				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	1,246,840	1,446,840	1,590,313	143,473
Other Financing Sources (Uses):				
Transfers In	-	56,250	56,250	-
Transfers Out	<u>(983,275)</u>	<u>(1,695,275)</u>	<u>(1,681,715)</u>	<u>13,560</u>
Total Other Financing Sources and Uses	<u>(983,275)</u>	<u>(1,639,025)</u>	<u>(1,625,465)</u>	<u>13,560</u>
Net Change in Fund Balance	263,565	(192,185)	(35,152)	157,033
Fund Balances at Beginning of Year	<u>1,194,540</u>	<u>1,194,540</u>	<u>1,194,540</u>	<u>-</u>
Fund Balances at End of Year	\$ <u>1,458,105</u>	\$ <u>1,002,355</u>	\$ <u>1,159,388</u>	\$ <u>157,033</u>

CITY OF RIDGEFIELD
Park Impact Fee Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Fiscal Year Ended December 31, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual Amount	Final Budget
Revenues:				
Charges for Services	\$ 876,068	\$ 1,194,638	\$ 1,094,204	\$ (100,434)
Interest Earnings	250	250	39	(211)
Total Revenues	876,318	1,194,888	1,094,243	(100,645)
Expenditures:				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	876,318	1,194,888	1,094,243	(100,645)
Other Financing Sources (Uses):				
Transfers Out	(476,000)	(1,119,000)	(762,719)	356,281
Total Other Financing Sources and Uses	(476,000)	(1,119,000)	(762,719)	356,281
Net Change in Fund Balance	400,318	75,888	331,524	255,636
Fund Balances at Beginning of Year	-	-	-	-
Fund Balances at End of Year	\$ 400,318	\$ 75,888	\$ 331,524	\$ 255,636

CITY OF RIDGEFIELD
 Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Budget (GAAP Basis) and Actual
 For the Fiscal Year Ended December 31, 2019

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 470,280	\$ 572,354	\$ 362,700	\$ (209,654)
Charges for Services	-	200,040	224,345	24,305
Interest Earnings	-	-	10	10
Contributions/Donations	46,000	100,000	187,998	87,998
Miscellaneous	-	-	-	-
Total Revenues	516,280	872,394	775,053	(97,341)
Expenditures:				
Capital Outlay	1,011,000	2,817,030	2,114,199	702,831
Total Expenditures	1,011,000	2,817,030	2,114,199	702,831
Excess (Deficiency) of Revenues Over (Under) Expenditures	(494,720)	(1,944,636)	(1,339,146)	605,490
Other Financing Sources (Uses):				
Transfers In	615,000	2,321,030	1,735,199	(585,831)
Transfers Out	-	(168,950)	(98,950)	70,000
Total Other Financing Sources and Uses	615,000	2,152,080	1,636,249	(515,831)
Net Change in Fund Balance	120,280	207,444	297,103	89,659
Fund Balances at Beginning of Year	(21,524)	(21,524)	(21,524)	-
Fund Balances at End of Year	\$ 98,756	\$ 185,920	\$ 275,579	\$ 89,659

CITY OF RIDGEFIELD
 Transportation Benefit District Fund
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Budget (GAAP Basis) and Actual
 For the Fiscal Year Ended December 31, 2019

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues:				
Other Taxes	\$ -	\$ 67,000	\$ 75,973	\$ 8,973
Interest Earnings	-	-	4	4
Total Revenues	-	67,000	75,977	8,977
Expenditures:				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	67,000	75,977	8,977
Other Financing Sources (Uses):				
Transfers Out	-	(30,000)	(30,000)	-
Total Other Financing Sources and Uses	-	(30,000)	(30,000)	-
Net Change in Fund Balance	-	37,000	45,977	8,977
Fund Balances at Beginning of Year	-	-	-	-
Fund Balances at End of Year	\$ -	\$ 37,000	\$ 45,977	\$ 8,977

CITY OF RIDGEFIELD, WASHINGTON
Table of Contents

This part of the City of Ridgefield's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity.....	107-111
These schedules contain information to help the reader assess the City's most significant local revenue sources, retail sales tax and property tax.	
Debt Capacity.....	112-115
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information.....	116-118
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	119-121
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2005; schedules presenting government-wide information include information beginning in that year. The City implemented GASB Statement 44 in 2014; schedules presenting government-wide information include information beginning in that year.

CITY OF RIDGEFIELD, WASHINGTON
Financial Trends

City of Ridgefield, Washington
 Net Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)

Page 1 of 2

	2010	2011	2012	2013	2014
Governmental Activities:					
Net Investment in Capital Assets	\$ 22,062,890	\$ 22,564,558	\$ 26,890,757	\$ 29,242,757	\$ 32,880,948
Restricted	3,884,646	4,002,003	3,776,845	4,017,896	4,928,238
Unrestricted	981,045	1,610,905	1,890,583	2,742,662	580,371
Total Governmental Activities Net Position	26,928,581	28,177,466	32,558,185	36,003,315	38,389,557
Business-Type Activities:					
Net Investment in Capital Assets	25,936,095	26,076,060	26,813,784	\$ 27,040,959	\$ 17,283,749
Restricted	2,704,386	2,648,098	2,982,513	3,957,164	3,914,863
Unrestricted	2,389,274	2,505,170	2,845,385	3,049,933	2,224,649
Total Business-Type Activities Net Position	31,029,755	31,229,328	32,641,682	34,048,056	23,423,261
Primary Government:					
Net Investment in Capital Assets	47,998,985	48,640,618	53,704,541	56,283,716	50,164,697
Restricted	6,589,032	6,650,101	6,759,358	7,975,060	8,843,101
Unrestricted	3,370,319	4,116,075	4,735,968	5,792,595	2,805,020
Total Primary Government Net Position	\$ 57,958,336	\$ 59,406,794	\$ 65,199,867	\$ 70,051,371	\$ 61,812,818

CITY OF RIDGEFIELD, WASHINGTON
Financial Trends

City of Ridgefield, Washington
 Net Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)

Page 2 of 2

	2015	2016	2017	2018	2019
Governmental Activities:					
Net Investment in Capital Assets	\$ 33,779,565	\$ 36,979,154	\$ 36,243,214	\$ 57,236,545	\$ 63,089,555
Restricted	7,105,407	7,385,677	10,137,589	2,466,399	5,039,035
Unrestricted	(3,136,697)	(2,821,368)	(2,630,392)	(878,544)	(43,547)
Total Governmental Activities Net Position	37,748,275	41,543,463	43,750,411	58,824,400	68,085,043
Business-Type Activities:					
Net Investment in Capital Assets	\$ 15,819,184	\$ 17,488,712	\$ 18,158,008	\$ 25,884,973	\$ 31,413,290
Restricted	3,755,157	4,709,682	4,933,027	6,368,463	7,213,240
Unrestricted	676,250	1,070,087	1,254,848	949,544	1,283,510
Total Business-Type Activities Net Position	20,250,591	23,268,481	24,345,883	33,202,980	39,910,040
Primary Government:					
Net Investment in Capital Assets	49,598,749	54,467,866	54,401,222	83,121,518	94,502,845
Restricted	10,860,564	12,095,359	15,070,616	8,834,862	12,252,275
Unrestricted	(2,460,447)	(1,751,281)	(1,375,544)	71,000	1,239,963
Total Primary Government Net Position	\$ 57,998,866	\$ 64,811,944	\$ 68,096,294	\$ 92,027,380	\$ 107,995,083

CITY OF RIDGEFIELD, WASHINGTON
Financial Trends

City of Ridgefield, Washington
 Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)

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Expenses	2010	2011	2012	2013	2014
Governmental Activities:					
General Government	\$ 1,188,131	\$ 1,100,578	\$ 1,245,589	\$ 1,357,279	\$ 1,517,646
Judicial	100,779	96,971	113,100	138,151	121,433
Public Safety	1,003,342	1,039,144	1,068,320	1,147,490	1,198,853
Physical Environment	22,193	24,844	40,467	45,109	64,554
Transportation	836,260	875,750	868,345	973,883	977,263
Education	-	-	-	-	-
Natural and Economic Environment	364,126	224,017	293,693	453,585	597,962
Culture and Recreation	168,262	154,606	174,535	264,717	393,396
Interest on Long-Term Debt	173	-	-	-	-
Total Governmental Activities Expenses	3,683,266	3,515,910	3,804,049	4,380,214	4,871,107
Business-Type Activities:					
Water	848,513	883,779	1,007,568	1,040,725	1,125,097
Sewer	1,475,819	1,667,275	1,581,734	1,704,737	972,512
Stormwater	204,069	235,590	176,286	203,913	288,902
Total Business-Type Activities Expenses	2,528,401	2,786,644	2,765,588	2,949,375	2,386,511
Total Primary Government Expenses	6,211,667	6,302,554	6,569,637	7,329,589	7,257,618
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	447,271	509,942	475,996	485,294	607,407
Judicial	50,518	55,471	62,252	47,308	88,541
Public Safety	206,034	163,330	104,756	99,863	48,303
Physical Environment	2,575	2,550	1,950	815	1,670
Transportation	145,651	198,579	193,280	258,179	68,724
Education	-	-	-	-	-
Natural and Economic Environment	421,516	327,516	533,471	1,148,013	976,617
Culture and Recreation	-	113,273	224,330	378,193	-
Operating Grants and Contributions	124,883	94,327	26,773	19,376	95,372
Capital Grants and Contributions	1,376,517	1,020,718	3,927,938	2,520,844	1,800,409
Total Governmental Activities Program Revenues	2,774,965	2,485,706	5,550,746	4,957,885	3,687,043
Business-Type Activities:					
Charges for Services:					
Water	796,132	838,069	919,226	1,000,742	1,063,713
Sewer	1,062,694	1,126,027	1,275,803	1,423,288	952,524
Stormwater	198,704	221,086	252,377	284,280	337,196
Operating Grants and Contributions	-	1,090	-	-	-
Capital Grants and Contributions	2,285,216	746,528	1,600,589	1,859,732	1,285,318
Total Business-Type Activities Program Revenues	4,342,746	2,932,800	4,047,995	4,568,042	3,638,751
Total Primary Government Program Revenues	7,117,711	5,418,506	9,598,741	9,525,927	7,325,794

CITY OF RIDGEFIELD, WASHINGTON
Financial Trends

Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)

