



ANNUAL COMPREHENSIVE FINANCIAL REPORT



City of Ridgefield, Washington
Year Ended December 31, 2021

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CITY OF RIDGEFIELD, WASHINGTON
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Year Ended December 31, 2021



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

CITY OF RIDGEFIELD, WASHINGTON
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Year Ended December 31, 2021

TABLE OF CONTENTS

<u>Introductory Section</u>	<u>Page</u>
Letter of Transmittal	1
Certificate of Achievement	8
Organization Chart	9
Directory of Officials	10
 <u>Financial Section</u>	
Independent Auditor's Report	11
Management's Discussion and Analysis.....	15
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position.....	26
Statement of Activities.....	27
Fund Financial Statements	
Balance Sheet – Governmental Funds	28
Statement of Revenues, Expenditures and	
Changes in Fund Balances – Governmental Funds	29
Reconciliation of the Statement of Revenues, Expenditures and Changes	
In Fund Balances of Governmental Funds to the Statement of Activities	30
Statement of Revenues, Expenditures and Changes in Fund	
Balances – Budget (GAAP Basis) and Actual – General Fund	31
Statement of Fund Net Position - Proprietary Funds	32
Statement of Revenues, Expenses and Changes in Fund	
Net Position - Proprietary Funds	33
Statement of Cash Flows - Proprietary Funds	34
Notes to Financial Statements	35
Required Supplementary Information	
Schedule of Proportionate Share of the Net Pension Liability PERS 1	74
Schedule of Proportionate Share of the Net Pension Liability PERS 2-3	74
Schedule of Proportionate Share of the Net Pension Liability LEOFF 2	74
Schedule of Employer Contributions PERS 1	75
Schedule of Employer Contributions PERS 2-3	75
Schedule of Employer Contributions LEOFF 2	75
Notes to Required Supplemental Information - Pension	76

TABLE OF CONTENTS (Continued)

Combining and Individual Fund Statements

Nonmajor Governmental Funds Description	78
Combining Balance Sheet - Nonmajor Governmental Funds.....	79
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	80
Combining Balance Sheet - Nonmajor Special Revenue Funds	81
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	82
Balance Sheet - Nonmajor Debt Service Fund	83
Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Fund	84
Combining Balance Sheet - Nonmajor Capital Project Funds	85
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds	86
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Drug Fund	87
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – City Street Fund	88
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Affordable Housing Fund	89
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Debt Service Fund	90
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Traffic Impact Fee Fund	91
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Park Impact Fee Fund	92
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Transportation Benefit District Fund	93
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Capital Projects Fund	94
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Real Estate Excise Tax Fund	95

STATISTICAL SECTION

Statistical Section Description	96
Financial Trends	
Net Position by Component	97
Changes in Net Position	99
Fund Balances – Governmental Funds	103
Changes in fund Balances – Governmental Funds	105
Tax Revenue by Source – Governmental Funds	107
Revenue Capacity	
Principle Retail Sales Taxpayers	108
Actual Assessed Value of Taxable Property	109
Property Tax Rates – Direct and Overlapping Governments	110
Principal Property Taxpayers	111
Property Tax Levies and Collections	112

TABLE OF CONTENTS (Continued)

Debt Capacity

Ratios of Outstanding Debt by Type	113
Ratios of General Bonded Debt Outstanding	114
Direct and Overlapping Governmental Activities Debt	115
Legal Debt Margin Information	116

Demographic and Economic Information

Demographic and Economic Information	117
Principal Employers	118
Property Value and New Construction	119

Operating Information

Full-time Equivalent City Government Employees by Function	120
Operating Indicators by Function	121
Capital Asset Statistics by Function	122

CITY OF RIDGEFIELD, WASHINGTON
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Year Ended December 31, 2021

INDEX FOR NOTES TO THE FINANCIAL STATEMENTS

<u>Note</u>	<u>Page</u>
1. Summary of Significant Accounting Policies.....	36
A. Reporting Entity	36
B. Government-Wide and Fund Financial Statements	36
C. Measurement Focus, Basis of Accounting and Financial Statement Presentation	37
D. Assets, Liabilities and Net Position or Equity	38
1. Cash, cash equivalents and investments	38
2. Receivables	38
3. Amounts due to and from other funds and governments, interfund loans and advances receivable	39
4. Inventories and prepaid items	39
5. Leases receivable and deferred inflows of resources	39
6. Other noncurrent assets	39
7. Deferred inflows and outflows of resources related to unavailable revenue	40
8. Restricted assets	40
9. Capital assets	40
10. Compensated absences	41
11. Other accrued liabilities	42
12. Long-term obligations	42
13. Net pension liabilities (assets)	42
14. Asset Retirement Obligations	42
15. Net position	42
16. Fund balances in the governmental fund financial statements	42
E. Covid-19 Pandemic	44
2. Reconciliation of Government-Wide and Fund Financial Statements	44
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position.....	44
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	45
3. Stewardship, Compliance and Accountability.....	46
4. Deposits and Investments	47
5. Property Taxes.....	50
6. Capital Assets	51
7. Pension Plans	53
8. Risk Management	61
9. Long Term Debt	62
10. Contingencies and Litigation	66
11. Interfund Receivables, Payables and Transfers.....	66
12. Leases	67
13. Pollution Remediation Obligations	69
14. Unearned Revenue – Impact Fee Credits	70
15. Jointly Governed Organizations and Related Party	71
16. Asset Retirement Obligations	71
17. Other Disclosures.....	72

CITY OF RIDGEFIELD, WASHINGTON
Annual Comprehensive Financial Report
Year Ended December 31, 2021



June 28, 2022

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

We are proud to submit the City's Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021. 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, 2021, 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 Annual 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 11,910 residents. The city offers multiple recreational opportunities with approximately nine miles of trails and 165 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 OF RIDGEFIELD, WASHINGTON
Annual Comprehensive Financial Report
Year Ended December 31, 2021

City led 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 as soon as the liability is incurred, regardless of the timing of related cash flow. As a result, the Government-wide Financial Statements are similar to and more closely resemble financial statements of private sector businesses.

The City prepares an annual budget in accordance with the Revised Code of Washington (RCW) 35A.33. The City's annual budget serves as the foundation for financial planning and control. The 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

CITY OF RIDGEFIELD, WASHINGTON
Annual Comprehensive Financial Report
Year Ended December 31, 2021

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, 2021, approximately \$14.6 million cash on hand, \$443 thousand invested in municipal bonds, \$3.9 million in U.S. Agency Bonds, \$13.8 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:

- Establishing reserve contingencies for debt service, operations and maintenance, revenue stabilization, accrual payouts at retirement, capital repair and replacement, and equipment replacement.
- Use of a six-year financial sustainability model.
- Budget development and monitoring requirements policies.
- Use of one-time revenues for one-time expenses.
- 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.
- Credit card policies establishing the guidelines for usage of city cards to procure goods and services.

Management and Structural Changes: The City continues to increase staffing through a thoughtful and measured planning process. The City completed an update to their six-year business plan in 2019 to help assist Department Directors in planning for staffing needs to maintain core services. In 2021 Council approved the addition of nine new full-time equivalent (FTE) positions. In 2010 the City had 6.02 employees per one thousand population and in 2021 staffing was 5.21 employees per one thousand population including the nine new positions.

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. The senior management team will develop a new six-year business plan in 2022 for the time frame 2023 – 2028. The policy will focus on core services, staffing and projects that support City Council goals.

City staff developed performance measurements in 2021 to quantify results of City Councils goals. The measurements provide a quantifiable way to recognize success and to identify areas needing improvement. Performance measures also offer transparency and allows the public to hold the City accountable for stated

CITY OF RIDGEFIELD, WASHINGTON
Annual Comprehensive Financial Report
Year Ended December 31, 2021

objectives. To achieve the transparency the City's progress is measured against data from previous years, community surveys, targets set in master plans and benchmarks with other communities. By measuring our goals using a variety of data, we can see how Ridgefield's present state relates to past indicators and future plans.

The City will complete a community survey in 2022 with results to be released early in 2023. The survey is a follow-up to the 2015 and 2019 surveys.

Economic Condition and Outlook:

City Council adopted a conservative operating budget in 2021 as we entered the second year of the Covid-19 pandemic. Despite economic challenges throughout the nation, Ridgefield saw significant residential and commercial development. Council adopted utility assistance and non-profit grant programs in 2021 to assist families and non-profits who were negatively affected by the pandemic.

To guard against the possibility of a slowdown, Council proactively implemented reserve policies prior to the pandemic 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 were approximately 36% of budgeted General Fund operating expense in 2021. 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 the City continues to grow.

The City of Ridgefield has been the fastest growing city by percentage, in Washington since the 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 three years have seen balanced development between residential and commercial construction. As a result, the City can 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. In 2021 the City realized the highest annual remittance of both property tax and retail sales and use tax in its history. Several additional commercial retail establishments and the North County campus for Clark College will begin construction in 2022 and 2023. The additional commercial retail development 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 an upgraded 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 operating revenues and expenses. The City uses development projections as a tool to estimate revenues. Sales tax revenues have transitioned over the past two years from a dependency on development to more sustainable sources for retail sales tax revenues. Current and future development forecasts support additional retail construction over the next five years.

Council has previously 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

CITY OF RIDGEFIELD, WASHINGTON
Annual Comprehensive Financial Report
Year Ended December 31, 2021

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 as well as provide access to the new Clark College campus. Design is complete and right of way acquisition is ongoing. Construction is expected to begin in 2022. The City has received notification of an additional grant from the Washington State Transportation Improvement Board for approximately \$2.9 million to construct improvements to a section of Royle Road that has seen significant development and is one of the arterial roads to access the Ridgefield High School and The Ridgefield Outdoor Recreation complex. Design is under way and construction is expected to begin in 2023.

Ridgefield residents voted to approve a two-tenths of one percent (0.2%) increase to the sales and use tax to fund pavement preservation projects in the city. The new tax will take effect April 1, 2022. The sales and use tax will replace the vehicle licensing fee that funded pavement preservation. The vehicle licensing fee was eliminated by Council action in December 2021. The fee will no longer be collected when residents register their vehicles beginning April 1, 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 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 2021 the City and local economy entered the second year of the pandemic and associated measures to address public health concerns. The following strategies were implemented prior to the pandemic 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 the tools 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, manage public records requests and provide a public facing portal for document transparency.

The City staff have embraced a 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, utility, 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 comfort of the account owners home. The Utility Department added an automated call response system for utility payments. Community Development completed a transition to an online permitting module in 2021 to allow residents and developers to submit online permits. Administration and Finance have completed

CITY OF RIDGEFIELD, WASHINGTON
Annual Comprehensive Financial Report
Year Ended December 31, 2021

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 and electronic application submittal for job applicants. 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 allowed the City to offer the same services during the pandemic while reducing the need for in person visits to conduct routine business. Each of these improvements will be offered ongoing to ensure residents access to services. The City has expanded communication options through social media platforms and a new survey platform Ridgefield Roundtable. The new platform allows residents to provide input on projects and services.

Economic Development through New Infrastructure: The City of Ridgefield has worked with partners at the state, federal and local level to plan for economic development in North Clark County. 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 of a one-million-gallon reservoir and new well and transmission system at the Junction. The reservoir added 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 Southwest section of town have been identified and a new well field will be constructed beginning in 2022. The City partnered with Clark Public Utilities and the City of Battle Ground on a project to develop a new regional well field. The City of Ridgefield obtained 1,000 GPM in water rights and capacity in 2021. The City has the right to double those rights by 2030.

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. Design has been completed and right of way acquisition is nearing completion. Construction on the extension is expected to begin in 2022. Additional acreage along the new roadway will be open for development and is anticipated to create high paying professional jobs. The City has begun design of an additional roundabout and widening project on Pioneer on the west side of the freeway that will service the new Ridgefield YMCA, office and commercial space on the southeast side of the Discovery Ridge retail center and property along the I-5 freeway that is zoned for destination retail.

A new roundabout is under construction with completion estimated in August 2022 on Royle Road. These projects will open additional commercial development opportunities, service the Ridgefield Outdoor Recreation Complex, Ridgefield High School, and new residential development in these areas. The Port of Ridgefield completed construction on a new railroad overpass on Pioneer Street serving the waterfront area. The completion of the overpass will provide development opportunities for several mixed-use projects along the waterfront.

In partnership with the State of Washington, Clark County, La Center and regional economic development entities the City led an infrastructure study in 2019 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 also partnered with the Washington State Department of Transportation and Clark County to do a feasibility study on adding an additional freeway entrance to the City from I-5 at the Southern section of the City.

