



COMPREHENSIVE ANNUAL FINANCIAL REPORT
City of Ridgefield, Washington
Year Ended December 31, 2020

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CITY OF RIDGEFIELD, WASHINGTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended December 31, 2020



**Prepared by the Finance Department
230 Pioneer Street
Ridgefield, Washington 98642**

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May 12, 2021

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 for the fiscal year ended December 31, 2020. 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, 2020, 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.

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. Ridgefield is located in North Clark County approximately seven miles North of Vancouver. Ridgefield borders the Ridgefield National Wildlife Refuge and is a rural city of 9,770 residents. The city offers multiple recreational opportunities with over eight miles of trails and 160 acres of park land and access to Lake River for kayaking and boating. Over the past ten years Ridgefield has been the fastest growing city in Washington State. The city offers multiple City led

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events for the community throughout the year such as the Big Paddle, one of the largest fourth of July celebrations in Southwest Washington and a Hometown Celebration and Christmas tree lighting.

The City 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 and Budget Procedures under State Law

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 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 when they are earned, 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 financial system of the City incorporates a system of financial and administrative controls that ensure the safeguarding of assets and the reliability of financial reports. Consequently, controls are designed to provide reasonable assurance that transactions are executed in accordance with GAAP. Legal budget authorization is at the fund level. In addition, these controls ensure that accountability over assets and obligations exists, and that sufficient reporting and review exist to provide adequate information for analysis and comparability of data. The notes to the financial statements (found immediately following the Basic Financial Statements) provide

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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, 2020, approximately \$15 million cash on hand, \$678 thousand invested in municipal bonds, \$8.9 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.
- 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.
- Procurement policies establishing guidelines for purchasing of goods and contracting for professional service and public works projects.

Management and Structural Changes: The City continues to increase staffing through a thoughtful and measured planning process. The City completed an update to their 2017 six-year business plan in 2019 to help assist Department Directors in planning for staffing needs to maintain core services. 2020 began with a plan to increase full-time equivalent (FTE) positions by 4 positions. The City was able to fill three of the four positions. The fourth position, a police clerk, was postponed to 2021 as the new public safety facility construction was postponed by one-year. In 2010 the City had 6.02 employees per one thousand residents and in 2020 staffing was 5.54 employees per one thousand residents.

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:

2020 began with signs of slowing economic growth nationwide and in March the Governor issued an emergency declaration due to the Covid-19 public health crisis. Ridgefield issued their own emergency declaration on March 26, 2020 to address the issues surrounding the impacts here locally. The City along

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with many other state and local entities are seeing a reduction in revenue sources as a result of the pandemic.

To guard against the possibility of a slowdown, Council has proactively implemented reserve policies that exceed national best practice benchmarks to set aside funding in the event of a continued downturn in the economy. General Fund reserves are set at 10% of prior year operating revenues and 60 days of operating expense. The total operating reserves are approximately 32% of budgeted General Fund operating expense. 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 of Ridgefield has been the fastest growing city by percentage, in Washington since the last census was conducted in 2010. There are many reasons for the tremendous growth the City has experienced, including the location in the Portland-Vancouver Metropolitan Area, and the availability of infrastructure to support the growth along the Discovery Corridor in North Clark County. The City of Ridgefield is planning for continued growth over the next several years. The past two years have seen balanced development between residential and commercial construction. As a result, the City is able to offer high quality life, work and play options. The City Council has approved the use of capital reserves to add much needed infrastructure improvements to transportation, parks and trails, water distribution and storm water drainage infrastructure. In partnership with Clark Regional Wastewater District and the Discovery Clean Water Alliance the City has been able to develop and improve sewerage infrastructure as well that supports the growth in North County.

Due to the continued residential, job, commercial, and infrastructure development, the City is projecting an increase in property tax base and additional ongoing sales and use tax revenues. The City realized the highest remittance of retail sales and use tax in the fourth quarter of 2020 in history. Staff is confident this will help set the City of Ridgefield up on a sustainable financial foundation for the future.

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. The investment in new software upgrades, mobile communication apps and a new website assisted the City in serving the public during the pandemic. There were no decreases in service level as staff were able to support residents virtually and offer self-management products for utility account management, permitting and communication with City staff.

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. City staff are beginning to see the transition of sales tax revenues from one-time development heavy sources to a more sustainable level, that relies on new retail establishments. Current and future development forecasts support additional retail construction over the next five years.

Council approved using CARES Act funding to assist local businesses with a Shop Local and Save program and a Small Business Stabilization Grant program. Both programs were developed to assist local business to address economic losses due to the pandemic. The City, Ridgefield Main Street and the Chamber of Commerce worked collaboratively to help businesses minimize as much as possible the direct impacts of the health crisis.

Council has already approved plans that are allowing the City to use development-related funding sources to complete much needed infrastructure improvements to address the rapid growth Ridgefield has seen since 2010. The development related funding sources are being used as leverage to apply for both state and federal grants to complete the infrastructure projects. The City applied for and received a \$5.8 million grant from the federal government for a transportation project that will assist in opening development opportunity in employment zones for the City. Design and right of way acquisition will begin in 2021 with construction beginning in 2022.

City Council approved continued emphasis on multiple projects to locate and increase additional water rights and sources to continue to offer high quality water service to the residents of Ridgefield. Additional

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projects are focused on storm water maintenance, street and multi-modal transportation projects and the outfitting of a new Public Works operations center purchased in 2020.

The strong development activity includes multiple commercial retail projects that will address both the shopping and service needs of residents and bring additional revenue to provide long-term stability for retail sales and use tax and additional property tax base.

Long-term Financial Planning:

The City has been proactive in managing their finances since the great recession and adopted strong reserve policies in 2014. In 2020 the City and local economy entered another economic downturn due in most part to the current pandemic and associated measures to address public health concerns. The following strategies were implemented and have allowed the city to remain on strong financial footing:

- Adoption of financial and reserve policies.
- Adoption of budget policies including ongoing monitoring.
- Adoption of debt issuance and investment policies.
- Implementation of an updated comprehensive growth management plan.
- Implementation of updated capital facility plans.
- Update and implementation of a six-year business plan.
- Implementation and annual update of a six-year financial sustainability model.
- Implementation and annual update of an equipment replacement financial model
- Implementation and annual update of utility rate models.
- Implementation of an ongoing LEAN culture.
- Implementation of new software programs and online permitting to add efficiencies and provide residents and developers to manage accounts and permits from the safety of their homes or offices.
- Implementation of a mobile app to allow citizens to communicate and notify the City of any issues such as potholes and street light maintenance in their neighborhoods.
- Implementation of a document management system to reduce paper and manage public records requests.

The City has worked closely with the Washington State Auditor's Office, Center for Government Innovation, to implement several LEAN projects. Staff have embraced the LEAN culture and continue to recommend improvements throughout the organization. As a result of these efforts staff have been able to maintain high quality service levels with the continued growth by recommending less expensive alternatives and process efficiencies. Several financial and payroll related processes have been changed to electronic workflows, reducing labor time, paper and supplies. Online platforms were added to allow utility accounts to be self-managed from the safety of the account owners home. Community Development will complete a transition to online permitting module which is scheduled to go live early in 2021 to allow residents and developers to submit online permits. Administration and Finance have completed work to add online forms and workflows to allow for 24/7 access to submit forms such as for opening and closing a utility account. Administration and Finance have completed the transition to electronic document signatures for contracts and HR related documents. Each of these efficiency upgrades were timely and allow the City to offer the same services during the health crisis while reducing the need for in person visits to conduct routine business.

Economic Development through New Infrastructure: The City of Ridgefield working with partners at both the state, federal and local level have been planning for economic growth in North Clark County for many years. Careful planning and infrastructure improvements has resulted in tremendous growth in Ridgefield since 2010. 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 Clark Regional Wastewater 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

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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 also completed drilling and outfitting of a new well in the Abrams Park well field. Additional water rights in the South West section of town have been obtained and a new well field will be constructed in the next few years. The City has partnered with Clark Public Utilities to obtain additional water rights and capacity beginning in 2021.

The City has completed multiple transportation projects on the main arterials in the City. The City was awarded a \$5.8 million federal grant to complete construction of an extension to Pioneer Street which will service the Union Ridge industrial area and the new Clark College at Boschma Farms campus. Additional acreage along the new roadway will be open for development and is anticipated to create high paying professional jobs. Design and right of way purchase will be completed in 2021 and construction will begin in 2022. The City is also beginning design of additional roundabouts and widening projects on Pioneer on the west side of the freeway and on Royle Road. Many of these projects will open up additional commercial development, service the Ridgefield Outdoor Recreation Complex, and new residential development in these areas. The Port of Ridgefield began construction on a new railroad overpass on Pioneer Street serving the waterfront area. The construction is expected to be complete in 2022 and will create development opportunities for several mixed-use projects.

In partnership with the State of Washington, Clark County, La Center and regional economic development entities the City led an infrastructure study in 2019 and 2020 to complete a needs analysis for the Discovery Corridor. The analysis identified 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 2021. 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 new roadways, widening of existing arterials, and pavement preservation projects for existing streets. Storm water projects will focus on design and shovel ready engineering plans for several storm water drainage projects in the downtown core and reconstruction of several storm water drainage treatment facilities.

Budget Presentation Award

The Government Finance Officers of the United States and Canada (GFOA) awarded the City their third Distinguished Budget Presentation Award for the 2020 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, 2019. This was the sixth 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.

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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

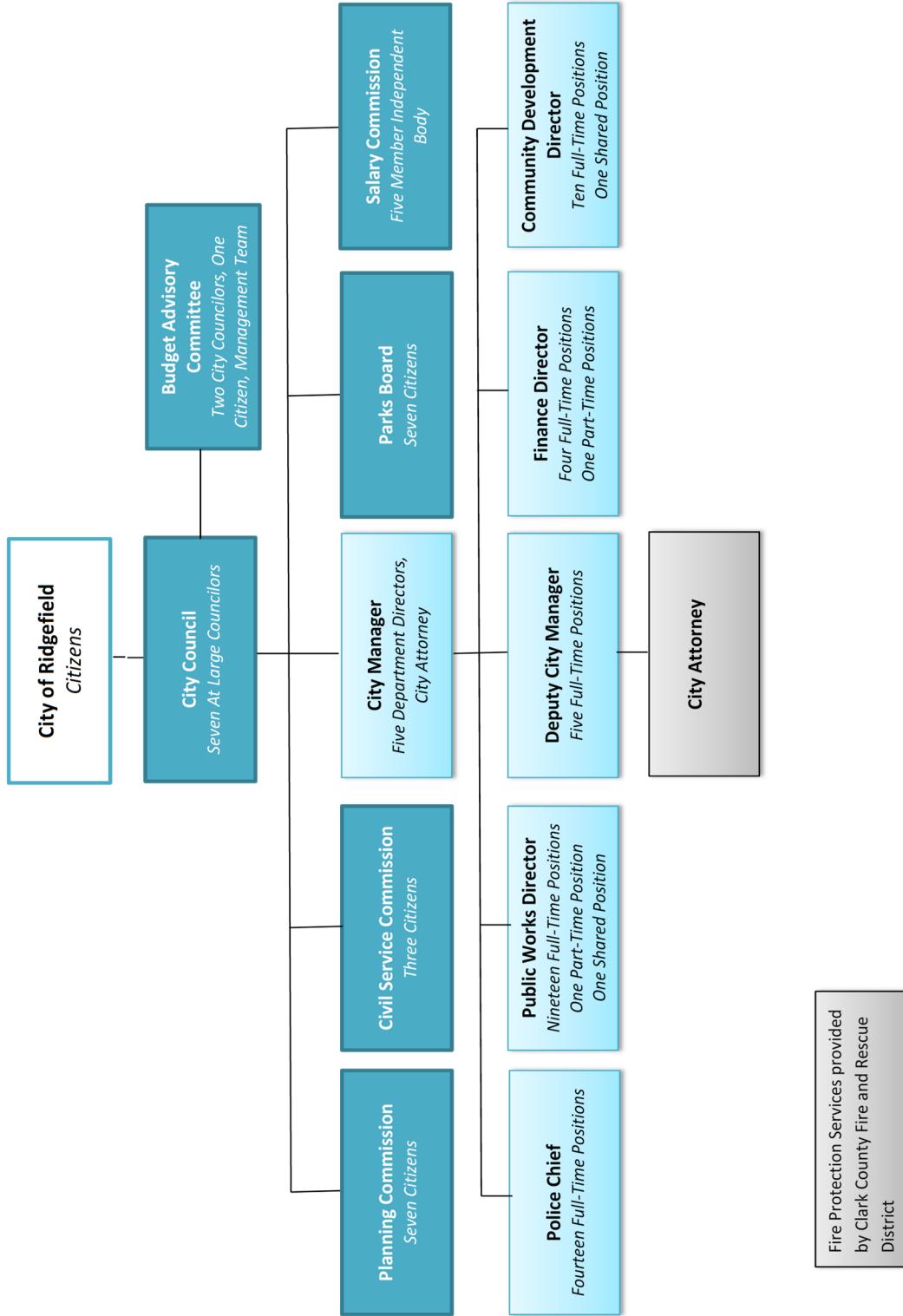
December 31, 2019

Christopher P. Morrell

Executive Director/CEO

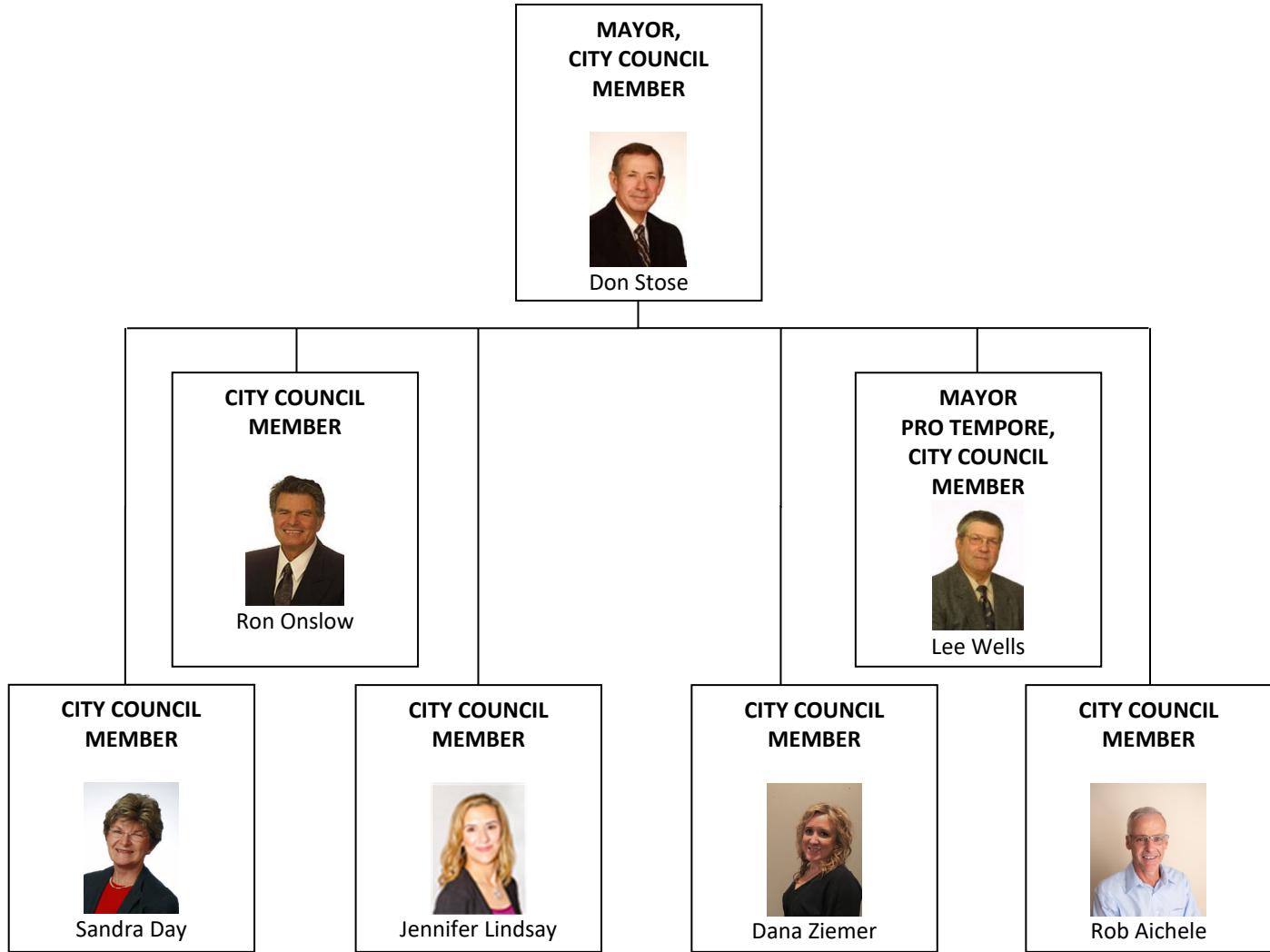
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City of Ridgefield 2021 Organizational Chart



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City of Ridgefield
List of Elected and Appointed Officials
Elected Officials



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 12, 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, 2020, 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, 2020, 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 1 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the City is unknown. 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.

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

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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 12, 2021, 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, 2020

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, 2020. 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 \$126.4 million, a \$18.4 million, 17.1 percent, increase from 2019.
- Net Investment in Capital Assets account for about 83.7 percent of net position, with a value of \$105.8 million.
- Of the remaining 16.3 percent of net position that totals \$20.6 million, approximately \$16.4 million is restricted to fund capital projects. The unrestricted net position is \$1.2 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 \$18.4 million, or \$2.5 million, 15%, higher than the overall increase from the prior year. This is primarily the results of increased capital contributions.
- The City's governmental funds reported combined ending fund balances of \$14,928,296, with \$7,571,408 restricted for capital related purposes, \$2,528,176 restricted for building permit related activities, \$5,211 restricted for public safety related activities and finally \$10,232 restricted for economic environment, \$662,745 assigned by the City to be used for specific purposes, and \$4,150,524 allocated to unassigned fund balance and not assigned for any specific purpose.
- Debt associated with governmental activities bonds, notes and loans payable increased \$3,658,845 due to the issuance of a direct placement bond of \$3.9 million offset by routine scheduled debt service payments. The liability associated with developer impact and system development charge credits had a net increase of \$1,980,045 ending the year at \$4.5 million. The impact fee liability outstanding at December 31, 2020 is associated with traffic and park impact fee 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.

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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, 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 2020, 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 2020.

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.

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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.

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 \$126,417,609. 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	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 17,165	\$ 10,055	\$ 11,523	\$ 9,353	\$ 28,688	\$ 19,408
Capital assets (Net of depr)	91,634	81,199	38,520	34,103	130,154	115,302
Total Assets	108,799	91,254	50,043	43,456	158,842	134,710
Deferred outflows of resources	457	328	408	80	865	408
Current and other liabilities	6,050	3,660	387	472	6,437	4,132
Long-Term liabilities	22,830	19,088	3,512	3,031	26,342	22,119
Total Liabilities	28,880	22,748	3,899	3,503	32,779	26,251
Deferred inflows of resources	449	749	62	123	511	872
Net Position:						
Net Investment in capital assets	69,966	63,090	35,822	31,413	105,788	94,503
Restricted	10,546	5,039	8,885	7,213	19,431	12,252
Unrestricted	(585)	(44)	1,783	1,284	1,198	1,240
Total Net Position	\$ 79,927	\$ 68,085	\$ 46,490	\$ 39,910	\$ 126,417	\$ 107,995

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The largest portion of current and other assets is cash and investments which comprised \$26.3 million at the end of 2020 compared to \$17.2 million at the end of 2019. 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 \$14.9 million. This was mainly caused by additions of capital assets through donations and contributions, new construction totaling \$17.7 million, offset with accumulated depreciation and amortization of \$2.8 million.

Governmental activities long-term liabilities had a net increase of approximately \$3.7 million due to the issuance of a direct placement bond of \$3.9 million offset by routine scheduled debt service payments and an increase of compensated absences of \$68 thousand and an increase in net pension liability of \$91 thousand. With the adoption of GASB Statement No. 83, *Certain Asset Retirement Obligations*, the long-term liabilities for the Business type activities have recorded a liability for \$495,869 for the asset retirement obligation (ARO) for decommissioning costs of six wells and one reservoir. Additionally, related to the ARO, a deferred outflow of resources of \$313,706 has also been recorded. See Note 16 for further discussion.

Investment in capital assets, less any related debt used to acquire those assets that is still outstanding, represents 83.7% of the City's net position, totaling \$105.8 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 2020, the City also had a net position of \$19.4 million or 15.4% of the total that was subject to external restrictions on how these funds can be spent. This increased over \$7.2 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 2020 statement of net position. The \$585,427 deficit is an increased deficit of \$541,880 over the deficit of \$44 thousand at the end of 2019 for the governmental activities. It is a result of an increase of \$91 thousand in net pension liabilities, and an increase of \$2.0 million in developer credits offset by increases in restricted cash, primarily related to capital activities. The business-type activities column presents \$1.8 million in unrestricted net position; this is up \$499 thousand from \$1.3 million at the end of 2019. The primary increase is due to an increase in unrestricted cash and investments.

At December 31, 2020, 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.