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Net (Expenses)Revenue	2010	2011	2012	2013	2014
Governmental Activities	(908,301)	(1,030,204)	1,746,697	577,671	(1,184,064)
Business Activities	1,814,345	146,156	1,282,407	1,618,667	1,252,240
Total Primary Government Net Expense	906,044	(884,048)	3,029,104	2,196,338	68,176
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes	719,445	749,820	781,032	799,842	860,510
Sales and Use Taxes	639,716	535,230	702,967	887,219	1,146,429
Business and Occupation Taxes	690,464	738,098	700,992	761,012	714,783
Excise and Other Taxes	301,677	198,993	309,145	399,851	465,807
Unrestricted Grants and Contributions	-	-	-	-	268,935
Investment Earnings	46,391	53,448	32,734	5,297	60,595
Other Revenues	-	-	-	-	166
Gain (Loss) on Sale of Asset	-	500	-	11,285	-
Insurance Recoveries	828	3,000	3,135	-	-
Transfers	-	-	-	-	-
Prior Period Adjustments	(4,494,656)	-	104,017	2,953	53,081
Change in Accounting Principles	-	-	-	-	-
Total Governmental Activities	(2,096,135)	2,279,089	2,634,022	2,867,459	3,570,306
Business-Type Activities:					
Investment Earnings	58,607	53,417	35,747	13,622	41,993
Other Revenues	-	-	-	-	-
Special Items	-	-	-	-	(11,899,196)
Transfers	-	-	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-
Prior Period Adjustments	-	-	94,200	(192,415)	(19,832)
Change in Accounting Principles	-	-	-	(33,500)	-
Total Business-Type Activities	58,607	53,417	129,947	(212,293)	(11,877,035)
Total Primary Government	(2,037,528)	2,332,506	2,763,969	2,655,166	(8,306,729)
Changes in Net Position					
Governmental Activities	(3,004,436)	1,248,885	4,380,719	3,445,130	2,386,242
Business-Type Activities	1,872,952	199,573	1,412,354	1,406,374	(10,624,795)
Total Primary Government	\$ (1,131,484)	\$ 1,448,458	\$ 5,793,073	\$ 4,851,504	\$ (8,238,553)

CITY OF RIDGEFIELD, WASHINGTON
Financial Trends

City of Ridgefield, Washington
 Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)

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Expenses	2015	2016	2017	2018	2019
Governmental Activities:					
General Government	\$ 1,545,129	\$ 1,862,309	\$ 1,599,313	\$ 1,701,742	\$ 1,964,481
Judicial	118,631	130,881	127,677	124,879	132,677
Public Safety	1,458,384	1,520,388	1,910,734	1,660,379	1,797,779
Physical Environment	24,235	153,761	636,455	694,777	960,065
Transportation	1,338,002	1,374,460	1,454,529	1,456,952	1,697,138
Education	-	-	-	-	5,040,823
Natural and Economic Environment	1,037,751	920,686	1,462,544	1,677,944	1,619,974
Culture and Recreation	422,713	479,918	750,794	668,979	1,138,723
Interest on Long-Term Debt	-	2,158	80,665	452,756	601,449
Total Governmental Activities Expenses	5,944,845	6,444,561	8,022,711	8,438,408	14,953,109
Business-Type Activities:					
Water	1,296,406	1,378,380	1,700,291	2,032,176	1,931,183
Sewer	958,464	629,992	562,477	576,295	-
Stormwater	400,935	390,804	585,803	288,400	779,036
Total Business-Type Activities Expenses	2,655,805	2,399,176	2,848,571	2,896,871	2,710,219
Total Primary Government Expenses	8,600,650	8,843,737	10,871,282	11,335,279	17,663,328
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	455,318	529,134	520,743	656,944	663,639
Judicial	72,540	69,683	71,507	77,283	43,695
Public Safety	167,333	2,131	34,735	47,792	54,167
Physical Environment	1,830	4,560	2,125	7,400	2,000
Transportation	156,947	11,898	10,688	21,806	1,478,574
Education	-	-	-	-	-
Natural and Economic Environment	1,589,070	3,477,186	2,116,918	2,206,618	7,501,746
Culture and Recreation	-	-	-	-	146,156
Operating Grants and Contributions	131,415	59,005	37,564	47,115	227,072
Capital Grants and Contributions	1,041,569	1,742,909	2,288,831	14,712,111	7,409,485
Total Governmental Activities Program Revenues	3,616,022	5,896,506	5,083,111	17,777,069	17,526,534
Business-Type Activities:					
Charges for Services:					
Water	1,292,946	1,397,965	1,518,183	1,712,142	1,940,262
Sewer	868,735	612,425	612,236	409,702	-
Stormwater	375,928	428,587	497,539	560,683	676,721
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	1,510,514	2,620,219	865,050	8,349,587	6,343,068
Total Business-Type Activities Program Revenues	4,048,123	5,059,196	3,493,008	11,032,114	8,960,051
Total Primary Government Program Revenues	7,664,145	10,955,702	8,576,119	28,809,183	26,486,585

CITY OF RIDGEFIELD, WASHINGTON
Financial Trends

City of Ridgefield, Washington
 Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)

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Net (Expenses)Revenue	2015	2016	2017	2018	2019
Governmental Activities	(2,328,823)	(548,055)	(2,939,600)	9,338,661	2,573,425
Business Activities	1,392,318	2,660,020	644,437	8,135,243	6,249,832
Total Primary Government Net Expense	(936,505)	2,111,965	(2,295,163)	17,473,904	8,823,257
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes	921,464	968,957	1,062,068	1,159,228	1,269,279
Sales and Use Taxes	1,133,691	1,435,637	1,715,893	2,631,542	3,250,290
Business and Occupation Taxes	898,058	942,910	1,044,888	1,085,500	1,167,609
Excise and Other Taxes	641,710	905,214	1,025,226	1,096,194	1,574,478
Unrestricted Grants and Contributions	284,328	313,529	334,332	328,259	338,437
Investment Earnings	54,873	34,091	76,930	106,758	111,115
Other Revenues	-	-	-	-	-
Gain (Loss) on Sale of Asset	182,662	41,586	-	-	9,301
Insurance Recoveries	-	-	-	-	-
Transfers	515,386	(307,078)	(74,434)	(672,153)	(283,291)
Prior Period Adjustments	(2,106,345)	8,397	(38,355)	-	-
Change in Accounting Principles	(838,286)	-	-	-	(750,000)
Total Governmental Activities	1,687,541	4,343,243	5,146,548	5,735,328	6,687,218
Business-Type Activities:					
Investment Earnings	93,418	40,515	65,795	49,701	167,683
Other Revenues	-	-	-	-	-
Special Items	(3,822,311)	-	-	-	-
Transfers	(515,386)	307,078	74,434	672,153	283,291
Gain (Loss) on Sale of Capital Assets	-	-	-	-	6,254
Prior Period Adjustments	93,023	10,277	292,736	-	-
Change in Accounting Principles	(413,732)	-	-	-	-
Total Business-Type Activities	(4,564,988)	357,870	432,965	721,854	457,228
Total Primary Government	(2,877,447)	4,701,113	5,579,513	6,457,182	7,144,446
Changes in Net Position					
Governmental Activities	(641,282)	3,795,188	2,206,948	15,073,989	9,260,643
Business-Type Activities	(3,172,670)	3,017,890	1,077,402	8,857,097	6,707,060
Total Primary Government	\$ (3,813,952)	\$ 6,813,078	\$ 3,284,350	\$ 23,931,086	\$ 15,967,703

CITY OF RIDGEFIELD, WASHINGTON
Financial Trends

City of Ridgefield, Washington
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

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	2010	2011	2012	2013	2014
General Fund (Per GASB 54)*					
Restricted	\$ -	\$ 4,277	\$ 4,946	\$ -	\$ -
Committed	-	-	-	-	-
Assigned	-	382,325	532,311	630,841	350,455
Unassigned	-	927,195	1,229,196	1,845,948	2,012,639
General Fund (Prior to GASB 54)					
Reserved	-	-	-	-	-
Unreserved	969,995	-	-	-	-
Total General Fund	969,995	1,313,797	1,766,453	2,476,789	2,363,094
All Other Governmental Funds (Per GASB 54)*					
Restricted	-	3,997,726	3,771,899	4,017,896	4,928,238
Committed	-	-	-	-	-
Assigned	-	42,121	62,923	47,121	-
Unassigned	-	-	-	(281,172)	(56,472)
All Other Governmental Funds (Prior to GASB 54)					
Reserved	3,874,490	-	-	-	-
Unreserved Reported In:					
Other Governmental Funds	2,839	-	-	-	-
Special Revenue Funds	-	-	-	-	-
Debt Service Funds	-	-	-	-	-
Capital Project Funds	-	-	-	-	-
Total All Other Governmental Funds	3,877,329	4,039,847	3,834,822	3,783,845	4,871,766
Total Governmental Funds	\$ 4,847,324	\$ 5,353,644	\$ 5,601,275	\$ 6,260,634	\$ 7,234,860

*In 2011 the City adopted GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned. Additionally, as required by GASB 54, the City reclassified certain funds within the governmental fund types for reporting purposes for fiscal year 2011.