The City will focus on water capacity, street improvements park design and amenities, and storm water treatment projects in 2022. The water projects will continue to identify new water sources and drill an additional well field in the Southwestern section of town 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. Park projects will focus on design of three

CITY OF RIDGEFIELD, WASHINGTON
Annual Comprehensive Financial Report
Year Ended December 31, 2021

new parks and construction of new trail segments in the Hillhurst Road area, and construction of a splash pad at Overlook Park. Storm water projects will focus on completing design of a regional storm water facility at the I-5 junction with construction to begin in 2022 or 2023. City staff are also looking for additional grant funding to complete several shovel ready 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 fourth Distinguished Budget Presentation Award for the 2021 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 annual comprehensive financial report for the fiscal year ended December 31, 2020. This was the seventh 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 annual comprehensive financial report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

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

Acknowledgments

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

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

Respectfully submitted,



Steve Stuart
City Manager



Kirk Johnson
Finance Director

CITY OF RIDGEFIELD, WASHINGTON
Annual Comprehensive Financial Report
Year Ended December 31, 2021



Government Finance Officers Association

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

Presented to

**City of Ridgefield
Washington**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

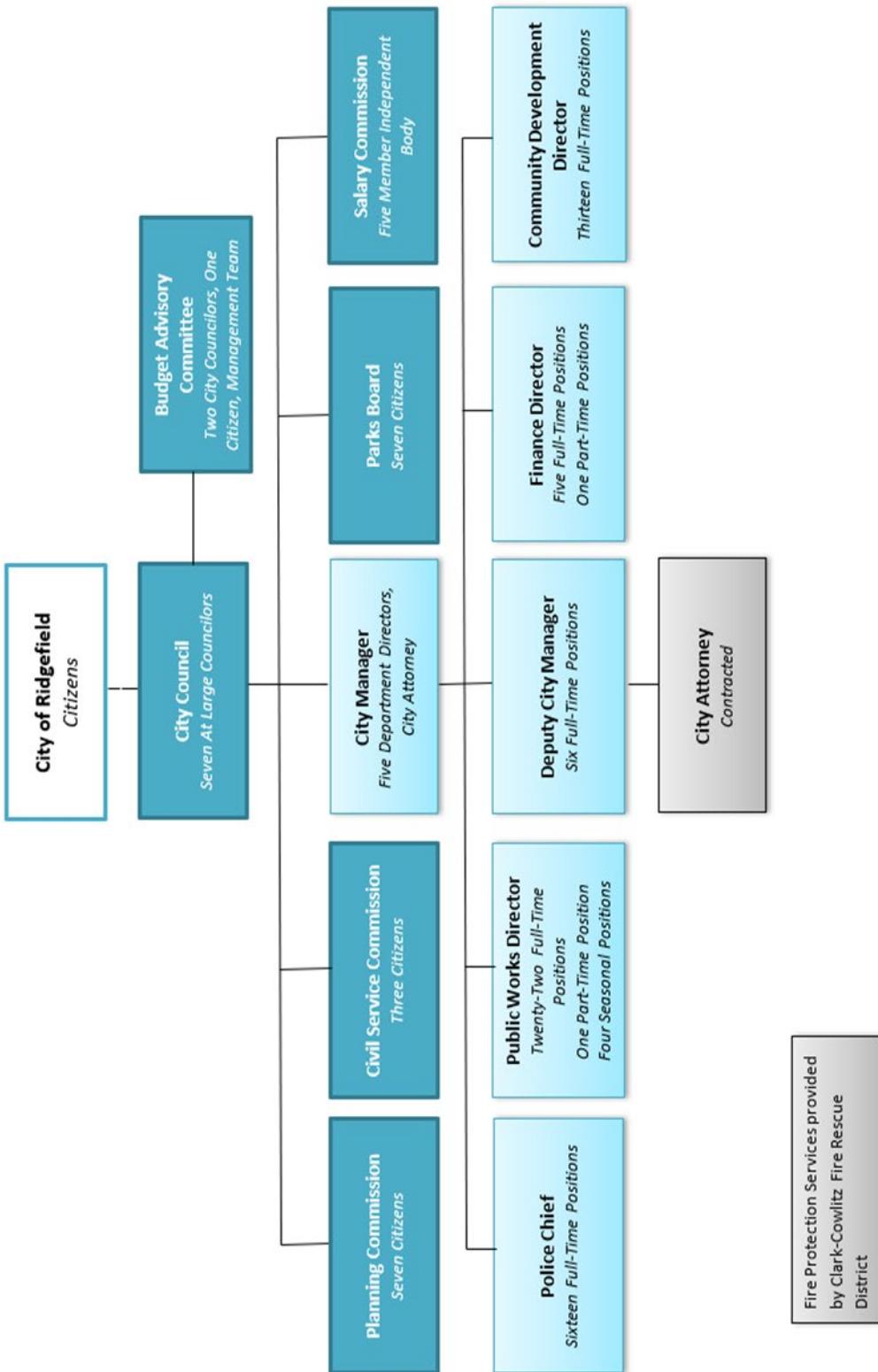
December 31, 2020

Christopher P. Morill

Executive Director/CEO

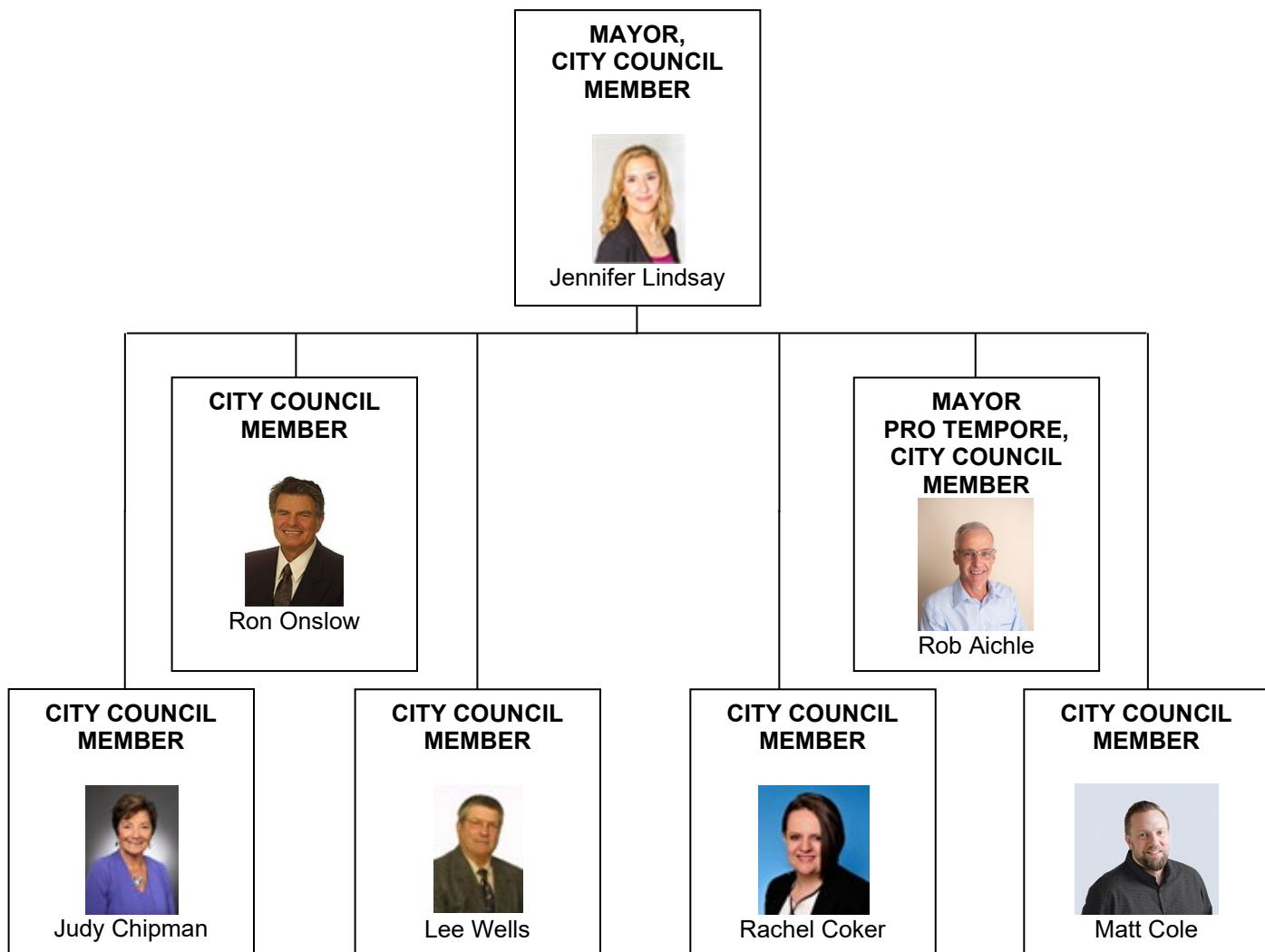
CITY OF RIDGEFIELD, WASHINGTON
Annual Comprehensive Financial Report
Year Ended December 31, 2021

City of Ridgefield 2022 Organizational Chart



CITY OF RIDGEFIELD, WASHINGTON
Annual Comprehensive Financial Report
Year Ended December 31, 2021

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
Brenda Howell
Claire Lust

CITY OF RIDGEFIELD, WASHINGTON
Annual Comprehensive Financial Report
Year Ended December 31, 2021



Office of the Washington State Auditor
Pat McCarthy

**INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE
FINANCIAL STATEMENTS**

Mayor and City Council
City of Ridgefield
Ridgefield, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Ridgefield as of and for the year then ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Ridgefield, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

CITY OF RIDGEFIELD, WASHINGTON
Annual Comprehensive Financial Report
Year Ended December 31, 2021

Matters of Emphasis

As discussed in Note 1 to the financial statements, the full extent of COVID-19 pandemic's direct or indirect financial impact on the Authority is unknown. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Performing an audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed;

CITY OF RIDGEFIELD, WASHINGTON
Annual Comprehensive Financial Report
Year Ended December 31, 2021

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

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

Other Information

The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the

CITY OF RIDGEFIELD, WASHINGTON
Annual Comprehensive Financial Report
Year Ended December 31, 2021

other information included in the financial statements. Our opinions on the basic financial statements do not cover the other information, and, we do not express opinions or provide any assurance thereon.

In connection with the audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 28, 2022, 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. That report will be issued under separate cover in the City's Single Audit Report. 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,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is fluid and cursive, with "Pat" on the top line and "McCarthy" on the bottom line.

Pat McCarthy, State Auditor

Olympia, WA

June 28, 2022

CITY OF RIDGEFIELD, WASHINGTON
Management's Discussion and Analysis
Year Ended December 31, 2021

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, 2021. 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 \$155.6 million, a \$29.1 million, 23.1 percent, increase from 2020. This is primarily the result of an increase in capital contributions of \$18.9 million.
- Net Investment in Capital Assets account for about 81.2 percent of net position, with a value of \$126.3 million.
- Of the remaining 18.8 percent of net position that totals \$29.3 million, approximately \$20.8 million is restricted to fund capital projects. The unrestricted net position is \$515 thousand, which may be used to meet the government's ongoing obligations to citizens and creditors, without legal restrictions.
- The City's governmental funds reported combined ending fund balances of \$23.7 million with \$12.5 million restricted for capital related purposes, \$3.4 million restricted for building permit related activities, \$5,486 restricted for public safety related activities and finally \$42,972 restricted for economic environment, \$914,002 assigned by the City to be used for specific purposes, and \$6.8 million allocated to unassigned fund balance and not assigned for any specific purpose.
- Debt associated with governmental activities bonds, notes and loans payable increased by approximately \$450,000. This is due to the issuance of \$750,000 in direct placement debt to purchase a parcel of land for park development. Additionally, the City took its final draw of \$465,000 on the 2020 LTGO Debt for the Public Works Operations Center. The increases were offset by routine debt service payments. The liability associated with developer impact and system development charge credits had a net increase of \$1.8 million ending the year at \$6.3 million. The impact fee liability outstanding at December 31, 2021 is associated with traffic and park impact fee credits. Business-type activity debt associated with governmental loans reflected a significant decrease of approximately \$2.5 million mainly due to the payment in full of two loans within the Water function.

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

CITY OF RIDGEFIELD, WASHINGTON
Management's Discussion and Analysis
Year Ended December 31, 2021

provided, such as, tax collection, general administration and the issuance of permits and licenses. The business-type activities of the City of Ridgefield include water and storm water drainage utility management and operation.

The statement of net position presents information on all of the City of Ridgefield's assets, deferred outflows, liabilities, and deferred inflows, with the difference between them reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, 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 2021, 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 2021.

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, Capital Projects Fund, and Real Estate Excise Tax 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

CITY OF RIDGEFIELD, WASHINGTON
Management's Discussion and Analysis
Year Ended December 31, 2021

and by prorating the costs based on time allocation to the various funds. Budgetary variances are discussed later in this section.

Proprietary funds

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

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 \$155,564,920. 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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 29,133	\$ 17,165	\$ 12,568	\$ 11,523	\$ 41,701	\$ 28,688
Capital assets (Net of depr)	106,678	91,634	42,030	38,520	148,708	130,154
Total Assets	135,811	108,799	54,598	50,043	190,409	158,842
Deferred outflows of resources	466	457	399	408	865	865
Current and other liabilities	7,758	6,050	345	387	8,103	6,437
Long-Term liabilities	22,723	22,830	972	3,512	23,695	26,342
Total Liabilities	30,481	28,880	1,317	3,899	31,798	32,779
Deferred inflows of resources	3,321	449	590	62	3,911	511
Net Position:						
Net Investment in capital assets	84,581	69,966	41,713	35,822	126,294	105,788
Restricted	19,863	10,546	8,891	8,885	28,754	19,431
Unrestricted	(1,970)	(585)	2,486	1,783	516	1,198
Total Net Position	\$ 102,474	\$ 79,927	\$ 53,090	\$ 46,490	\$ 155,564	\$ 126,417

The largest portion of current and other assets is cash and investments which comprised \$34.3 million at the end of 2021 compared to \$26.3 million at the end of 2020. The significant increase in cash is due to a number of factors during 2021, which primarily drove an increase of cash and investments in governmental Activities. First the City received approximately \$1.3 million in American Rescue Plan Act (ARPA) funds.