CITY OF RIDGEFIELD, WASHINGTON
Management's Discussion and Analysis
Year Ended December 31, 2020

Statement of Activities

The City's total Net Position increased by \$18.4 million, ending at \$126,417,609. 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					
	2020	Restated *	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 8,897	\$ 9,890	\$ 3,135	\$ 2,617	\$ 12,032	\$ 12,507
Operating grants/contributions	149	227	38	-	187	227
Capital grants/contributions	11,302	7,409	6,490	6,343	17,792	13,752
General revenues:						
Property taxes	1,477	1,269	-	-	1,477	1,269
Sales taxes	3,154	3,250	-	-	3,154	3,250
Utility taxes	1,344	1,168	-	-	1,344	1,168
Excise taxes	1,932	1,574	-	-	1,932	1,574
Interest income	164	111	84	168	248	279
Other revenue	714	349	-	6	714	355
Total Revenues	29,133	25,247	9,747	9,134	38,880	34,381
Expenses:						
General Government	2,527	2,097	-	-	2,527	2,097
Public Safety	1,962	1,798	-	-	1,962	1,798
Physical Environment	1,049	960	-	-	1,049	960
Transportation	1,944	1,697	-	-	1,944	1,697
Economic Environment	1,630	1,620	-	-	1,630	1,620
Education	6,268	5,041	-	-	6,268	5,041
Culture and Recreation	1,169	1,139	-	-	1,169	1,139
Interest on L-T Debt	624	601	-	-	624	601
Water	-	-	2,246	1,931	2,246	1,931
Sewer	-	-	862	779	862	779
Total Expenses	17,173	14,953	3,108	2,710	20,281	17,663
Excess (deficiency) before transfers	11,960	10,294	6,639	6,424	18,599	16,718
Transfers	(118)	(283)	118	283	-	-
Change in Net Position	11,842	10,011	6,757	6,707	18,599	16,718
Beginning Net Position	68,085	58,824	39,910	33,203	107,995	92,027
Change in Accounting Principles	-	(750)	(177)	-	(177)	(750)
Ending Net Position	\$ 79,927	\$ 68,085	\$ 46,490	\$ 39,910	\$ 126,417	\$ 107,995

*Certain amounts in 2019 have been restated to conform to current year presentation. \$133,000 in Judicial Expenses have been included with Governmental Expenses.

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Governmental Activity Analysis

Capital Grants and contributions was the largest source of revenue in 2020 accounting for 38.9% of governmental activity revenue sources. Compared to the prior year when Charges for Services represented the largest revenue source, representing 39.6% of the governmental revenue sources. The current year switch is primarily related to the developer contributions of more than \$7.6 million in contributed capital assets compared to only \$6.1 million in 2019. Charges for Services account for 30.7% of the governmental activity revenue sources. Economic Environment activity represents 90.1% of all Charges for Services Revenues. School, Transportation and Parks Impact Fees are the most significant component of the Economic Environment Charges for Services. This revenue stream is directly related to both residential and commercial construction. Impact fees grew \$2.3 million in 2020 compared to 2019. Residential construction remained strong throughout 2020. Commercial construction began at a slow pace early in 2020 and picked up in the third and fourth quarter.

All tax revenue sources reflect a \$646 thousand dollar increase over the prior year with Excise taxes accounting for 55.4% of this increase. The most significant component of the Excise tax revenue source is the Real Estate Excise Tax (REET) which increased more than \$209,000 over the prior year. REET is calculated based on the full selling price of real property, including the amount of any liens, mortgages, and other debts given to secure the purchase. The tax is due at the time of sale and is collected by the county when the documents of sale are presented for recording. From December 2019 to December 2020, the median selling price of a home in Ridgefield increased from \$411 thousand to \$428 thousand resulting in much of the increase of REET.

Despite the growth of REET, the main source of tax revenue continues comes from sales and use tax. Sales and use taxes total \$3,154,153, accounting for 39.9% of the total tax revenue, down from 44% in 2019. Sales and use tax saw a decline in 2020 directly related to impacts of COVID 19 on the economy. The leading driver of general retail sales tax remained the construction and building activities, which was slowed during the early stages of the pandemic but has been rebounding near the end of the year. In 2020, the City issued 670 Single-family residential permits, 62 commercial building permits and 996 miscellaneous permits; compared to 364 Single-family residential permits, 52 commercial building permits and 695 miscellaneous permits in 2019. Property taxes totaled \$1,477,122, up \$207,843 from 2019, and accounting for 18.7% 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 City had a \$201.4 million increase in assessed value due to new construction.

Total governmental expenses equate to \$17.2 million with 36.5% of this amount for educational expense, for the collection and remittance of school impact fees, that increased during 2020 as discussed above. 47% of expense was associated with four programs: general government, public safety, transportation, and economic environment each representing 14.7%, 11.4%, 11.5% and 9.3% respectively of the total governmental activities expense. While representing different proportions in the current year, the total of 47% was the same representation as the prior year. The governmental activities expenses increased 14.8% or \$2.2 million when compared to 2019. \$1.2 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. General government expense increased 20.5% as a result of increased salaries and benefits, including pension expense. Public safety expense increased 9.1% in 2020 when compared to 2019 due to increased salaries and benefits Transportation expenses increased 16.5% due to repairs and maintenance expenses that did not qualify for capitalization.

Business-Type Activities Analysis

Capital grants and contributions increased 2.3%, or \$147 thousand, when compared to 2019. The increase is related to donated assets from developers when compared to 2019. Of the \$6.6 million balance in 2020, 57.3% is from contributed assets. Both Water and Storm Water had significant capital contributions during 2020. 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

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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 2020 there were \$175,762 in water system development charge credits outstanding. Developer contributed assets comprise water and storm water infrastructure, such as water pipelines and storm water drainage facilities. The Business-Type Activities also received funding through the CARES Act during 2020 and considers this to be an operating grant.

Charges for services for the water and storm water drainage utility increased by just under \$518,000. This increase occurred because of a 17.8% revenue increase in the Water Utility and a 25.5% 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 2020, coupled with increased consumption.

Summary of Total Government Activities

Overall, the City's financial position improved from 2019 to 2020 with net position increasing by \$18.4 million or 17.1%. The main reasons for the increase come from increased capital grants and contributions, increased tax revenues and other revenue 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 funds, 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 Governmental Accounting Standards Board (GASB). 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 Affordable Housing fund used to collect funds from sales and use tax dedicated to addressing affordable housing for low income residents; 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 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 49.8% as a result of 2019 operations. The General Fund beginning year fund balance was \$4.9 million and ended 2020 at \$7.3 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 18%, 48%, 12% and 9%, respectively, of the total revenue. Sales and use taxes reflect a modest decrease of 3% or \$106 thousand when compared to 2019, due to the economic impacts of the COVID-19 pandemic. While overall a decrease, sales and use taxes began to rebound, as building and construction activity increased with the establishment of safety protocols in the industry. Charges for Services increased \$1.3 million or 19% compared to 2019. The contributing factor came towards the end of the year with the increase in construction activity, specifically related to impact fees. License and Permits increased \$814 thousand or 62% over 2019. This increase is directly related to an increase in building permits, both residential and commercial permits increased by 84% and 19%, respectively over the prior year. All three of these significant revenues is directly impacted by development within the City. The five largest expenditure categories are education, public safety, general government, economic environment and physical environment with each representing 45%, 14%, 14%,

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12% and 8% respectively, of total expenditures. The most significant increase in expenditures, both with respect to the amount and percentage increase is with general governmental and physical environment with a \$416 thousand or 26% and \$98 thousand or 10% increase, respectively. The increase in general governmental relates to increases with salaries and benefits while the increase in the physical environment relates to expenditures to ensure that the city facilities and office were COVID-19 compliant for safety. General Fund expenditures decreased 6% while the revenues increased 18%. Capital outlays reflected the most noticeable decrease from 2019 to 2020, decreasing by \$1.3 million or 73%. This decrease is specifically related to the lease for office space that was entered into during 2019, with no such equivalent transaction for 2020.

The Capital Projects Fund posted over \$461 thousand in total revenues, \$5.0 million in total expenses, and \$4.6 million in transfers in from other funds. Revenues from grants increased from 2019, from \$362 thousand to \$414 thousand. This is directly related to the funding and timing of expenditures to grant reimbursements. In 2019, grant revenue was received for the South 8th Ave project, the 35th Street Roundabout and the Overpass Safety screen. In 2020, grants were received for the South 3rd Ave project, the I-5 South Access planning project, the Hillhurst Overlay and finally the Cemetery fencing. Additionally, the fund received a total of \$4.6 million in transfers from other funds, up from \$1.7 million in 2019. This was a result of funding from the capital debt issuance that funded the Public Works Operation Center project.

The Net Change in Total Governmental Funds fund balance increased overall by \$6.8 million with an increase in the General Fund of \$2.4 million, an increase in the Capital Projects fund of \$117 thousand and increases in the Non-Major Governmental Funds of over \$4.2 million. Total fund balance ended at just over \$14.9 million, and out of this amount, \$10.1 million is restricted for capital projects or to make major capital purchases, public safety activities and building inspection related activities, \$663 thousand is assigned for specific purposes, such as to use for equipment repair, or vehicle replacement, and \$4.2 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 \$46.5 million. These funds had a combined operating income of \$77,796, which was an increase when compared to the operating loss in 2019. The combined operating loss in 2019 for Water and Storm Water was recorded at \$50,464. Further, when reviewed on a separate fund basis, the operating gain/loss by fund equates to a gain in the Water Fund of \$90,218, and a loss in the Storm Water Drainage Fund of \$12,422. While still a loss in 2020, the operating loss for the Storm Water Drainage Fund is an improvement of more than \$89 thousand. This is due to an increase of approximately \$173,000 in Charges for Services, due in large part to rate and new equivalent development unit (EDU) increases offset most significantly by an increase in depreciation/amortization expense. The increased expenses depreciation/amortization is due to addition of assets from donations and contributions over the last two years.

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 final budget reflects a decrease of \$168,011 or an 1.9% change from the 2020 original budget. The final 2020 budget decrease in the General Fund was primarily spread between Security/Persons and Property and Transfers out at \$205,245 and \$495,262, respectively. These decreases were offset by budgetary increases in Physical Environment and Capital Outlay of \$169,835 and \$276,761, respectively. The General Fund actual

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revenues closed the year at 175.5% of the final 2020 amended budget. The General Fund, by policy does not budget for Educational expenses which represent the payment of School Impact Fee collected during the building permit process and remitted to the Ridgefield School District. The final expenditures budget was \$8,877,773. 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 \$130,154,022 (net of accumulated depreciation). This investment in capital assets includes land, buildings, streets, wells, water reservoirs, water pipelines and storm sewer pipelines, storm water facilities, system improvements, capital leases, machinery and equipment, park facilities, trail system, and construction in progress. The total government-wide capital assets increased in 2020 by a net of \$14.9 million. 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. Infrastructure assets account for 63.4%, or \$9.4 million, of the increase. This increase is directly related to developer contributions of infrastructure assets with \$7.2 million being donated for Transportation infrastructure, \$2.8 million in Storm Water infrastructure and \$1.1 million for Water infrastructure. The increase was offset by normal depreciation.

Assets added pertain to City constructed and/or purchased assets such as the South 3rd Ave Improvements, 45th & Royle Road Improvement, Junction VFD Pumps and Kennedy Water Rights. Capital asset detail in thousands is as follows:

	Governmental Activities		Business Activities		Government Wide	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Land	\$ 8,761	\$ 6,958	\$ 374	\$ 374	\$ 9,135	\$ 7,332
Construction in Progress	1,017	1,008	724	599	1,741	1,607
Intangibles	326	337	257	259	583	596
Buildings	5,174	2,680	821	552	5,995	3,232
Equipment	1,923	1,533	1,819	1,403	3,742	2,936
Infrastructure	73,137	67,334	34,485	30,876	107,622	98,210
Intangibles Right to Use	1,296	1,348	40	40	1,336	1,388
	<u>91,634</u>	<u>\$ 81,198</u>	<u>\$ 38,520</u>	<u>\$ 34,103</u>	<u>\$ 130,154</u>	<u>\$ 115,301</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 \$23,185,886. Out of this amount, \$20,527,880 pertains to general government and \$2,658,006 pertains to the business-type activities.

The City's total debt increased by \$3,627,597 from 2019 to 2020. During 2020, the City issued \$3,935,000 in direct placement bonds to be used for capital projections for governmental activities and \$126,943 in governmental loans for business type activities. These increases were offset with normal principal reductions.

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

The City of Ridgefield has been the fastest growing city by percentage, in Washington since the last census was conducted in 2010. There are many reasons for the tremendous growth the City has experienced, including the location in the Portland-Vancouver Metropolitan Area, and the availability of infrastructure to

CITY OF RIDGEFIELD, WASHINGTON
Management's Discussion and Analysis
Year Ended December 31, 2020

support the growth along the Discovery Corridor in North Clark County. The City of Ridgefield is planning for continued growth over the next several years. The past two years have seen balanced development between residential and commercial construction. As a result, the City is able to offer high quality life, work and play options. The City Council has approved the use of capital reserves to add much needed infrastructure improvements to transportation, parks and trails, water distribution and storm water drainage infrastructure. In partnership with Clark Regional Wastewater District and the Discovery Clean Water Alliance the City has been able to develop and improve sewerage infrastructure as well that supports the growth in North County.

The City continues to focus on transportation, parks and water distribution projects to support the expected residential and commercial development over the next five years. The City expects to see the construction of a North County campus for Clark College. The Ridgefield School District will begin construction of a new elementary school. Several commercial projects including warehousing, skilled labor such as electricians, retail businesses, restaurants and office space have been proposed and are in land use planning or under construction.

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. The City realized the highest remittance of retail sales and use tax in the fourth quarter of 2020 in history. Staff are 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 was able to withstand the economic pressures of the Covid-19 pandemic in 2020 without having to dip into reserves.

The City issued Limited Tax General Obligation bonds in 2020 to fund the purchase of new property and a facility to house Public Works Operations. The City is planning to enter into a lease in 2021 to move into a new public/private facility to house our police department. Each of these moves help the City manage the growth in staffing to support Ridgefield residents. The City continues to have a strong 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. The investment in new software upgrades, mobile communication apps and a new website assisted the City in serving the public during the pandemic. There were no decreases in service level as staff were able to support residents virtually and offer self-management products for utility account management, permitting and communication with City staff.

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 RIDGEFIELD, WASHINGTON
 Statement of Net Position
 December 31, 2020

	Governmental Activities	Business-type Activities	Total Primary Government
Assets:			
Cash and Cash Equivalents	\$ 4,339,026	\$ 2,131,591	\$ 6,470,617
Receivables (Net of Allowance for Uncollectible)	1,394,164	422,090	1,816,254
Inventories	-	13,292	13,292
Restricted Assets			
Cash	10,497,991	8,623,494	19,121,485
Investments	405,993	271,587	677,580
Receivables (Net)	34,272	61,054	95,326
Capital Assets, Not Depreciated or Amortized	9,986,927	1,270,200	11,257,127
Capital Assets, Net of Depreciation or Amortization	81,647,095	37,249,800	118,896,895
Net Pension Asset	493,768	-	493,768
Total Assets	<u>108,799,236</u>	<u>50,043,108</u>	<u>158,842,344</u>
 Deferred Outflows of Resources			
Deferred Amount Related to Pensions	456,791	94,722	551,513
Deferred Amount on Asset Retirement Obligations	-	313,706	313,706
Total deferred outflows of resources	<u>456,791</u>	<u>408,428</u>	<u>865,219</u>
 Liabilities:			
Accounts Payable and Other Current Liabilities	1,439,343	183,412	1,622,755
Accrued Interest Payable	98,744	9,743	108,487
Unearned Revenues	4,511,888	194,344	4,706,232
Noncurrent Liabilities:			
Due within One Year	916,130	214,386	1,130,516
Due in More than One Year	21,107,105	2,579,061	23,686,166
Asset Retirement Obligation	-	495,869	495,869
Net Pension Liability	806,733	222,413	1,029,146
Total Liabilities	<u>28,879,943</u>	<u>3,899,228</u>	<u>32,779,171</u>
 Deferred Inflows of Resources			
Deferred amounts related to pensions	367,969	62,116	430,085
Deferred amounts related to leases	80,698	-	80,698
Total deferred inflows of resources	<u>448,667</u>	<u>62,116</u>	<u>510,783</u>
 Net Position:			
Net Investment in Capital Assets	69,966,422	35,822,691	105,789,113
Restricted for:			
Building Permit Functions	2,528,176	-	2,528,176
Public Safety	5,211	-	5,211
Pension	493,768	-	493,768
Capital	7,509,035	8,884,770	16,393,805
Other Purposes	10,232	-	10,232
Unrestricted	<u>(585,427)</u>	<u>1,782,731</u>	<u>1,197,304</u>
Total Net Position	<u>\$ 79,927,417</u>	<u>\$ 46,490,192</u>	<u>\$ 126,417,609</u>

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

CITY OF RIDGEFIELD, WASHINGTON
 Statement of Activities
 For the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT							
Governmental Activities:							
General Government	\$ 2,526,983	\$ 808,673	\$ 5,000	\$ 29,219	\$ (1,684,090)	\$ -	\$ (1,684,090)
Public Safety	1,961,563	1,492	39,655	70,000	(1,850,415)	-	(1,850,415)
Physical Environment	1,048,973	6,225	-	-	(1,042,748)	-	(1,042,748)
Transportation	1,977,909	26,497	60,100	9,677,059	7,785,747	-	7,785,747
Education	6,267,843	-	-	-	(6,267,843)	-	(6,267,843)
Economic Environment	1,596,583	8,012,036	33,529	-	6,449,041	-	6,449,041
Culture and Recreation	1,168,787	41,817	10,900	1,525,823	409,754	-	409,754
Interest on Long-Term Debt	624,068	-	-	-	(624,068)	-	(624,068)
TOTAL GOVERNMENTAL ACTIVITIES	17,172,709	8,896,801	149,184	11,302,101	3,175,378	-	3,175,378
Business Type Activities:							
Water	2,245,638	2,285,371	22,056	3,814,793	-	3,876,582	3,876,582
Storm	862,000	849,327	15,731	2,675,162	-	2,678,220	2,678,220
TOTAL BUSINESS-TYPE ACTIVITIES	3,107,638	3,134,688	37,787	6,489,955	-	6,554,802	6,554,802
Total Primary Government	\$ 20,280,347	\$ 12,031,499	\$ 186,971	\$ 17,792,056	\$ 3,175,378	\$ 6,554,802	\$ 9,730,180
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 1,477,122	\$ -	\$ -	\$ 1,477,122
Sales and Use Taxes				3,154,153	-	-	3,154,153
Utility Taxes				1,343,885	-	-	1,343,885
Excise and Other Taxes				1,932,228	-	-	1,932,228
Unrestricted Investment Earnings				163,909	83,781	247,690	247,690
Grants and Contributions not Restricted to Specific Programs				714,074	-	714,074	-
Transfers				(118,375)	118,375	-	-
Total General Revenues and Transfers				8,866,996	202,156	8,869,152	8,869,152
Change in Net Position				11,842,374	6,756,958	18,599,332	18,599,332
Net Position - Beginning				68,085,043	39,910,040	107,995,083	107,995,083
Change in Accounting Principles				-	(176,806)	(176,806)	(176,806)
Net Position - Ending				\$ 79,927,417	\$ 46,490,192	\$ 126,417,609	\$ 126,417,609

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

CITY OF RIDGEFIELD
 Governmental Funds
 Balance Sheet
 December 31, 2020

	General Fund	Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 7,675,833	\$ 388,301	\$ 6,772,883	\$ 14,837,017
Investments	-	-	405,993	405,993
Property Taxes Receivables	56,027	-	-	56,027
Accounts Receivable (net)	300,998	-	-	300,998
Interest Receivable	-	-	1,038	1,038
Lease Receivable	80,698	-	-	80,698
Due from Other Governments	819,657	110,442	59,576	989,675
Total Assets	\$ 8,933,213	\$ 498,743	\$ 7,239,490	\$ 16,671,446
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts Payable	231,085	105,354	27,540	363,979
Other Accrued Liabilities	231,327	-	20,682	252,009
Due to Other Governments	823,355	-	-	823,355
Total Liabilities	1,285,767	105,354	48,222	1,439,343
Deferred Inflows of Resources:				
Unavailable Revenue	223,109	-	-	223,109
Deferred inflows for Leases	80,698	-	-	80,698
Total Deferred Inflows of resources:	303,807	-	-	303,807
Fund Balances:				
Restricted	2,528,176	396,400	7,190,451	10,115,027
Assigned	661,928	-	817	662,745
Unassigned	4,153,535	(3,011)	-	4,150,524
Total Fund Balances	7,343,639	393,389	7,191,268	14,928,296
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,933,213	\$ 498,743	\$ 7,239,490	

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	\$ 91,634,022
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds—unavailable revenues	223,109
Other items related to Pension activity that are not financial resources therefore, not reported in the funds.	(224,143)
Long-term liabilities that are not due and payable in the current period and are not reported in the funds	(26,633,867)
Net position of governmental activities	\$ 79,927,417

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, 2020

	General Fund	Capital Projects Fund	Non Major Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 1,472,230	\$ -	\$ -	\$ 1,472,230
Sales and Use Taxes	3,143,921	-	10,232	3,154,153
Utility	1,252,043	-	91,842	1,343,885
Other Taxes	-	-	1,932,228	1,932,228
License and Permits	2,116,847	-	21,297	2,138,144
Intergovernmental	571,389	414,294	189,753	1,175,436
Charges for Services	8,142,990	41,817	3,584,527	11,769,334
Fines and Forfeits	57,825	-	416	58,241
Interest Earnings	104,436	18	59,456	163,910
Contributions and Donations	110,900	-	-	110,900
Miscellaneous	122,292	5,200	-	127,492
Total Revenues	17,094,873	461,329	5,889,751	23,445,953
Expenditures:				
Current				
General Government	1,997,373	-	-	1,997,373
Public Safety	1,931,774	-	-	1,931,774
Physical Environment	1,057,432	-	-	1,057,432
Transportation	-	118,375	605,361	723,736
Economic Environment	1,631,856	-	-	1,631,856
Education	6,267,843	-	-	6,267,843
Culture and Recreation	511,742	-	-	511,742
Capital Outlay	476,678	4,876,252	118,561	5,471,491
Debt Service				
Principal Retirement	77,233	-	239,048	316,281
Interest/Fiscal Charges	44,676	18,913	592,548	656,137
Bond Issuance Costs	-	-	38,750	38,750
Total Expenditures	13,996,607	5,013,540	1,594,268	20,604,415
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,098,266	(4,552,211)	4,295,483	2,841,538
Other Financing Sources (Uses)				
Issuance of Debt	-	77,337	3,857,663	3,935,000
Transfers In	-	4,592,684	1,233,446	5,826,130
Transfers Out	(657,199)	-	(5,168,931)	(5,826,130)
Total Other Financing Sources and Uses	(657,199)	4,670,021	(77,822)	3,935,000
Net Change in Fund Balances	2,441,067	117,810	4,217,661	6,776,538
Fund Balance at Beginning of Year	4,902,572	275,579	2,973,607	8,151,758
Fund Balance at End of Year	\$ 7,343,639	\$ 393,389	\$ 7,191,268	\$ 14,928,296