CITY OF RIDGEFIELD, WASHINGTON
Financial Trends

City of Ridgefield, Washington
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

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	2015	2016	2017	2018	2019
General Fund (Per GASB 54)*					
Restricted	\$ 978,035	\$ 1,221,367	\$ 963,132	\$ 774,805	\$ 1,209,284
Committed	-	15,800	20,225	20,224	20,224
Assigned	328,809	343,576	369,792	426,219	445,309
Unassigned	1,020,276	1,043,207	1,052,212	1,995,424	3,227,755
General Fund (Prior to GASB 54)					
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Total General Fund	2,327,120	2,623,950	2,405,361	3,216,672	4,902,572
All Other Governmental Funds (Per GASB 54)*					
Restricted	6,127,372	6,055,982	10,618,656	1,203,753	3,245,828
Committed	-	-	-	-	-
Assigned	102,576	112,376	104,600	32,807	19,989
Unassigned	-	-	-	(21,524)	(16,631)
All Other Governmental Funds (Prior to GASB 54)					
Reserved	-	-	-	-	-
Unreserved Reported In:					
Other Governmental Funds	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-
Debt Service Funds	-	-	-	-	-
Capital Project Funds	-	-	-	-	-
Total All Other Governmental Funds	6,229,948	6,168,358	10,723,256	1,215,036	3,249,186
Total Governmental Funds	\$ 8,557,068	\$ 8,792,308	\$ 13,128,617	\$ 4,431,708	\$ 8,151,758

*In 2011 the City adopted GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned. Additionally, as required by GASB 54, the City reclassified certain funds within the governmental fund types for reporting

CITY OF RIDGEFIELD, WASHINGTON
Financial Trends

City of Ridgefield, Washington
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (accrual basis of accounting)

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	2010	2011	2012	2013	2014
Revenues					
Taxes	\$ 2,543,010	\$ 2,433,727	\$ 2,672,264	\$ 2,976,706	\$ 3,241,579
Licenses and Permits	207,440	190,003	308,455	610,232	358,341
Intergovernmental	956,669	1,090,991	363,621	1,807,778	1,790,362
Charges for Services	667,432	681,093	855,399	1,439,108	1,069,991
Fines and Forfeits	86,070	97,648	84,349	88,618	89,375
Investment Earnings	46,391	53,448	32,734	5,295	60,595
Contributions	2,750	4,150	5,650	5,650	9,550
Miscellaneous	22,049	34,943	31,704	41,573	79,635
Total revenues	\$ 4,531,811	\$ 4,586,003	\$ 4,354,176	\$ 6,974,960	\$ 6,699,428
Expenditures					
General Government	\$ 1,159,814	\$ 1,108,518	\$ 1,246,544	\$ 1,316,982	\$ 1,532,784
Judicial	100,779	96,971	113,100	138,151	121,433
Public Safety	944,409	1,029,942	1,044,790	1,113,613	1,159,777
Physical Environment	21,757	25,078	39,693	44,600	63,571
Transportation	871,627	964,368	896,646	290,950	320,729
Natural and Economic Environment	363,215	222,824	291,616	451,070	602,462
Education	-	-	-	-	-
Culture and Recreation	189,966	546,362	581,308	209,104	319,538
Capital Outlay	-	89,120	-	2,853,642	1,639,413
Debt Service					
Principal	13,250	-	-	-	-
Interest	875	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Total Expenditures	\$ 3,665,692	\$ 4,083,183	\$ 4,213,697	\$ 6,418,112	\$ 5,759,707
Excess of Revenues Over/(Under) Expenditures	\$ 866,119	\$ 502,820	\$ 140,479	\$ 556,848	\$ 939,721
Other Financing Sources (Uses)					
Insurance Recoveries	\$ 828	\$ 3,000	\$ 3,135	\$ -	\$ -
Transfers In	212,383	452,559	1,230,991	851,628	463,508
Transfers Out	(212,383)	(452,559)	(1,230,991)	(851,628)	(463,508)
Notes Issued	-	-	-	-	-
Issuance of Debt	-	-	-	-	-
Premium on Debt Issued	-	-	-	-	-
Bonds Refunded	-	-	-	-	-
Capital Lease Purchase	-	-	-	-	-
Sale of Capital Assets	(2,387)	500	-	11,285	-
Prior Period Adjustments	-	-	104,017	91,226	34,506
Total Other Financing Sources (Uses)	(1,559)	3,500	107,152	102,511	34,506
Net Change in Fund Balances	\$ 864,560	\$ 506,320	\$ 247,631	\$ 659,359	\$ 974,227
Debt Service as a Percentage of Noncapital Expenditures*	0.32%	0.00%	0.00%	0.00%	0.00%

*This ratio was calculated by dividing the debt service (principal and interest) by the non-capital expenditures.

Non-capital expenditures were calculated by subtracting capital outlay and constructed assets from total expenditures.

Refer to Note 2.B Reconciliation of Government-Wide and Fund Financial Statements for capital outlay and constructed assets used in formula

CITY OF RIDGEFIELD, WASHINGTON
Financial Trends

City of Ridgefield, Washington
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (accrual basis of accounting)

Page 2 of 2

	2015	2016	2017	2018	2019
Revenues					
Taxes	\$ 3,604,752	\$ 4,272,082	\$ 4,842,202	\$ 5,962,685	\$ 7,356,743
Licenses and Permits	571,371	887,317	699,113	1,197,777	1,321,297
Intergovernmental	574,985	718,753	1,670,286	2,615,167	854,986
Charges for Services	1,429,679	2,087,290	1,919,799	3,456,419	9,623,918
Fines and Forfeits	77,104	69,682	74,750	77,866	75,774
Investment Earnings	54,873	34,091	76,928	106,758	111,115
Contributions	9,765	21,150	43,084	129,219	278,726
Miscellaneous	74,788	105,449	66,271	52,291	58,148
Total revenues	\$ 6,397,317	\$ 8,195,814	\$ 9,392,433	\$ 13,598,182	\$ 19,680,707
Expenditures					
General Government	\$ 1,505,580	\$ 1,737,032	\$ 1,318,945	\$ 1,382,635	\$ 1,581,103
Judicial	118,631	130,881	127,677	124,879	132,677
Public Safety	1,316,655	1,435,563	1,518,246	1,686,271	1,808,895
Physical Environment	21,773	151,299	639,376	693,849	959,593
Transportation	459,800	443,213	520,073	482,734	506,915
Natural and Economic Environment	1,029,226	880,661	1,456,227	1,671,046	1,657,657
Education	-	-	-	-	5,040,823
Culture and Recreation	342,501	361,542	360,222	411,949	554,379
Capital Outlay	998,493	2,565,446	9,860,313	23,639,190	3,966,578
Debt Service					
Principal	-	-	15,727	768,408	334,856
Interest	-	-	4,497	516,144	595,552
Bond Issuance Costs	-	-	109,046	99,229	-
Total Expenditures	\$ 5,792,659	\$ 7,705,637	\$ 15,930,349	\$ 31,476,334	\$ 17,139,028
Excess of Revenues Over/(Under) Expenditures	\$ 604,658	\$ 490,177	\$ (6,537,916)	\$ (17,878,152)	\$ 2,541,679
Other Financing Sources (Uses)					
Insurance Recoveries	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers In	1,098,353	2,164,807	10,053,981	19,432,334	2,970,773
Transfers Out	(1,173,084)	(2,471,885)	(10,128,415)	(19,423,536)	(3,207,213)
Notes Issued	-	-	-	-	-
Issuance of Debt	-	-	9,455,000	6,705,000	-
Premium on Debt Issued	-	-	541,167	394,533	-
Bonds Refunded	-	-	-	-	-
Capital Lease Purchase	-	-	-	2,072,912	1,400,336
Sale of Capital Assets	760,714	41,586	970,360	-	14,475
Prior Period Adjustments	31,567	10,555	(17,868)	-	-
Total Other Financing Sources (Uses)	717,550	(254,937)	10,874,225	9,181,243	1,178,371
Net Change in Fund Balances	\$ 1,322,208	\$ 235,240	\$ 4,336,309	\$ (8,696,909)	\$ 3,720,050
Debt Service as a Percentage of Noncapital Expenditures*	0.00%	0.00%	2.05%	13.60%	6.89%

*This ratio was calculated by dividing the debt service (principal and interest) by the non-capital expenditures.

Non-capital expenditures were calculated by subtracting capital outlay and constructed assets from total expenditures.

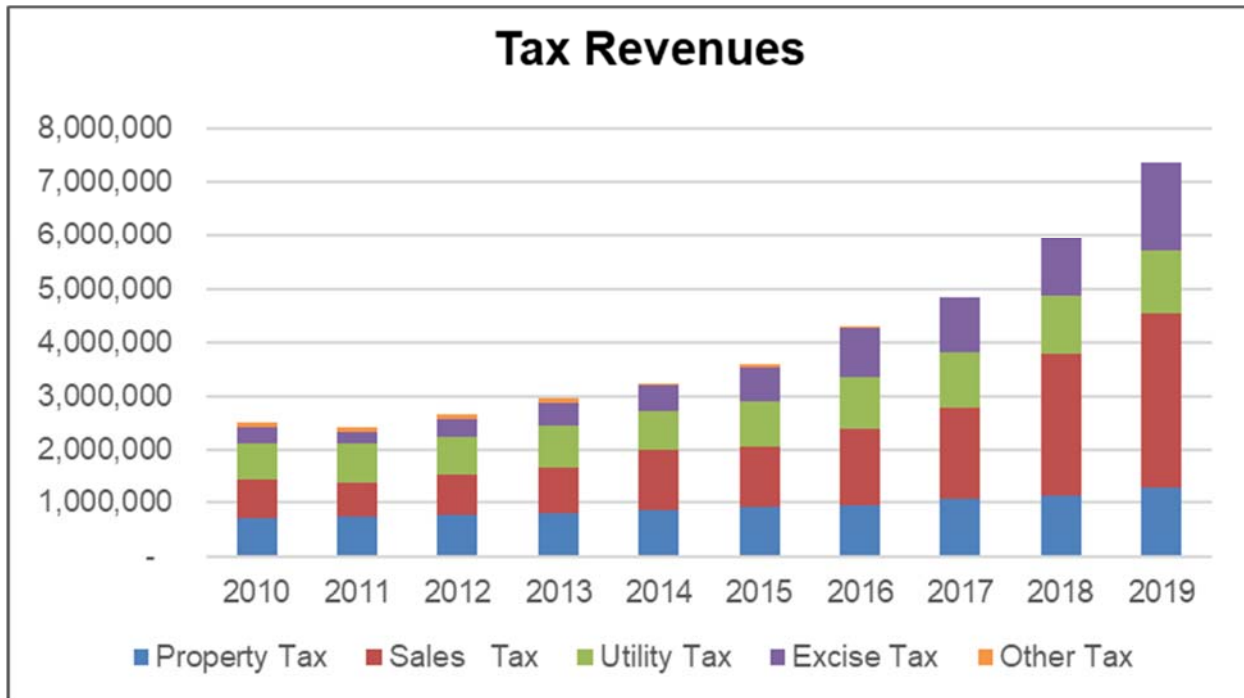
Refer to Note 2.B Reconciliation of Government-Wide and Fund Financial Statements for capital outlay and constructed assets used in formula