CITY OF RIDGEFIELD, WASHINGTON
Management's Discussion and Analysis
Year Ended December 31, 2021

Secondly the housing and development market showed significant increased activity which resulted in an increase of overall cash of approximately \$4.4 million related to Real Estate Excise Tax (REET), Transportation and Park Impact Fees and Building activity. The remainder of the increase can be attributed to increases in property taxes, sales and use tax and utility taxes related to the growth of the City. Capital assets, net of accumulated depreciation increased \$18.6 million, of which \$15 million alone was for Transportation infrastructure assets. This was mainly due to additions of capital assets through donations and contributions, which for the total government was \$19 million. Routine depreciation offset this significant increase in capital assets. Additionally, there was an increase in the Net Pension Asset during 2021 that increased from \$494,000 in 2020 to \$4.4 million in 2021. This significant swing was a result of the PERS 2/3 plan.

Governmental activities long-term liabilities had a net decrease of approximately \$107 thousand due in large part to the decrease in the net pension liability specifically related to the PERS 2/3 retirement plan and routine debt service payment for both general obligation and direct placement bonds. Business-type activity debt associated with governmental loans reflected a significant decrease of approximately \$2.5 million due to the payment in full of two loans within the Water function.

Investment in capital assets, less any related debt used to acquire those assets that is still outstanding, represents 81.2% of the City's net position, totaling \$126.3 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 2021, the City also had a net position of \$28.8 million or 18.5% of the total that was subject to external restrictions on how these funds can be spent. This increased over \$9.3 million due to two key factors; \$4.4 million related to the Net Pension Asset and 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 \$515 thousand in unrestricted net position in the government wide fund statements with a deficit presentation of \$1.97 million in the governmental activities' column and \$2.5 million in the business activities' column.

CITY OF RIDGEFIELD, WASHINGTON
Management's Discussion and Analysis
Year Ended December 31, 2021

Statement of Activities

The City's total Net Position increased by \$29.1 million, ending at \$155.6 million. 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	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 12,001	\$ 8,897	\$ 3,723	\$ 3,135	\$ 15,724	\$ 12,032
Operating grants/contributions	1,402	149	-	38	1,402	187
Capital grants/contributions	18,086	11,302	6,691	6,490	24,777	17,792
General revenues:						
Property taxes	1,723	1,477	-	-	1,723	1,477
Sales taxes	4,079	3,154	-	-	4,079	3,154
Utility taxes	1,548	1,344	-	-	1,548	1,344
Excise taxes	3,389	1,932	-	-	3,389	1,932
Interest income	(28)	164	(12)	84	(40)	248
Other revenue	430	714	-	-	430	714
Total Revenues	42,630	29,133	10,402	9,747	53,032	38,880
Expenses:						
General Government	2,550	2,527	-	-	2,550	2,527
Public Safety	2,064	1,962	-	-	2,064	1,962
Physical Environment	1,234	1,049	-	-	1,234	1,049
Transportation	3,232	1,978	-	-	3,232	1,978
Economic Environment	1,534	1,596	-	-	1,534	1,596
Education	7,526	6,268	-	-	7,526	6,268
Culture and Recreation	1,261	1,169	-	-	1,261	1,169
Interest on L-T Debt	682	624	-	-	682	624
Water	-	-	2,621	2,246	2,621	2,246
Sewer	-	-	1,181	862	1,181	862
Total Expenses	20,083	17,173	3,802	3,108	23,885	20,281
Excess (deficiency) before transfers	22,547	11,960	6,600	6,639	29,147	18,599
Transfers	-	(118)	-	118	-	-
Change in Net Position	22,547	11,842	6,600	6,757	29,147	18,599
Beginning Net Position	79,927	68,085	46,490	39,910	126,417	107,995
Change in Accounting Principles	-	-	-	(177)	-	(177)
Ending Net Position	\$ 102,474	\$ 79,927	\$ 53,090	\$ 46,490	\$ 155,564	\$ 126,417

CITY OF RIDGEFIELD, WASHINGTON
Management's Discussion and Analysis
Year Ended December 31, 2021

Governmental Activity Analysis

Capital Grants and contributions was the largest source of revenue in 2021 accounting for 41.9% of governmental activity revenue sources. This is the second year in a row capital grants and contributions presented the largest source of revenue. During, 2021, the city received approximately \$15 million in capital contributions from developers, with the largest donations being related to transportation infrastructure. Charges for Services account for 28.2% of the governmental activity revenue sources. Economic Environment activity represents 85.3% 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 \$2.0 million in 2021 compared to 2020. Residential construction remained strong throughout 2021. Commercial construction continued its pace shown in the third and fourth quarters of 2020 throughout 2021.

All tax revenue sources reflect a \$2.8 million dollar increase over the prior year with Excise taxes accounting for 51.4% of this increase. The most significant component of the Excise tax revenue source is the Real Estate Excise Tax (REET) which increased more than \$1.5 million 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 2020 to December 2021, the median selling price of a home in Ridgefield increased from \$428 thousand to \$584 thousand resulting in much of the increase of REET.

While the growth of REET makes that stream a significant source of revenue, the largest source of tax revenue continues to come from sales and use tax. Sales and use taxes totaled \$4,079,250, accounting for 38% of the total tax revenue, down from 39.9% in 2020. The reduction in sales and use tax percentage of overall taxes was due to the significant increase in the REET. The leading driver of general retail sales tax remained the construction and building activities at 38.9% of overall sales and use tax. Property taxes totaled \$1,723,498, up \$246,376 from 2020, and accounting for 16% 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. In 2021 the City had a \$242.6 million increase in assessed value due to new construction.

Total governmental expenses, not including transfers equaled \$ 20.1 million with 37.5% of this amount for educational expense, for the collection and remittance of school impact fees, which increased during 2021 as a direct correlation to the increase in the School Impact Fee revenue as discussed above. 46.7% of expense was associated with four programs: general government, public safety, transportation, and economic environment each representing 12.7%, 10.3%, 16.1% and 7.6% respectively of the total governmental activities expense. Combined, this is a slight decrease from the 47% of these four combined in the prior year. The governmental activities expenses increased 16.9% or \$2.9 million when compared to 2020. \$1.3 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 remained stable during 2021, with less than a 1% variance to the prior year. Public safety expense increased 5.2% in 2021 when compared to 2020 due to increased salaries and benefits. Transportation expenses increased 63.4% due to repairs and maintenance expenses that did not qualify for capitalization.

Business-Type Activities Analysis

Capital grants and contributions increased 3.1%, or \$201 thousand, when compared to 2020. The increase is related to donated assets from developers. Of the \$6.7 million balance in 2021, 59.2% is from contributed assets. Both Water and Storm Water had significant capital contributions during 2021. Capital contributions come from private developers and are recorded either when an asset is completed and accepted by the City or when a developer uses a system development charge credit. Credits are issued to developers as "payment" for assets they construct that benefit the City above and beyond their development and are assets identified in the City's capital facility plan. Once the asset is constructed and donated 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

CITY OF RIDGEFIELD, WASHINGTON
Management's Discussion and Analysis
Year Ended December 31, 2021

of 2021 there were \$187,351 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.

Charges for services for the water and storm water drainage utility increased by just under \$588,000. This increase occurred because of a 20.1% revenue increase in the Water Utility and a 15.1% revenue increase in the storm water drainage utility. There was no water rate increase in 2021. Storm water saw a 3% rate increase in 2021. The storm water rate increase along with increased consumption was the reason for the increase in charges for services.

Summary of Total Government Activities

Overall, the City's financial position improved from 2020 to 2021 with net position increasing by \$29.1 million or 23.1%. The main reasons for the increase are 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. Three 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. Real Estate Excise Tax Fund (REET) was established to account for taxes that are restricted for capital purposes. Resources are typically transferred to other funds as they are needed. 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; 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. The 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.

When reviewed on a separate fund basis, the General Fund's fund balance increased 50.2% as a result of 2021 operations. The General Fund beginning year fund balance was \$7.3 million and ended 2021 at \$11.0 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 19.3%, 47.1%, 9.7% and 8.2%, respectively, of the total revenue. Sales and use taxes reflect a 28.7% increase, or \$903 thousand due to the continued strength of the building and construction activity that started in late 2020 with the establishment of safety protocols in the industry. Charges for Services increased \$1.7 million or 21.4% compared to 2020. The contributing factor came towards the end of the year with the increase in construction activity, specifically related to impact fees. License and Permits while one the top four revenue sources showed a modest decrease of \$83,000 or 3.9% over 2020 due to the number of building permits issued. In 2021, the City issued 648 Single-family residential permits, 22 commercial building permits and 1046 miscellaneous permits; compared to 670 Single-family residential permits, 62 commercial building permits and 996 miscellaneous permits in 2020. As noted earlier in this discussion, the Washington State Constitution limits the total annual regular property tax increase to 1% of assessed valuation plus new construction. The City had a \$242.6 million increase in assessed value due to new construction. The new construction is the key driver for the increased property tax revenue. Current expenditures in the General Fund increase \$2.6 million or 19%. The most significant increase in expenditures, both with respect to the amount and

CITY OF RIDGEFIELD, WASHINGTON
Management's Discussion and Analysis
Year Ended December 31, 2021

percentage increase is in the Education function. These expenditures increased \$1.8 million or 28.6%. The Education expenditures account for the payment to the Ridgefield School District of the School Impact Fee revenue collected during the building permitting process. Other current expenditure areas also reflected growth; general governmental, public safety and physical environment with increases of 13.5%, 19.1% and 16.9% respectively. The majority of these increases are related to increases in salaries and benefits. Capital outlays reflected a modest decrease from 2020, decreasing by \$49.6 thousand or 10.4%. The decrease is specifically related to a decrease in equipment capital purchases.

The Capital Projects Fund posted over \$1.4 million in total revenues, \$3.8 million in total capital outlay expenditures, \$1.8 million in transfers in from other funds, and \$1.2 million in debt issuance. Revenues from intergovernmental sources increased from 2020, from \$414 thousand to \$714 thousand. This is directly related to grant funding and timing of expenditures for grant reimbursements. 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. In 2021, grants were related to Gee Creek Trail, I-5 South access planning, the YMCA, and Hillhurst Overlay. Additionally, the fund received a total of \$1.8 million in transfers from other funds, down from \$4.6 million in 2020. During 2020, there was significant transfers into the Capital Project Fund related to the Public Works Operation Center project that did not reoccur in 2021. The fund also issued \$1.2 million in new debt; \$750,000 was related to acquisition of land for a park development project and the remainder was related to the last draw for the Public Works Operation Center.

The REET fund is appearing as major in 2021 compared to non-major in 2020. The REET Fund posted over \$3.2 million in total revenues and \$1.4 million in transfers to other funds. Real Estate Excise Tax (REET) which increased more than \$1.5 million 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 2020 to December 2021, the median selling price of a home in Ridgefield increased from \$428 thousand to \$584 thousand resulting in much of the increase of REET. The REET revenue is used primarily to support debt service and to fund capital asset projects and the acquisition of land and facilities.

The Net Change in Total Governmental Funds fund balance increased overall by \$8.8 million with an increase in the General Fund of \$3.7 million, an increase in the Capital Projects fund of \$632 thousand, an increase in the REET fund of \$1.8 million and increases in the Non-Major Governmental Funds of over \$2.6 million. Total fund balance ended at \$23.7 million, and out of this amount, \$16.0 million is restricted for capital projects or to make major capital purchases, public safety activities and building permit related activities, \$914 thousand is assigned for specific purposes, such as to use for equipment repair, or vehicle replacement, and \$6.8 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 \$53.1 million. These funds had a combined operating loss of \$43,469, which was a decrease when compared to the operating income of \$77,796 in 2020. Further, when reviewed on a separate fund basis, the operating income/loss by fund equates to income in the Water Fund of \$154 thousand, and a loss in the Storm Water Drainage Fund of \$197 thousand. The operating loss for the Storm Water Drainage Fund increased from \$12 thousand in 2020 to \$197 thousand in 2021. This is due to an increase in professional services and repairs and maintenance expenses related to multiple downtown storm facility rehabilitation projects. Both funds had significant capital contributions during the year; \$4,025,865 for Water and \$2,665,318 for Storm Water. The Water Fund received \$2.7 million in cash for payment of system development charges cash with the remainder being donated capital assets. Storm Water's capital contributions were all related to capital asset donations.

CITY OF RIDGEFIELD, WASHINGTON
Management's Discussion and Analysis
Year Ended December 31, 2021

GENERAL FUND BUDGETARY HIGHLIGHTS

The City appropriates funds through an annual budget process. Budget amendments are made throughout the year as needed and approved through adoption of an ordinance by the city council. State law allows funds to be expended if authorized by an ordinance amending the original budget.

The purpose of the General Fund is to provide for traditional government programs, which include the city council, executive management, legal, finance, human resources, general administration, general/facilities, information technology, public safety, cemetery, community development and parks. Taxes are the major source of revenue within the General Fund. Licenses and permits offer a significant resource to support community development. Transfers from other funds through an Indirect Cost Allocation Plan provide funding for expenses that are budgeted in the General Fund that benefit all funds for the City. The General Fund also provides support to other funds for debt service, street maintenance, and capital improvements.