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
 For the Year Ended December 31, 2020

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

Net changes in fund balances - total governmental funds:	\$ 6,776,538
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.	2,827,843
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) to increase net position.	7,607,312
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,926,016)
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.	(3,581,612)
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	138,309
Changes in Net Position (governmental activities)	<hr/> \$ <u>11,842,374</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 Year Ended December 31, 2020

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues:				
Property Taxes	\$ 1,460,000	\$ 1,460,000	\$ 1,472,230	\$ 12,230
Sales and Use Taxes	3,137,025	2,651,025	3,143,921	492,896
Utility and Other Taxes	1,177,046	1,177,046	1,252,043	74,997
License and Permits	1,198,298	1,831,398	2,116,847	285,449
Intergovernmental	186,741	577,271	571,389	(5,882)
Charges for Services	1,540,363	1,692,763	8,142,990	6,450,227
Fines and Forfeits	75,900	59,900	57,825	(2,075)
Interest Earnings	53,100	43,200	104,436	61,236
Contributions and Donations	20,000	111,000	110,900	(100)
Other Miscellaneous	49,550	137,050	122,292	(14,758)
Total Revenues	<u>8,898,023</u>	<u>9,740,653</u>	<u>17,094,873</u>	<u>7,354,220</u>
Expenditures:				
Current				
General Government	2,090,048	2,083,398	1,997,373	86,025
Security/Persons and Property	2,110,018	1,904,773	1,931,774	(27,001)
Physical Environment	912,548	1,082,383	1,057,432	24,951
Economic Environment	1,978,499	1,959,819	1,631,856	327,963
Education	-	-	6,267,843	(6,267,843)
Culture and Recreation	594,034	590,394	511,742	78,652
Debt Service				
Lease Principal	-	70,963	77,233	(6,270)
Lease Interest	-	43,907	44,676	(769)
Capital Outlay	<u>179,300</u>	<u>456,061</u>	<u>476,678</u>	<u>(20,617)</u>
Total Expenditures	<u>7,864,447</u>	<u>8,191,698</u>	<u>13,996,607</u>	<u>(5,804,909)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,033,576	1,548,954	3,098,266	1,549,312
Other Financing Sources (Uses):				
Transfers Out	(1,181,337)	(686,075)	(657,199)	28,876
Total Other Financing Sources and Uses	<u>(1,181,337)</u>	<u>(686,075)</u>	<u>(657,199)</u>	<u>28,876</u>
Net Change in Fund Balance	(147,761)	862,879	2,441,067	1,578,188
Fund Balances at Beginning of Year	\$ 4,902,572	\$ 4,902,572	\$ 4,902,572	\$ -
Fund Balances at End of Year	<u>\$ 4,754,811</u>	<u>\$ 5,765,451</u>	<u>\$ 7,343,639</u>	<u>\$ 1,578,188</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, 2020

Major Fund				
	Water	Storm Water	Total	
Assets:				
<i>Current Assets:</i>				
Cash and Cash Equivalents	\$ 1,801,764	\$ 329,827	\$ 2,131,591	
Receivables (net)				
Accounts	270,314	151,776	422,090	
Inventory	13,292	-	13,292	
Restricted Assets				
Cash and Cash Equivalents	8,623,494	-	8,623,494	
Investments	271,587	-	271,587	
Interest Receivable	695	-	695	
Due from Other Governmental Units	-	60,359	60,359	
Total Current Assets	<u>10,981,146</u>	<u>541,962</u>	<u>11,523,108</u>	
<i>Noncurrent Assets:</i>				
Capital Assets, Not Depreciated or Amortized	785,945	484,255	1,270,200	
Capital Assets, Net of Depreciation or Amortization	<u>20,703,690</u>	<u>16,546,110</u>	<u>37,249,800</u>	
Total Long-term Assets	<u>21,489,635</u>	<u>17,030,365</u>	<u>38,520,000</u>	
Total Assets	<u>32,470,781</u>	<u>17,572,327</u>	<u>50,043,108</u>	
Deferred Outflows of Resources:				
Amounts Related to Pensions	68,183	26,539	94,722	
Amounts Related to Asset Retirement Obligations	<u>313,706</u>	<u>-</u>	<u>313,706</u>	
Total Deferred Outflows of Resources	<u>381,889</u>	<u>26,539</u>	<u>408,428</u>	
Liabilities:				
<i>Current Liabilities:</i>				
Accounts Payable	56,170	10,743	66,913	
Accrued Interest Payable	9,492	251	9,743	
Accrued Employee Benefits	31,517	13,617	45,134	
Accrued Compensated Absences	19,742	4,292	24,034	
Accounts Payable from Restricted Assets	63,535	7,830	71,365	
Unearned Revenues	193,616	728	194,344	
Leases Payable	424	-	424	
Bonds, Notes and Loans Payable	<u>158,192</u>	<u>31,736</u>	<u>189,928</u>	
Total Current Liabilities	<u>532,688</u>	<u>69,197</u>	<u>601,885</u>	
<i>Noncurrent Liabilities:</i>				
Accrued Compensated Absences	59,227	12,877	72,104	
Leases Payable	38,879	-	38,879	
Bonds, Notes and Loan Payable (Net)	<u>2,372,871</u>	<u>95,207</u>	<u>2,468,078</u>	
Asset Retirement Obligation	495,869	-	495,869	
Net Pension Liability	<u>160,098</u>	<u>62,315</u>	<u>222,413</u>	
Total Long-term Liabilities	<u>3,126,944</u>	<u>170,399</u>	<u>3,297,343</u>	
Total Liabilities	<u>3,659,632</u>	<u>239,596</u>	<u>3,899,228</u>	
Deferred Inflows of Resources:				
Amounts related to pensions	<u>44,713</u>	<u>17,403</u>	<u>62,116</u>	
Total Deferred Inflows of Resources	<u>44,713</u>	<u>17,403</u>	<u>62,116</u>	
Net Position:				
Net Investment in Capital Assets	18,919,269	16,903,422	35,822,691	
Restricted for Capital Projects	8,832,241	52,529	8,884,770	
Unrestricted	<u>1,396,815</u>	<u>385,916</u>	<u>1,782,731</u>	
Total Net Position	<u>\$ 29,148,325</u>	<u>\$ 17,341,867</u>	<u>\$ 46,490,192</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 Year Ended December 31, 2020

	Major Fund		
	Water	Storm Water	Total
Operating Revenues			
Charge for Services	\$ 2,285,371	849,327	\$ 3,134,698
Total Operating Revenues	<u>2,285,371</u>	<u>849,327</u>	<u>3,134,698</u>
Operating Expenses			
Salaries, Wages and Benefits	671,586	289,412	960,998
Supplies	295,991	22,939	318,930
Professional Services	463,988	247,109	711,097
Utilities	152,963	4,862	157,825
Repairs and Maintenance	68,703	49,672	118,375
Taxes	145,463	12,582	158,045
Depreciation, Amortization	396,459	235,173	631,632
Total Operating Expenses	<u>2,195,153</u>	<u>861,749</u>	<u>3,056,902</u>
Operating Income (loss)	90,218	(12,422)	77,796
Nonoperating Revenues (Expenses)			
Interest Earnings	79,751	4,030	83,781
State and Federal Grants	22,056	15,731	37,787
Interest and Fiscal Charges	(41,136)	(251)	(41,387)
Gain (Loss) on Disposal of Assets	(9,349)	-	(9,349)
Total Nonoperating Revenues (Expenses)	<u>51,322</u>	<u>19,510</u>	<u>70,832</u>
Income (Loss) before Contributions and Transfers	141,540	7,088	148,628
Capital Contributions	3,814,793	2,793,537	6,608,330
Increase (Decrease) in Net Position	<u>3,956,333</u>	<u>2,800,625</u>	<u>6,756,958</u>
Total Net Position at Beginning of Year	25,368,798	14,541,242	39,910,040
Change in Accounting Principles	(176,806)	-	(176,806)
Total Net Position at End of Year	<u>\$ 29,148,325</u>	<u>\$ 17,341,867</u>	<u>\$ 46,490,192</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 Year Ended December 31, 2020

Major Fund			
	Water	Storm Water	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 2,319,961	\$ 815,690	\$ 3,135,651
Payments to Suppliers	(647,263)	(209,724)	(856,987)
Payments to Employees	(691,072)	(303,978)	(995,050)
Payments for Interfund Services Used and City Taxes	(370,943)	(119,560)	(490,503)
Payments for Taxes	(145,463)	(12,582)	(158,045)
Net Cash Provided by Operating Activities	<u>465,220</u>	<u>169,846</u>	<u>635,066</u>
Cash Flows from Noncapital Financing Activities:			
Non-operating grant revenues received	22,056	15,731	37,787
Net Cash Provided by Noncapital Financing Activities	<u>22,056</u>	<u>15,731</u>	<u>37,787</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from capital grant	-	150,000	150,000
Proceeds from capital loan	-	66,584	66,584
Receipts for Future System Improvements	2,759,544	-	2,759,544
Acquisition and Construction of Capital Assets	(1,058,568)	(286,211)	(1,344,779)
Principal Paid on Debt	(158,596)	-	(158,596)
Interest Paid on Capital Debt	(41,736)	-	(41,736)
Net Cash Provided for Capital and Related Financing Activities	<u>1,500,643</u>	<u>(69,627)</u>	<u>1,431,016</u>
Cash Flows from Investing Activities:			
Interest on Investments	94,360	4,030	98,390
Purchase of Investment Securities	(786,150)	-	(786,150)
Proceeds from Sale and Maturities of Investment Securities	3,127,630	-	3,127,630
Net Cash Provided by Investing Activities	<u>2,435,840</u>	<u>4,030</u>	<u>2,439,870</u>
Net Increase in Cash and Cash Equivalents	4,423,759	119,980	4,543,739
Cash and Cash Equivalents at Beginning of Year	6,001,499	209,847	6,211,346
Cash and Cash Equivalents at End of Year	<u>\$ 10,425,258</u>	<u>\$ 329,827</u>	<u>\$ 10,755,085</u>
Reconciliation to Net Position:			
Cash and Cash Equivalents	1,801,764	329,827	2,131,591
Restricted Cash and Cash Equivalents	8,623,494	-	8,623,494
Total Cash and Cash Equivalents	<u>\$ 10,425,258</u>	<u>\$ 329,827</u>	<u>\$ 10,755,085</u>

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 Year Ended December 31, 2020

	Major Fund		
	Water	Storm Water	Total
Reconciliation of Operating Income (Loss) to Net Cash:			
Cash Used by Operating Activities:			
Net Operating Income (Loss)	\$ 90,218	\$ (12,422)	\$ 77,796
Adjustments to Reconcile Net operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation Expense	396,459	235,173	631,632
(Increase) Decrease in Receivables	(29,478)	(33,448)	(62,926)
(Increase) Decrease in Inventories	(8,727)	-	(8,727)
Increase (Decrease) in Current Payables	(27,834)	(4,702)	(32,536)
Increase (Decrease) in Pension Activity	(49,356)	(22,678)	(72,034)
Increase (Decrease) in Accrued Employee Benefits	29,870	8,112	37,982
Increase (Decrease) in Customer Deposits	64,068	-	64,068
Increase (Decrease) in Unearned Revenues	-	(189)	(189)
	<u>375,002</u>	<u>182,268</u>	<u>557,270</u>
Net Cash Used by Operating Activities	<u>\$ 465,220</u>	<u>\$ 169,846</u>	<u>\$ 635,066</u>

Noncash Transactions

Change in Fair Value of Investments	\$ (6,817)	\$ (1,967)	\$ (8,784)
Capital Assets Financed Through Accounts Payable	18,777	-	18,777
Donated Capital Assets by Developers	1,055,249	2,675,162	3,730,411
Capital Assets Transferred in from Governmental Activities	-	118,375	118,375

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

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2020

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 six production wells, three storage reservoirs and over fifty-seven 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, 2020

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 seventy-eight storm water facilities that require maintenance and thirty-two 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
December 31, 2020

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 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
December 31, 2020

Receivables						
	Due from					
	Taxes	Accounts	Interest	Leases	Other Gov'ts	Total
Governmental Activities						
General Fund	\$ 56,027	\$ 300,998	\$ -	\$ 80,698	\$ 819,657	\$ 1,257,380
Capital Projects	-	-	-	-	110,442	110,442
Nonmajor Governmental	-	-	1,038	-	59,576	60,614
Total Governmental	<u>56,027</u>	<u>300,998</u>	<u>1,038</u>	<u>80,698</u>	<u>989,675</u>	<u>1,428,436</u>
Business Type Activities						
Water	\$ -	\$ 270,314	\$ 695	\$ -	\$ -	\$ 271,009
Storm Water	-	151,776	-	-	60,359	212,135
Total Business Type	<u>-</u>	<u>422,090</u>	<u>695</u>	<u>-</u>	<u>60,359</u>	<u>483,144</u>
Total Combined Receivables	<u><u>\$ 56,027</u></u>	<u><u>\$ 723,088</u></u>	<u><u>\$ 1,733</u></u>	<u><u>\$ 80,698</u></u>	<u><u>\$ 1,050,034</u></u>	<u><u>\$ 1,911,580</u></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. Inventories are valued at cost. 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
Notes to Financial Statements
December 31, 2020

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	\$ 19,020
Outstanding Court Receivable	46,650
Oustanding Developer Receivable	124,487
Amounts related to Lease Receivable	80,698
Oustanding Grant Receivable	32,952
Total Deferred Revenue for Governmental Funds	\$ 303,807

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	\$ 7,571,408	\$ -
Public Safety Drug Prevention	5,211	-
Building Permit Functions	2,528,176	-
School Impact Fees	823,229	-
Economic Environment	10,232	-
Storm Water Capital Projects	-	60,359
Water Capital Projects	-	8,895,776
Total Restricted Amounts	\$ 10,938,256	\$ 8,956,135

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
December 31, 2020

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. 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, 2020

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. Asset Retirement Obligation

The asset retirement obligations (ARO) and deferred outflows of resources related is the liability associated with the retirement of City owned capital assets that have a substantial cost to the City. The obligation will be paid from operating income; no assets have been set aside to fund this obligation.

14. 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.

15. 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 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.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
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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's Finance Director or management staff may assign amounts for specific purposes. 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's 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, 2020, the balance is \$883,030. 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, 2020, the balance is \$1,171,669. 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, 2020, is \$661,928. This is classified as assigned fund balance.

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 2020, this was \$163,788. 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, 2020 has a total fund balance in the governmental funds of \$14,928,296 and is classified as follows:

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2020

<u>Classification on Balance Sheet</u>	<u>Fund Balance</u>
Restricted for capital purposes	\$ 7,571,408
Restricted for building permitting functions	2,528,176
Restricted for public safety	5,211
Restricted for economic environment	10,232
Assigned for equipment replacement and capital maintenance purposes	661,928
Assigned for streets	817
Unassigned (can be used for any specific purpose)	4,150,524
Total Fund Balance - Governmental Funds	<u>\$ 14,928,296</u>

E. COVID-19 PANDEMIC

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

The City Council adopted a declaration of public health emergency and an emergency response plan (continuing operations plan) in March 2020. The emergency response plan included plan objectives, key business functions, and impacts on City facilities and operations. City Council considered budget implications in April 2020 and adopted a reduced revenue forecast and expense reductions to address the estimated loss in revenue.

The City continued to monitor the amended 2020 budget throughout the year and increased projections in the 4th quarter for revenues and added some of the expense reductions back into the 2020 budget as a result. Retail sales tax revenues were reduced by 3.3% compared to 2019. The City was able to withstand significant impacts to major revenue sources due to the significant growth from housing and commercial construction.

The City Council adopted a conservative budget in 2021 pending any longer-term impacts from reductions to state shared revenues and retail businesses located in Ridgefield. City Council used significant amounts of the Cares Act funding awarded to the City in 2020 to assist with business grants, a utility rebate program to assist businesses and residents, and assistance to local food banks. Council intends to use funding from the American Rescue Plan to continue assisting local business and residents in 2021 and 2022.

The length of time these measures will continue to be in place, and the full extent of the financial impact on the City is unknown at this time.

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:

CITY OF RIDGEFIELD, WASHINGTON
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General Obligations Bonds Payable	\$ (15,765,000)
Direct Placement Bonds Payable	(3,935,000)
Plus: Issuance premium (to be amortized as interest expense)	(827,880)
Leases Payable	(1,202,094)
Compensated Absences	(288,336)
Interest Payable	(98,744)
Pollution Remediation Obligation	(4,925)
Impact Fee Credits	<u>(4,511,888)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at <i>net position - governmental activities</i>	<u>\$ (26,633,867)</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	\$ 493,768
Deferred Outflow of Resources - Pension	456,791
Net Pension Liability	(806,733)
Deferred Inflow of Resources - Pension	<u>(367,969)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at <i>net position - governmental activities</i>	<u>\$ (224,143)</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 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	\$ 5,048,748
Depreciation/Amortization expense	<u>(2,220,905)</u>
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>\$ 2,827,843</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	\$ 7,613,521
Disposal of capital assets	<u>(6,209)</u>
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>\$ 7,607,312</u>

CITY OF RIDGEFIELD, WASHINGTON
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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	\$ 1,941
Impact Fee Credits redeemed	3,233,284
Impact Fee Credits issued	(5,213,328)
Other revenues unavailable	(8,500)
Municipal Court revenue	25,418
Pension Contributions from State	30,278
Tax revenues - unavailable	4,892
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>	<hr/>
	\$ <u>(1,926,016)</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:

Issuance of Capital Debt	\$ (3,935,000)
Amortization of issuance premiums	37,107
Principal payment on loans and leases	316,281
Net adjustments to decrease net changes in fund balances - <i>total governmental funds to arrive at changes in net position of governmental activities</i>	<hr/>
	\$ <u>(3,581,612)</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	\$ (1,457)
Interest expense	(5,038)
Pension expense adjustment	212,892
Compensated absences	(68,088)
Net adjustments to decrease net changes in fund balances - <i>total governmental funds to arrive at changes in net position of governmental activities</i>	<hr/>
	\$ <u>138,309</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,

CITY OF RIDGEFIELD, WASHINGTON
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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.

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 Debt Service Fund exceeded budget by \$23,496 due to timing of interest associated with the 2020 bond debt issuance and the early payment of a governmental loan.

NOTE 4. DEPOSITS AND INVESTMENTS

As of December 31, 2020, the City cash, cash equivalents, and investments as reported on the Statement of Net Position are as follows:

Cash on Hand	\$ 15,027,532
State Treasurer's Investment Pool	1,618,861
Clark County Investment Pool	8,945,709
Municipal Bonds	677,580
	<hr/>
	\$ 26,269,682

CITY OF RIDGEFIELD, WASHINGTON
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As of December 31, 2020, the Washington State Local Government Investment Pool and the Clark County Investment Pool are classified as cash equivalents. Additional cash & cash equivalents consist of \$15,027,532 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.

Investments

It is the City's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

Investments are subject to the following risks.

Interest rate risk

Interest rate risk is the risk that the City may face should interest rate variance affect the fair value of investments. 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, 2020, is as follows:

Investment Type	Weighted Average (Months)
Municipal Bonds	27.19
	<u>27.19</u>

In addition to the interest rate risk disclosed above, the City includes investments with fair value highly sensitive to interest rate changes.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment 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. Local Government Issue Bonds have ratings ranging from Aa3 Moody's Investors Service.

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:

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Investment Type	12/31/2020	
	Fair Value	Percentage of Portfolio
<i>U.S. Government Agency Securities:</i>		
Municipal Bonds	677,580	6%
	\$ 677,580	6%

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 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 \$26,269,682. There is additional cash held in City accounts due to "float" of outstanding checks, which have not cleared the bank as of December 31, 2020. The total cash and investments held by the City per the bank and investment account statements, include the uncleared checks, in the amount of \$111,730. The City invests all temporarily idle funds.

Investments in Local Government Investment Pool (LGIP)

The City is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather; oversight is provided by the State Finance Committee in accordance with RCW 43.250. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

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

Investments in Clark County Investment Pool (CCIP)

The City is a voluntary participant in the Clark County Investment Pool (CCIP), an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather; oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The City reports its investment in the pool at fair value, which is the same as the value of the pool per share. 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.

Investments Measured at Fair Value

The City measures and reports investments at fair value using the valuation input hierarchy established by generally accepted accounting principles, as follows:

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

As of December 31, 2020, the City had the following investments measured at fair value:

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		Market Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by market value level	Total			
Municipal Bonds				
Local Government Issues	\$ 677,580	\$ -	\$ 677,580	\$ -
Total Municipal Bonds	677,580	-	677,580	-
Clark County Investment Pool	8,945,709	8,945,709	-	-
Total Investments by Market Value Level	\$ 9,623,289	\$ 8,945,709	\$ 677,580	\$ -

Prices for determining fair 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.

Investments Measured at Amortized Cost

As of December 31, 2020, the City records \$1,618,861 from the State Investment Pool as an investment at amortized cost.

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.

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 2020 was \$0.82 per \$1,000 on an assessed valuation of \$1,754,424,282 for a total regular levy of \$1,441,716.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
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Special levies approved by the voters are not subject to the limitations listed above. In 2020, there were no outstanding voter approved bonds, and therefore no additional levy.