CITY OF RIDGEFIELD, WASHINGTON
Financial Trends

City of Ridgefield, Washington
 General Governmental Tax Revenues by Source
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Utility Tax	Excise Tax	Other Tax	Total
2010	719,445	728,661	684,419	301,677	98,051	\$ 2,532,253
2011	749,820	620,300	766,522	198,993	103,070	\$ 2,438,705
2012	781,032	735,582	742,970	309,145	101,640	\$ 2,670,369
2013	799,842	887,219	779,727	399,851	108,056	\$ 2,974,695
2014	860,510	1,146,429	714,783	484,898	40,213	\$ 3,246,833
2015	921,464	1,133,691	854,999	641,711	43,058	\$ 3,594,923
2016	968,957	1,435,637	942,910	905,185	29	\$ 4,252,718
2017	1,062,068	1,715,893	1,044,888	1,025,226	-	\$ 4,848,075
2018	1,149,449	2,631,542	1,085,500	1,096,194	-	\$ 5,962,685
2019	1,288,393	3,250,290	1,167,609	1,645,324	5,127	\$ 7,356,743

Source: City of Ridgefield Finance Department



CITY OF RIDGEFIELD, WASHINGTON
Revenue Capacity

City of Ridgefield, Washington
Principal Retail Sales Taxpayers
Current Year and Ten Years Ago

2019					2010				
Taxpayer	Rank	Total Taxable Sales	Percentage of Top Ten	Percentage of Total Retail Taxable Sales	Taxpayer	Rank	Total Taxable Sales	Percentage of Total Retail Taxable Sales	
ESI CONSTRUCTORS, INC.	1	42,046,887	34.08%	11.88%	WA State Dept of Licensing	1	\$ 3,732,215	38.59%	5.65%
PERLO CONSTRUCTION, LLC	2	18,218,208	14.77%	5.15%	PARR Lumber Company	2	1,101,200	11.39%	1.67%
DEMATIC CORP.	3	13,841,892	11.22%	3.91%	M J Landscaping, Inc.	3	867,635	8.97%	1.31%
EMERICK CONSTRUCTION COMPANY	4	13,441,514	10.90%	3.80%	Tapani, Inc.	4	704,635	7.29%	1.07%
STORAGE SOLUTIONS, INC.	5	8,480,970	6.87%	2.40%	Verizon Wireless VAW, LLC	5	662,091	6.85%	1.00%
FDM DEVELOPMENT, INC.	6	6,713,970	5.44%	1.90%	TVC, LLC	6	589,998	6.10%	0.89%
SIERRA CONSTRUCTION COMPANY, II	7	5,921,081	4.80%	1.67%	Covenant, LLC	7	552,762	5.72%	0.84%
ROTSCHY, INC.	8	5,858,739	4.75%	1.66%	Prairie Electric, Inc.	8	542,482	5.61%	0.82%
HINTON SERVICES, LLC	9	5,706,434	4.63%	1.61%	R S V Construction Services, Inc.	9	474,361	4.90%	0.72%
PARR LUMBER COMPANY	10	3,133,031	2.54%	0.89%	New Cingular Wireless PCS, LLC	10	444,334	4.59%	0.67%
Total of top ten taxpayers		\$ 123,362,727	100.00%	34.85%	Total of top ten taxpayers		\$ 9,671,713	100.00%	14.63%
Total taxable retail sales \$ 353,949,000					Total taxable retail sales \$ 66,109,847				

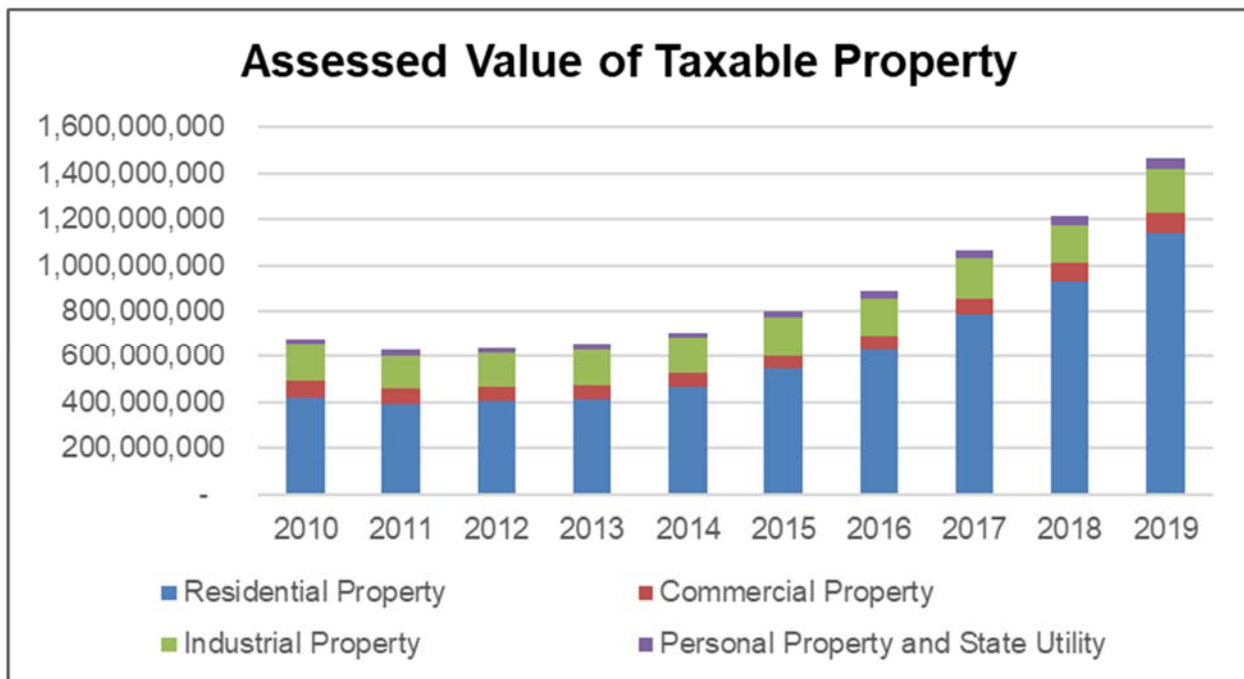
Source: Washington State Department of Revenue

CITY OF RIDGEFIELD, WASHINGTON
Revenue Capacity

City of Ridgefield, Washington
 Actual Assessed Value of Taxable Property
 Last Ten Fiscal Years

Fiscal Year Ended December 31,	Residential Property	Commercial Property	Industrial Property	Personal Property and State Utility	Total Taxable Assessed Value	Total Tax Rate
2010	420,981,329	76,634,132	160,413,608	19,050,452	\$ 677,079,521	1.0626180791
2011	392,665,186	65,854,088	147,727,157	24,009,571	\$ 630,256,002	1.1901989788
2012	404,283,975	63,147,549	147,426,888	24,819,196	\$ 639,677,608	1.2153273779
2013	411,527,128	61,597,934	155,082,083	26,851,221	\$ 655,058,366	1.2374000884
2014	466,929,466	61,183,959	153,856,617	25,039,056	\$ 707,009,098	1.2199774408
2015	548,332,382	58,194,332	164,119,339	29,350,308	\$ 799,996,361	1.1435122890
2016	633,393,542	57,987,789	164,612,056	34,245,646	\$ 890,239,033	1.0790219642
2017	788,891,387	63,527,292	177,891,635	32,141,589	\$1,062,451,903	0.9905237941
2018	929,023,683	78,441,327	168,744,947	40,188,832	\$1,216,398,789	0.9369808078
2019	1,140,417,383	85,042,759	189,778,154	48,213,899	\$1,463,452,195	0.8572277279

Source: Clark County Assessor's Office



CITY OF RIDGEFIELD, WASHINGTON
Revenue Capacity

City of Ridgefield, Washington
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Assessed Year	Collection Year	Direct Tax Rate			Overlapping Tax Rate					
		City Regular	City Debt	Total City	School District	Port of Ridgefield	State County	Fire District	Library	Total
2009	2010	1.06	-	\$ 1.06	1.98	0.21	3.40	1.65	0.38	8.67
2010	2011	1.19	-	\$ 1.19	2.11	0.23	3.76	1.66	0.50	9.46
2011	2012	1.22	-	\$ 1.22	2.22	0.24	3.91	1.67	0.50	9.76
2012	2013	1.24	-	\$ 1.24	3.99	0.25	4.13	1.68	0.50	11.79
2013	2014	1.22	-	\$ 1.22	3.77	0.24	3.87	1.67	0.50	11.27
2014	2015	1.14	-	\$ 1.14	3.52	0.23	3.63	1.65	0.47	10.64
2015	2016	1.08	-	\$ 1.08	3.38	0.22	3.40	1.65	0.45	10.18
2016	2017	0.99	-	\$ 0.99	3.41	0.20	3.20	1.54	0.42	9.76
2017	2018	0.94	-	\$ 0.94	4.34	0.19	4.05	1.62	0.39	11.53
2018	2019	0.86	-	\$ 0.86	3.45	0.17	3.56	1.55	0.36	9.95

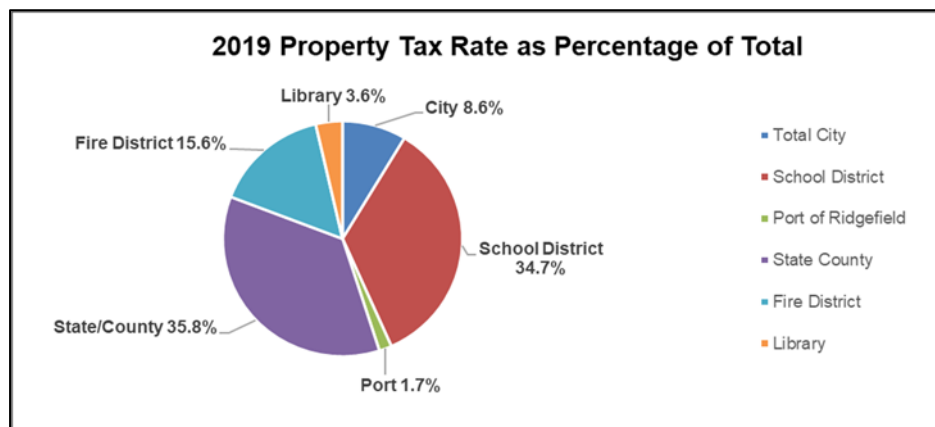
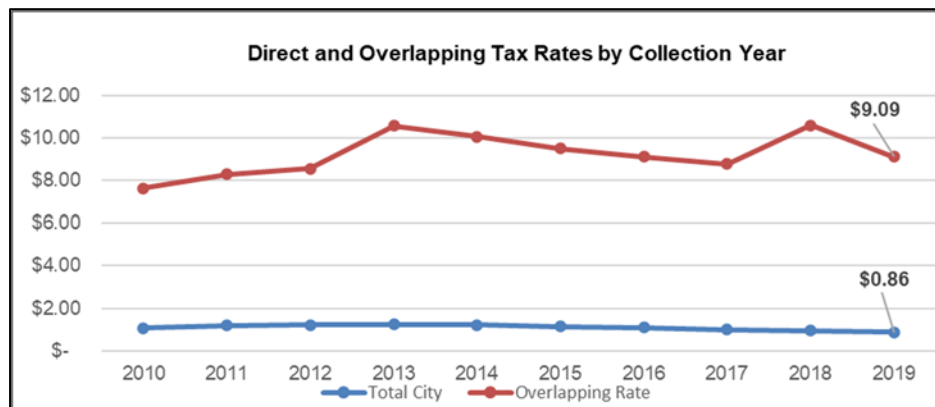
Diking and Mosquito Districts are not included