The General Fund final budgeted expenditures, including transfers out, reflects an increase of \$395,800 or a 4.0% change from the 2021 original budget. The final 2021 budget increase in the General Fund was primarily related to a \$404,700 increase in Physical Environment expenditures. The increase was primarily related to salaries and benefits, community events and COVID expenses. The General Fund actual revenues closed the year at 98% of the final 2021 amended budget.

The General Fund, by policy does not budget for Educational expenses which represent the payment of School Impact Fees collected during the building permit process and remitted to the Ridgefield School District. The General Fund, additionally, does not budget for issuance of debt or capital outlay expenditures related to leasing activities when the City acts as the lessee. The final expenditures budget, including transfers was \$10,281,544. 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 \$148.7 million (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 2021 by a net of \$18.6 million or 14.3%. 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 90.2%, or \$16.7 million, of the increase. This increase is directly related to developer contributions of infrastructure assets with \$14.9 million being donated for Transportation infrastructure, \$2.7 million in Storm Water infrastructure and \$1.3 million for Water infrastructure. The increase was offset by routine depreciation.

Assets added pertain to City constructed and/or purchased assets such as the Boyce Property purchase for the development of a park, Gee Creek Trail North, a new hook truck equipment asset, and junction variable frequency pumps. Capital asset detail in thousands is as follows:

	Governmental Activities		Business Activities		Government Wide	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Land	\$ 9,581	\$ 8,761	\$ 374	\$ 374	\$ 9,955	\$ 9,135
Construction in Progress	1,965	1,017	572	724	2,537	1,741
Intangibles	248	326	239	257	486	583
Buildings	4,856	5,174	802	821	5,658	5,995
Equipment	2,305	1,923	2,069	1,819	4,374	3,742
Infrastructure	86,426	73,137	37,935	34,485	124,362	107,622
Intangibles Right to Use	1,298	1,296	39	40	1,337	1,336
	<u>106,678</u>	<u>\$ 91,634</u>	<u>\$ 42,030</u>	<u>\$ 38,520</u>	<u>\$ 148,709</u>	<u>\$ 130,154</u>

CITY OF RIDGEFIELD, WASHINGTON
Management's Discussion and Analysis
Year Ended December 31, 2021

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 \$21.3 million. Out of this amount, \$20.9 million pertains to general government and \$277,616 pertains to the business-type activities.

The City's total debt decreased by \$1.9 million from 2020 to 2021. During 2020, the City issued \$1.2 million in direct placement bonds and private placement loans to be used for capital projections for governmental activities and \$182,408 in governmental loans for business type activities. These increases were offset with the complete repayment of its governmental loans for business type activities in the amount of \$2.5 million.

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. Development in the City of Ridgefield exploded in the early to mid-2000 timeframe. As a result, the City increased staff and completed much needed capital projects to support growth projections. In 2008 the nation entered the great recession and Ridgefield suffered economically due to the dependence on growth related revenue sources. City Council and management made difficult and necessary decisions to reduce staffing and focus on core services during the recession. Staff and Council reduced expenditures and trimmed the budget to ensure the City was not operating at a deficit. As a result, the City was able to make it through the recession with limited impact to financial stability. The Great Recession helped define the City's financial outlook going forward. As the City began to rebound from the recession, Council adopted targeted reserves policies, to ensure fiscal sustainability in the event another economic downturn occurred. Due to the decisions Council made, the City was able to build reserves and identify funding sources for much needed infrastructure, which promoted growth in commercial retail. The City experienced a second explosion in growth beginning in 2015 with residential building and commercial retail in 2018. As a result of the commercial retail construction the city has increased sustainable revenue sources that have allowed the city to maintain and improve service levels for residents.

The residential and commercial growth has continued despite the economic downturn from the Covid-19 public health crisis. Due to comprehensive financial policies and strong reserve balances the City has been able to continue to offer core services with limited interruptions in a difficult time. The City continues to maintain a conservative budget approach, maintaining core service levels, while budgeting ongoing revenues to support ongoing expenditures. Council uses one-time revenues to fund one-time expenditures to ensure the City is not facing a structural deficit.

The City continues to monitor economic changes in our region and on the national landscape. We have seen an improving economy in the Ridgefield area; however, the pandemic continues to weigh on industries such as tourism, restaurants, and many small businesses. Many businesses are struggling to fill job openings and supply chain issues have caused inflationary pressures on residents and the City. The City has seen increased costs for public works construction projects, basic services and supplies that support the public services provided to Ridgefield residents.

The City has continued to embrace a combination of remote and in office work for staff who are able to complete their duties online. The City will monitor the effectiveness to ensure there is no loss of efficiency. The ability to offer the flexible work environment may provide the City with a benefit when recruiting new employees in positions that allow for a flexible work schedule.

As a result of being the fastest growing city in Washington since 2010, the City continues to plan for the needed infrastructure to support the growth. Council has adopted policies that require growth pays for growth. Developers pay impact fees and system development charges to pay their share of growth-related projects. The City continues to work with Regional, State, and Federal partners to find additional funding

CITY OF RIDGEFIELD, WASHINGTON
Management's Discussion and Analysis
Year Ended December 31, 2021

options to add to local and developer funds to build the infrastructure to support the tremendous growth in Ridgefield.

In 2021 Ridgefield voters adopted Proposition No. 1 for a two-tenths of one percent (0.2%) sales and use tax to fund the Ridgefield Transportation Benefit District (TBD). The sales and use tax will take effect on April 1, 2022. City Council voted to eliminate the vehicles licensing fee that funded the Ridgefield TBD in December 2021. The elimination of the fee is effective April 1, 2022. The voter approved funding source will pay for the City's pavement preservation projects to maintain existing city streets.

Local governments including the City of Ridgefield continue to be on watch for potential threats as a result of State and Federal legislation that may shift funding burdens to local governments through elimination of grant funding or shared allocation changes, increase costs through tax policy decisions, or impose unfunded mandates through regulatory actions. The City works with both state and federal affairs consultants as well as various trade organizations to promote the City's platform on these issues.

The City saw a slight downturn at the onset of the pandemic in 2020, but by third quarter residential and commercial construction had resumed. The 2021 budget reflected a conservative outlook due to regional and national economic concerns. Development has remained strong; retail sales have picked up and the Ridgefield economy continues to grow. Retail sales have increased to sixty percent commercial retail sales of goods and services and forty percent construction activities. The continued commercial retail development will reduce the reliance on construction activities over the next five years.

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 as the economy rebounds. Staff is confident this will help set the City of Ridgefield up on a sustainable financial foundation for the future.

City Council and staff have focused on maintaining a conservative budget and high efficiency in daily operations to reduce cost to City residents.

The City Council continues to adopt policies and provide long-term vision that brings high quality services and development to Ridgefield. The City's staff are committed to the mission statement to provide superior services, build on the proud history, and meet challenges that are shaping the future of Ridgefield.

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, 2021

	Governmental Activities	Business-type Activities	Total Primary Government
Assets:			
Cash and Cash Equivalents	\$ 6,115,563	\$ 1,926,474	\$ 8,042,037
Investments	1,093,507	646,163	1,739,670
Receivables (Net of Allowance for Uncollectible)	1,560,213	459,633	2,019,846
Inventories	-	49,094	49,094
Restricted Assets			
Cash	15,097,442	6,894,895	21,992,337
Investments	1,143,212	1,422,381	2,565,593
Receivables (Net)	184,068	1,475	185,543
Other Noncurrent Assets	74,235	592,064	666,299
Capital Assets, Not Depreciated or Amortized	11,754,143	1,117,963	12,872,106
Capital Assets, Net of Depreciation or Amortization	94,924,313	40,912,209	135,836,522
Net Pension Asset	3,863,811	575,616	4,439,427
Total Assets	<u>135,810,507</u>	<u>54,597,967</u>	<u>190,408,474</u>
Deferred Outflows of Resources			
Deferred Amount Related to Pensions	465,614	91,119	556,733
Deferred Amount on Asset Retirement Obligations	-	308,349	308,349
Total deferred outflows of resources	<u>465,614</u>	<u>399,468</u>	<u>865,082</u>
Liabilities:			
Accounts Payable and Other Current Liabilities	1,317,384	130,934	1,448,318
Accrued Interest Payable	94,795	1,982	96,777
Unearned Revenues	6,346,069	211,628	6,557,697
Noncurrent Liabilities:			
Due within One Year	1,260,330	51,341	1,311,671
Due in More than One Year	21,259,229	369,842	21,629,071
Asset Retirement Obligation	-	495,869	495,869
Net Pension Liability	203,613	54,934	258,547
Total Liabilities	<u>30,481,420</u>	<u>1,316,530</u>	<u>31,797,950</u>
Deferred Inflows of Resources			
Amounts Related to Pensions	3,243,191	589,973	3,833,164
Amounts Related to Leases	77,522	-	77,522
Total Deferred Inflows of Resources	<u>3,320,713</u>	<u>589,973</u>	<u>3,910,686</u>
Net Position:			
Net Investment in Capital Assets	84,581,066	41,713,679	126,294,745
Restricted for:			
Building Permit Functions	3,417,133	-	3,417,133
Public Safety	5,486	-	5,486
Pension	3,863,811	575,616	4,439,427
Capital	12,534,010	8,315,869	20,849,879
Other Purposes	42,972	-	42,972
Unrestricted	<u>(1,970,490)</u>	<u>2,485,768</u>	<u>515,278</u>
Total Net Position	<u>\$ 102,473,988</u>	<u>\$ 53,090,932</u>	<u>\$ 155,564,920</u>

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

CITY OF RIDGEFIELD, WASHINGTON
 Statement of Activities
 Year Ended December 31, 2021

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	\$ 2,549,951	\$ 993,962	\$ 1,283,769	\$ 23,810	\$ (248,410)	\$ -	\$ (248,410)
Public Safety	2,063,594	63,497	95,514	-	1,904,583	-	\$ (1,904,583)
Physical Environment	1,234,000	4,425	-	-	(1,229,575)	-	(1,229,575)
Transportation	3,231,532	690,342	-	17,089,738	14,548,548	-	14,548,548
Education	7,525,749	-	-	-	(7,525,749)	-	(7,525,749)
Economic Environment	1,534,808	10,231,371	14,432	-	8,710,995	-	8,710,995
Culture and Recreation	1,261,357	16,318	7,920	972,266	(264,853)	-	(264,853)
Interest on Long-Term Debt	682,132	-	-	-	(682,132)	-	(682,132)
TOTAL GOVERNMENT ACTIVITIES	20,083,124	11,999,915	1,401,635	18,085,814	11,404,240	-	11,404,240
Business Type Activities:							
Water	2,620,755	2,745,740	-	4,025,855	-	4,150,850	4,150,850
Storm	1,181,120	977,261	-	2,665,318	-	2,461,459	2,461,459
TOTAL BUSINESS-TYPE ACTIVITIES	3,801,875	3,723,001	-	6,691,183	-	6,612,309	6,612,309
Total Primary Government	\$ 23,884,999	\$ 15,722,916	\$ 1,401,635	\$ 24,776,997	\$ 11,404,240	\$ 6,612,309	\$ 18,016,549
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 1,723,498	\$ -	\$ -	\$ 1,723,498
Sales and Use Taxes				4,079,250	-	-	4,079,250
Utility Taxes				1,548,443	-	-	1,548,443
Excise and Other Taxes				3,388,904	-	-	3,388,904
Unrestricted Investment Earnings(Loss)				(27,527)	(11,569)	(39,096)	(39,096)
Grants and Contributions not Restricted to Specific Programs				429,763	-	-	429,763
Total General Revenues and Transfers				11,142,331	(11,569)	11,130,762	11,130,762
Change in Net Position				22,546,571	6,600,740	29,147,311	29,147,311
Net Position - Beginning				79,927,417	46,490,192	126,417,609	126,417,609
Net Position - Ending				\$ 102,473,988	\$ 53,090,932	\$ 155,564,520	\$ 155,564,520

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

CITY OF RIDGEFIELD
 Governmental Funds
 Balance Sheet
 December 31, 2021

	General Fund	Capital Projects Fund	Real Estate Excise Tax Fund	Non Major Governmental Funds	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 9,832,665	\$ 1,021,168	\$ 3,795,844	\$ 6,563,328	\$ 21,213,005
Investments	1,093,507	-	-	1,143,212	2,236,719
Property Taxes Receivables	24,181	-	-	-	24,181
Accounts Receivable (net)	372,740	-	-	577	373,317
Interest Receivable	1,134	-	-	1,185	2,319
Lease Receivable	77,522	-	-	-	77,522
Due from Other Governments	898,218	224,944	149,815	68,200	1,341,177
Total Assets	\$ 12,299,967	\$ 1,246,112	\$ 3,945,659	\$ 7,776,502	\$ 25,268,240
Liabilities, Deferred Inflows of Resources and Fund Balances:					
Liabilities:					
Accounts Payable	353,787	216,587	-	40,616	610,990
Other Accrued Liabilities	238,823	-	-	40,951	279,774
Due to Other Governments	426,620	-	-	-	426,620
Total Liabilities	1,019,230	216,587	-	81,567	1,317,384
Deferred Inflows of Resources:					
Unavailable Revenue	170,269	4,151	-	-	174,420
Deferred Inflows for Leases	77,522	-	-	-	77,522
Total Deferred Inflows of resources:	247,791	4,151	-	-	251,942
Fund Balances:					
Restricted	3,417,133	1,019,514	3,945,659	7,617,295	15,999,601
Assigned	830,502	5,860	-	77,640	914,002
Unassigned	6,785,311	-	-	-	6,785,311
Total Fund Balances	11,032,946	1,025,374	3,945,659	7,694,935	23,698,914
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 12,299,967	\$ 1,246,112	\$ 3,945,659	\$ 7,776,502	