NOTE 6. CAPITAL ASSETS

A summary of capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance 1/1/2020	Additions	Reductions	Ending Balance 12/31/2020
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 6,958,342	\$ 1,802,950	\$ -	\$ 8,761,292
Intangibles	208,286	-	-	208,286
Construction in progress	1,008,109	338,569	329,329	1,017,349
Total capital assets, not being depreciated	<u>8,174,737</u>	<u>2,141,519</u>	<u>329,329</u>	<u>9,986,927</u>
Capital assets, being depreciated/depleted:				
Buildings and improvements	3,061,372	2,578,621	-	5,639,993
Equipment	2,287,395	555,103	-	2,842,498
Intangibles	163,636	10,140	14,864	158,912
Infrastructure	87,916,234	7,706,214	-	95,622,448
Total capital assets being depreciated	<u>93,428,637</u>	<u>10,850,078</u>	<u>14,864</u>	<u>104,263,851</u>
Less accumulated depreciation for:				
Buildings and improvements	381,357	85,136	-	466,493
Equipment	753,986	165,743	-	919,729
Intangibles	34,593	15,513	8,655	41,451
Infrastructure	20,582,767	1,902,649	-	22,485,416
Total accumulated depreciation	<u>21,752,703</u>	<u>2,169,041</u>	<u>8,655</u>	<u>23,913,089</u>
Total capital assets, being depreciated, net	<u>71,675,934</u>	<u>8,681,037</u>	<u>6,209</u>	<u>80,350,762</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	45,640	-	91,281
Equipment	6,498	6,224	-	12,722
Total accumulated amortization	<u>52,139</u>	<u>51,864</u>	<u>-</u>	<u>104,003</u>
Total capital assets, being amortized, net	<u>1,348,197</u>	<u>(51,864)</u>	<u>-</u>	<u>1,296,333</u>
Governmental activities capital assets, net	\$ 81,198,868	\$ 10,770,692	\$ 335,538	\$ 91,634,022

CITY OF RIDGEFIELD, WASHINGTON
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	Beginning Balance 1/1/2020	Additions	Reductions	Ending Balance 12/31/2020
Business type Assets				
Capital assets, not being depreciated				
Land	\$ 373,887	\$ -	\$ -	\$ 373,887
Intangibles - Easements	171,814	-	-	171,814
Construction in progress	598,801	1,145,023	1,019,325	724,499
Total capital assets, not being depreciated	<u>1,144,502</u>	<u>1,145,023</u>	<u>1,019,325</u>	<u>1,270,200</u>
Capital assets, being depreciated/depleted:				
Buildings and improvements	663,892	281,852	-	945,744
Equipment	2,029,762	509,520	90,541	2,448,741
Intangibles	96,655	8,186	-	104,841
Infrastructure	35,006,718	4,127,824	17,254	39,117,288
Total capital assets being depreciated	<u>37,797,027</u>	<u>4,927,382</u>	<u>107,795</u>	<u>42,616,614</u>
Less accumulated depreciation for:				
Buildings and improvements	111,743	13,146	-	124,889
Equipment	626,479	94,198	90,541	630,136
Intangibles	9,810	9,668	-	19,478
Infrastructure	4,131,523	508,320	7,905	4,631,938
Total accumulated depreciation	<u>4,879,555</u>	<u>625,332</u>	<u>98,446</u>	<u>5,406,441</u>
Total capital assets, being depreciated, net	<u>32,917,472</u>	<u>4,302,050</u>	<u>9,349</u>	<u>37,210,173</u>
Right to use assets, being amortized				
Land	41,513	-	-	41,513
Total right to use assets, being amortized	<u>41,513</u>	<u>-</u>	<u>-</u>	<u>41,513</u>
Less accumulated amortization for:				
Right to use assets				
Land	943	943	-	1,886
Total accumulated amortization	<u>943</u>	<u>943</u>	<u>-</u>	<u>1,886</u>
Total capital assets, being amortized, net	<u>40,570</u>	<u>(943)</u>	<u>-</u>	<u>39,627</u>
Business type capital assets, net	\$ 34,102,544	\$ 5,446,130	\$ 1,028,674	\$ 38,520,000

Depreciation expense was charged to function/programs of the primary government as follows:

General Government		\$ 136,552
Security of persons and property		50,181
Transportation, including depreciation of general infrastructure		1,355,271
Physical environment		1,992
Economic environment		18,003
Culture and recreation		658,906
	Total depreciation expense—governmental activities	<u>\$ 2,220,905</u>
Business-type activities:		
Water		\$ 391,102
Storm		235,173
	Total depreciation expense—business-type activities	<u>\$ 626,275</u>

CITY OF RIDGEFIELD, WASHINGTON
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Commitments

The City had three construction projects that were substantially complete as of December 31, 2020, however retainage remained outstanding. Retainage amounted to \$43,211 and is associated with contracts for Halme Construction for the 3rd Ave Improvements project, Lee Contractors, LLC for the Abrams Park Well 11 project and Unlimited Fence Company for the Ridgefield Outdoor Recreation fencing project. The City had the following commitments for professional service and construction projects as of December 31, 2020. The remaining commitment is \$474,208 and are for the projects listed below.

Project	Commitment	Retainage		Remaining Commitment
		Held and Not Yet Paid	Remaining Commitment	
3rd Ave Improvements Construction	\$ 425,487	\$ 21,925	\$ 21,925	
Equip Abrams Park Well 11	339,400	15,099	15,099	
RORC Fencing	69,034	6,187	6,187	
Downtown Stormwater Enhancements	279,858	-	152,914	
I-5 Connection Planning	239,943	-	140,016	
Refuge Park Improvements	160,706	-	92,563	
Hillhurst Overlay Design	70,000	-	25,190	
Junction Booster Pump Station VFD Upgrades	312,192	-	9,106	
Water Distribution Upgrades and Maintenance	30,000	-	8,187	
Kemper Waterline	14,339	-	3,022	
	\$ 1,940,959	\$ 43,211		\$ 474,208

NOTE 7. PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2020:

Aggregate Pension Amounts - All Plans		
Pension liabilities	\$ 1,029,146	
Pension assets	493,768	
Deferred outflows of resources	551,513	
Deferred inflows of resources	430,085	
Pension expense/expenditures	168,013	

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 that includes financial statements and required supplementary information for each plan. The DRS annual report may be obtained by writing to:

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

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Or the DRS annual report 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 2020 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee
January – August 2020		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	12.86%	6.00%
September – December 2020		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	12.97%	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.

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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 contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2
January – August 2020		
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%
September – December 2020		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.97%	7.90%

The City of Ridgefield's actual PERS plan contributions were \$151,012 to PERS Plan 1 and \$249,335 to PERS Plan 2/3 for the year ended December 31, 2020.

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

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

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, 2020.

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 2020 were as follows:

LEOFF Plan 2			
Actual Contribution Rates		Employer	Employee
January – December 2020			
State and local governments		5.15%	8.59%
Administrative Fee		0.18%	
Total		5.33%	8.59%
Ports and Universities		8.59%	
Administrative Fee		0.18%	
Total		8.77%	8.59%

The City of Ridgefield's actual contributions to the plan were \$52,595 for the year ended December 31, 2020.

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, 2020, the state contributed \$76,297,643 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$30,278.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2020 with a valuation date of June 30, 2019. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2019 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2020. Plan liabilities were rolled forward from June 30, 2019, to June 30, 2020, 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

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- **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 developed using the Society of Actuaries' Pub. H-2020 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were changes in methods and assumptions since the last valuation.

- OSA updated its demographic assumptions based on the results of its latest demographic experience study. See OSA's 2013-2018 Demographic Experience Study at leg.wa.gov/osa.
- OSA updated the Early Retirement Factors and Joint-and-Survivor factors used in its model to match the ones implemented by DRS on October 1, 2020. These factors are used to value benefits for members who elect to retire early and for survivors of members that die prior to retirement.
- The valuation includes liabilities and assets for Plan 3 members purchasing Total Allocation Portfolio annuities when determining contribution rates and funded status.
- OSA simplified its modeling of medical premium reimbursements for survivors of duty-related deaths in LEOFF 2.
- OSA changed its method of updating certain data items that change annually, including the public safety duty-related death lump sum and Washington state average wage. OSA set these values at 2018 and will project them into the future using assumptions until the next Demographic Experience Study in 2025. See leg.wa.gov/osa for more information on this method change.

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. Based on OSA's assumptions, the pension plans' 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 7.4 percent 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, 2020, 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.

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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	875,729	699,153	545,161
PERS 2/3	2,053,304	329,993	(1,089,155)
LEOFF 2	(9,775)	(493,768)	(890,060)

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, 2020, the City reported a total pension liability of \$1,029,146 for its proportionate share of the net pension liabilities and \$493,768 for its share of net pension assets as follows:

Plan	Liability or Asset
PERS 1	\$ 699,153
PERS 2/3	329,993
LEOFF 2	(493,768)

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	(493,768)
LEOFF - State's proportionate share of the net pension asset associated with the employer	(315,727)
TOTAL	(809,494)

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

	Proportionate Share 6/30/19	Proportionate Share 6/30/20	Change in Proportion
PERS 1	0.01832%	0.01980%	0.00148%
PERS 2/3	0.02366%	0.02580%	0.00215%
LEOFF 2	0.02521%	0.02421%	-0.00100%

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 2020. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2020, 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 2020, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 61 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2020, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2019, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2020, the City recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 95,610
PERS 2/3	62,956
LEOFF 2	9,447
TOTAL	168,013

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2020, 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	\$ -	\$ (3,893)
Contributions subsequent to the measurement date	75,619	-
TOTAL	\$ 75,619	\$ (3,893)

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PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 118,133	\$ (41,356)
Net difference between projected and actual investment earnings on pension plan investments	-	(16,759)
Changes of assumptions	4,700	(225,414)
Changes in proportion and differences between contributions and proportionate share of contributions	115,944	-
Contributions subsequent to the measurement date	123,900	
TOTAL	\$ 362,677	\$ (283,529)

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 68,321	\$ (8,757)
Net difference between projected and actual investment earnings on pension plan investments	-	(5,503)
Changes of assumptions	715	(76,457)
Changes in proportion and differences between contributions and proportionate share of contributions	15,470	(51,946)
Contributions subsequent to the measurement date	28,711	-
TOTAL	\$ 113,218	\$ (142,663)

TOTAL ALL PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 186,454	\$ (50,113)
Net difference between projected and actual investment earnings on pension plan investments	-	(26,155)
Changes of assumptions	5,415	(301,871)
Changes in proportion and differences between contributions and proportionate share of contributions	131,414	(51,946)
Contributions subsequent to the measurement date	228,230	-
TOTAL	\$ 551,513	\$ (430,085)

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, 2021. 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
2021	\$ (17,665)	\$ (112,339)	\$ (45,052)
2022	(556)	(8,142)	(9,684)
2023	5,390	30,454	2,509
2024	8,938	49,174	11,722
2025	-	581	(8,118)
Thereafter	-	(4,480)	(9,533)

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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 162 members.

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 \$21 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$25 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 \$400 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.

The City has liability coverage of at least \$4 million per occurrence. There have been no settlements in excess of the City's insurance coverage with the following exceptions:

Year	City Obligation	Description
2020	400	Tree on public property landed on residential home. Closed
2019	0	Insurance coverage covered all claims.

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Year	City Obligation	Description
2018	10,380	Damage to employee vehicle at City led event. Auto liability due to barrier on public roadway. Two auto liability claims for caused by City employee fault.

NOTE 9. LONG-TERM DEBT**LONG-TERM DEBT**Bonds -Governmental Activities**General Obligation**

The City issued publicly offered general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Both of 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 the 2017 or 2018 bonds, at a price equal to the principal amount to be redeemed plus accrued interest, if any, to the date fixed for redemption.

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%	9,060,000
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>						\$ 15,765,000

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

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Governmental Activities			
	Principal	Interest	Total Requirement
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	540,000	518,325	1,058,325
2026-2030	3,040,000	2,260,025	5,300,025
2031-2035	3,620,000	1,678,925	5,298,925
2036-2040	3,310,000	936,075	4,246,075
2041-2045	2,240,000	424,100	2,664,100
2046-2047	1,010,000	53,375	1,063,375
	<u>\$ 15,765,000</u>	<u>\$ 8,108,475</u>	<u>\$ 23,873,475</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
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	235,000	298,325	533,325
2026-2030	1,315,000	1,350,825	2,665,825
2031-2035	1,535,000	1,130,125	2,665,125
2036-2040	1,850,000	817,875	2,667,875
2041-2045	2,240,000	424,100	2,664,100
2046-2047	1,010,000	53,375	1,063,375
	<u>\$ 9,060,000</u>	<u>\$ 5,334,525</u>	<u>\$ 14,394,525</u>

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2018 LTGO Debt

	Principal	Interest	Total Requirement
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	305,000	220,000	525,000
2026-2030	1,725,000	909,200	2,634,200
2031-2035	2,085,000	548,800	2,633,800
2036-2040	1,460,000	118,200	1,578,200
	\$ 6,705,000	\$ 2,773,950	\$ 9,478,950

Direct Placement Bonds

The City issued direct private placement bonds to provide funds for the acquisition and construction of an operations center. The Bonds 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 without penalty on any payment date with fifteen days prior written notice provided to the bond holder.

Name of Issuance	Purpose	Original Issue Amounts	Issuance Date	Maturity Date	Interest Rate	Debt Outstanding
2020 LTGO Debt	Operations Center	\$3,935,000	5/14/2020	12/1/2035	2.42%	\$ 3,935,000
<i>Total Governmental Direct Placement Bonds</i>						\$ 3,935,000

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

2020 LTGO Debt

	Principal	Interest	Total Requirement
2021	247,000	104,980	351,980
2022	253,000	98,978	351,978
2023	259,000	92,819	351,819
2024	265,000	86,527	351,527
2025	271,000	80,066	351,066
2026-2030	1,459,000	297,999	1,756,999
2031-2035	1,181,000	111,453	1,292,453
	\$ 3,935,000	\$ 872,821	\$ 4,807,821

At December 31, 2020, 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.

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. Loans and notes outstanding at year-end are as follows:

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Governmental Direct Borrowing Loan and Notes

Name of Issuance	Original Issue Amounts	Purpose	Issuance Date	Maturity Date	Interest Rate	Debt Outstanding
<i>Business-Type Activities</i>						
DWSRF -DM13-952-173	\$ 1,659,763	Junction Well	7/1/2014	10/1/2036	1.50%	982,796
DWSRF DM13-952-193	\$ 2,174,530	Reservoir DT Stormwater	7/24/2014	10/1/2036	1.50%	1,548,272
PR20-96103-012	up to \$359,000	Enhancements	10/29/2019	6/1/2024	0.79%	126,944
<i>Total Business Type Direct Borrowing Loans and Notes</i>						\$ <u>2,658,012</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, 2020, the balance on the loan is \$126,944.

Buisiness Type Activities

Loans from Direct Borrowings

	Principal	Interest	Total
			Requirements
2021	189,928	38,467	228,395
2022	189,928	36,346	226,274
2023	189,928	33,721	223,649
2024	189,928	31,099	221,027
2025	158,192	28,474	186,666
2026-2030	790,958	106,780	897,738
2031-2035	790,958	47,457	838,415
2036	158,192	2,373	160,565
	\$ <u>2,658,012</u>	\$ <u>324,717</u>	\$ <u>2,982,729</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
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	61,425	11,056	72,481
2026-2030	307,123	41,462	348,585
2031-2035	307,123	18,427	325,550
2036	61,425	921	62,346
	\$ <u>982,796</u>	\$ <u>125,306</u>	\$ <u>1,108,102</u>

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2013 DWSRF Loan - Reservoir

	Principal	Interest	Total Requirements
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	96,767	17,418	114,185
2026-2030	483,835	65,318	549,153
2031-2035	483,835	29,030	512,865
2036	96,767	1,452	98,219
	<u>\$ 1,548,272</u>	<u>\$ 197,406</u>	<u>\$ 1,745,678</u>

2020 PWTF DT Storm Enhancements

	Principal	Interest	Total Requirements
2021	31,736	501	32,237
2022	31,736	752	32,488
2023	31,736	501	32,237
2024	31,736	251	31,987
	<u>\$ 126,944</u>	<u>\$ 2,005</u>	<u>\$ 128,949</u>

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, 2020, the recorded liability for sick and vacation time amounted to \$384,474 with \$288,336 recorded in governmental activities and \$96,138 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:

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	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds Payable					
General obligation bonds	\$ 15,965,000	\$ -	\$ 200,000	\$ 15,765,000	\$ 480,000
Direct Placement bonds	- 3,935,000	- 3,935,000	- -	- 3,935,000	- 247,000
Issuance Premiums	864,987 -	37,107 -	827,880	37,107	37,107
Total GO bonds payable	16,829,987	3,935,000	237,107	20,527,880	764,107
Government loans	39,048	-	39,048	- -	- -
Leases	1,279,326	- -	77,232	1,202,094	79,939
Compensated absences	220,248	123,150	55,062	288,336	72,084
Net Pension Liability	715,866	90,867	- -	806,733	- -
Pollution Remediation					
Obligation	3,468	1,457	- -	4,925	- -
Total Governmental activity long-term liabilities	<u>\$ 19,087,943</u>	<u>\$ 4,150,474</u>	<u>\$ 408,449</u>	<u>\$ 22,829,968</u>	<u>\$ 916,130</u>
Business-type activities					
Government loans	\$ 2,689,254	\$ 126,943	\$ 158,191	\$ 2,658,006	\$ 189,928
Leases	39,713	- -	410	39,303	424
Asset Retirement Obligation	- 495,869	- -	495,869	- -	- -
Net Pension Liability	218,411	4,002	- -	222,413	- -
Compensated absences	83,159	33,769	20,790	96,138	24,034
Total Business-type activity long-term liabilities	<u>\$ 3,030,537</u>	<u>\$ 660,583</u>	<u>\$ 179,391</u>	<u>\$ 3,511,729</u>	<u>\$ 214,386</u>

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 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.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2020

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	Total Transfer Out
General Fund	\$ 214,901	\$ 442,298	\$ 657,199
Nonmajor Govt Funds	4,377,783	791,148	5,168,931
Total Transfer In	<u>\$ 4,592,684</u>	<u>\$ 1,233,446</u>	<u>\$ 5,826,130</u>

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 Governmental Activities into Business Type Activities in the amount of \$118,375 of assets transferred from Governmental Activities to Business Type activities that are not recognized at the fund level.

NOTE 12. LEASES

City as Lessor

At December 31, 2020, 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 2020, due to the COVID pandemic, the sports league did not have access to the recreational outdoor space and thus, by lease terms were not obligated to make payments. The City did not recognize any revenue related to this lease during the year.

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

	Lease Receivables		
	Principal	Interest	Total
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	3,644	2,356	6,000
2026-2030	20,567	9,769	30,336
2031-2035	25,338	5,848	31,185
2036-2038	17,764	1,258	19,022
	<u>\$ 80,698</u>	<u>\$ 29,846</u>	<u>\$ 110,544</u>

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2020

City as Lessee

At December 31, 2020, the City has four leases in which it is acting as the Lessee for office equipment, office space and 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, 2062	Period Payments: Annual
------------------	-------------------------	-------------------------

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

Leases Payable			
Governmental Activities			
	Principal	Interest	Total Requirements
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	84,278	30,584	114,862
2026-2030	467,755	106,555	574,310
2031-2034	321,802	22,784	344,586
	\$ 1,202,094	\$ 310,767	\$ 1,512,861

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2020

Leases Payable
 Business-type Activities

	Principal	Interest	Total Requirements
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	487	1,313	1,800
2026-2030	2,703	6,297	9,000
2031-2035	3,210	5,790	9,000
2036-2040	3,813	5,187	9,000
2041-2045	4,528	4,472	9,000
2046-2050	5,378	3,622	9,000
2051-2055	6,388	2,612	9,000
2056-2060	7,587	1,413	9,000
2061-2062	3,420	181	3,600
	<hr/> <u>\$ 39,303</u>	<hr/> <u>\$ 36,297</u>	<hr/> <u>\$ 75,600</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, 2020, in the amount of \$3,283,300. 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 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, 2020, 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.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2020

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 was completed in 2020 and a draft RI/FS and draft CAP were submitted to Ecology in 2020. Included in the December 31, 2020 estimate is a range of probable remediation costs for cleaning up the additional properties in the expanded (Phase 2 and 3) sampling areas. Variability in the estimate is associated with the fact that the cost estimates are based on the FS that has not yet been approved by Ecology. The range of estimates was determined by applying contingency factors between zero to 30 percent to the draft FS cost estimate.

Groundwater, sediment, and upland cap monitoring costs have very little variability. The Port was required to complete groundwater monitoring in 2016, in 2018, in 2020, and is required to conduct monitoring again in 2021 and 2023. If groundwater conditions remain the same in 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, 2020, estimate. Costs for required Carty Lake (in 2024) and Lake River (in 2025) sediment monitoring are included, as well as costs for the required yearly LRIS upland cap monitoring.

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 \$3,283,300. Estimated recoveries by the Port of Ridgefield are \$3,184,801 leaving the remaining remediation obligation of \$98,499 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 \$4,925 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 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.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2020

Water system development charge credits are recorded as a business type activity. 2020 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	\$ 2,514,631	\$ 3,797,390	\$ 2,064,304	\$ 4,247,717
Park Impact Fees	17,212	1,415,939	1,168,980	264,171
	<u>2,531,843</u>	<u>5,213,329</u>	<u>3,233,284</u>	<u>4,511,888</u>
Water System Development Charges	\$ 111,835	\$ 105,995	\$ 42,068	\$ 175,762
	<u>111,835</u>	<u>105,995</u>	<u>42,068</u>	<u>175,762</u>
Total Impact Fee Credits	\$ 2,643,678	\$ 5,319,324	\$ 3,275,352	\$ 4,687,650

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 paid this note in full making payments of \$40,448 to CRESA for this note; \$39,048 in principal and \$1,399 in interest.

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, 2015. 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 83, *Certain Asset Retirement Obligations*, which provides reporting guidance on asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset that has a substantial cost to a government. An ARO is recognized when the liability is incurred and reasonably estimable. Incurrence of a liability requires both an internal obligating event and an external obligating event resulting from normal operations. An internal obligating event includes acquiring or placing a capital asset into operation. An external obligating event requires federal, state, or local laws or regulations, a binding contract, or issuance of a court judgement requiring

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2020

specific actions to retire an asset. The City has recorded a change in accounting principle related to this adoption of (\$176,806).