Source: Clark County Assessor's Office

Notes: All levies expressed in dollars per \$1,000 assessed value

County levy includes Conservation Futures

Overlapping rates are those of local and county governments that apply to property owners within the City of Ridgefield



CITY OF RIDGEFIELD, WASHINGTON
Revenue Capacity

City of Ridgefield, Washington
Principal Property Taxpayers
Current Year and Ten Years Ago

2019						2010					
			Assessed Valuation	Percentage of Top Ten	Percentage of Total				Assessed Valuation	Percentage of Top Ten	Percentage of Total
Taxpayer	Rank					Taxpayer	Rank				
Dollar Tree Distribution, Inc.	1	\$	32,530,173	19.99%	2.22%	Dollar Tree Distribution, Inc	1	\$	33,398,300	26.01%	4.93%
Lennar Northwest, Inc.	2		26,844,214	16.50%	1.83%	United Natural Foods, Inc.	2		16,434,100	12.80%	2.43%
United Natural Foods, Inc.	3		21,274,095	13.07%	1.45%	DPMC, LLC	3		15,589,500	12.14%	2.30%
RidgefieldHQ, LLC	4		20,924,305	12.86%	1.43%	Pacific Detroit Realty, LLC	4		15,551,900	12.11%	2.30%
Peacehealth	5		15,164,468	9.32%	1.04%	Ridgefield HQ, LLC	5		11,839,100	9.22%	1.75%
KMR Real Estate Management, LLC	6		9,432,900	5.80%	0.64%	PDM Modling/Bonar	6		9,630,250	7.50%	1.42%
Masons Supply Company	7		9,409,551	5.78%	0.64%	Pioneer Estates, LLC	7		6,776,700	5.28%	1.00%
Elkhart Plastics, Inc.	8		9,367,200	5.76%	0.64%	TRI Mountain, LLC	8		6,628,200	5.16%	0.98%
Pacific Lifestyle Homes, Inc.	9		9,185,512	5.64%	0.63%	Corwin Beverage Company	9		6,329,385	4.93%	0.93%
Summerplace Homes, Inc.	10		8,605,343	5.29%	0.59%	First Security Bank	10		6,232,500	4.85%	0.92%
Total of top ten taxpayers		\$	162,737,761	100.00%	11.12%	Total of top ten taxpayers		\$	128,409,935	100.00%	18.97%
Total Taxable Assessed Value		\$	1,463,452,195			Total Taxable Assessed Value		\$	677,079,521		

Source: Clark County Assessor's Office

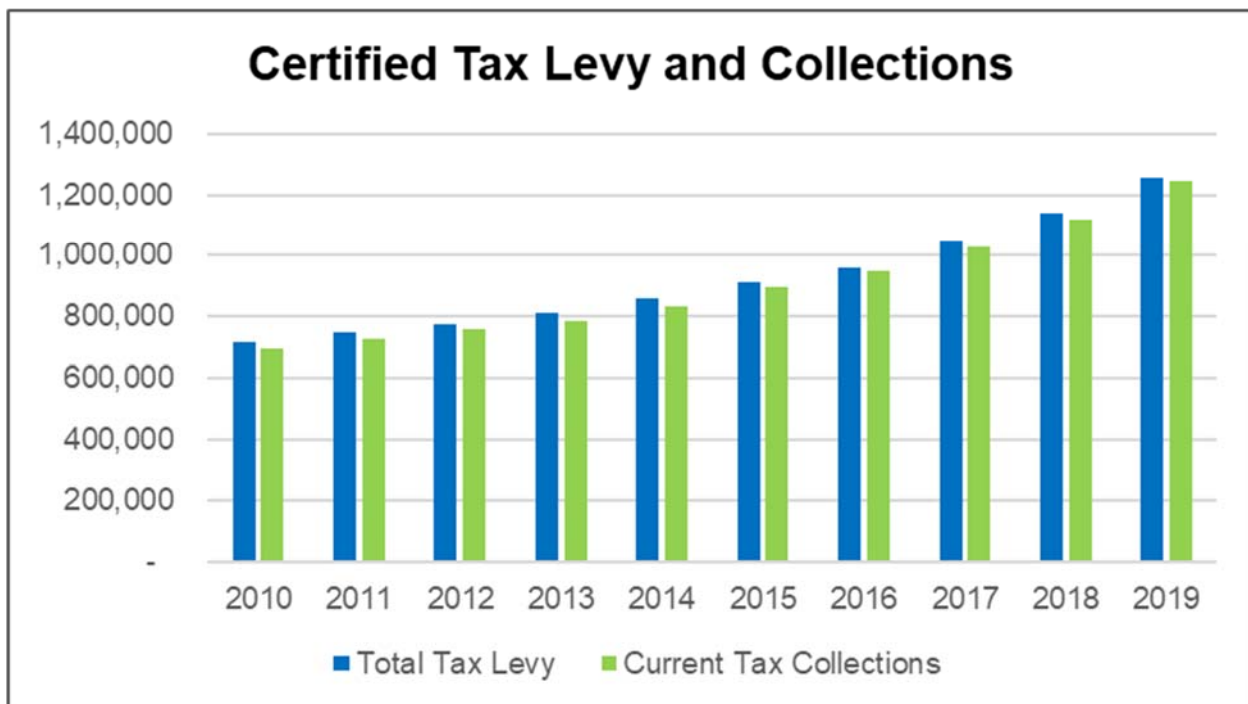
CITY OF RIDGEFIELD, WASHINGTON
Revenue Capacity

City of Ridgefield, Washington
 Property Tax Levies and Collections
 Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Collections in Subsequent Years	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2010	719,331	697,401	96.95%	21,408	718,810	99.93%	521	0.07%
2011	751,596	727,996	96.86%	23,493	751,489	99.99%	107	0.01%
2012	776,958	759,622	97.77%	17,283	776,905	99.99%	53	0.01%
2013	810,886	787,658	97.14%	23,166	810,824	99.99%	62	0.01%
2014	862,535	835,087	96.82%	27,386	862,473	99.99%	61	0.01%
2015	914,806	896,340	97.98%	18,466	914,806	100.00%	-	0.00%
2016	960,587	948,706	98.76%	11,702	960,408	99.98%	179	0.02%
2017	1,052,384	1,029,874	97.86%	21,717	1,051,591	99.92%	793	0.08%
2018	1,139,742	1,117,839	98.08%	17,735	1,135,574	99.63%	4,168	0.37%
2019	1,254,512	1,244,413	99.19%	-	1,244,413	99.19%	10,099	0.81%

Basis for property tax rates is per \$1,000 of assessed valuation

Source: Clark County Assessor's Office



CITY OF RIDGEFIELD, WASHINGTON
Debt Capacity

City of Ridgefield, Washington
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

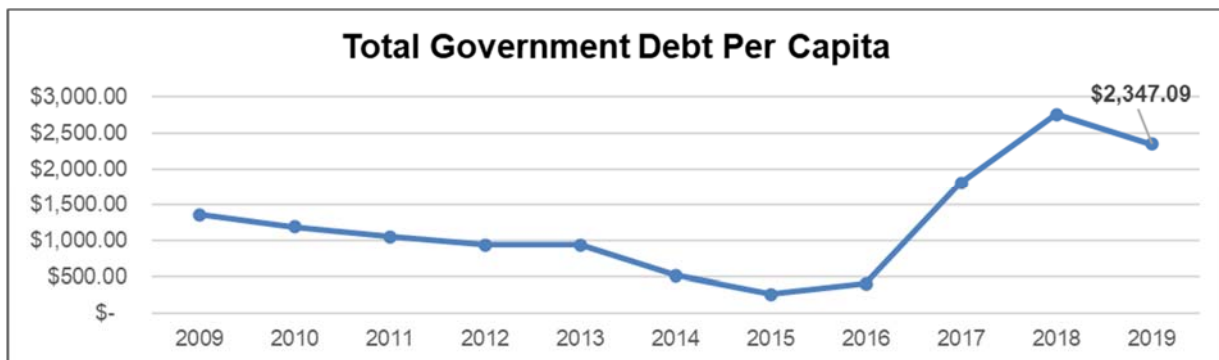
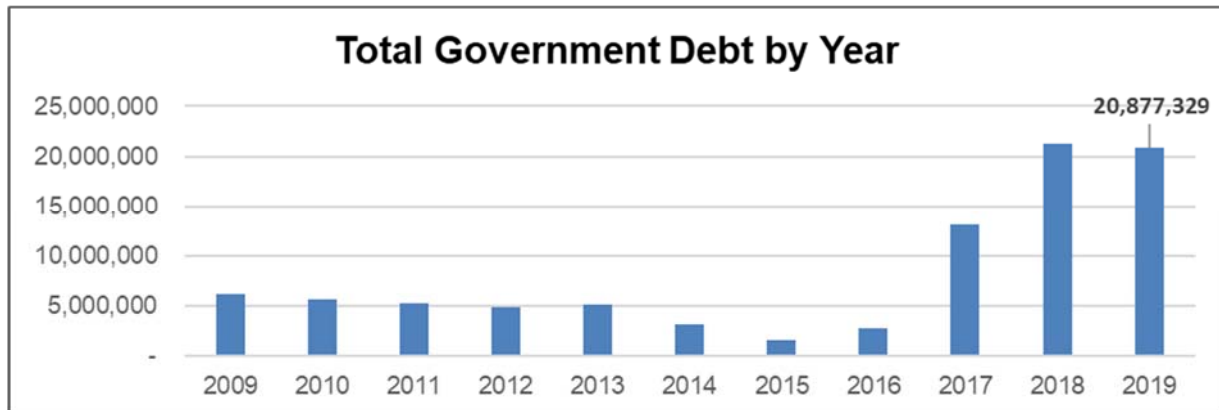
Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	* Total City Personal Income	Per Capita (2)
	General Obligation Bonds	Government Loans	Capital Leases	Water/Sewer Revenue Bonds	Government Loans	Capital Leases				
2009	-	-	13,250	2,460,000	3,706,811	-	6,180,061	3.65%	\$ 169,525,584	\$ 1,357.66
2010	-	-	-	2,325,000	3,317,086	-	5,642,086	3.18%	\$ 177,559,877	\$ 1,184.57
2011	-	-	-	2,180,000	3,060,875	-	5,240,875	2.70%	\$ 194,129,475	\$ 1,053.44
2012	-	-	-	2,035,000	2,832,140	-	4,867,140	2.26%	\$ 215,595,010	\$ 934.19
2013	-	-	-	1,880,000	3,304,820	-	5,184,820	2.27%	\$ 228,664,710	\$ 935.04
2014	-	-	-	1,720,000	1,431,244	-	3,151,244	1.19%	\$ 264,333,000	\$ 522.16
2015	-	92,030	-	1,555,000	-	-	1,647,030	0.55%	\$ 298,009,600	\$ 257.35
2016	-	92,030	-	-	2,716,914	-	2,808,944	0.88%	\$ 319,894,680	\$ 408.87
2017	9,991,682	76,303	-	-	3,005,637	-	13,073,622	3.71%	\$ 352,286,620	\$ 1,807.00
2018	17,062,094	57,895	1,322,912	-	2,847,446	-	21,290,347	5.44%	\$ 391,152,030	\$ 2,763.19
2019	16,829,987	39,048	1,279,326	-	2,689,255	39,713	20,877,329	4.39%	\$ 475,197,585	\$ 2,347.09