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	\$ 106,678,456
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds—unavailable revenues	174,420
Other items related to Pension activity that are not financial resources therefore, not reported in the funds.	882,621
Long-term liabilities that are not due and payable in the current period and are not reported in the funds	(28,960,423)
Net position of governmental activities	\$ 102,473,988

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 Fiscal Year Ended December 31, 2021

	General Fund	Capital Projects Fund	Real Estate Excise Tax Fund	Non Major Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 1,721,326	\$ -	\$ -	\$ -	\$ 1,721,326
Sales and Use Taxes	4,046,510	-	-	32,740	4,079,250
Utility	1,452,050	-	-	96,393	1,548,443
Other Taxes	-	-	3,221,297	167,607	3,388,904
License and Permits	2,033,468	-	-	13,360	2,046,828
Intergovernmental	1,598,224	713,866	-	210,744	2,522,834
Charges for Services	9,352,622	718,727	-	3,826,381	13,897,730
Fines and Forfeits	67,879	-	-	250	68,129
Interest Earnings	(18,808)	5	(4,250)	(4,473)	(27,526)
Contributions and Donations	12,920	-	-	-	12,920
Miscellaneous	184,096	-	-	100	184,196
Total Revenues	<u>20,450,287</u>	<u>1,432,598</u>	<u>3,217,047</u>	<u>4,343,102</u>	<u>29,443,034</u>
Expenditures:					
Current					
General Government	2,266,185	-	-	-	2,266,185
Public Safety	2,301,009	-	-	-	2,301,009
Physical Environment	1,235,918	-	-	-	1,235,918
Transportation	-	-	-	823,082	823,082
Economic Environment	1,725,282	-	-	-	1,725,282
Education	7,525,749	-	-	-	7,525,749
Culture and Recreation	512,895	-	-	-	512,895
Capital Outlay	427,078	3,777,258	-	45,105	4,249,441
Debt Service					
Principal Retirement	82,709	-	-	727,000	809,709
Interest/Fiscal Charges	<u>42,191</u>	<u>-</u>	<u>-</u>	<u>680,997</u>	<u>723,188</u>
Total Expenditures	<u>16,119,016</u>	<u>3,777,258</u>	<u>-</u>	<u>2,276,184</u>	<u>22,172,458</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,331,271	(2,344,660)	3,217,047	2,066,918	7,270,576
Other Financing Sources (Uses)					
Issuance of Debt	56,412	1,215,000	-	-	1,271,412
Insurance Recoveries	39,829	-	-	-	39,829
Sale of Capital Assets	188,801	-	-	-	188,801
Transfers In	-	1,761,645	-	2,032,435	3,794,080
Transfers Out	<u>(927,006)</u>	<u>-</u>	<u>(1,407,997)</u>	<u>(1,459,077)</u>	<u>(3,794,080)</u>
Total Other Financing Sources and Uses	<u>(641,964)</u>	<u>2,976,645</u>	<u>(1,407,997)</u>	<u>573,358</u>	<u>1,500,042</u>
Net Change in Fund Balances	3,689,307	631,985	1,809,050	2,640,276	8,770,618
Fund Balance at Beginning of Year	<u>7,343,639</u>	<u>393,389</u>	<u>2,136,609</u>	<u>5,054,659</u>	<u>14,928,296</u>
Fund Balance at End of Year	<u>\$ 11,032,946</u>	<u>\$ 1,025,374</u>	<u>\$ 3,945,659</u>	<u>\$ 7,694,935</u>	<u>\$ 23,698,914</u>

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

CITY OF RIDGEFIELD

Reconciliation of the Statement of Revenues, Expenditures and Changes in
 Fund Balance of Governmental Funds to the Statement of Activities
 Year Ended December 31, 2021

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

Net changes in fund balances - total governmental funds:	\$ 8,770,618
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.	512,817
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) to increase net position.	14,531,618
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,844,562)
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.	(424,596)
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	1,000,676
Changes in Net Position (governmental activities)	<u>\$ 22,546,571</u>

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

CITY OF RIDGEFIELD
 General Fund
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Budget (GAAP Basis) and Actual
 For the Fiscal Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amount	
Revenues:				
Property Taxes	\$ 1,665,000	\$ 1,665,000	\$ 1,721,326	\$ 56,326
Sales and Use Taxes	2,757,525	4,157,525	4,046,510	(111,015)
Utility and Other Taxes	1,361,390	1,361,390	1,452,050	90,660
License and Permits	1,359,860	2,159,860	2,033,468	(126,392)
Intergovernmental	338,625	1,665,704	1,598,224	(67,480)
Charges for Services	1,632,338	1,832,338	1,826,873	(5,465)
Fines and Forfeits	69,700	69,700	67,879	(1,821)
Interest Earnings	65,025	65,025	(18,808)	(83,833)
Contributions and Donations	20,000	25,000	12,920	(12,080)
Other Miscellaneous	192,800	192,800	184,096	(8,704)
Total Revenues	<u>9,462,263</u>	<u>13,194,342</u>	<u>12,924,538</u>	<u>(269,804)</u>
Expenditures:				
Current				
General Government	2,351,270	2,396,770	2,266,185	130,585
Security/Persons and Property	2,243,725	2,243,725	2,301,009	(57,284)
Physical Environment	960,881	1,365,581	1,235,918	129,663
Economic Environment	2,085,530	2,155,530	1,725,282	430,248
Culture and Recreation	614,801	624,801	512,895	111,906
Debt Service				
Lease Principal	373,450	92,758	82,709	10,049
Lease Interest	41,425	41,425	42,191	(766)
Capital Outlay	308,000	355,516	370,666	(15,150)
Total Expenditures	<u>8,979,082</u>	<u>9,276,106</u>	<u>8,536,855</u>	<u>739,251</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	483,181	3,918,236	4,387,683	469,447
Other Financing Sources (Uses):				
Sale of Capital Assets	185,000	185,000	188,801	3,801
Insurance Recoveries	-	-	39,829	39,829
Transfers Out	<u>(906,662)</u>	<u>(1,005,438)</u>	<u>(927,006)</u>	<u>78,432</u>
Total Other Financing Sources and Uses	<u>(721,662)</u>	<u>(820,438)</u>	<u>(698,376)</u>	<u>122,062</u>
Net Change in Fund Balance	(238,481)	3,097,798	3,689,307	591,509
Fund Balances at Beginning of Year	<u>7,343,639</u>	<u>7,343,639</u>	<u>7,343,639</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 7,105,158</u>	<u>\$ 10,441,437</u>	<u>\$ 11,032,946</u>	<u>\$ 591,509</u>
Adjustments to general accepted accounting principles (GAAP) Basis				
Revenues: Charges for Services, School Impact Fees			7,525,749	
Expenditures: Education			(7,525,749)	
Capital Outlay: Right to Use Asset			(56,412)	
Other Financing Sources: Issuance of Debt			56,412	
Fund Balance - GAAP basis			<u>\$ 11,032,946</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, 2021

Major Fund			
	Water	Storm Water	Total
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 1,612,406	\$ 314,068	\$ 1,926,474
Investments	646,163	-	646,163
Receivables (net)			
Interest	670	-	670
Accounts	291,936	167,026	458,962
Inventory	49,094	-	49,094
Restricted Assets			
Cash and Cash Equivalents	6,894,665	230	6,894,895
Investments	1,422,381	-	1,422,381
Interest Receivable	1,475	-	1,475
Total Current Assets	<u>10,918,790</u>	<u>481,324</u>	<u>11,400,114</u>
<i>Noncurrent Assets:</i>			
Other Non-current Assets	592,064	-	592,064
Capital Assets, Not Depreciated or Amortized	451,300	666,663	1,117,963
Capital Assets, Net of Depreciation or Amortization	21,928,187	18,984,023	40,912,210
Net Pension Asset	392,917	182,699	575,616
Total Long-term Assets	<u>23,364,468</u>	<u>19,833,385</u>	<u>43,197,853</u>
Total Assets	<u>34,283,258</u>	<u>20,314,709</u>	<u>54,597,967</u>
Deferred Outflows of Resources:			
Amounts Related to Pensions	62,198	28,921	91,119
Amounts Related to Asset Retirement Obligations	308,349	-	308,349
Total Deferred Outflows of Resources	<u>370,547</u>	<u>28,921</u>	<u>399,468</u>
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	66,963	20,514	87,477
Accrued Interest Payable	-	1,982	1,982
Accrued Employee Benefits	28,926	11,649	40,575
Accrued Compensated Absences	27,066	8,413	35,479
Accounts Payable from Restricted Assets	2,652	230	2,882
Unearned Revenues	210,714	914	211,628
Leases Payable	439	-	439
Bonds, Notes and Loans Payable	-	15,423	15,423
Total Current Liabilities	<u>336,760</u>	<u>59,125</u>	<u>395,885</u>
<i>Noncurrent Liabilities:</i>			
Accrued Compensated Absences	53,910	15,300	69,210
Leases Payable	38,439	-	38,439
Bonds, Notes and Loan Payable (Net)	-	262,193	262,193
Asset Retirement Obligation	495,869	-	495,869
Net Pension Liability	37,498	17,436	54,934
Total Long-term Liabilities	<u>625,716</u>	<u>294,929</u>	<u>920,645</u>
Total Liabilities	<u>962,476</u>	<u>354,054</u>	<u>1,316,530</u>
Deferred Inflows of Resources:			
Amounts Related to Pensions	402,717	187,256	589,973
Total Deferred Inflows of Resources	<u>402,717</u>	<u>187,256</u>	<u>589,973</u>
Net Position:			
Net Investment in Capital Assets	22,340,609	19,373,070	41,713,679
Restricted for Capital Projects	8,315,869	-	8,315,869
Restricted for Pension	392,917	182,699	575,616
Unrestricted	2,239,217	246,551	2,485,768
Total Net Position	<u>\$ 33,288,612</u>	<u>\$ 19,802,320</u>	<u>\$ 53,090,932</u>

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

CITY OF RIDGEFIELD

Proprietary Funds

Statement of Revenues, Expenses and Changes in Fund Net Position

For the Fiscal Year Ended December 31, 2021

	Major Fund		
	Water	Storm Water	Total
Operating Revenues			
Charge for Services	\$ 2,744,740	977,261	\$ 3,722,001
Total Operating Revenues	<u>2,744,740</u>	<u>977,261</u>	<u>3,722,001</u>
Operating Expenses			
Salaries, Wages and Benefits	588,143	298,757	886,900
Supplies	298,920	32,039	330,959
Professional Services	591,161	383,761	974,922
Utilities	278,149	4,227	282,376
Repairs and Maintenance	199,514	165,663	365,177
Taxes	173,789	16,452	190,241
Depreciation, Amortization	461,486	273,409	734,895
Total Operating Expenses	<u>2,591,162</u>	<u>1,174,308</u>	<u>3,765,470</u>
Operating Income (loss)	153,578	(197,047)	(43,469)
Nonoperating Revenues (Expenses)			
Interest Earnings (Loss)	(10,563)	(1,006)	(11,569)
Interest and Fiscal Charges	(25,013)	(2,232)	(27,245)
Gain (Loss) on Disposal of Assets	(4,580)	(4,580)	(9,160)
Other Non Operating Revenue(Expense)	1,000	-	1,000
Total Nonoperating Revenues (Expenses)	<u>(39,156)</u>	<u>(7,818)</u>	<u>(46,974)</u>
Income (Loss) before Contributions	114,422	(204,865)	(90,443)
Capital Contributions	4,025,865	2,665,318	6,691,183
Increase (Decrease) in Net Position	<u>4,140,287</u>	<u>2,460,453</u>	<u>6,600,740</u>
Total Net Position at Beginning of Year	29,148,325	17,341,867	46,490,192
Total Net Position at End of Year	\$ <u>33,288,612</u>	\$ <u>19,802,320</u>	\$ <u>53,090,932</u>

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

CITY OF RIDGEFIELD
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended December 31, 2021