The City owns, operates, and maintains six wells with an average useful life remaining of 43 years. Currently, the City does not foresee decommissioning into the foreseeable future. However, in the unlikely event that the City were to decommission these wells there are specific decommissioning requirements within the Washington Administrative code (WAC) 173-160-381. The City is also responsible for the decommissioning cost of a reservoir. The reservoir has a remaining life of 42 years. The reservoir is located on land owned by the Ridgefield School District. Per agreement the City would be responsible for decommissioning the reservoir and returning the land to its previous condition, if the reservoir is no longer in use, or the school district declines to extend the lease at the end of the term.

The City obtained engineer estimates to support these potential decommissioning costs and presents a liability at December 31, 2020, of \$495,869 and a Deferred Outflow of \$313,706. The amortization expense of the ARO for the year ending December 31, 2020, is \$5,375. It is presented on the Statement of Revenues, Expenses and Changes in Fund Net Position within the Operating Expense category Depreciation and Amortization. The obligation will be paid from operating income; no assets have been set aside to fund this obligation.

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, 2020, 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, 2020, and has identified the following events:

- The City entered into an agreement to sell surplus property located at 211 N Main. The sale of the property closed on March 12, 2021 for \$185,000 less closing costs.
- The City exercised their option to purchase a 3.84-acre parcel for future park land on November 20, 2020. The City completed the purchase and closed the sale on March 30, 2021. The payment will be in four equal installments due on March 30, 2021, April 1, 2022, April 1, 2023 and April 1, 2024. The payments will be a total of \$1 million over the payment period.
- The City is expected to take a final draw on the private placement GO bond to complete tenant improvements of the Public Works Operations Center. The final draw is estimated to be \$406,000 for a total bond issuance of \$4,341,000.
- The City will be paying off the two DWSRF loans in the water fund by the due date of October 1, 2021. The estimated payoff is \$2,571,500 and will be paid from water system development charges.
- The City has received notice they will receive approximately \$1.99 million in stimulus funding from the American Rescue Plan.
- The City has received notice of award from the Federal Highway Administration (FHWA) for a FFY 2020 Better Utilizing Investments to Leverage Development (BUILD) grant. The grant will complete construction of an extension to Pioneer Street on the East side of the freeway to serve the future Clark College at Boschma Farms campus and open additional land to commercial development.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2020

The City has budgeted \$1.2 million in matching funds to complete design and right of way acquisition in 2021. The \$5.8 million construction grant will be received in 2022.

Federal Financial Assistance

The City recorded the following federal grant expenditures for 2020:

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	2019-CDBG-1903	250,000		250,000	1,2,3
Department of Justice Bureau of Justice Assistance	Bulletproof Vest Partnership Program	16.607			778	778	1,2,3
Department of Transportation National Highway Traffic Safety Administration (NHTSA) / Washington Traffic Safety Commission	State and Community Highway Safety	20.600		525		525	1,2,3
United States Department of the Treasury (TREAS) / Washington State Department of Commerce	Coronavirus Relief Fund	21.019	20-6541C-303	400,275		400,275	1, 2, 3
Total Federal Awards Expended:				650,800	778	651,578	

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 – 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.

NOTE 3 - 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.

CITY OF RIDGEFIELD, WASHINGTON
Required Supplementary Information
Year Ended December 31, 2020

Schedule of Proportionate Share of the Net Pension Liability

PERS 1

As of June 30

Last Seven 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
2020	0.019803%	\$ 699,153	\$ 3,027,774	23.09%	68.64%
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 Seven 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
2020	0.025802%	\$ 329,993	\$ 3,027,774	10.90%	97.22%
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 Seven 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
2020	0.024206%	\$ (493,768)	\$ (315,727)	\$ (809,495)	\$ 919,456	-53.70%	115.83%
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, 2020

Schedule of Employer Contributions

PERS 1

As of December 31

Last Seven 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
2020	\$ 151,012	\$ (151,012)	\$ -	\$ 3,147,945	4.80%
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 Seven 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
2020	\$ 249,335	\$ (249,335)	\$ -	\$ 3,147,945	7.92%
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 Seven 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
2020	\$ 52,595	\$ (52,595)	\$ -	\$ 1,021,255	5.15%
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, 2020

Notes to Required Supplemental Information - Pension
As of December 31
Last Seven 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.

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

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	8/31/2020	12.86%
9/1/2020	current	12.97% *

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

CITY OF RIDGEFIELD, WASHINGTON
Required Supplementary Information
Year Ended December 31, 2020

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	8/31/2020	12.86%
9/1/2020	current	12.97% *

* 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>
	6/30/2017	
9/1/2013		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, 2020

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 roadside 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.

Affordable Housing Fund

The Affordable and Supplemental Housing fund records the collection and accounting for dedicated retail sales and use taxes. Retail sales and use taxes are collected as a credit against the state portion of taxes collected within the Ridgefield city limits. Funds are used to support acquiring, rehabilitating, or constructing affordable housing, operations, and maintenance costs of new units of affordable or supportive housing or for rental assistance to tenants at or below 60% of median income.

Debt Service Funds

The Debt Service Fund is used to account for the principal and interest payments associated with the General Fund and general fund supported funds, such as Streets and Parks. This does not include debt service associated with enterprise funds.

Capital Project Funds

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, 2020

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 32,903	\$ -	\$ 6,739,980	\$ 6,772,883
Investments	- -	- -	\$ 405,993	\$ 405,993
Interest Receivable	- -	- -	\$ 1,038	\$ 1,038
Due from Other Governmental Units	\$ 31,579	\$ -	\$ 27,997	\$ 59,576
Total Assets	\$ 64,482	\$ -	\$ 7,175,008	\$ 7,239,490
 Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$ 27,540	\$ -	\$ -	\$ 27,540
Other Accrued Liabilities	\$ 20,682	\$ -	\$ -	\$ 20,682
Total Liabilities	\$ 48,222	\$ -	\$ -	\$ 48,222
 Fund Balances:				
Restricted				
Public Safety	5,211	- -	- -	5,211
Economic Environment	10,232			10,232
Capital Outlay	- -	- -	\$ 7,175,008	\$ 7,175,008
Assigned	817	- -	- -	817
Total Fund Balances	\$ 16,260	\$ -	\$ 7,175,008	\$ 7,191,268
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 64,482	\$ -	\$ 7,175,008	\$ 7,239,490

CITY OF RIDGEFIELD, WASHINGTON
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2020

	Special Revenue Funds	Debt Service Fund	Capital Project Fund	Total Nonmajor Governmental Funds
Revenues:				
Sales and Use Taxes	\$ 10,232	\$ -	\$ -	\$ 10,232
Utility Taxes	91,842	-	-	91,842
Other Taxes	-	-	1,932,228	1,932,228
License and Permits	21,297	-	-	21,297
Intergovernmental	189,753	-	-	189,753
Charges for Services	-	-	3,584,527	3,584,527
Fines and Forfeits	416	-	-	416
Interest Earnings	18	-	59,438	59,456
Total Revenues	313,558	-	5,576,193	5,889,751
Expenditures:				
Current:				
Transportation	605,361	-	-	605,361
Capital Outlay	118,561	-	-	118,561
Debt Service				
Principal Retirement	-	239,048	-	239,048
Interest and Other Charges	-	592,548	-	592,548
Bond Issuance Costs	-	38,750	-	38,750
Total Expenditures	723,922	870,346	-	1,594,268
Excess (Deficiency) of Revenues Over (Under) Expenditures	(410,364)	(870,346)	5,576,193	4,295,483
Other Financing Sources (Uses):				
Issuance of Debt	-	3,857,663	-	3,857,663
Transfers In	401,850	831,596	-	1,233,446
Transfers Out	-	(3,818,913)	(1,350,018)	(5,168,931)
Total Other Financing Sources and Uses	401,850	870,346	(1,350,018)	(77,822)
Net Change in Fund Balances	(8,514)	-	4,226,175	4,217,661
Fund Balances at Beginning of Year	24,774	-	2,948,833	2,973,607
Fund Balances at End of Year	\$ 16,260	\$ -	\$ 7,175,008	\$ 7,191,268

CITY OF RIDGEFIELD, WASHINGTON
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2020

	Drug Fund	City Street Fund	Affordable Housing	Total Nonmajor Special Revenue Funds
Assets:				
Cash and Cash Equivalents	\$ 5,211	\$ 22,697	\$ 4,995	\$ 32,903
Due from Other Governmental Units	\$ -	\$ 26,342	\$ 5,237	\$ 31,579
Total Assets	\$ 5,211	\$ 49,039	\$ 10,232	\$ 64,482
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$ -	\$ 27,540	\$ -	\$ 27,540
Other Accrued Liabilities	\$ -	\$ 20,682	\$ -	\$ 20,682
Total Liabilities	\$ -	\$ 48,222	\$ -	\$ 48,222
Fund Balances:				
Restricted				
Public Safety	5,211	\$ -	\$ -	5,211
Economic Environment	\$ -	\$ -	\$ 10,232	\$ 10,232
Assigned				
\$ -	817	\$ -	\$ -	817
Total Fund Balances	5,211	817	10,232	16,260
Total Liabilities and Fund Balances	\$ 5,211	\$ 49,039	\$ 10,232	\$ 64,482

CITY OF RIDGEFIELD, WASHINGTON
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2020

	Drug Fund	City Street Fund	Affordable Housing	Total Nonmajor Special Revenue Funds
Revenues:				
Sales and Use Taxes	\$ -	\$ -	\$ 10,232	\$ 10,232
Utility Taxes	- -	91,842	- -	91,842
License and Permits	- -	21,297	- -	21,297
Intergovernmental	- -	189,753	- -	189,753
Fines and Forfeitures	416	- -	- -	416
Interest Earnings	10	8	- -	18
Total Revenues	426	302,900	10,232	313,558
 Due from Other Governmental Units				
Expenditures:				
Current:				
Transportation	- -	605,361	- -	605,361
Capital Outlay	- -	118,561	- -	118,561
Total Expenditures	- -	723,922	- -	723,922
 Excess (Deficiency) of Revenues Over (Under) Expenditures	426	(421,022)	10,232	(410,364)
 Other Financing Sources (Uses)				
Transfers In	- -	401,850	- -	401,850
Total Other Financing Sources (Uses)	- -	401,850	- -	401,850
 Special Items:				
Net Change in Fund Balances	426	(19,172)	10,232	(8,514)
 Fund Balances at Beginning of Year	4,785	19,989	-	24,774
 Fund Balances at End of Year	\$ 5,211	\$ 817	\$ 10,232	\$ 16,260

CITY OF RIDGEFIELD, WASHINGTON

Nonmajor Debt Service Fund

Balance Sheet

December 31, 2020

	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
For the Year Ended December 31, 2020

	Debt Service Fund
Revenues:	
Total Revenues	\$ _____ -
Expenditures:	
Debt Service	
Principal Retirement	239,048
Interest and Other Charges	592,548
Bond Issuance Costs	38,750
Total Expenditures	<u>870,346</u>
 Excess (Deficiency) of Revenues	
Over (Under) Expenditures	(870,346)
 Other Financing Sources (Uses):	
Issuance of Debt	3,857,663
Transfers In	831,596
Transfers Out	(3,818,913)
Total Other Financing Sources (Uses)	<u>870,346</u>
Fund Balances at Beginning of Year	_____ -
Fund Balances at End of Year	\$ _____ -

CITY OF RIDGEFIELD, WASHINGTON
Nonmajor Capital Project Fund
Balance Sheet
December 31, 2020

	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	\$ 2,596,431	\$ 2,136,609	\$ 1,835,146	\$ 171,794	\$ 6,739,980
Investments	405,993	-	-	-	405,993
Interest Receivable	1,038	-	-	-	1,038
Due from Other Governmental Units	-	-	-	27,997	27,997
Total Assets	\$ 3,003,462	\$ 2,136,609	\$ 1,835,146	\$ 199,791	\$ 7,175,008
Liabilities and Fund Balances:					
Liabilities:					
Total Liabilities	-	-	-	-	-
Fund Balances:					
Restricted					
Capital Outlay	\$ 3,003,462	\$ 2,136,609	\$ 1,835,146	\$ 199,791	\$ 7,175,008
Total Fund Balances	<u>3,003,462</u>	<u>2,136,609</u>	<u>1,835,146</u>	<u>199,791</u>	<u>7,175,008</u>
Total Liabilities and Fund Balances	\$ 3,003,462	\$ 2,136,609	\$ 1,835,146	\$ 199,791	\$ 7,175,008

CITY OF RIDGEFIELD, WASHINGTON
Nonmajor Capital Project Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended December 31, 2020

	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	\$ -	\$ 1,778,422	\$ -	\$ 153,806	\$ 1,932,228
Charges for Services	1,676,355	-	1,908,172	-	3,584,527
Interest Earnings	23,154	36,193	83	8	59,438
Total Revenues	1,699,509	1,814,615	1,908,255	153,814	5,576,193
Expenditures:					
Total Expenditures	-	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,699,509	1,814,615	1,908,255	153,814	5,576,193
Other Financing Sources (Uses)					
Transfers Out	(107,991)	(837,394)	(404,633)	-	(1,350,018)
Total Other Financing Sources (Uses)	(107,991)	(837,394)	(404,633)	-	(1,350,018)
Net Change in Fund balances	1,591,518	977,221	1,503,622	153,814	4,226,175
Fund Balances at Beginning of Year	1,411,944	1,159,388	331,524	45,977	2,948,833
Fund Balances at End of Year	\$ 3,003,462	2,136,609	1,835,146	199,791	7,175,008

CITY OF RIDGEFIELD, WASHINGTON
Drug Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Compared to Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>				Variance with Final Budget
	Original	Final	Actual Amount		
Revenues:					
Fines and Forfeits	\$ 1,000	\$ 1,000	416	\$	(584)
Interest Earnings	100	100	10		(90)
Miscellaneous	-	-	-		-
Total Revenues	1,100	1,100	426		(674)
Expenditures:					
Current:					
Public Safety	-	-	-		-
Total Expenditures	-	-	-		-
Excess (Deficiency) of Revenues					
Over (under) Expenditures	1,100	1,100	426		(674)
Fund Balances at Beginning of Year	4,785	4,785	4,785		-
Fund Balances at End of Year	\$ 5,885	\$ 5,885	\$ 5,211	\$	(674)

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 Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amount	
Revenues:				
Utility Taxes	\$ 85,634	\$ 85,634	\$ 91,842	\$ 6,208
License and Permits	20,000	20,000	21,297	1,297
Intergovernmental	201,116	168,116	189,753	21,637
Interest Earnings	25	50	8	(42)
Miscellaneous	1,000	1,000	-	(1,000)
Total Revenues	307,775	274,800	302,900	28,100
Expenditures:				
Current				
Transportation	634,297	644,047	605,361	38,686
Capital Outlay	3,000	156,139	118,561	37,578
Total Expenditures	637,297	800,186	723,922	76,264
Excess (Deficiency) of Revenues Over (under) Expenditures				
	(329,522)	(525,386)	(421,022)	104,364
Other Financing Sources (Uses):				
Transfers In	351,500	400,850	401,850	1,000
Transfers Out	(21,740)	-	-	-
Total Other Financing Sources and Uses	329,760	400,850	401,850	1,000
Net Change in Fund Balance	238	(124,536)	(19,172)	105,364
Fund Balances at Beginning of Year	19,989	19,989	19,989	-
Fund Balances at End of Year	\$ 20,227	\$ (104,547)	\$ 817	\$ 105,364

CITY OF RIDGEFIELD, WASHINGTON
Affordable Housing
Schedule of Revenues, Expenditures and Changes in Fund Balances
Compared to Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2020

<u>Budgeted Amounts</u>					
	<u>Original</u>	<u>Final</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>	
Revenues:					
Sales and Use Taxes	\$ -	\$ -	\$ 10,232	\$ 10,232	
Interest Earnings	-	-	-	-	
Total Revenues	-	-	10,232	10,232	
Expenditures:					
Current:					
Economic Environment	-	-	-	-	
Total Expenditures	-	-	-	-	
Excess (Deficiency) of Revenues					
Over (under) Expenditures	-	-	10,232	10,232	
Fund Balances at Beginning of Year	-	-	-	-	
Fund Balances at End of Year	\$ -	\$ -	\$ 10,232	\$ 10,232	

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 Year Ended December 31, 2020

<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Final</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
Revenues:				
Total Revenues	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
Expenditures:				
Debt service:				
Principal Retirement	219,295	4,019,295	239,048	(3,780,247)
Interest/Fiscal Charges	588,355	607,268	592,548	(14,720)
Bond Issuance Costs	- _____	38,750	38,750	- _____
Total Expenditures	807,650	4,665,313	870,346	(3,794,967)
Excess (Deficiency) of Revenues Over (under) Expenditures	(807,650)	(4,665,313)	(870,346)	3,794,967
Other Financing Sources (Uses):				
Issuance of Debt	- _____	3,857,663	3,857,663	- _____
Transfers In	807,650	807,650	831,596	23,946
Transfers Out	- _____	- _____	(3,818,913)	(3,818,913)
Total Other Financing Sources and Us	<u>807,650</u>	<u>4,665,313</u>	<u>870,346</u>	<u>(3,794,967)</u>
Net Change in Fund Balance	- _____	- _____	- _____	- _____
Fund Balances at Beginning of Year	- _____	- _____	- _____	- _____
Fund Balances at End of Year	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>

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 Year Ended December 31, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget
	Original	Final	Actual Amount	
Revenues:				
Charges for Services	\$ 1,929,591	\$ 1,429,591	\$ 1,676,355	\$ 246,764
Interest Earnings	25	25	23,154	23,129
Total Revenues	<u>1,929,616</u>	<u>1,429,616</u>	<u>1,699,509</u>	<u>269,893</u>
Expenditures:				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues				
Over (under) Expenditures	1,929,616	1,429,616	1,699,509	269,893
Other Financing Sources (Uses):				
Transfers Out	<u>-</u>	<u>(200,000)</u>	<u>(107,991)</u>	<u>92,009</u>
Total Other Financing Sources and Uses	<u>-</u>	<u>(200,000)</u>	<u>(107,991)</u>	<u>92,009</u>
Net Change in Fund Balance	<u>1,929,616</u>	<u>1,229,616</u>	<u>1,591,518</u>	<u>361,902</u>
Fund Balances at Beginning of Year	<u>1,411,944</u>	<u>1,411,944</u>	<u>1,411,944</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 3,341,560</u>	<u>\$ 2,641,560</u>	<u>\$ 3,003,462</u>	<u>\$ 361,902</u>

CITY OF RIDGEFIELD
Real Estate Excise Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues:				
Other Taxes	\$ 1,149,166	\$ 1,449,166	\$ 1,778,422	\$ 329,256
Interest Earnings	<u>15,000</u>	<u>15,000</u>	<u>36,193</u>	<u>21,193</u>
Total Revenues	<u>1,164,166</u>	<u>1,464,166</u>	<u>1,814,615</u>	<u>350,449</u>
Expenditures:				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,164,166	1,464,166	1,814,615	350,449
Other Financing Sources (Uses):				
Transfers Out	(822,925)	(837,925)	(837,394)	531
Total Other Financing Sources and Uses	<u>(822,925)</u>	<u>(837,925)</u>	<u>(837,394)</u>	<u>531</u>
Net Change in Fund Balance	341,241	626,241	977,221	350,980
Fund Balances at Beginning of Year	1,159,388	1,159,388	1,159,388	-
Fund Balances at End of Year	<u>\$ 1,500,629</u>	<u>\$ 1,785,629</u>	<u>\$ 2,136,609</u>	<u>\$ 350,980</u>

CITY OF RIDGEFIELD
Park Impact Fee Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 1,226,891	\$ 1,626,891	\$ 1,908,172	\$ 281,281
Interest Earnings	25	25	83	58
Total Revenues	<u>1,226,916</u>	<u>1,626,916</u>	<u>1,908,255</u>	<u>281,339</u>
Expenditures:				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	1,226,916	1,626,916	1,908,255	281,339
Other Financing Sources (Uses):				
Transfers Out	(50,000)	(521,500)	(404,633)	116,867
Total Other Financing Sources and Uses	<u>(50,000)</u>	<u>(521,500)</u>	<u>(404,633)</u>	<u>116,867</u>
Net Change in Fund Balance	1,176,916	1,105,416	1,503,622	398,206
Fund Balances at Beginning of Year	331,524	331,524	331,524	-
Fund Balances at End of Year	<u>\$ 1,508,440</u>	<u>\$ 1,436,940</u>	<u>\$ 1,835,146</u>	<u>\$ 398,206</u>

CITY OF RIDGEFIELD
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amount	
Revenues:				
Intergovernmental	\$ 600,000	\$ 1,160,000	\$ 414,294	\$ (745,706)
Charges for Services	-	-	41,817	41,817
Interest Earnings	-	-	18	18
Miscellaneous	-	-	5,200	5,200
Total Revenues	600,000	1,160,000	461,329	(698,671)
Expenditures:				
Current:				
Transportation	-	-	118,375	(118,375)
Capital Outlay	1,240,500	6,158,250	4,876,252	1,281,998
Debt service:				
Interest	-	-	18,913	(18,913)
Total Expenditures	1,240,500	6,158,250	5,013,540	1,144,710
Excess (Deficiency) of Revenues Over (Under) Expenditures	(640,500)	(4,998,250)	(4,552,211)	446,039
Other Financing Sources (Uses):				
Long-term Debt Proceeds	-	4,342,337	77,337	(4,265,000)
Transfers In	640,500	1,037,000	4,592,684	3,555,684
Total Other Financing Sources and Uses	640,500	5,379,337	4,670,021	(709,316)
Net Change in Fund Balance	-	381,087	117,810	(263,277)
Fund Balances at Beginning of Year	275,579	275,579	275,579	-
Fund Balances at End of Year	\$ 275,579	\$ 656,666	\$ 393,389	\$ (263,277)

CITY OF RIDGEFIELD
Transportation Benefit District Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues:				
Other Taxes	\$ 143,450	\$ 143,450	\$ 153,806	\$ 10,356
Interest Earnings	50	50	8	(42)
Total Revenues	<u>143,500</u>	<u>143,500</u>	<u>153,814</u>	<u>10,314</u>
Expenditures:				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	143,500	143,500	153,814	10,314
Other Financing Sources (Uses):				
Total Other Financing Sources and Uses	-	-	-	-
Net Change in Fund Balance	143,500	143,500	153,814	10,314
Fund Balances at Beginning of Year	<u>45,977</u>	<u>45,977</u>	<u>45,977</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 189,477</u>	<u>\$ 189,477</u>	<u>\$ 199,791</u>	<u>\$ 10,314</u>