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements

(1) Personal income was calculated by multiplying the County's per capita income by the City's population

(2) See the Schedule of Demographic and Economic Statistics on page 115 for County per capita and population data

* County per capita information was not released prior to preparation of the 2019 Financial Statements. 2018 per capita personal income was used.



CITY OF RIDGEFIELD, WASHINGTON
Debt Capacity

City of Ridgefield, Washington
 Ratios of General Bonded Debt Outstanding
 Last Ten Fiscal Years

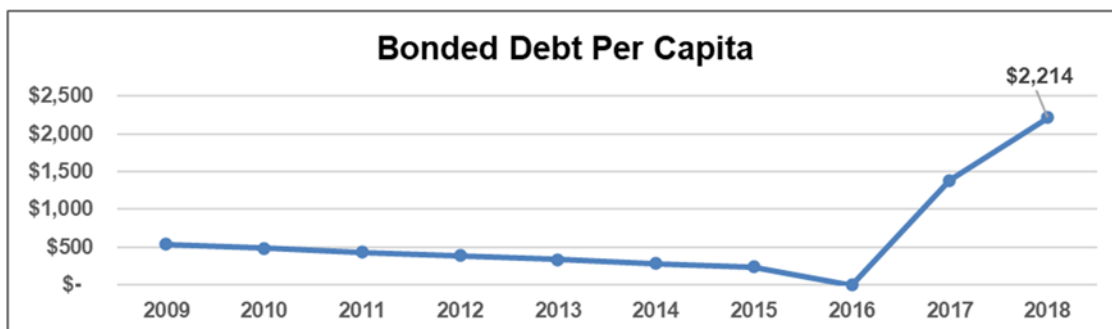
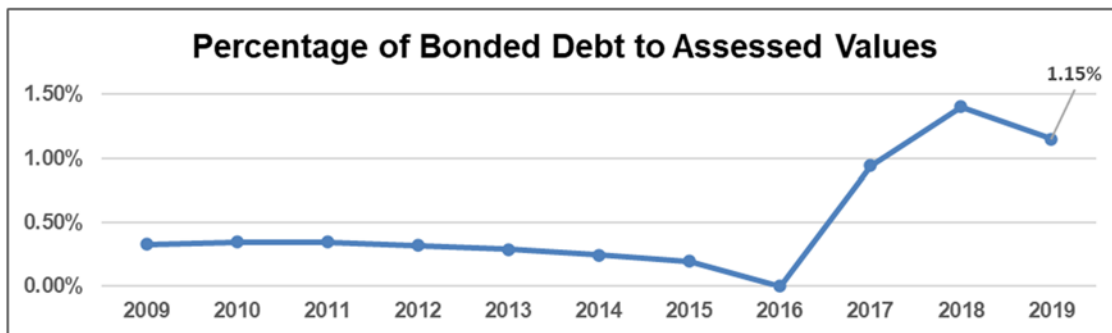
Fiscal Year	Assessed Value (1)	General Obligation Bonds	Less: Amounts Available for Debt Service	Net Bonded Debt	Percentage of Bonded Debt to Assessed Values	Per Capita (3)
2009	753,292,755	\$ 2,460,000	\$ -	2,460,000	0.33%	\$ 540
2010	677,079,521	\$ 2,325,000	\$ -	2,325,000	0.34%	\$ 488
2011	630,256,002	\$ 2,180,000	\$ -	2,180,000	0.35%	\$ 438
2012	639,677,608	\$ 2,035,000	\$ -	2,035,000	0.32%	\$ 391
2013	655,058,366	\$ 1,880,000	\$ -	1,880,000	0.29%	\$ 339
2014	707,009,098	\$ 1,720,000	\$ -	1,720,000	0.24%	\$ 285
2015	799,996,361	\$ 1,555,000	\$ -	1,555,000	0.19%	\$ 243
2016	890,239,033	\$ -	\$ -	-	0.00%	\$ -
2017	1,062,451,903	\$ 9,991,682	\$ -	9,991,682	0.94%	\$ 1,381
2018	1,216,398,789	\$ 17,062,094	\$ 20,225	17,041,869	1.40%	\$ 2,212
2019	1,463,452,195	\$ 16,829,987	\$ 20,224	16,809,763	1.15%	\$ 1,890

(1) Source: Clark County Assessor's Office

(2) See the Schedule of Actual Assessed Value of Taxable Property on page 107 for property value data

(3) Population data can be found in the Schedule of Demographic and Economic Statistics on page 115

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements



CITY OF RIDGEFIELD, WASHINGTON
Debt Capacity

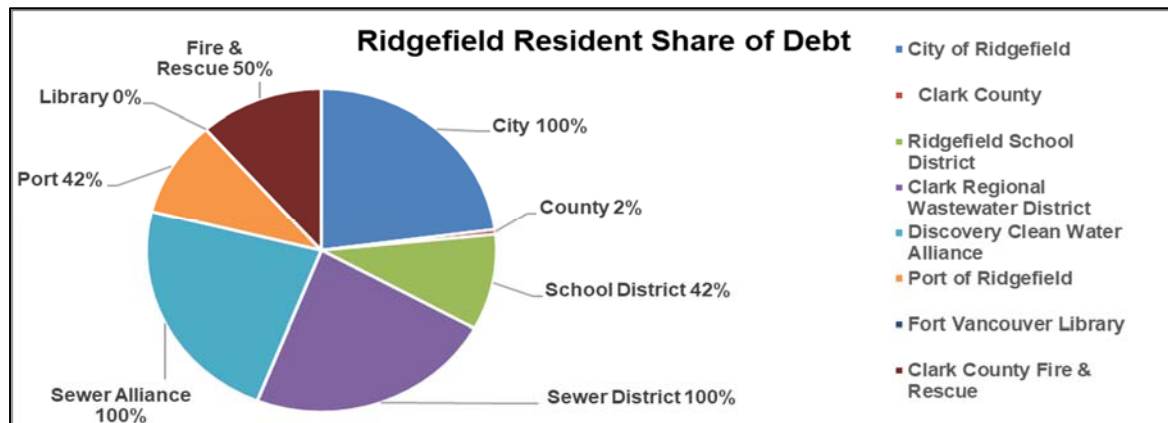
City of Ridgefield, Washington
 Direct and Overlapping Governmental Activities Debt
 December 31, 2019

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Direct:			
City of Ridgefield	18,148,361	100%	18,148,361
Overlapping:			
Clark County	90,783,584	2%	1,929,656
Ridgefield School District	105,165,261	42%	44,169,410
Clark Regional Wastewater District	7,527,376	100%	7,527,376
Discovery Clean Water Alliance	529,828	100%	529,828
Port of Ridgefield	5,004,937	42%	2,102,074
Fort Vancouver Library	23,468,705	0%	-
Clark County Fire & Rescue	-	50%	-
Subtotal, overlapping debt	232,479,691		56,258,343
Total direct and overlapping debt	250,628,052		74,406,704

Source: Clark County Treasurer's Office
 Clark Regional Wastewater District
 Discovery Clean Water Alliance
 City of Ridgefield Finance Department

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Ridgefield. This process recognizes that, when considering the City's ability to issue and re-pay long term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the jurisdiction taxable value that is within the City's boundaries and dividing it by the jurisdiction's total taxable assessed value.