	Major Fund		
	Water	Storm Water	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 2,740,216	\$ 962,198	\$ 3,702,414
Payments to Suppliers	(1,557,334)	(353,463)	(1,910,797)
Payments to Employees	(740,255)	(354,288)	(1,094,543)
Payments for Interfund Services Used and City Taxes	(427,482)	(230,056)	(657,538)
Payments for Taxes	(173,789)	(16,452)	(190,241)
Receipts from Other Operating Activities	1,000	-	1,000
Net Cash Provided by Operating Activities	<u>(157,644)</u>	<u>7,939</u>	<u>(149,705)</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from capital grant	-	60,359	60,359
Proceeds from capital loan	-	182,408	182,408
Receipts for Future System Improvements	2,731,937	-	2,731,937
Acquisition and Construction of Capital Assets	(117,520)	(232,993)	(350,513)
Principal Paid on Debt	(2,531,482)	(31,735)	(2,563,217)
Interest Paid on Capital Debt	(34,508)	(501)	(35,009)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>48,427</u>	<u>(22,462)</u>	<u>25,965</u>
Cash Flows from Investing Activities:			
Interest on Investments	(5,855)	(1,006)	(6,861)
Purchase of Investment Securities	(2,050,000)	-	(2,050,000)
Proceeds from Sale and Maturities of Investment Securities	246,885	-	246,885
Net Cash Provided by Investing Activities	<u>(1,808,970)</u>	<u>(1,006)</u>	<u>(1,809,976)</u>
Net Increase in Cash and Cash Equivalents	(1,918,187)	(15,529)	(1,933,716)
Cash and Cash Equivalents at Beginning of Year	10,425,258	329,827	10,755,085
Cash and Cash Equivalents at End of Year	<u>\$ 8,507,071</u>	<u>\$ 314,298</u>	<u>\$ 8,821,369</u>
Reconciliation to Net Position:			
Cash and Cash Equivalents	1,612,406	314,068	1,926,474
Restricted Cash and Cash Equivalents	6,894,665	230	6,894,895
Total Cash and Cash Equivalents	<u>\$ 8,507,071</u>	<u>\$ 314,298</u>	<u>\$ 8,821,369</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 Fiscal Year Ended December 31, 2021

	Major Fund		
	Water	Storm Water	Total
Reconciliation of Operating Income (Loss) to Net Cash:			
Cash Used by Operating Activities:			
Net Operating Income (Loss)	\$ 153,578	\$ (197,047)	\$ (43,469)
Adjustments to Reconcile Net operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation Expense	461,486	273,409	734,895
(Increase) Decrease in Receivables	(21,622)	(15,249)	(36,871)
(Increase) Decrease in Inventories	(35,802)	-	(35,802)
(Increase) Decrease in Other Non-current Assets	(592,064)	-	(592,064)
Increase (Decrease) in Current Payables	10,794	2,171	12,965
Increase (Decrease) in Pension Activity	(151,528)	(60,107)	(211,635)
Increase (Decrease) in Accrued Employee Benefits	(584)	4,576	3,992
Increase (Decrease) in Customer Deposits	17,098	-	17,098
Increase (Decrease) in Unearned Revenues	-	186	186
Other Receipts (Payments)	1,000	-	1,000
	<u>(311,222)</u>	<u>204,986</u>	<u>(106,236)</u>
Net Cash Provided by Operating Activities	<u>\$ (157,644)</u>	<u>\$ 7,939</u>	<u>\$ (149,705)</u>

Noncash Transactions

Change in Fair Value of Investments	\$ 29,177	\$ 2,652	\$ 31,829
Capital Assets Financed Through Accounts Payable	(60,884)	-	(60,884)
Donated Capital Assets by Developers	1,293,925	2,665,318	3,959,243

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

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

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 *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.

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 sixty-one

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

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 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 ninety-four storm water facilities that require maintenance and thirty-five 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

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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. Lease receivable includes only the current portion of the lease receivable. The long-term portion is included in Other Noncurrent Assets.

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, 2021

Receivables						
					Due from Other Gov'ts	
	Taxes	Accounts	Interest	Leases		Total
Governmental Activities						
General Fund	\$ 24,181	\$ 372,740	\$ 1,134	\$ 3,287	\$ 898,218	\$ 1,299,560
Capital Projects	-	-	-	-	224,944	224,944
Traffic Impact Fee	-	-	411	-	-	411
Real Estate Excise Tax	-	-	-	-	149,815	149,815
Park Impact Fee	-	-	773	-	-	773
Nonmajor Governmental	-	577	-	-	68,200	68,777
Total Governmental	<u>24,181</u>	<u>373,317</u>	<u>2,318</u>	<u>3,287</u>	<u>1,341,177</u>	<u>1,744,280</u>
Business Type Activities						
Water	\$ -	\$ 291,937	\$ 670	\$ -	\$ -	\$ 292,607
Storm Water	-	167,026	-	-	-	167,026
Restricted	-	-	1,475	-	-	1,475
Total Business Type	<u>-</u>	<u>458,963</u>	<u>2,145</u>	<u>-</u>	<u>-</u>	<u>461,108</u>
Total Combined Receivables	<u><u>\$ 24,181</u></u>	<u><u>\$ 832,280</u></u>	<u><u>\$ 4,463</u></u>	<u><u>\$ 3,287</u></u>	<u><u>\$ 1,341,177</u></u>	<u><u>\$ 2,205,388</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. Inventory consists of water meters that are mainly used for new homes built by developers.

5. Lease Receivable and Deferred Inflows of Resources

Lease 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. Other Noncurrent Assets

Other noncurrent assets consist of the long-term portion of the lease receivable mentioned above as well as prepayments of System Development Charges (SDCs). The City has entered into an agreement with Clark Public Utilities (CPU) that will enable CPU to provide additional water supply to City residents and businesses. The City has agreed to pay CPU an aid to construction charge for work associated with certain improvements. This payment made by the City is treated as payments in lieu of the City's future SDCs for

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

increased meter capacity. The opportunity to use these in lieu payments for the SDCs will expire on January 1st, 2030.

7. Deferred inflows and outflows of resources

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 earned. At the end of the current fiscal year, the various components of deferred inflow of resources for the lease receivable and unavailable revenue reported in the governmental funds were as follows:

Unavailable Revenue	
Delinquent Property Taxes Receivable - General Fund	\$ 21,192
Outstanding Court Receivable	45,435
Outstanding Developer Receivable	99,487
Outstanding Grant Receivable	8,306
Amounts related to Lease Receivable	77,522
Total Deferred Inflows of Resources for Governmental Funds	\$ 251,942

The proprietary funds and government wide statement of net position also present deferred inflows and outflows related to pensions and asset retirement obligations. See Note 7 (Pension Plans) and Note 16 (Asset Retirement Obligations).

8. 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:

	Governmental Activities	Business-type Activities
<i>Restricted for:</i>		
Capital Facility Plan Projects	\$ 12,534,010	\$ -
Public Safety Drug Prevention	5,486	-
Building Permit Functions	3,417,133	-
School Impact Fees	425,121	-
Economic Environment	42,972	-
Water Capital Projects	-	8,318,521
Total Restricted Amounts	\$ 16,424,722	\$ 8,318,521

9. 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

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

easements, water rights, patents, trademarks, computer software and right to use assets. A right to use asset is the City's right to use an underlying asset within a lease agreement as defined by GASB Statement No. 87.

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.

Property, plant, equipment, intangible assets and right to use assets with a definite useful life are depreciated using the straight-line method over the estimated useful lives. See below for useful life.

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.

10. 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.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

11. Other accrued liabilities

This account consists of accrued wages and accrued employee benefits.

12. 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 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.

13. 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.

14. 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.

15. 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. The amount related to pensions is the pensions net asset for the PERS 2/3 and 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.

16. 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,

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

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.

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, 2021, the balance is \$1,005,231. 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, 2021, the balance is \$1,229,991. 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, 2021, is \$830,502. 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 2021, this was \$140,182. 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, 2021, has a total fund balance in the governmental funds of \$23,698,914 and is classified as follows:

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

<u>Classification on Balance Sheet</u>	<u>Fund Balance</u>
Restricted for capital purposes	\$ 12,534,010
Restricted for building permitting functions	3,417,133
Restricted for public safety	5,486
Restricted for economic environment	42,972
Assigned for equipment replacement and capital maintenance purposes	836,362
Assigned for streets	77,640
Unassigned (can be used for any specific purpose)	6,785,311
Total Fund Balance - Governmental Funds	\$ 23,698,914

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. The continuing operations plan was in effect throughout fiscal year 2021. City Council considered budget implications as a part of the 2021 annual budget process. Council adopted a conservative operating budget for the 2021 budget cycle and staff monitored both revenue and expenses to ensure limited impacts to the City's financial health. However, development activity continued to be strong in 2021 with the City population growing by over 21%. Council approved a spending plan from funding received through the U.S. Department of the Treasury for "State and Local Fiscal Recovery Funds". The spending plan was designed to assist residents with utility assistance and non-profits that serve the Ridgefield community that were negatively impacted by Covid-19. The remaining funds received in 2021 were designated for revenue loss related to Covid-19 per final guidelines issued by the Department of the Treasury.

The City Council eliminated the declaration of a public health emergency and continuing operations plan in March 2022 as State and Federal mandates were relaxed or ended.

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
Notes to Financial Statements
December 31, 2021

General Obligations Bonds Payable	\$ (15,285,000)
Direct Placement Bonds Payable	(4,153,000)
Plus: Issuance premium (to be amortized as interest expense)	(790,773)
Private Placement loan	(750,000)
Leases Payable	(1,175,796)
Compensated Absences	(360,095)
Interest Payable	(94,795)
Pollution Remediation Obligation	(4,895)
Impact Fee Credits	<u>(6,346,069)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at <i>net position - governmental activities</i>	<u>\$ (28,960,423)</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	\$ 3,863,811
Deferred Outflow of Resources - Pension	465,614
Net Pension Liability	(203,613)
Deferred Inflow of Resources - Pension	<u>(3,243,191)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at <i>net position - governmental activities</i>	<u>\$ 882,621</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	\$ 2,967,511
Depreciation/Amortization expense	<u>(2,454,694)</u>
Net adjustment to increase <i>net changes in fund balances</i> — <i>total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 512,817</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	\$ 14,991,394
Disposal of capital assets	<u>(459,776)</u>
Net adjustment to increase <i>net changes in fund balances</i> — <i>total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 14,531,618</u>

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

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	\$ (24,646)
Impact Fee Credits redeemed	2,350,976
Impact Fee Credits issued	(4,185,157)
Other revenues unavailable	(25,000)
Municipal Court revenue	(1,215)
Pension Contributions from State	38,308
Tax revenues - unavailable	<u>2,172</u>
Net adjustment to increase net changes in fund balances— <i>total governmental funds</i> to arrive at changes in net position of governmental activities	<u>\$ (1,844,562)</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	\$ (1,271,412)
Amortization of issuance premiums	37,107
Principal payment on loans and leases	<u>809,709</u>
Net adjustments to decrease net changes in fund balances - <i>total governmental funds</i> to arrive at changes in net position of governmental activities	<u>\$ (424,596)</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	\$ 30
Interest expense	3,949
Pension expense adjustment	1,068,456
Compensated absences	<u>(71,759)</u>
Net adjustments to decrease net changes in fund balances - <i>total governmental funds</i> to arrive at changes in net position of governmental activities	<u>\$ 1,000,676</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, with the exception that the City does not budget for the payments of the

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

School Impact Fees that are collected and remitted to the school district. Budgetary accounts are integrated in fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for the governmental funds only. All governmental funds are budgeted on the modified accrual basis of accounting. Proprietary funds are budgeted on the full accrual basis for management control purposes only.

Adopting the budget

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

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

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.

NOTE 4. DEPOSITS AND INVESTMENTS

As of December 31, 2021, the City cash, cash equivalents, and investments as reported on the Statement of Net Position are as follows:

Cash on Hand	\$ 14,625,735
State Treasurer's Investment Pool	1,620,556
Clark County Investment Pool	13,788,083
Municipal Bonds	442,648
US Agency Bonds	3,862,615
	<hr/>
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	\$ 34,339,637

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

As of December 31, 2021, the Washington State Local Government Investment Pool and the Clark County Investment Pool are classified as cash equivalents. Additional cash & cash equivalents consist of \$14,625,735 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, 2021, is as follows:

Investment Type	Weighted Average (Months)
Federal Farm Credit Bank	0.20
Local Government Issue Bonds	0.24
Federal Home Loan Bank	32.52
	<u>32.96</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 to Aaa with 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:

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

Investment Type	12/31/2021	
	Fair Value	Percentage of Portfolio
<i>U.S. Government Agency Securities:</i>		
Federal Farm Credit Bank	\$ 295,223	1%
Municipal Bonds	442,648	2%
Federal Home Loan Bank	3,567,392	18%
	<u>\$ 4,305,263</u>	<u>22%</u>

Custodial credit risk (investments)

Custodial risk is the risk that, in the event of a failure of the counterparty, the government will not be able to recover its investments that are in the possession of an outside party. The City uses Pershing, LLC and 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 \$34,339,637. There is additional cash held in City accounts due to "float" of outstanding checks, which have not cleared the bank as of December 31, 2021. The total cash and investments held by the City per the bank and investment account statements, include the uncleared checks, in the amount of \$98,012. 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.

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.

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.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

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, 2021, the City had the following investments measured at fair value:

	Total	Fair 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 fair value level				
Debt Securities				
Municipal Bonds	\$ 442,648	\$ -	\$ 442,648	\$ -
Federal Farm Credit Bank	295,223	-	295,223	-
Federal Home Loan Bank	3,567,392	-	3,567,392	-
Total Municipal & US Agency Bonds	4,305,263	-	4,305,263	-
Clark County Investment Pool	13,788,083	13,788,083	-	-
Total Investments by Fair Value Level	18,093,346	\$ 13,788,083	\$ 4,305,263	\$ -
Investments measured at amortized costs				
State Treasurer's Investment Pool	1,620,556			
Total measured at amortized cost	1,620,556			
Total Pooled Investments	\$ 19,713,902			

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.