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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Financial Trends.....	96-106
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

	2011	2012	2013	2014	2015
Governmental Activities:					
Net Investment in Capital Assets	\$ 22,564,558	\$ 26,890,757	\$ 29,242,757	\$ 32,880,948	\$ 33,779,565
Restricted	4,002,003	3,776,845	4,017,896	4,928,238	7,105,407
Unrestricted	1,610,905	1,890,583	2,742,662	580,371	(3,136,697)
Total Governmental Activities Net Position	28,177,466	32,558,185	36,003,315	38,389,557	37,748,275
Business-Type Activities:					
Net Investment in Capital Assets	26,076,060	26,813,784	\$ 27,040,959	\$ 17,283,749	\$ 15,819,184
Restricted	2,648,098	2,982,513	3,957,164	3,914,863	3,755,157
Unrestricted	2,505,170	2,845,385	3,049,933	2,224,649	676,250
Total Business-Type Activities Net Position	31,229,328	32,641,682	34,048,056	23,423,261	20,250,591
Primary Government:					
Net Investment in Capital Assets	48,640,618	53,704,541	56,283,716	50,164,697	49,598,749
Restricted	6,650,101	6,759,358	7,975,060	8,843,101	10,860,564
Unrestricted	4,116,075	4,735,968	5,792,595	2,805,020	(2,460,447)
Total Primary Government Net Position	\$ 59,406,794	\$ 65,199,867	\$ 70,051,371	\$ 61,812,818	\$ 57,998,866

CITY OF RIDGEFIELD, WASHINGTON
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City of Ridgefield, Washington
 Net Position by Component
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	2016	2017	2018	2019	2020
Governmental Activities:					
Net Investment in Capital Assets	\$ 36,979,154	\$ 36,243,214	\$ 57,236,545	\$ 63,089,555	\$ 69,966,422
Restricted	7,385,677	10,137,589	2,466,399	5,039,035	10,546,422
Unrestricted	(2,821,368)	(2,630,392)	(878,544)	(43,547)	(585,427)
Total Governmental Activities Net Position	41,543,463	43,750,411	58,824,400	68,085,043	79,927,417
Business-Type Activities:					
Net Investment in Capital Assets	\$ 17,488,712	\$ 18,158,008	\$ 25,884,973	\$ 31,413,290	\$ 35,822,691
Restricted	4,709,682	4,933,027	6,368,463	7,213,240	8,884,770
Unrestricted	1,070,087	1,254,848	949,544	1,283,510	1,782,731
Total Business-Type Activities Net Position	23,268,481	24,345,883	33,202,980	39,910,040	46,490,192
Primary Government:					
Net Investment in Capital Assets	54,467,866	54,401,222	83,121,518	94,502,845	105,789,113
Restricted	12,095,359	15,070,616	8,834,862	12,252,275	19,431,192
Unrestricted	(1,751,281)	(1,375,544)	71,000	1,239,963	1,197,304
Total Primary Government Net Position	\$ 64,811,944	\$ 68,096,294	\$ 92,027,380	\$ 107,995,083	\$ 126,417,609

CITY OF RIDGEFIELD, WASHINGTON
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City of Ridgefield, Washington
 Changes in Net Position
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Expenses	2011	2012	2013	2014	2015
Governmental Activities:					
General Government	\$ 1,197,549	\$ 1,358,689	\$ 1,495,430	\$ 1,639,079	\$ 1,663,760
Judicial	-	-	-	-	-
Public Safety	1,039,144	1,068,320	1,147,490	1,198,853	1,458,384
Physical Environment	24,844	40,467	45,109	64,554	24,235
Transportation	875,750	868,345	973,883	977,263	1,338,002
Education	-	-	-	-	-
Economic Environment	224,017	293,693	453,585	597,962	1,037,751
Culture and Recreation	154,606	174,535	264,717	393,396	422,713
Interest on Long-Term Debt	-	-	-	-	-
Total Governmental Activities Expenses	3,515,910	3,804,049	4,380,214	4,871,107	5,944,845
Business-Type Activities:					
Water	883,779	1,007,568	1,040,725	1,125,097	1,296,406
Sewer	1,667,275	1,581,734	1,704,737	972,512	958,464
Stormwater	235,590	176,286	203,913	288,902	400,935
Total Business-Type Activities Expenses	2,786,644	2,765,588	2,949,375	2,386,511	2,655,805
Total Primary Government Expenses	6,302,554	6,569,637	7,329,589	7,257,618	8,600,650
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	565,413	538,248	532,602	695,948	527,858
Judicial	-	-	-	-	-
Public Safety	163,330	104,756	99,863	48,303	167,333
Physical Environment	2,550	1,950	815	1,670	1,830
Transportation	198,579	193,280	258,179	68,724	156,947
Education	-	-	-	-	-
Natural and Economic Environment	327,516	533,471	1,148,013	976,617	1,589,070
Culture and Recreation	113,273	224,330	378,193	-	-
Operating Grants and Contributions	94,327	26,773	19,376	95,372	131,415
Capital Grants and Contributions	1,020,718	3,927,938	2,520,844	1,800,409	1,041,569
Total Governmental Activities Program Revenues	2,485,706	5,550,746	4,957,885	3,687,043	3,616,022
Business-Type Activities:					
Charges for Services:					
Water	838,069	919,226	1,000,742	1,063,713	1,292,946
Sewer	1,126,027	1,275,803	1,423,288	952,524	868,735
Stormwater	221,086	252,377	284,280	337,196	375,928
Operating Grants and Contributions	1,090	-	-	-	-
Capital Grants and Contributions	746,528	1,600,589	1,859,732	1,285,318	1,510,514
Total Business-Type Activities Program Revenues	2,932,800	4,047,995	4,568,042	3,638,751	4,048,123
Total Primary Government Program Revenues	5,418,506	9,598,741	9,525,927	7,325,794	7,664,145

CITY OF RIDGEFIELD, WASHINGTON
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Net (Expenses)Revenue	2011	2012	2013	2014	2015
Governmental Activities	(1,030,204)	1,746,697	577,671	(1,184,064)	(2,328,823)
Business Activities	146,156	1,282,407	1,618,667	1,252,240	1,392,318
Total Primary Government Net Expense	(884,048)	3,029,104	2,196,338	68,176	(936,505)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes	749,820	781,032	799,842	860,510	921,464
Sales and Use Taxes	535,230	702,967	887,219	1,146,429	1,133,691
Utility Taxes	738,098	700,992	761,012	714,783	898,058
Excise and Other Taxes	198,993	309,145	399,851	465,807	641,710
Unrestricted Grants and Contributions	-	-	-	268,935	284,328
Investment Earnings	53,448	32,734	5,297	60,595	54,873
Other Revenues	-	-	-	166	-
Gain (Loss) on Sale of Asset	500	-	11,285	-	182,662
Insurance Recoveries	3,000	3,135	-	-	-
Transfers	-	-	-	-	515,386
Prior Period Adjustments	-	104,017	2,953	53,081	(2,106,345)
Change in Accounting Principles	-	-	-	-	(838,286)
Total Governmental Activities	2,279,089	2,634,022	2,867,459	3,570,306	1,687,541
Business-Type Activities:					
Investment Earnings	53,417	35,747	13,622	41,993	93,418
Other Revenues	-	-	-	-	-
Special Items	-	-	-	(11,899,196)	(3,822,311)
Transfers	-	-	-	-	(515,386)
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-
Prior Period Adjustments	-	94,200	(192,415)	(19,832)	93,023
Change in Accounting Principles	-	-	(33,500)	-	(413,732)
Total Business-Type Activities	53,417	129,947	(212,293)	(11,877,035)	(4,564,988)
Total Primary Government	2,332,506	2,763,969	2,655,166	(8,306,729)	(2,877,447)
Changes in Net Position					
Governmental Activities	1,248,885	4,380,719	3,445,130	2,386,242	(641,282)
Business-Type Activities	199,573	1,412,354	1,406,374	(10,624,795)	(3,172,670)
Total Primary Government	\$ 1,448,458	\$ 5,793,073	\$ 4,851,504	\$ (8,238,553)	\$ (3,813,952)

CITY OF RIDGEFIELD, WASHINGTON
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City of Ridgefield, Washington
 Changes in Net Position
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Expenses	2016	2017	2018	2019	2020
Governmental Activities:					
General Government	\$ 1,993,190	\$ 1,726,990	\$ 1,826,621	\$ 2,097,158	\$ 2,526,983
Judicial	-	-	-	-	-
Public Safety	1,520,388	1,910,734	1,660,379	1,797,779	1,961,563
Physical Environment	153,761	636,455	694,777	960,065	1,048,973
Transportation	1,374,460	1,454,529	1,456,952	1,697,138	1,977,909
Education	-	-	-	5,040,823	6,267,843
Economic Environment	920,686	1,462,544	1,677,944	1,619,974	1,596,583
Culture and Recreation	479,918	750,794	668,979	1,138,723	1,168,787
Interest on Long-Term Debt	2,158	80,665	452,756	601,449	624,068
Total Governmental Activities Expenses	6,444,561	8,022,711	8,438,408	14,953,109	17,172,709
Business-Type Activities:					
Water	1,378,380	1,700,291	2,032,176	1,931,183	2,245,638
Sewer	629,992	562,477	576,295	-	-
Stormwater	390,804	585,803	288,400	779,036	862,000
Total Business-Type Activities Expenses	2,399,176	2,848,571	2,896,871	2,710,219	3,107,638
Total Primary Government Expenses	8,843,737	10,871,282	11,335,279	17,663,328	20,280,347
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	598,817	592,250	734,227	707,334	808,673
Judicial	-	-	-	-	-
Public Safety	2,131	34,735	47,792	54,167	1,492
Physical Environment	4,560	2,125	7,400	2,000	6,225
Transportation	11,898	10,688	21,806	1,478,574	26,497
Education	-	-	-	-	-
Natural and Economic Environment	3,477,186	2,116,918	2,206,618	7,501,746	8,012,097
Culture and Recreation	-	-	-	146,156	41,817
Operating Grants and Contributions	59,005	37,564	47,115	227,072	149,184
Capital Grants and Contributions	1,742,909	2,288,831	14,712,111	7,409,485	11,302,101
Total Governmental Activities Program Revenues	5,896,506	5,083,111	17,777,069	17,526,534	20,348,087
Business-Type Activities:					
Charges for Services:					
Water	1,397,965	1,518,183	1,712,142	1,940,262	2,285,371
Sewer	612,425	612,236	409,702	-	-
Stormwater	428,587	497,539	560,683	676,721	849,327
Operating Grants and Contributions	-	-	-	-	37,787
Capital Grants and Contributions	2,620,219	865,050	8,349,587	6,343,068	6,489,955
Total Business-Type Activities Program Revenues	5,059,196	3,493,008	11,032,114	8,960,051	9,662,440
Total Primary Government Program Revenues	10,955,702	8,576,119	28,809,183	26,486,585	30,010,527

CITY OF RIDGEFIELD, WASHINGTON
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City of Ridgefield, Washington
 Changes in Net Position
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Net (Expenses)Revenue	2016	2017	2018	2019	2020
Governmental Activities	(548,055)	(2,939,600)	9,338,661	2,573,425	3,175,378
Business Activities	2,660,020	644,437	8,135,243	6,249,832	6,554,802
Total Primary Government Net Expense	2,111,965	(2,295,163)	17,473,904	8,823,257	9,730,180
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes	968,957	1,062,068	1,159,228	1,269,279	1,477,122
Sales and Use Taxes	1,435,637	1,715,893	2,631,542	3,250,290	3,154,153
Utility Taxes	942,910	1,044,888	1,085,500	1,167,609	1,343,885
Excise and Other Taxes	905,214	1,025,226	1,096,194	1,574,478	1,932,228
Unrestricted Grants and Contributions	313,529	334,332	328,259	338,437	714,074
Investment Earnings	34,091	76,930	106,758	111,115	163,909
Other Revenues	-	-	-	-	-
Gain (Loss) on Sale of Asset	41,586	-	-	9,301	-
Insurance Recoveries	-	-	-	-	-
Transfers	(307,078)	(74,434)	(672,153)	(283,291)	(118,375)
Prior Period Adjustments	8,397	(38,355)	-	-	-
Change in Accounting Principles	-	-	-	(750,000)	-
Total Governmental Activities	4,343,243	5,146,548	5,735,328	6,687,218	8,666,996
Business-Type Activities:					
Investment Earnings	40,515	65,795	49,701	167,683	83,781
Other Revenues	-	-	-	-	-
Special Items	-	-	-	-	-
Transfers	307,078	74,434	672,153	283,291	118,375
Gain (Loss) on Sale of Capital Assets	-	-	-	6,254	-
Prior Period Adjustments	10,277	292,736	-	-	-
Change in Accounting Principles	-	-	-	-	(176,806)
Total Business-Type Activities	357,870	432,965	721,854	457,228	25,350
Total Primary Government	4,701,113	5,579,513	6,457,182	7,144,446	8,692,346
Changes in Net Position					
Governmental Activities	3,795,188	2,206,948	15,073,989	9,260,643	11,842,374
Business-Type Activities	3,017,890	1,077,402	8,857,097	6,707,060	6,580,152
Total Primary Government	\$ 6,813,078	\$ 3,284,350	\$ 23,931,086	\$ 15,967,703	\$ 18,422,526

CITY OF RIDGEFIELD, WASHINGTON
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City of Ridgefield, Washington
 Fund Balances of Governmental Funds
 Last Ten Fiscal Years
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	2011	2012	2013	2014	2015
General Fund (Per GASB 54)					
Restricted	\$ 4,277	\$ 4,946	\$ -	\$ -	\$ 978,035
Committed	-	-	-	-	-
Assigned	382,325	532,311	630,841	350,455	328,809
Unassigned	927,195	1,229,196	1,845,948	2,012,639	1,020,276
General Fund (Prior to GASB 54)					
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Total General Fund	<u>1,313,797</u>	<u>1,766,453</u>	<u>2,476,789</u>	<u>2,363,094</u>	<u>2,327,120</u>
All Other Governmental Funds (Per GASB 54)*					
Restricted	3,997,726	3,771,899	4,017,896	4,928,238	6,127,372
Committed	-	-	-	-	-
Assigned	42,121	62,923	47,121	-	102,576
Unassigned	-	-	(281,172)	(56,472)	-
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	<u>4,039,847</u>	<u>3,834,822</u>	<u>3,783,845</u>	<u>4,871,766</u>	<u>6,229,948</u>
Total Governmental Funds	<u><u>\$ 5,353,644</u></u>	<u><u>\$ 5,601,275</u></u>	<u><u>\$ 6,260,634</u></u>	<u><u>\$ 7,234,860</u></u>	<u><u>\$ 8,557,068</u></u>

CITY OF RIDGEFIELD, WASHINGTON
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 Last Ten Fiscal Years
 (accrual basis of accounting)

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	2016	2017	2018	2019	2020
General Fund (Per GASB 54)					
Restricted	\$ 1,221,367	\$ 963,132	\$ 774,805	\$ 1,209,284	\$ 2,528,176
Committed	15,800	20,225	20,224	20,224	-
Assigned	343,576	369,792	426,219	445,309	661,928
Unassigned	1,043,207	1,052,212	1,995,424	3,227,755	4,153,535
General Fund (Prior to GASB 54)					
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Total General Fund	<u>2,623,950</u>	<u>2,405,361</u>	<u>3,216,672</u>	<u>4,902,572</u>	<u>7,343,639</u>
All Other Governmental Funds (Per GASB 54)*					
Restricted	6,055,982	10,618,656	1,203,753	3,245,828	7,586,851
Committed	-	-	-	-	-
Assigned	112,376	104,600	32,807	19,989	817
Unassigned	-	-	(21,524)	(16,631)	(3,011)
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	<u>6,168,358</u>	<u>10,723,256</u>	<u>1,215,036</u>	<u>3,249,186</u>	<u>7,584,657</u>
Total Governmental Funds	<u>\$ 8,792,308</u>	<u>\$ 13,128,617</u>	<u>\$ 4,431,708</u>	<u>\$ 8,151,758</u>	<u>\$ 14,928,296</u>

CITY OF RIDGEFIELD, WASHINGTON
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City of Ridgefield, Washington
 Changes in Fund Balances of Governmental Funds
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 (accrual basis of accounting)

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	2011	2012	2013	2014	2015
Revenues					
Taxes	\$ 2,433,727	\$ 2,672,264	\$ 2,976,706	\$ 3,241,579	\$ 3,604,752
Licenses and Permits	190,003	308,455	610,232	358,341	571,371
Intergovernmental	1,090,991	363,621	1,807,778	1,790,362	574,985
Charges for Services	681,093	855,399	1,439,108	1,069,991	1,429,679
Fines and Forfeits	97,648	84,349	88,618	89,375	77,104
Investment Earnings	53,448	32,734	5,295	60,595	54,873
Contributions	4,150	5,650	5,650	9,550	9,765
Miscellaneous	34,943	31,704	41,573	79,635	74,788
Total revenues	\$ 4,586,003	\$ 4,354,176	\$ 6,974,960	\$ 6,699,428	\$ 6,397,317
Expenditures					
General Government	\$ 1,205,489	\$ 1,359,644	\$ 1,455,133	\$ 1,654,217	\$ 1,624,211
Public Safety	1,029,942	1,044,790	1,113,613	1,159,777	1,316,655
Physical Environment	25,078	39,693	44,600	63,571	21,773
Transportation	964,368	896,646	290,950	320,729	459,800
Economic Environment	222,824	291,616	451,070	602,462	1,029,226
Education	-	-	-	-	-
Culture and Recreation	546,362	581,308	209,104	319,538	342,501
Capital Outlay	89,120	-	2,853,642	1,639,413	998,493
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Total Expenditures	\$ 4,083,183	\$ 4,213,697	\$ 6,418,112	\$ 5,759,707	\$ 5,792,659
Excess of Revenues Over/(Under) Expenditures	\$ 502,820	\$ 140,479	\$ 556,848	\$ 939,721	\$ 604,658
Other Financing Sources (Uses)					
Insurance Recoveries	\$ 3,000	\$ 3,135	\$ -	\$ -	\$ -
Transfers In	452,559	1,230,991	851,628	463,508	1,098,353
Transfers Out	(452,559)	(1,230,991)	(851,628)	(463,508)	(1,173,084)
Notes Issued	-	-	-	-	-
Issuance of Debt	-	-	-	-	-
Premium on Debt Issued	-	-	-	-	-
Bonds Refunded	-	-	-	-	-
Capital Lease Purchase	-	-	-	-	-
Sale of Capital Assets	500	-	11,285	-	760,714
Prior Period Adjustments	-	104,017	91,226	34,506	31,567
Total Other Financing Sources (Uses)	3,500	107,152	102,511	34,506	717,550
Net Change in Fund Balances	\$ 506,320	\$ 247,631	\$ 659,359	\$ 974,227	\$ 1,322,208
Debt Service as a Percentage of Noncapital Expenditures*	0.00%	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

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City of Ridgefield, Washington
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	2016	2017	2018	2019	2020
Revenues					
Taxes	\$ 4,272,082	\$ 4,842,202	\$ 5,962,685	\$ 7,356,743	\$ 7,902,496
Licenses and Permits	887,317	699,113	1,197,777	1,321,297	2,138,144
Intergovernmental	718,753	1,670,286	2,615,167	854,986	1,175,436
Charges for Services	2,087,290	1,919,799	3,456,419	9,623,918	11,769,334
Fines and Forfeits	69,682	74,750	77,866	75,774	58,241
Investment Earnings	34,091	76,928	106,758	111,115	163,910
Contributions	21,150	43,084	129,219	278,726	110,900
Miscellaneous	105,449	66,271	52,291	58,148	127,492
Total revenues	\$ 8,195,814	\$ 9,392,433	\$ 13,598,182	\$ 19,680,707	\$ 23,445,953
Expenditures					
General Government	\$ 1,867,913	\$ 1,446,622	\$ 1,507,514	\$ 1,713,780	\$ 1,997,373
Public Safety	1,435,563	1,518,246	1,686,271	1,808,895	1,931,774
Physical Environment	151,299	639,376	693,849	959,593	1,057,432
Transportation	443,213	520,073	482,734	506,915	723,736
Economic Environment	880,661	1,456,227	1,671,046	1,657,657	1,631,856
Education	-	-	-	5,040,823	6,267,843
Culture and Recreation	361,542	360,222	411,949	554,379	511,742
Capital Outlay	2,565,446	9,860,313	23,639,190	3,966,578	5,471,491
Debt Service					
Principal	-	15,727	768,408	334,856	316,281
Interest	-	4,497	516,144	595,552	656,137
Bond Issuance Costs	-	109,046	99,229	-	38,750
Total Expenditures	\$ 7,705,637	\$ 15,930,349	\$ 31,476,334	\$ 17,139,028	\$ 20,604,415
Excess of Revenues Over/(Under) Expenditures	\$ 490,177	\$ (6,537,916)	\$ (17,878,152)	\$ 2,541,679	\$ 2,841,538
Other Financing Sources (Uses)					
Insurance Recoveries	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers In	2,164,807	10,053,981	19,432,334	2,970,773	5,826,130
Transfers Out	(2,471,885)	(10,128,415)	(19,423,536)	(3,207,213)	(5,826,130)
Notes Issued	-	-	-	-	-
Issuance of Debt	-	9,455,000	6,705,000	-	3,935,000
Premium on Debt Issued	-	541,167	394,533	-	-
Bonds Refunded	-	-	-	-	-
Capital Lease Purchase	-	-	2,072,912	1,400,336	-
Sale of Capital Assets	41,586	970,360	-	14,475	-
Prior Period Adjustments	10,555	(17,868)	-	-	-
Total Other Financing Sources (Uses)	(254,937)	10,874,225	9,181,243	1,178,371	3,935,000
Net Change in Fund Balances	\$ 235,240	\$ 4,336,309	\$ (8,696,909)	\$ 3,720,050	\$ 6,776,538
Debt Service as a Percentage of Noncapital Expenditures*	0.00%	2.05%	13.60%	6.89%	6.50%

*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.