CITY OF RIDGEFIELD, WASHINGTON

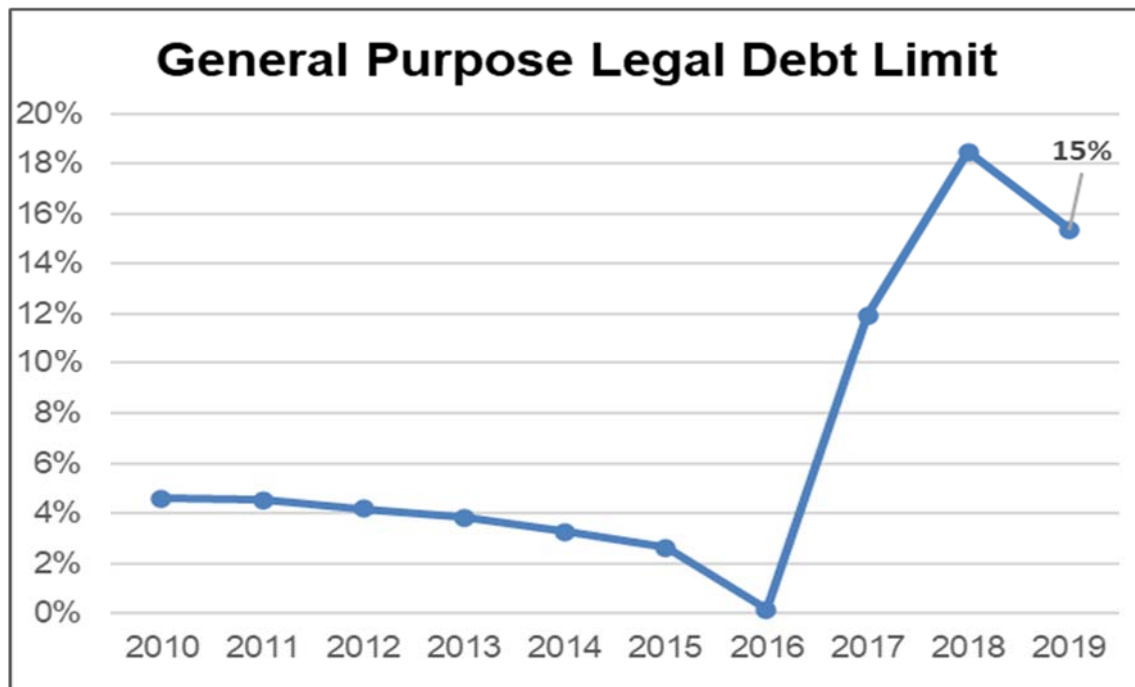
Debt Capacity

City of Ridgefield, Washington
Legal Debt Margin Information
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 50,780,964	\$ 47,269,200	\$ 47,975,821	\$ 49,129,377	\$ 53,025,682	\$ 59,999,727	\$ 66,767,927	\$ 79,683,893	\$ 91,229,909	\$ 109,758,915
Total net debt applicable to limit	2,325,000	2,143,837	2,002,747	1,881,994	1,734,381	1,567,797	92,030	9,531,302	16,848,811	16,848,811
Legal debt margin	48,455,964	45,125,363	45,973,074	47,247,383	51,291,301	58,431,930	66,675,897	70,152,591	74,381,098	92,910,104
Total net debt applicable to the limit as a percentage of debt limit	5%	5%	4%	4%	3%	3%	0%	12%	18%	15%

Legal Debt Margin Calculation for Fiscal Year 2019	
Assessed Value	1,463,452,195
Debt limit (7.5% of total assessed value)	109,758,915
Debt applicable to limit:	
General obligation bonds	16,829,987
Less: Amount set aside for repayment of general obligation debt	20,224
Notes	39,048
Total net debt applicable to limit	16,848,811
Legal Debt Margin	92,910,104

Note: The City of Ridgefield is authorized to issue debt pursuant to the Acts of the State of Washington. With voter approval the City can issue debt up to 2.5 percent of the assessed valuation of taxable property within the City. Without a vote, the City can incur debt up to an amount equal to 1.5 percent of the assessed valuation. Further, voted indebtedness is permitted for water, artificial lights, and sewerage up to 2.5 percent of assessed valuation, with an additional 2.5 percent available for acquiring open space for park facilities. The combination of unlimited tax (vote) and limited tax (non-voted) general obligation debt for all purposes cannot exceed 7.5 percent of assessed valuation.



CITY OF RIDGEFIELD, WASHINGTON
Demographic and Economic Information

City of Ridgefield, Washington
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Fiscal Year	Population (1)	Available at County level only			School Enrollment (3)	Total Housing Units (1)	West Region Consumer Price Index (4)
		Per Capita Personal Income (2)	Clark County Median Age (6)	Clark County Unemployment Rate (5)			
2010	4,763	37,279	36.20	12.9%	2,138	1,695	221.2
2011	4,975	39,021	36.50	11.7%	2,224	1,779	227.5
2012	5,210	41,381	36.80	9.4%	2,172	1,857	232.4
2013	5,545	41,238	37.00	8.5%	2,189	1,933	235.8
2014	6,035	43,800	37.20	7.0%	2,330	2,138	240.2
2015	6,400	46,564	37.40	6.5%	2,498	2,248	243.0
2016	6,870	48,692	37.80	6.0%	2,806	2,406	247.7
2017	7,235	50,766	38.00	5.1%	3,062	2,521	254.7
2018	7,705	53,423	38.20	4.8%	3,230	2,698	263.3
2019	8,895	-	-	5.0%	3,502	3,074	272.6

2019 Per Capita Personal Income was not released prior to preparation of the 2019 Financial Statements

2019 Median Age for Clark County was not released prior to preparation of the 2019 Financial Statements

(1) Source: Washington State Office of Financial Management

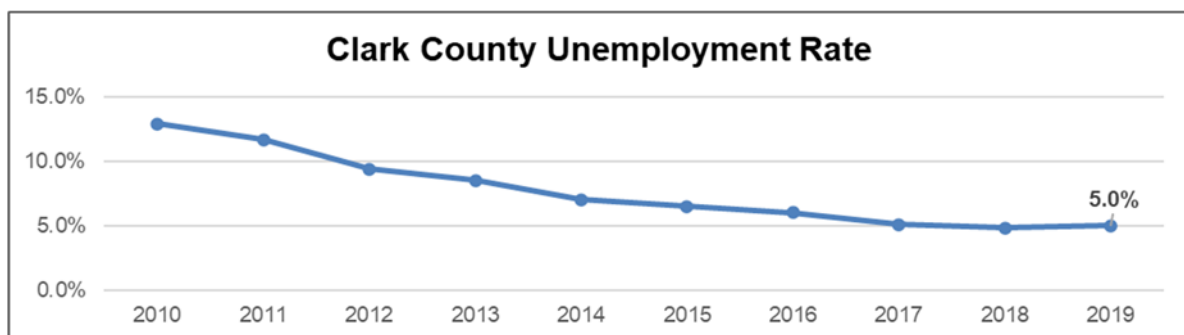
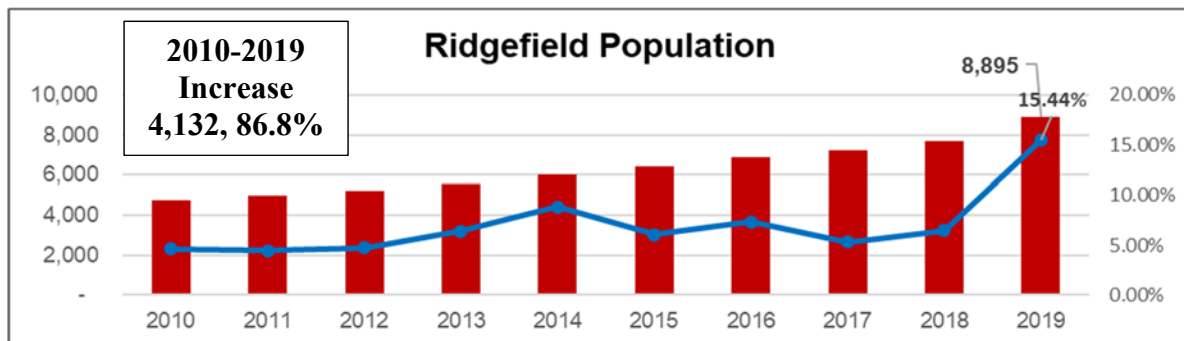
(2) Source: U.S. Department of Commerce, Bureau of Economic Analysis

(3) Source: Office of Superintendent of Public Instruction

(4) Source: Bureau of Labor Statistics

(5) Source: Washington State Employment Security Department

(6) Source: United States Census Bureau



CITY OF RIDGEFIELD, WASHINGTON
Demographic and Economic Information

City of Ridgefield, Washington
Principal Employers
Current Year and Eight Years Ago

2019				2011			
Employer	Employees	Rank	Percentage of Employment	Employer	Employees	Rank	Percentage of Employment
United Natural Foods West, Inc.	350	1	18.22%	Ridgefield School District	415	1	42.35%
Ridgefield School District	346	2	18.01%	Pacific Power Group, LLC	225	2	22.96%
Dollar Tree Distribution, Inc.	206	3	10.72%	United Natural Foods West, Inc.	194	3	19.80%
Church & Dwight Co., Inc.	200	4	10.41%	Corwin Beverage Co.	115	4	11.73%
Pacific Crest Building Supply, Inc.	171	5	8.90%	City of Ridgefield	31	5	3.16%
Crave Distribution, LLC	150	6	7.81%	-	-	-	-
Corwin Beverage Co.	150	6	7.81%	-	-	-	-
Elkhart Plastics, Inc.	110	8	5.73%	-	-	-	-
Gordon Truck Centers, Inc.	88	9	4.58%	-	-	-	-
Rosauers Supermarkets, Inc.	75	10	3.90%	-	-	-	-
Pacific North Recovery Center, LLC	75	10	3.90%				
Total	1,921		100.00%		980		100.00%
Total Ridgefield Employees		2,508					

Source: Department of Revenue Business Licensing Services

City of Ridgefield Finance Department

Historical data prior to 2011 is not available.