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.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

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 2021 was \$0.79 per \$1,000 on an assessed valuation of \$2,106,824,544 for a total regular levy of \$1,659,764.

Special levies approved by the voters are not subject to the limitations listed above. In 2021, 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, 2021, was as follows:

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 8,761,292	\$ 1,003,955	\$ 184,539	\$ 9,580,708
Intangibles	208,286	-	-	208,286
Construction in progress	1,017,349	1,222,593	274,793	1,965,149
Total capital assets, not being depreciated	<u>9,986,927</u>	<u>2,226,548</u>	<u>459,332</u>	<u>11,754,143</u>
Capital assets, being depreciated/depleted:				
Buildings and improvements	5,639,993	-	315,878	5,324,115
Equipment	2,842,498	592,337	35,542	3,399,293
Intangibles	158,912	-	84,025	74,887
Infrastructure	95,622,448	15,358,400	-	110,980,848
Total capital assets being depreciated	<u>104,263,851</u>	<u>15,950,737</u>	<u>435,445</u>	<u>119,779,143</u>
Less accumulated depreciation for:				
Buildings and improvements	466,493	110,734	108,773	468,454
Equipment	919,729	205,799	30,881	1,094,647
Intangibles	41,451	14,489	20,554	35,386
Infrastructure	22,485,416	2,069,260	-	24,554,676
Total accumulated depreciation	<u>23,913,089</u>	<u>2,400,282</u>	<u>160,208</u>	<u>26,153,163</u>
Total capital assets, being depreciated, net	<u>80,350,762</u>	<u>13,550,455</u>	<u>275,237</u>	<u>93,625,980</u>
Right to use assets, being amortized				
Building	1,369,215	-	-	1,369,215
Equipment	31,121	56,412	-	87,533
Total right to use assets, being amortized	<u>1,400,336</u>	<u>56,412</u>	<u>-</u>	<u>1,456,748</u>
Less accumulated amortization for:				
Right to use assets				
Building	91,281	45,640	-	136,921
Equipment	12,722	8,772	-	21,494
Total accumulated amortization	<u>104,003</u>	<u>54,412</u>	<u>-</u>	<u>158,415</u>
Total capital assets, being amortized, net	<u>1,296,333</u>	<u>2,000</u>	<u>-</u>	<u>1,298,333</u>
Governmental activities capital assets, net	\$ 91,634,022	\$ 15,779,003	\$ 734,569	\$ 106,678,456

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

Business type Assets	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 373,887	\$ -	\$ -	\$ 373,887
Intangibles - Easements	171,814	-	-	171,814
Construction in progress	724,499	182,408	334,645	572,262
Total capital assets, not being depreciated	<u>1,270,200</u>	<u>182,408</u>	<u>334,645</u>	<u>1,117,963</u>
Capital assets, being depreciated/depleted:				
Buildings and improvements	945,744	-	-	945,744
Equipment	2,448,741	388,637	18,707	2,818,671
Intangibles	104,841	-	12,532	92,309
Infrastructure	39,117,288	4,012,470	-	43,129,758
Total capital assets being depreciated	<u>42,616,614</u>	<u>4,401,107</u>	<u>31,239</u>	<u>46,986,482</u>
Less accumulated depreciation for:				
Buildings and improvements	124,889	18,526	-	143,415
Equipment	630,136	138,368	18,707	749,797
Intangibles	19,478	9,335	3,372	25,441
Infrastructure	4,631,938	562,365	-	5,194,303
Total accumulated depreciation	<u>5,406,441</u>	<u>728,594</u>	<u>22,079</u>	<u>6,112,956</u>
Total capital assets, being depreciated, net	<u>37,210,173</u>	<u>3,672,513</u>	<u>9,160</u>	<u>40,873,526</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	1,886	944	-	2,830
Total accumulated amortization	<u>1,886</u>	<u>944</u>	<u>-</u>	<u>2,830</u>
Total capital assets, being amortized, net	<u>39,627</u>	<u>(944)</u>	<u>-</u>	<u>38,683</u>
Business type capital assets, net	\$ 38,520,000	\$ 3,853,977	\$ 343,805	\$ 42,030,172

Depreciation and amortization expense for capital assets was charged to function/programs of the primary government as follows:

Governmental activities

General Government	\$ 178,657
Security of persons and property	63,301
Transportation, including depreciation of general infrastructure	1,522,519
Physical environment	1,992
Economic environment	20,835
Culture and recreation	<u>667,389</u>
	<u>\$ 2,454,694</u>

Business-type activities:

Water	\$ 456,129
Storm	<u>273,409</u>
	<u>\$ 729,538</u>

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

Commitments

The City had four construction projects that were substantially complete as of December 31, 2021, however retainage remained outstanding. Retainage amounted to \$14,748 and is associated with contracts with Doolittle Construction, LLC and Blackline, Inc. for pavement preservation projects, GB Manchester, Inc. for work at the Public Works Operations Center to replace low voltage wiring, and Slateco, LLC for improvements to the Gee Creek trail. The City had the following commitments for professional service and construction projects as of December 31, 2021. The remaining commitment is \$4,276,232 and are for the projects listed below.

Project	Commitment	Retainage Held and Not Yet Paid		Remaining Commitment
		Paid		
Heron Ridge Pavement Preservation - Chip Seal	\$ 92,485	\$ 4,625		\$ 4,625
Pavement Preservation Project - Slurry Seal	76,083	3,604		3,605
PW Operations Center - Low Voltage Wiring	34,394	1,720		1,720
Gee Creek Trail Improvements	96,895	4,799		4,799
Pioneer Street East Extension - Design/ROW Acquisition	760,074	-		247,315
51st & Pioneer Roundabout Widening - Design	1,127,681	-		780,013
Royle Road Roundabout - Construction	3,051,170	-		2,906,670
YMCA - Site Plan & Design	329,880	-		187,964
N 8th Ave & Simons Street - Design	89,235	-		20,807
Overlook Park Improvements - Splash Pad Design	87,335			66,238
Hillhurst Multi-Modal Trail - Design	60,313	-		38,198
PW Operations Center - Break Room Design	51,210			4,380
PW Operations Center - Painting	19,796	-		9,898
	<u>\$ 5,876,551</u>	<u>\$ 14,748</u>		<u>\$ 4,276,232</u>

NOTE 7. PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2021:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ 258,547
Pension assets	4,439,427
Deferred outflows of resources	556,733
Deferred inflows of resources	3,833,164
Pension expense/expenditures	(816,865)

State Sponsored Pension Plans

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

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

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

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

Or the DRS ACFR 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 2021 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee
January – June 2021		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	12.97%	6.00%
July – December 2021		
PERS Plan 1	10.07%	6.00%
Administrative Fee	0.18%	
Total	10.25%	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

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

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

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

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

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

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

PERS Plan 2/3			
Actual Contribution Rates	Employer 2/3	Employee 2	
January – June 2021			
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%	
July – December 2021			
PERS Plan 2/3	6.36%	6.36%	

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

PERS Plan 2/3		
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	10.25%	6.36%

The City actual PERS plan contributions were \$148,985 to PERS Plan 1 and \$248,104 to PERS Plan 2/3 for the year ended December 31, 2021.

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

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate includes 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 3.41% in 2021.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

LEOFF Plan 2		
Actual Contribution Rates	Employer	Employee
January – June 2021		
State and local governments	5.15%	8.59%
Administrative Fee	0.18%	
Total	5.33%	8.59%
Ports and Universities	8.59%	8.59%
Administrative Fee	0.18%	

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

LEOFF Plan 2		
Total	8.77%	8.59%
July – December 2021		
State and local governments	5.12	8.53%
Administrative Fee	0.18%	
Total	5.30%	8.53%
Ports and Universities	8.53%	8.53%
Administrative Fee	0.18%	
Total	8.71%	8.53%

The City's actual contributions to the plan were \$66,137 for the year ended December 31, 2021.

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, 2021, the state contributed \$78,170,320 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$38,308.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. 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 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

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

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 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 of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

There were no changes in assumptions since the last valuation. There were changes in methods since the last valuation.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

- For purposes of the June 30, 2020 Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the Office of the State Actuary (OSA) introduced temporary method changes to produce asset and liability measures as of the valuation date. See high-level summary below. OSA will revert back to the methods outlined in the 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for 2022 ACFR results.
- To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR, OSA relied on the same data, assets, methods, and assumptions as the June 30, 2019 AVR. OSA projected the data forward one year reflecting assumed new hires and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the fiscal year end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020. OSA reviewed the actual June 30, 2020, participant and financial data to determine if any material changes to projection assumptions were necessary. OSA also considered any material impacts to the plans from 2021 legislation. See the 2020 AVR for more information.

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 OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

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, 2021 are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

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

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

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	\$ 440,450	\$ 258,547	\$ 99,910
PERS 2/3	(771,787)	(2,709,159)	(4,304,586)
LEOFF 2	(1,091,109)	(1,730,268)	(2,253,613)

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, 2021, the City reported its proportionate share of the net pension liabilities and (assets) as follows:

Plan	Liability or (Asset)
PERS 1	\$ 258,547
PERS 2/3	(2,709,159)
LEOFF 2	(1,730,268)

The amount of the asset reported above for LEOFF Plans 1 and 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension asset, the related State support, and the total portion of the net pension asset that was associated with the City were as follows:

	LEOFF 2 Asset
LEOFF - employer's proportionate share	\$ (1,730,268)
LEOFF - State's proportionate share of the net pension asset associated with the employer	\$ (1,116,212)
TOTAL	(2,846,480)

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

	Proportionate Share 6/30/20	Proportionate Share 6/30/21	Change in Proportion
PERS 1	0.01980%	0.02117%	0.00137%
PERS 2/3	0.02580%	0.02720%	0.00139%
LEOFF 2	0.02421%	0.02979%	0.00558%

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2021 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2021. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). 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 2021, 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.

Pension Expense

For the year ended December 31, 2021, the City recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 942
PERS 2/3	(584,860)
LEOFF 2	(232,947)
TOTAL	(816,865)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (286,901)
Contributions subsequent to the measurement date	66,065	-
TOTAL	\$ 66,065	\$ (286,901)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 131,580	\$ (33,212)
Net difference between projected and actual investment earnings on pension plan investments	-	(2,264,222)
Changes of assumptions	3,959	(192,395)
Changes in proportion and differences between contributions and proportionate share of contributions	113,997	-
Contributions subsequent to the measurement date	113,253	-
TOTAL	\$ 362,789	\$ (2,489,829)

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 78,478	\$ (9,144)
Net difference between projected and actual investment earnings on pension plan investments	-	(825,004)
Changes of assumptions	748	(82,292)
Changes in proportion and differences between contributions and proportionate share of contributions	13,859	(139,994)
Contributions subsequent to the measurement date	34,794	-
TOTAL	\$ 127,879	\$ (1,056,434)

TOTAL ALL PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 210,058	\$ (42,356)
Net difference between projected and actual investment earnings on pension plan investments	-	(3,376,127)
Changes of assumptions	4,707	(274,687)
Changes in proportion and differences between contributions and proportionate share of contributions	127,856	(139,994)
Contributions subsequent to the measurement date	214,112	-
TOTAL	\$ 556,733	\$ (3,833,164)

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, 2022. 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
2022	\$ (76,000)	\$ (590,813)	\$ (235,933)
2023	(69,644)	(550,132)	(220,928)
2024	(65,851)	(530,125)	(209,590)
2025	(75,406)	(580,967)	(234,005)
2026	-	5,290	(18,863)
Thereafter	-	6,454	(44,030)

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 166 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, prior wrongful acts, and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$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 in the last three years. In the last three years, the City has only had one \$400 expense that was not covered at all by insurance.

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 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%	8,850,000
2018 LTGO Debt	Ridgefield Outdoor Recreation Complex	\$6,705,000	6/5/2018	12/1/2038	3%-4%	<u>6,435,000</u>
<i>Total Governmental LTGO Bonded debt</i>						<u>\$ 15,285,000</u>

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

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

Governmental Activities				
	Principal	Interest	Total	Requirement
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	565,000	496,725	1,061,725	
2027-2031	3,150,000	2,149,575	5,299,575	
2032-2036	3,755,000	1,543,025	5,298,025	
2037-2041	2,915,000	803,675	3,718,675	
2042-2046	2,320,000	341,475	2,661,475	
2047	<u>515,000</u>	<u>18,025</u>	<u>533,025</u>	
	<u><u>\$ 15,285,000</u></u>	<u><u>\$ 7,527,050</u></u>	<u><u>\$ 22,812,050</u></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
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	245,000	288,925	533,925	
2027-2031	1,360,000	1,306,375	2,666,375	
2032-2036	1,585,000	1,077,625	2,662,625	
2037-2041	1,925,000	743,875	2,668,875	
2042-2046	2,320,000	341,475	2,661,475	
2047	<u>515,000</u>	<u>18,025</u>	<u>533,025</u>	
	<u><u>\$ 8,850,000</u></u>	<u><u>\$ 5,009,950</u></u>	<u><u>\$ 13,859,950</u></u>	

2018 LTGO Debt				
	Principal	Interest	Total	Requirement
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	320,000	207,800	527,800	
2027-2031	1,790,000	843,200	2,633,200	
2032-2036	2,170,000	465,400	2,635,400	
2037-2041	<u>990,000</u>	<u>59,800</u>	<u>1,049,800</u>	
	<u><u>\$ 6,435,000</u></u>	<u><u>\$ 2,517,100</u></u>	<u><u>\$ 8,952,100</u></u>	

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

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	\$4,400,000	5/14/2020	12/1/2035	2.42%	\$ 4,153,000
<i>Total Governmental Direct Placement Bonds</i>						\$ 4,153,000

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

2020 LTGO Debt					
	Principal	Interest	Total Requirement		
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	278,000	73,459		351,459	
2027-2031	1,495,000	262,473		1,757,473	
2032-2036	1,332,000	73,520		1,405,520	
	<u>\$ 4,153,000</u>	<u>\$ 767,842</u>	<u>\$</u>	<u>4,920,842</u>	

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. City policy requires reserves to be maintained in the amount of the following years debt service payment from the fund responsible for payment of the GO bonded debt. The REET fund balance covered the requirement for debt service reserves. As a result at December 31, 2021 \$0 in debt service reserves were maintained in the General Fund.