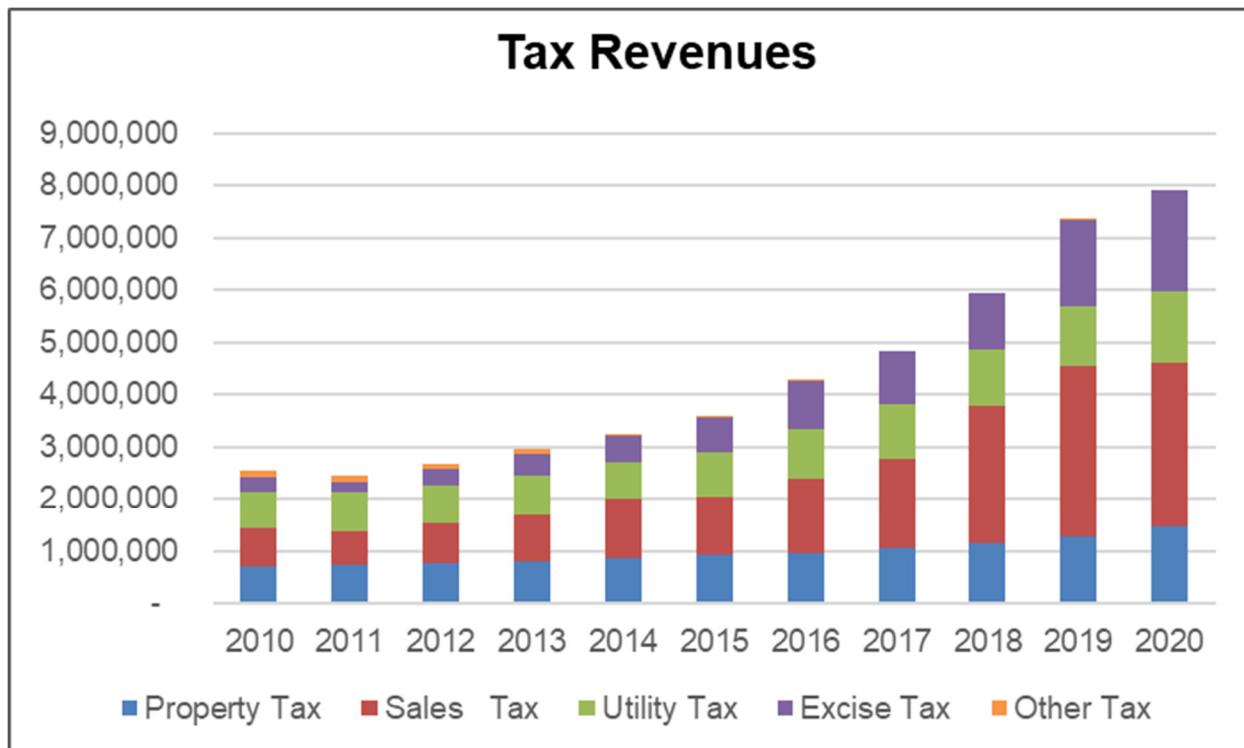
Refer to Note 2.B Reconciliation of Government-Wide and Fund Financial Statements for capital outlay and constructed assets used in formula

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
2020	1,472,230	3,154,153	1,343,885	1,932,228	-	\$ 7,902,496

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

Taxpayer	Rank	2020		2011		Percentage of Total Retail Taxable Sales	Percentage of Total Retail Taxable Sales
		Total Taxable Sales	Percentage of Top Ten	Total Taxable Sales	Rank		
Parr Lumber Company	1	15,673,086	20.91%	4,66%	1	\$ 4,611,971	48.82%
Amazon.Com Services Inc	2	10,031,407	13.39%	2.98%	2	\$ 774,820	8.20%
A Team Construction, Llc	3	8,264,346	11.03%	2.46%	3	\$ 610,018	6.46%
Rotschy, Inc.	4	6,975,046	9.31%	2.07%	4	\$ 585,157	6.19%
Amazon.Com Services Llc	5	6,644,497	8.87%	1.97%	5	\$ 580,624	6.15%
Dematic Corp.	6	6,153,591	8.21%	1.83%	6	\$ 519,925	5.50%
Rosauers Food & Drug Center	7	5,989,116	7.96%	1.77%	7	\$ 477,948	5.06%
Macadam Floor And Design, Llc	8	5,275,837	7.04%	1.57%	8	\$ 475,480	5.03%
Fdm Development, Inc.	9	5,238,546	6.99%	1.56%	9	\$ 405,974	4.30%
Spike Builders, Inc.	10	4,718,494	6.29%	1.40%	10	\$ 405,634	4.29%
Total of top ten taxpayers	\$	74,943,966	100.00%	22.27%	Total of top ten taxpayers	\$ 9,447,551	100.00%
Total taxable retail sales	\$	336,617,711			Total taxable retail sales	\$ 55,761,292	

Source: Washington State Department of Revenue

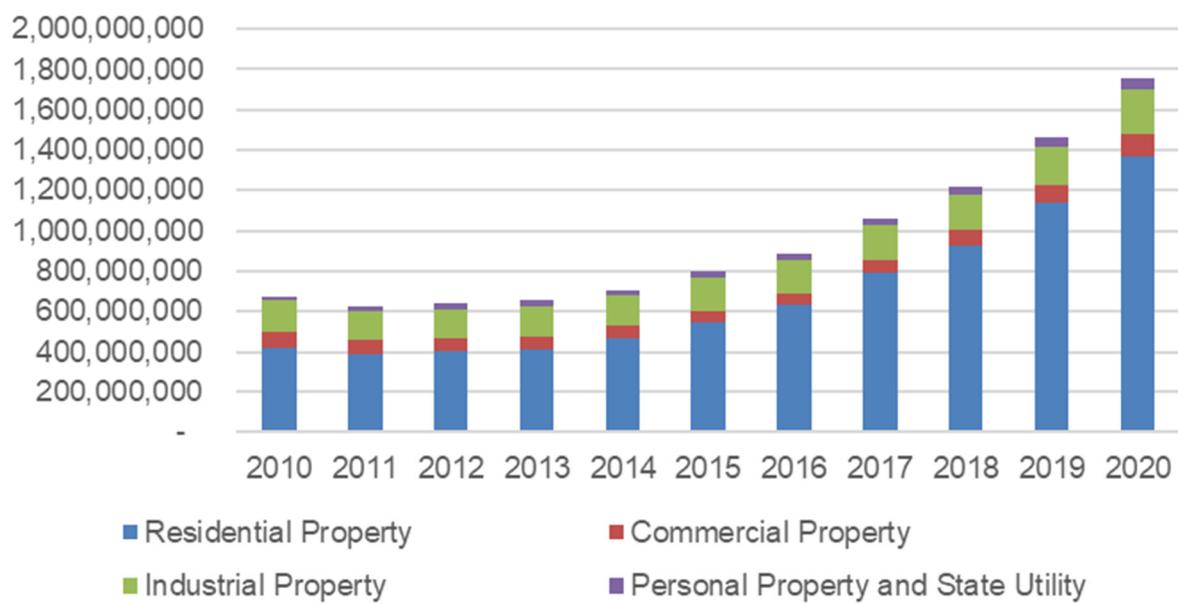
CITY OF RIDGEFIELD, WASHINGTON
Revenue Capacity

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
2020	1,367,560,826	114,768,909	221,687,971	50,406,576	\$ 1,754,424,282	0.8217600411

Source: Clark County Assessor's Office

Assessed Value of Taxable Property



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
2019	2020	0.82	-	\$ 0.82	3.35	0.17	3.88	1.48	0.35	10.05

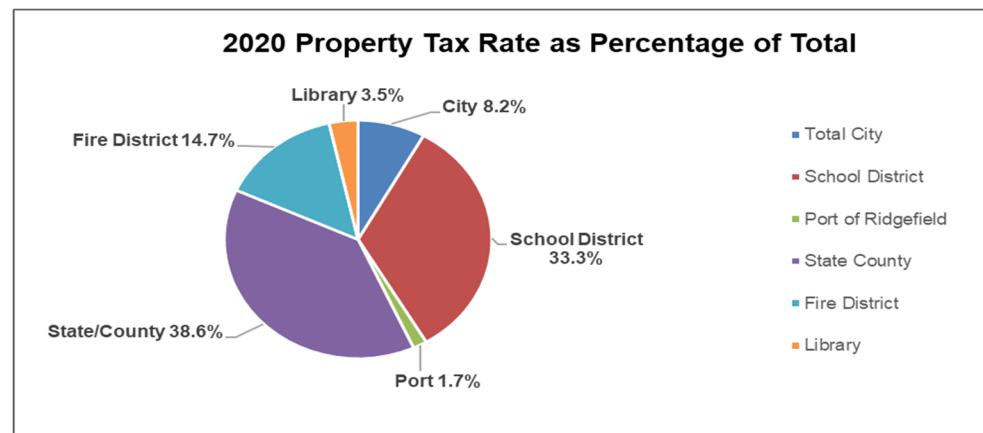
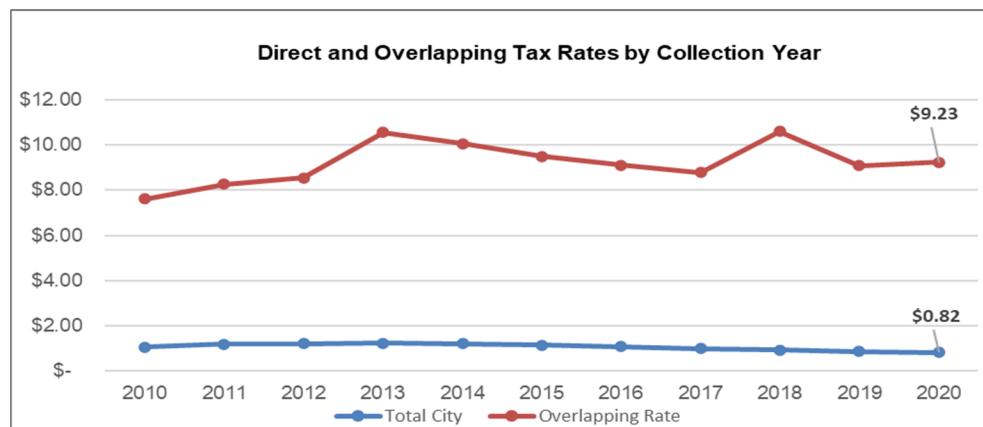
Diking and Mosquito Districts are not included

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

Taxpayer	Rank	Assessed Valuation	Percentage of Top Ten	2020		2011		Percentage of Total Assessed Valuation
				Taxpayer	Rank	Assessed Valuation	Percentage of Top Ten	
United Natural Foods, Inc.	1	\$ 65,731,735	22.85%	Dollar Tree Distribution, Inc	1	\$ 30,608,941	25.42%	4.86%
Pioneer 45, LLC	2	56,654,500	19.69%	DPMC, LLC	2	14,810,025	12.30%	2.35%
Dollar Tree Distribution, Inc.	3	37,705,141	13.11%	United Natural Foods, Inc.	3	14,374,294	11.94%	2.28%
Lennar Northwest, Inc.	4	28,289,643	9.83%	Pacific Detroit Realty, LLC	4	14,032,200	11.65%	2.23%
Ridgefield HQ, LLC	5	23,156,874	8.05%	Ridgefield HQ, LLC	5	10,387,342	8.63%	1.65%
Cedars Construction, LLC	6	18,532,165	6.44%	Horns Corner Properties	6	9,251,234	7.68%	1.47%
Ridgefield East Development, LLC	7	17,857,402	6.21%	PDM Molding/Bonar	7	8,467,200	7.03%	1.34%
Peacehealth	8	13,489,300	4.69%	Pioneer Estates, LLC	8	6,302,331	5.23%	1.00%
Pacific Lifestyle Homes, Inc.	9	13,246,688	4.61%	Green Gables Partners, LLC	9	6,206,177	5.16%	0.98%
Masons Supply Company	10	13,012,972	4.52%	Masons Supply Company	10	5,976,990	4.96%	0.95%
Total of top ten taxpayers		\$ 287,686,420	100.00%	Total of top ten taxpayers		\$ 120,416,734	100.00%	19.11%
Total Taxable Assessed Value			\$ 1,754,424,282	Total Taxable Assessed Value		\$ 630,256,002		

Source: Clark County Assessor's Office

CITY OF RIDGEFIELD, WASHINGTON
Revenue Capacity

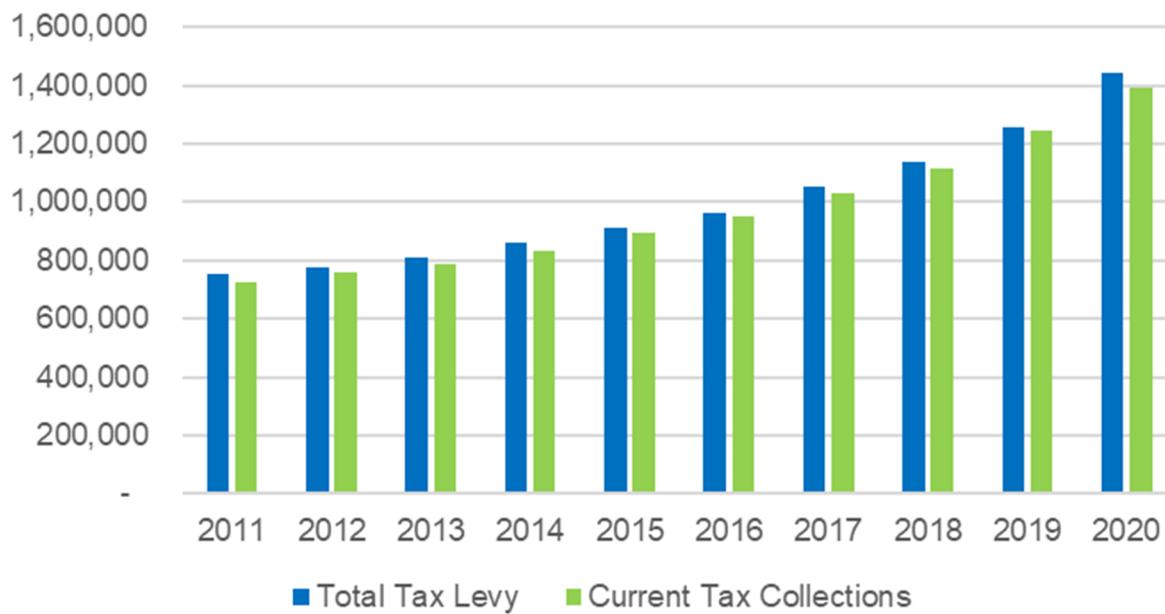
City of Ridgefield, Washington
 Property Tax Levies and Collections
 Last Ten Fiscal Years

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
				Total	Years		to Total Tax Levy	Outstanding Delinquent Taxes		
2011	751,596	727,996	96.86%	23,059		751,055	99.93%	541		0.07%
2012	776,958	759,622	97.77%	17,290		776,912	99.99%	46		0.01%
2013	810,886	787,658	97.14%	23,035		810,693	99.98%	193		0.02%
2014	862,535	835,087	96.82%	27,257		862,344	99.98%	191		0.02%
2015	914,639	896,172	97.98%	18,181		914,353	99.97%	286		0.03%
2016	960,587	948,706	98.76%	11,604		960,310	99.97%	277		0.03%
2017	1,052,384	1,029,874	97.86%	21,847		1,051,721	99.94%	663		0.06%
2018	1,139,742	1,117,839	98.08%	20,048		1,137,887	99.84%	1,855		0.16%
2019	1,254,512	1,244,413	99.19%	6,008		1,250,421	99.67%	4,091		0.33%
2020	1,441,716	1,393,831	96.68%	-		1,393,831	96.68%	47,885		3.32%

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

Source: Clark County Assessor's Office

Certified Tax Levy and Collections



CITY OF RIDGEFIELD, WASHINGTON
Debt Capacity

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

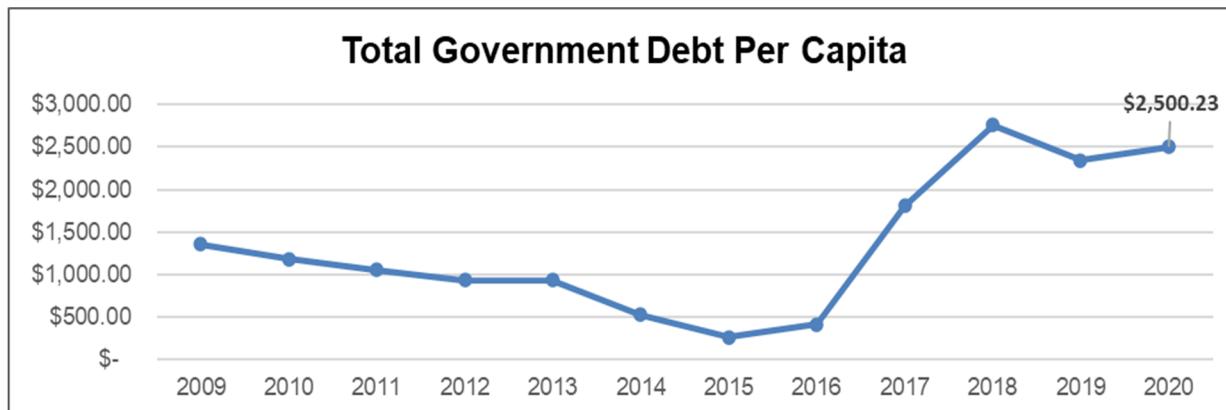
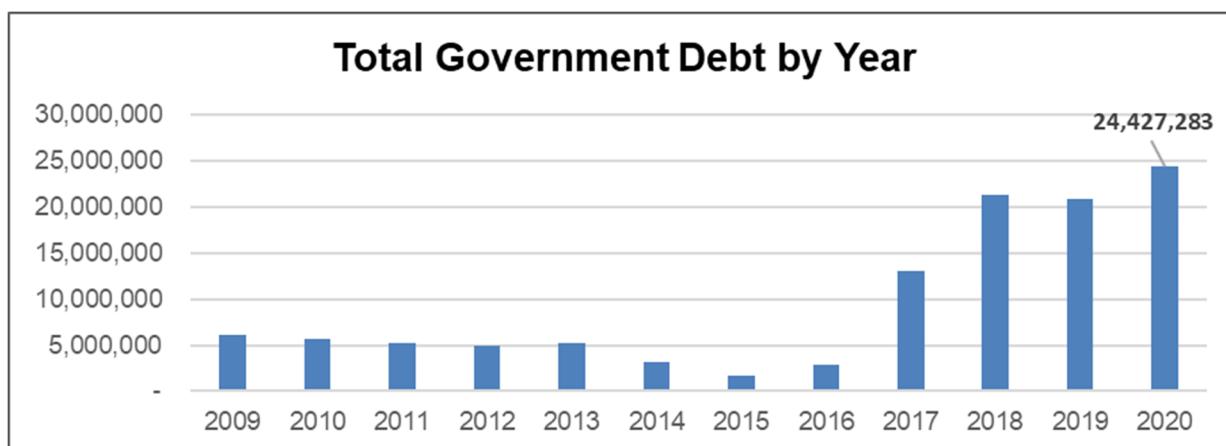
Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	* Total City Personal Income	Per Capita (2)
	General Obligation Bonds	Government Loans	Capital Leases	Water/Sewer Revenue Bonds	Government Loans	Capital Leases				
2009	-	-	13,250	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	5.45%	\$ 390,843,830	\$ 2,763.19
2019	16,829,987	39,048	1,279,326	-	2,689,255	39,713	20,877,329	4.30%	\$ 485,151,090	\$ 2,347.09
2020	20,527,880	-	1,202,094	-	2,658,006	39,303	24,427,283	4.43%	\$ 551,037,770	\$ 2,500.23

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 2020 Financial Statements. 2019 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	\$ -	17,062,094	1.40%	\$ 2,214
2019	1,463,452,195	\$ 16,829,987	\$ -	16,829,987	1.15%	\$ 1,892
2020	1,754,424,282	\$ 20,527,880	\$ -	20,527,880	1.17%	\$ 2,101

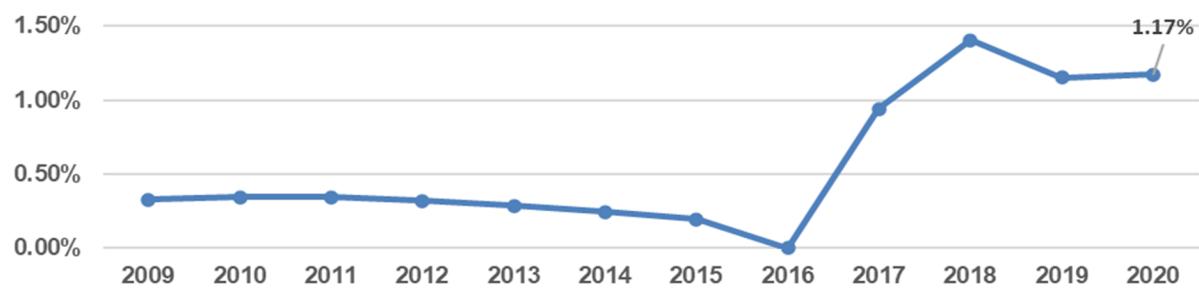
(1) Source: Clark County Assessor's Office

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

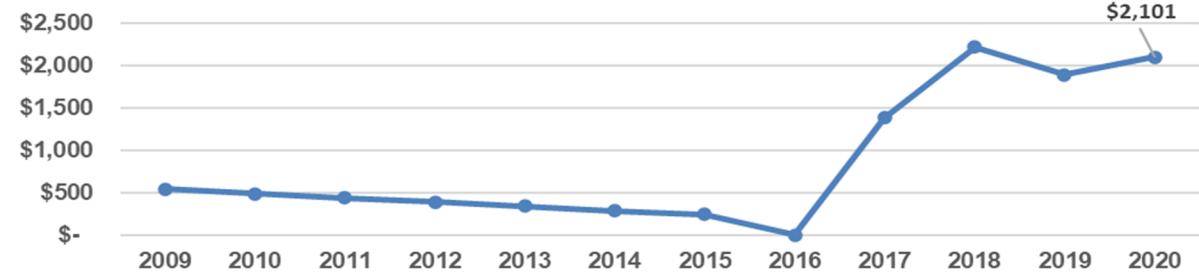
(3) Population data can be found in the Schedule of Demographic and Economic Statistics on page 115

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

Percentage of Bonded Debt to Assessed Values



Bonded Debt Per Capita



CITY OF RIDGEFIELD, WASHINGTON
Debt Capacity

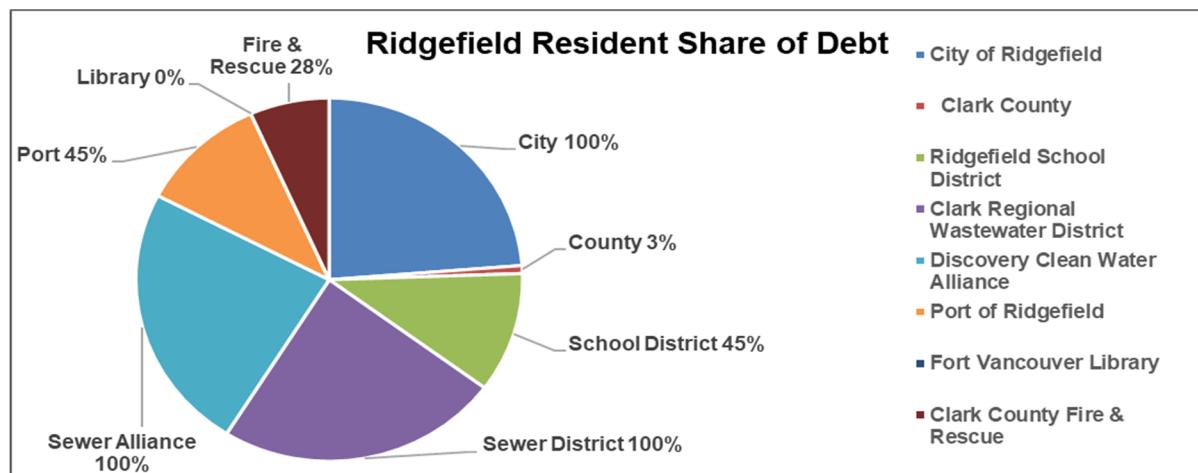
City of Ridgefield, Washington
 Direct and Overlapping Governmental Activities Debt
 December 31, 2020

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Direct:			
City of Ridgefield	21,729,974	100%	21,729,974
Overlapping:			
Clark County	77,747,380	3%	2,332,421
Ridgefield School District	103,411,844	45%	46,535,330
Clark Regional Wastewater District	6,858,102	100%	6,858,102
Discovery Clean Water Alliance	324,788	100%	324,788
Port of Ridgefield	4,975,219	45%	2,238,849
Fort Vancouver Library	21,215,000	0%	-
Clark County Fire & Rescue	2,405,653	28%	673,583
Subtotal, overlapping debt	216,937,986		58,963,073
Total direct and overlapping debt	238,667,960		80,693,047

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.