The City began tracking FTE data at the end of 2014

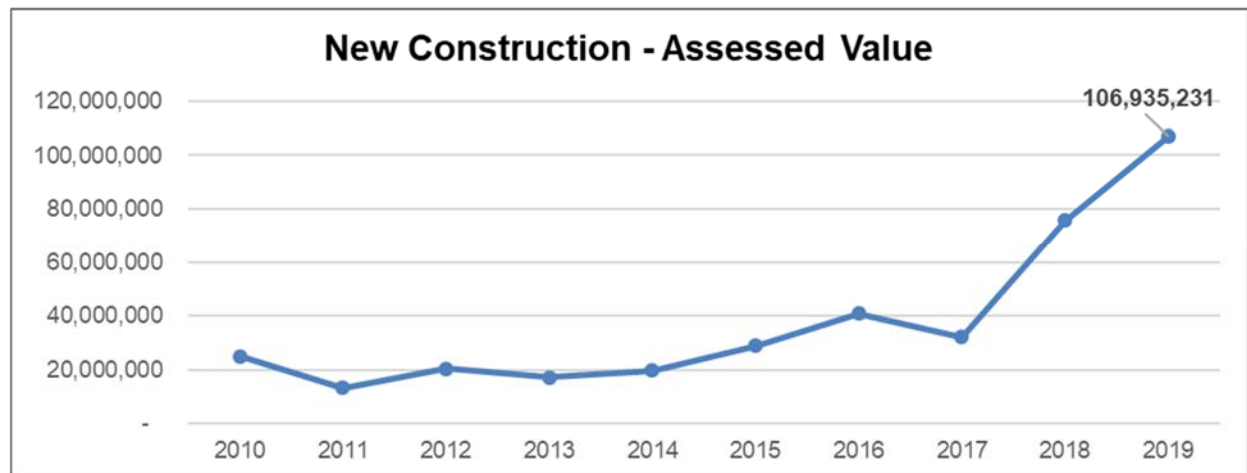
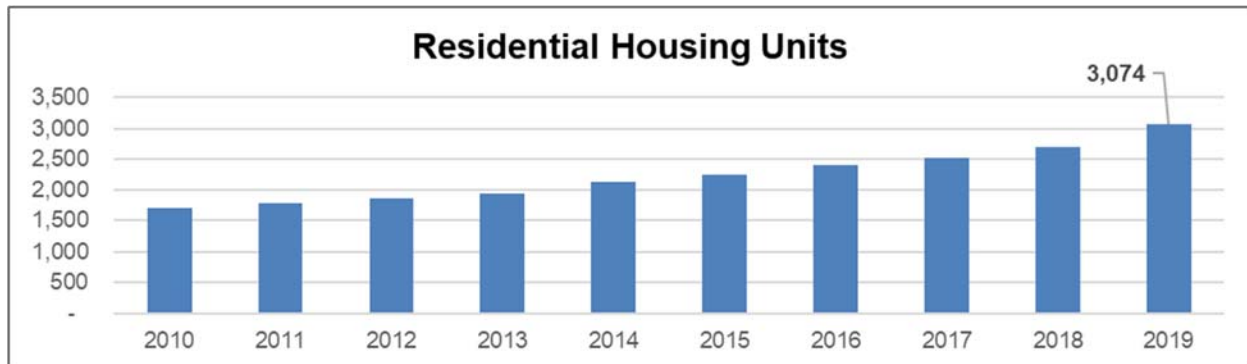
CITY OF RIDGEFIELD, WASHINGTON
Demographic and Economic Information

City of Ridgefield, Washington
 Property Value and New Construction
 Last Ten Fiscal Years

Fiscal Year	Population (1)	Residential Housing New Units (1)	Construction (2)	Assessed Property Value (2)	Percentage of New Construction / Total Assessed Value
2010	4,763	1,695	24,924,100	677,079,521	3.68%
2011	4,975	1,779	13,328,631	630,256,002	2.11%
2012	5,210	1,857	20,338,583	639,677,608	3.18%
2013	5,545	1,933	17,183,667	655,058,366	2.62%
2014	6,035	2,138	19,767,481	707,009,098	2.80%
2015	6,400	2,248	28,873,444	799,996,361	3.61%
2016	6,870	2,406	40,770,111	890,239,033	4.58%
2017	7,235	2,521	32,136,747	1,062,451,903	3.02%
2018	7,705	2,698	75,688,703	1,216,398,789	6.22%
2019	8,895	3,074	106,935,231	1,463,452,195	7.31%

(1) Source: Washington State Office of Financial Management

(2) Source: Clark County Assessor's Office

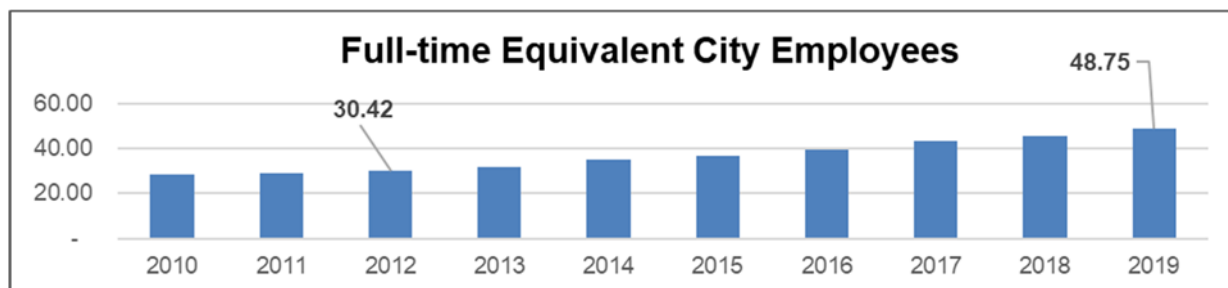
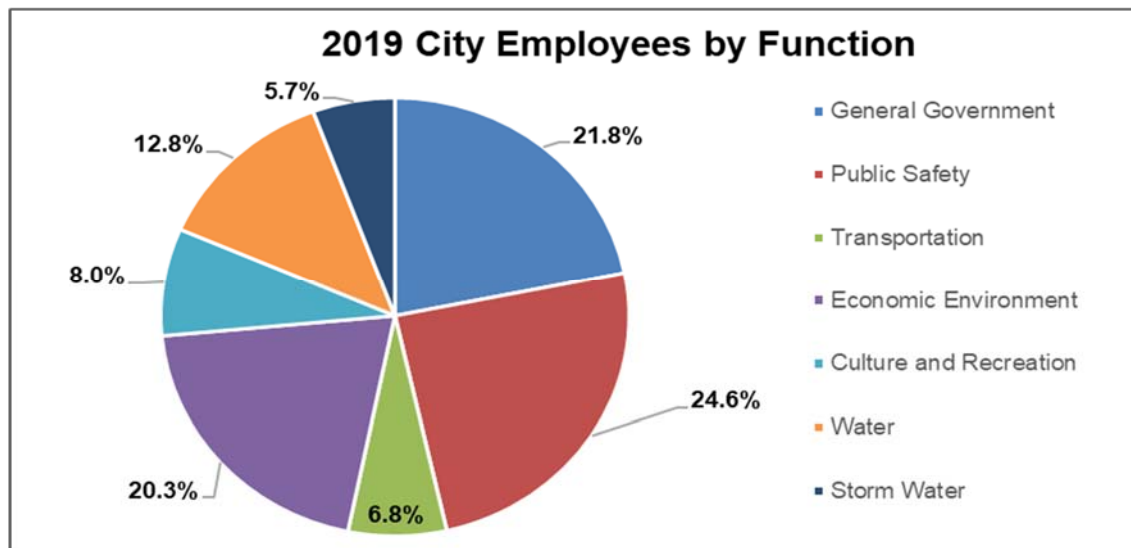


CITY OF RIDGEFIELD, WASHINGTON
Operating Information

City of Ridgefield, Washington
 Full-Time Equivalent City Government Employees by Function
 Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Executive	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Admin	3.00	3.00	4.00	4.00	3.45	3.45	3.70	2.70	2.70	3.70
Human Resources	-	-	-	-	1.35	1.35	1.30	1.30	1.30	1.30
Finance	3.00	3.00	2.00	2.50	3.00	3.00	3.00	3.05	3.30	3.30
Community Development	1.10	1.10	1.75	2.05	2.25	4.25	4.25	7.45	9.52	9.90
Public Safety	8.33	8.50	9.00	9.00	10.00	10.00	11.00	11.00	12.00	12.00
Public Works										
General Gov/Facilities	0.75	0.88	0.45	0.47	0.54	0.54	0.92	1.04	1.02	1.07
Streets	1.12	1.30	1.43	1.51	1.76	1.76	2.41	2.46	2.55	3.31
Cemetery	0.32	0.29	0.32	0.34	0.60	0.60	0.24	0.22	0.22	0.27
Parks	1.65	1.60	2.26	2.34	3.19	3.19	3.21	3.26	3.16	3.89
Water	3.50	3.50	3.55	3.63	3.90	3.90	3.94	5.06	6.34	6.24
Sewer	4.30	4.10	3.75	3.83	1.80	1.80	2.39	2.39	0.05	-
Stormwater	0.60	0.57	0.91	0.95	2.06	2.06	2.14	2.57	2.59	2.77
Total	28.67	28.84	30.42	31.62	34.90	36.90	39.50	43.50	45.75	48.75

Source: City of Ridgefield Finance Department



CITY OF RIDGEFIELD, WASHINGTON
Operating Information

City of Ridgefield, Washington
 Operating Indicators by Function
 Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Physical arrests	-	192	173	194	172	156	72	200	131	97
Traffic violations	-	611	657	605	550	391	389	509	615	472
Highways and streets										
Street resurfacing (linear feet)	-	-	-	8,410	9,575	-	-	4,450	3,652	10,516
Water										
Number of service connections	1,604	1,727	1,845	1,984	2,109	2,267	2,612	2,834	3,165	3,418
Water main breaks	2	2	3	1	-	2	-	-	1	-
Average daily consumption (millions of gallons)	.492 MGD	.493 MGD	.506 MGD	.529 MGD	.418 MGD	.649 MGD	.654 MGD	0.796 MGD	0.842 MGD	0.850
Stormwater										
Number of drainage accounts	1,706	1,830	1,948	2,088	2,224	2,385	2,742	2,962	3,284	3,482
Ditch maintenance (linear feet cleaned)	-	-	-	-	-	-	-	8,734	7,750	2,549
Catch basins cleaned	-	-	-	-	-	-	-	300	508	512
Catch basins inspected	-	-	-	-	-	-	-	300	508	1,151
Culverts/pipes cleaned	-	-	-	-	-	-	-	15	17	5

Source: Various City of Ridgefield Departments

The City converted to GASB 34 in 2005

Historical data for police functions prior to 2011 is not available

Historical data for highways and streets prior to 2013 is not available

Historical data for Stormwater maintenance prior to 2017 is not available

CITY OF RIDGEFIELD, WASHINGTON
Operating Information

City of Ridgefield, Washington
 Capital Asset Statistics by Function
 Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	8	8	8	9	10	10	11	11
Highways and streets										
Street (miles)	37	38	39	39	40	40	42	42	47	49
Sidewalks (miles)	-	-	-	-	-	-	33	39	47	52
Streetslights	619	671	692	700	731	773	887	887	1,048	1,234
Traffic signals	-	-	-	-	-	-	-	-	1	1
Culture and recreation										
Trails (miles)	4	5	5	5	5	5	5	6	7	7
Park acreage	152	154	154	154	155	142	151	160	160	160
Water										
Water mains (miles)	39	40	40	41	42	43	46	46	49	53
Fire hydrants	208	218	223	225	241	246	262	262	297	327
Maximum daily capacity (millions of gallons)	1,090	1,090	1,035	1,035	1,035	1,035	1,425	2,001	2,001	2,001
Stormwater										
Storm sewers (miles)	15	16	16	16	16	17	19	19	22	26
Stormwater facilities	23	23	23	23	24	24	24	30	30	36

Source: Various City of Ridgefield Departments