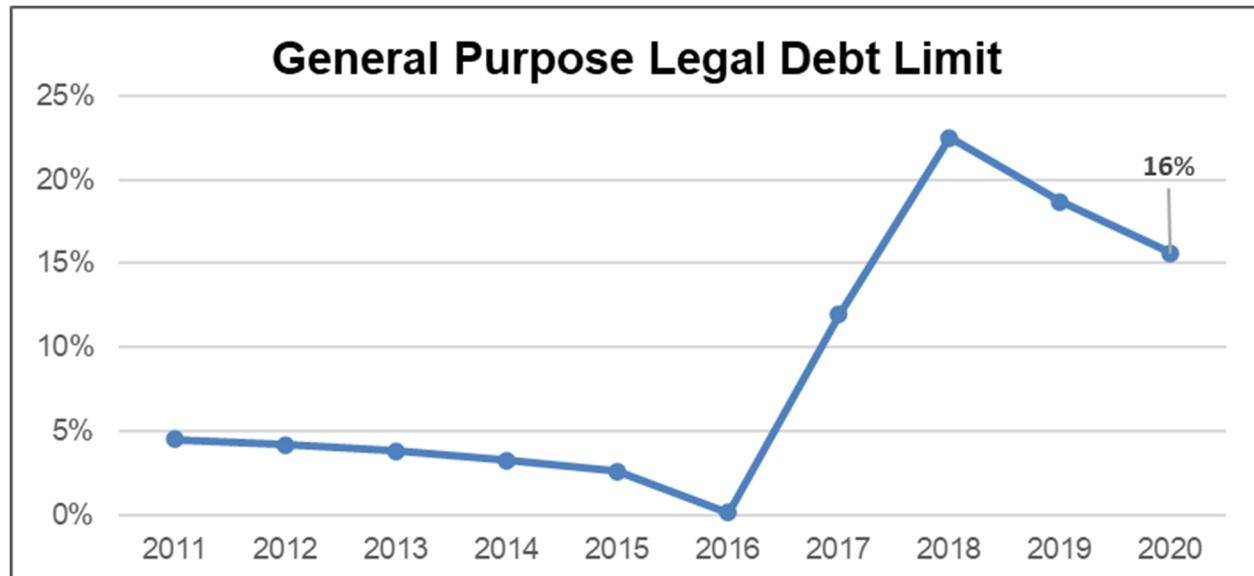
CITY OF RIDGEFIELD, WASHINGTON
Debt Capacity

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 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	\$ 131,581,821
Total net debt applicable to limit	2,143,837	2,002,747	1,881,994	1,734,381	1,567,797	92,030	9,531,302	20,527,880	20,527,880	20,527,880
Legal debt margin	45,125,363	45,973,074	47,247,383	51,291,301	58,431,930	66,675,897	70,152,591	70,702,029	89,231,035	111,053,941
Total net debt applicable to the limit as a percentage of debt limit	5%	4%	4%	3%	3%	0%	12%	23%	19%	16%

Legal Debt Margin Calculation for Fiscal Year 2020	
Assessed Value	1,754,424,282
Debt limit (7.5% of total assessed value)	131,581,821
Debt applicable to limit:	
General obligation bonds	20,527,880
Less: Amount set aside for repayment	
of general obligation debt	-
Notes	-
Total net debt applicable to limit	20,527,880
Legal Debt Margin	111,053,941

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				West Region Consumer Price Index (4)	
		Per Capita Personal Income (2)	Clark County Median Age (6)	Clark County Unemployment Rate (5)	School Enrollment (3)		
2011	4,975	39,021	37.10	11.7%	2,224	1,779	227.5
2012	5,210	41,381	37.40	9.4%	2,172	1,857	232.4
2013	5,545	41,238	37.60	8.5%	2,189	1,933	235.8
2014	6,035	43,800	37.80	7.0%	2,330	2,138	240.2
2015	6,400	46,564	38.00	6.6%	2,498	2,248	243.0
2016	6,870	48,692	38.10	6.1%	2,806	2,406	247.7
2017	7,235	50,726	38.20	5.2%	3,062	2,521	254.7
2018	7,705	54,542	38.50	4.9%	3,230	2,698	263.3
2019	8,895	56,401	38.70	4.7%	3,502	3,074	272.6
2020	9,770	-	-	8.6%	3,253	3,380	276.6

2020 Per Capita Personal Income was not released prior to preparation of the 2020 Financial Statements

2020 Median Age for Clark County was not released prior to preparation of the 2020 Financial Statements

(1) Source: Washington State Office of Financial Management

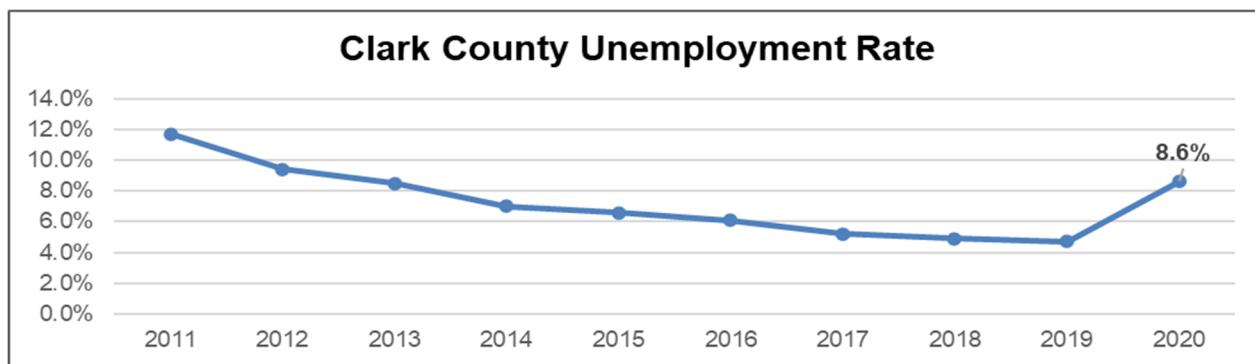
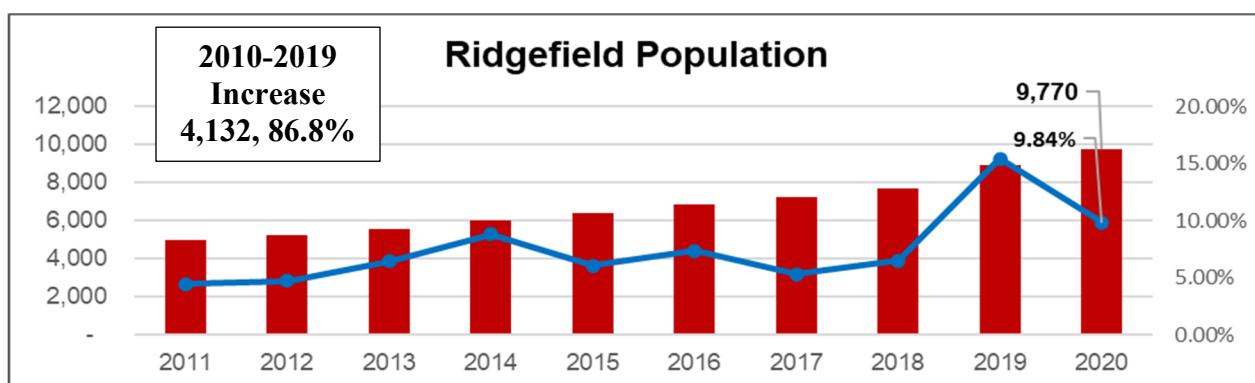
(2) Source: U.S. Department of Commerce, Bureau of Economic Analysis

(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 Nine Years Ago

2020				2011			
Employer	Employees	Rank	Percentage of Employment	Employer	Employees	Rank	Percentage of Employment
Ridgefield School District	380	1	19.88%	Pacific Power Group, LLC	225	2	22.96%
United Natural Foods West, Inc.	350	2	18.32%	Ridgefield School District	415	1	42.35%
Dollar Tree Distribution, Inc.	220	3	11.51%	United Natural Foods West, Inc.	194	3	19.80%
Church & Dwight Co., Inc.	203	4	10.62%	Corwin Beverage Co.	115	4	11.73%
Pacific Crest Building Supply, Inc.	165	5	8.63%	City of Ridgefield	31	5	3.16%
Corwin Beverage Co.	150	6	7.85%		-		
Crave Distribution, LLC	150	6	7.85%		-		
Portland Plastics, Inc.	105	8	5.50%		-		
Rosauers Supermarkets, Inc.	99	9	5.18%		-		
Pacific North Recovery Center, LLC	89	10	4.66%		-		
Total	<u>1,911</u>		<u>100.01%</u>		<u>980</u>		<u>100.00%</u>
Total Ridgefield Employees	<u>3,407</u>						

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

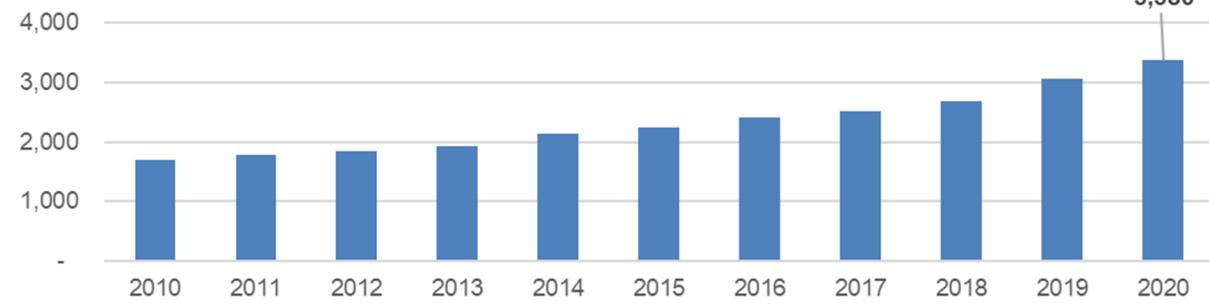
City of Ridgefield, Washington
 Property Value and New Construction
 Last Ten Fiscal Years

Fiscal Year	Population (1)	Residential Housing Units (1)	New 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%
2020	9,770	3,380	201,366,533	1,754,424,282	11.48%

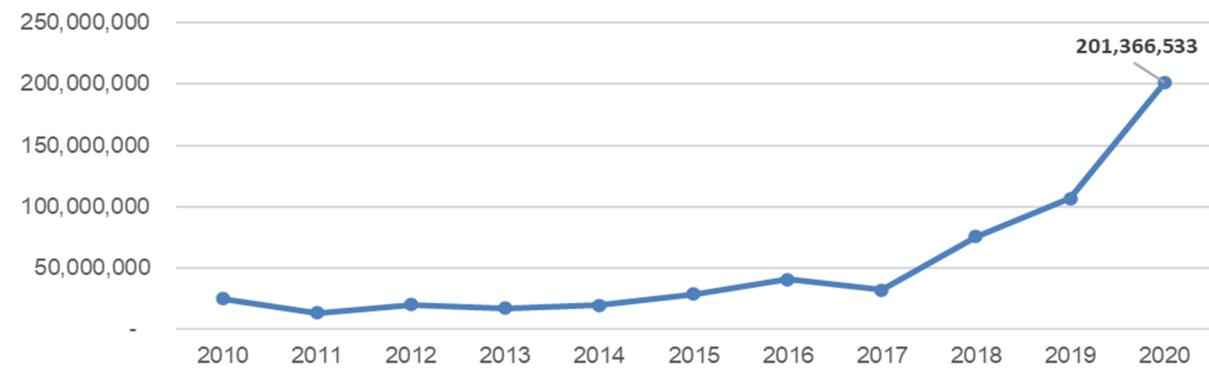
(1) Source: Washington State Office of Financial Management

(2) Source: Clark County Assessor's Office

Residential Housing Units



New Construction - Assessed Value

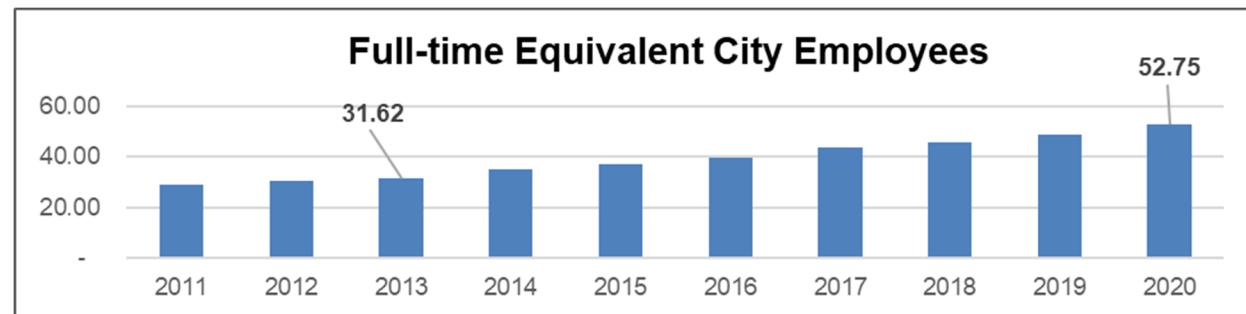
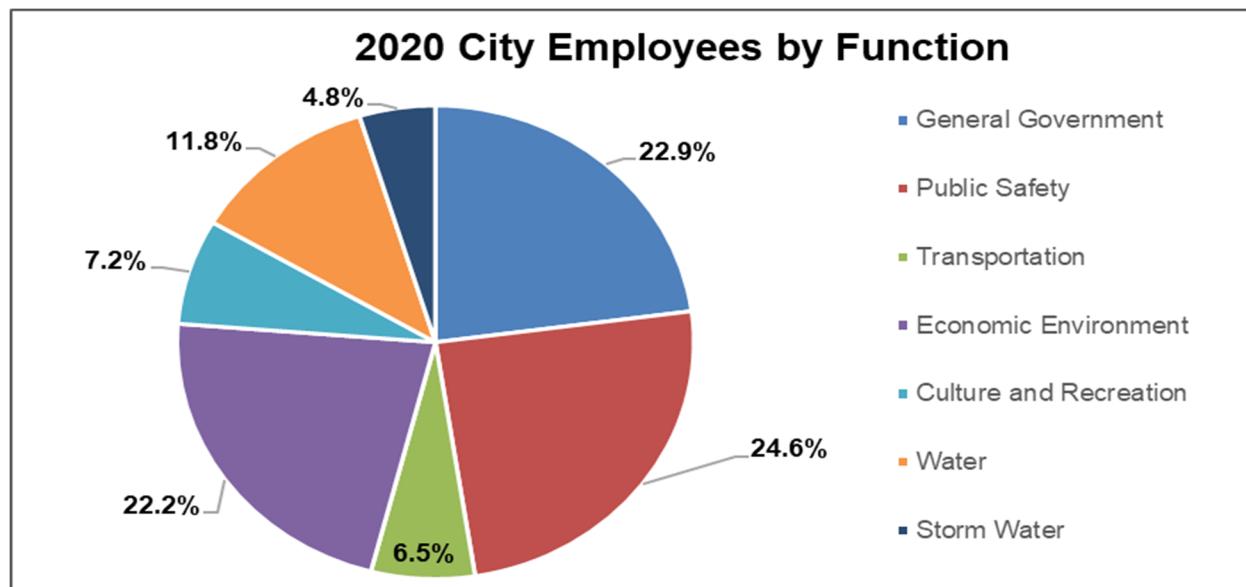


CITY OF RIDGEFIELD, WASHINGTON
Operating Information

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

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	4.00	4.00	3.45	3.45	3.70	2.70	2.70	3.70	3.70
Human Resources	-	-	-	1.35	1.35	1.30	1.30	1.30	1.30	1.30
Finance	3.00	2.00	2.50	3.00	3.00	3.00	3.05	3.30	3.30	4.30
Community Development	1.10	1.75	2.05	2.25	4.25	4.25	7.45	9.52	9.90	11.72
Public Safety	8.50	9.00	9.00	10.00	10.00	11.00	11.00	12.00	12.00	13.00
Public Works										
General Gov/Facilities	0.88	0.45	0.47	0.54	0.54	0.92	1.04	1.02	1.07	1.54
Streets	1.30	1.43	1.51	1.76	1.76	2.41	2.46	2.55	3.31	3.42
Cemetery	0.29	0.32	0.34	0.60	0.60	0.24	0.22	0.22	0.27	0.24
Parks	1.60	2.26	2.34	3.19	3.19	3.21	3.26	3.16	3.89	3.80
Water	3.50	3.55	3.63	3.90	3.90	3.94	5.06	6.34	6.24	6.22
Sewer	4.10	3.75	3.83	1.80	1.80	2.39	2.39	0.05	-	-
Stormwater	0.57	0.91	0.95	2.06	2.06	2.14	2.57	2.59	2.77	2.51
Total	28.84	30.42	31.62	34.90	36.90	39.50	43.50	45.75	48.75	52.75

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Physical arrests	192	173	194	172	156	72	200	131	97	84
Traffic violations	611	657	605	550	391	389	509	615	472	379
Highways and streets										
Street resurfacing (linear feet)	-	-	8,410	9,575	-	-	4,450	3,652	10,516	7,575
Water										
Number of service connections	1,727	1,845	1,984	2,109	2,267	2,612	2,834	3,165	3,440	3,995
Water main breaks	2	3	1	-	2	-	-	1	-	-
Average daily consumption (millions of gallons)	0.493 MGD	0.506 MGD	0.529 MGD	0.418 MGD	0.649 MGD	0.654 MGD	0.796 MGD	0.842 MGD	0.85 MGD	1.02 MGD
Stormwater										
Number of drainage accounts	1,830	1,948	2,088	2,224	2,385	2,742	2,962	3,284	3,482	4,073
Ditch maintenance (lineal feet cleaned)	-	-	-	-	-	-	8,734	7,750	2,549	6,598
Catch basins cleaned	-	-	-	-	-	-	300	508	512	403
Catch basins inspected	-	-	-	-	-	-	300	508	1,151	1,250
Culverts/pipes cleaned	-	-	-	-	-	-	15	17	5	5
Filter vaults cleaned	-	-	-	-	-	-	-	-	-	2
Filters Replaced	-	-	-	-	-	-	-	-	-	64

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	8	8	8	9	10	10	11	11	13
Highways and streets										
Street (miles)	38	39	39	40	40	42	42	47	49	54
Sidewalks (miles)	-	-	-	-	-	33	39	47	52	55
Streetlights	671	692	700	731	773	887	887	1,048	1,234	1,317
Traffic signals	-	-	-	-	-	-	-	1	1	2
Culture and recreation										
Trails (miles)	5	5	5	5	5	5	6	7	7	8
Park acreage	154	154	154	155	142	151	160	160	160	160
Water										
Water mains (miles)	40	40	41	42	43	46	46	49	53	58
Fire hydrants	218	223	225	241	246	262	262	297	327	345
Maximum daily capacity (millions of gallons)	1,090	1,035	1,035	1,035	1,035	1,425	2,001	2,001	2,001	2,001
Stormwater										
Storm sewers (miles)	16	16	16	16	17	19	19	22	26	32
Stormwater facilities	23	23	23	24	24	24	30	30	40	78

Source: Various City of Ridgefield Departments