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:

Direct Borrowing Loan and Notes							
Name of Issuance	Original Issue Amounts	Purpose	Issuance Date	Maturity Date	Interest Rate	Debt Outstanding	
<i>Governmental Activities</i>							
CL18971	\$ 750,000	Parks Land	3/24/2021	3/23/2024	0.00%	\$ 750,000	
<i>Business-Type Activities</i>							
PR20-96103-012	up to \$359,000	DT Stormwater Enhancements	10/29/2019	6/1/2039	0.79%	\$ 277,616	
<i>Total Business Type Direct Borrowing Loans and Notes</i>							

The City entered into a private placement borrowing agreement for the purchase of land for parks development in March 2021. The private placement note bears interest at 0% and is payable in four equal

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

installments beginning with the first payment in 2021. As of December 31, 2021, the balance of this note is \$750,000.

The City entered into a 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 was converted from a five year to a twenty-year term in 2021. It will bear interest at 1.58%. During fiscal year 2021, the City took the final draw on this loan in the amount of \$182,408. As of December 31, 2021, the balance on the loan is \$277,616.

	Governmental Activities			Business Type Activities		
	Loans from Direct Borrowing			Loans from Direct Borrowing		
	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2022	\$ 250,000	\$ -	\$ 250,000	\$ 15,423	\$ 3,397	\$ 18,820
2023	250,000	-	250,000	15,423	4,143	19,566
2024	250,000	-	250,000	15,423	3,899	19,322
2025	-	-	-	15,423	3,655	19,078
2026	-	-	-	15,423	3,411	18,834
2027-2031	-	-	-	77,115	13,402	90,517
2032-2036	-	-	-	77,115	7,311	84,426
2037-2039	-	-	-	46,271	1,462	47,733
	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 750,000</u>	<u>\$ 277,616</u>	<u>\$ 40,680</u>	<u>\$ 318,296</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, 2021, the recorded liability for sick and vacation time amounted to \$464,784 with \$360,095 recorded in governmental activities and \$104,689 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:

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Bonds Payable					
General Obligation Bonds	\$ 15,765,000	\$ -	\$ 480,000	\$ 15,285,000	\$ 495,000
Direct Placement Bonds	3,935,000	465,000	247,000	4,153,000	253,000
Issuance Premiums	827,880	-	37,107	790,773	37,107
Total GO Bonds Payable	20,527,880	465,000	764,107	20,228,773	785,107
Private Placement Loan	-	750,000	-	750,000	250,000
Leases	1,202,094	56,411	82,709	1,175,796	93,528
Compensated Absences	288,336	143,843	72,084	360,095	131,695
Net Pension Liability	806,733	-	603,120	203,613	-
Pollution Remediation					
Obligation	4,925	-	30	4,895	-
Total Governmental Activity Long-Term Liabilities	\$ 22,829,968	\$ 1,415,254	\$ 1,522,050	\$ 22,723,172	\$ 1,260,330
Business-type activities					
Government Loans	\$ 2,658,006	\$ 182,408	\$ 2,562,798	\$ 277,616	\$ 15,423
Leases	39,303	-	425	38,878	439
Asset Retirement Obligation	495,869	-	-	495,869	-
Net Pension Liability	222,413	-	167,479	54,934	-
Compensated Absences	96,138	32,585	24,034	104,689	35,479
Total Business-Type Activity Long-Term Liabilities	\$ 3,511,729	\$ 214,993	\$ 2,754,736	\$ 971,986	\$ 51,341

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.

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, 2021

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	\$ 302,568	\$ 624,438	\$ 927,006
Real Estate Excise Tax Fund		1,407,997	1,407,997
Nonmajor Govt Funds	1,459,077		1,459,077
Total Transfer In	\$ 1,761,645	\$ 2,032,435	\$ 3,794,080

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.

NOTE 12. LEASES

City as Lessor

At December 31, 2021, the City had one lease receivable in which it is acting as Lessor. During 2021, the City recognized \$3,176 in lease principal payments and \$2,824 in lease interest revenue.

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.

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

	Lease Receivables		
	Principal	Interest	Total
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	3,772	2,228	6,000
2027-2031	26,277	10,395	36,672
2032-2036	27,494	4,037	31,531
2037	6,126	214	6,341
	\$ 77,522	\$ 27,021	\$ 104,544

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

City as Lessee

At December 31, 2021, 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 four leases, three for equipment and one for office space. The lease information is as follows:

Postage Machine	Ends: August 13, 2023	Period Payments: Monthly
Copiers (2)	Ends: October 23, 2023 and October 20, 2026	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			
	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2022	93,528	40,347	133,875
2023	95,202	37,187	132,389
2024	92,749	34,079	126,828
2025	95,876	30,952	126,828
2026	96,112	27,724	123,836
2027-2031	484,126	90,184	574,310
2032-2034	218,203	11,521	229,724
	<u>\$ 1,175,796</u>	<u>\$ 271,995</u>	<u>\$ 1,447,791</u>

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

Leases Payable
 Business-type Activities

	Principal	Interest	Total Requirements
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	504	1,296	1,800
2027-2031	2,798	6,202	9,000
2032-2036	3,323	5,677	9,000
2037-2041	3,946	5,054	9,000
2042-2046	4,687	4,313	9,000
2047-2051	5,567	3,433	9,000
2052-2056	6,611	2,389	9,000
2057-2061	7,852	1,148	9,000
2062	<u>1,739</u>	<u>61</u>	<u>1,800</u>
	<u>\$ 38,878</u>	<u>\$ 34,922</u>	<u>\$ 73,800</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, 2021, in the amount of \$3,263,300. 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, 2021, 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), as well as a draft Cleanup Action Plan (CAP) 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.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

The Port and Ecology determined that 29 properties required remediation. In 2016, twenty properties were remediated. The remaining nine properties were remediated in 2017.

In 2016, Ecology determined that the full extent of Off-Property impacts had not been fully characterized. The sampling area was initially expanded to the east and north, and sampling was completed in this "Phase 2" area in 2017. Based on the Phase 2 results, further characterization in a "Phase 3" area (north of Maple Street) was required. Sampling was completed in 2020 and a final RI/FS was submitted in 2021 and draft CAP were submitted to Ecology in 2020. Included in the December 31, 2021, 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, in 2021, and is required to conduct monitoring again in 2023 and 2024. 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, 2021, 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 Position is reduced by the expected recoveries.

The total expected outlays are \$3,263,300. Estimated recoveries by the Port of Ridgefield are \$3,165,401 leaving the remaining remediation obligation of \$97,899 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 \$4,895 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, 2021

Water system development charge credits are coded as a business type activity. 2021 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	\$ 4,247,717	\$ 2,721,766	\$ 1,625,654	\$ 5,343,829
Park Impact Fees	264,171	1,463,391	725,322	1,002,240
	<u>4,511,888</u>	<u>4,185,157</u>	<u>2,350,976</u>	<u>6,346,069</u>
Water System Development Charges	\$ 175,762	\$ 11,589		\$ 187,351
	<u>175,762</u>	<u>11,589</u>	<u>-</u>	<u>187,351</u>
Total Impact Fee Credits	\$ 4,687,650	\$ 4,196,746	\$ 2,350,976	\$ 6,533,420

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.

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. ASSET RETIREMENT OBLIGATION

An Asset Retirement Obligation (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 specific actions to retire an asset.

The City owns, operates, and maintains six wells with an average useful life remaining of 42 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

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

decommissioning cost of a reservoir. The reservoir has a remaining life of 41 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, 2021, of \$495,869 and a Deferred Outflow of \$308,349. There is \$5,357 of annual amortization expense. 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, 2021, 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, 2021, and has identified the following events:

- Ridgefield voters adopted "Proposition 1 Sales and Use Tax for Transportation Improvements" to authorize a sales and use tax of two-tenths of one percent (0.2%), to be collected from all taxable sales within the City of Ridgefield, to fund the Ridgefield Transportation Benefit District and pay costs associated with the city's pavement preservation program. The sales and use tax will be effective April 1, 2022.
- City Council adopted Ordinance No. 1358 eliminating the Vehicle Licensing Fee of \$30.00 that was the funding source for the Ridgefield Transportation Benefit District. The fee elimination will be effective April 1, 2022.
- The City is in current negotiations with the Washington State Department of Ecology and property owners to complete remediation on a downtown parcel known as Park Laundry. The City expects to enter into a consent decree with Ecology and the property owner's insurance company to complete the cleanup of the property.
- The City entered into a Lease/Purchase agreement in January 2022 for a new 12-yard truck mounted sewer cleaner (Vacuum Truck). The agreement will be for a term of seven years with \$75,228 annual payments beginning in 2022. The total over the term of the agreement is \$526,599.
- The City has entered into a long-term lease with a private developer to lease space in a commercial/public shared facility for a new police station. Construction of the building is expected to be complete in the fourth quarter 2022. Annual lease payments will range from approximately \$185,000 to \$213,000 over the ten-year lease term.
- The City will enter into a land lease for public land to locate a new YMCA facility in Ridgefield. Terms have not been finalized to date.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
December 31, 2021

Federal Financial Assistance

The City recorded the following federal grant expenditures for 2021:

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	Assistance Listing Number	Other Award Number	Expenditures			Footnote Ref
				From Pass-Through Awards	From Direct Awards	Total Amount	
Department of Transportation Federal Highway Administration/Washington State Department of Transportation	Highway Planning and Construction	20.205	LA10013	78,877		78,877	1,2,3
US Department of the Treasury (TREAS)	Coronavirus State and Local Fiscal Recovery Funds	21.027			1,278,769	1,278,769	1,2,3
Department of Transportation National Highway Traffic Safety Administration (NHTSA) / Washington Traffic Safety Commission	State and Community Highway Safety	20.600		563		563	1,2,3
Department of Transportation National Highway Traffic Safety Administration (NHTSA) / Washington Association of Sheriff's	State and Community Highway Safety	20.600		3,555		3,555	1,2,3
Department of Transportation National Highway Traffic Safety Administration (NHTSA) / Washington Traffic Safety Commission	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608		608		608	1,2,3
Total Federal Awards Expended:				83,603	1,278,769	1,362,372	

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, 2021

Schedule of Proportionate Share of the Net Pension Liability

PERS 1

As of June 30

Last Eight 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
2021	0.021171%	\$ 258,547	\$ 3,267,081	7.91%	88.74%
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 Eight 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
2021	0.027196%	\$ (2,709,159)	\$ 3,267,081	-82.92%	120.29%
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 Eight 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
2021	0.029789%	\$ (1,730,268)	\$ (1,061,116)	\$ (2,791,384)	\$ 1,166,121	-148.38%	142.00%
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, 2021

Schedule of Employer Contributions

PERS 1

As of December 31

Last Eight 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
2021	\$ 148,985	\$ (148,985)	-	3,483,186	4.28%
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 Eight 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
2021	\$ 248,104	\$ (248,104)	-	\$ 3,483,186	7.12%
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 Eight 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
2021	\$ 66,137	\$ (66,137)	\$ -	\$ 1,288,099	5.13%
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, 2021

Notes to Required Supplemental Information - Pension

As of December 31
Last Eight 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 Date</u>	<u>Through 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	6/30/2021	12.97%
7/1/2021	current	10.25%

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

CITY OF RIDGEFIELD, WASHINGTON
Required Supplementary Information
Year Ended December 31, 2021

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	6/30/2021	12.97%
7/1/2021	current	10.25%

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

LEOFF 2

<u>From this</u>	<u>Through</u>	<u>Employer</u>
<u>Date</u>	<u>this Date</u>	<u>Rate</u>
9/1/2013	6/30/2017	5.23%
7/1/2017	6/30/2019	5.43%
7/1/2019	6/30/2021	5.33%
7/1/2021	current	5.30%

* 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, 2021

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.

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, 2021

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 165,262	\$ -	\$ 6,398,066	\$ 6,563,328
Investments	-	-	\$ 1,143,212	\$ 1,143,212
Accounts Receivable (net)	577	-	-	577
Due from Other Governmental Units	41,826	-	\$ 26,374	\$ 68,200
Total Assets	\$ 207,665	\$ -	\$ 7,568,837	\$ 7,776,502
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$ 40,616	\$ -	\$ -	\$ 40,616
Other Accrued Liabilities	40,951	-	-	40,951
Total Liabilities	81,567	-	-	81,567
Fund Balances:				
Restricted				
Public Safety	5,486	-	-	5,486
Economic Environment	42,972	-	-	42,972
Capital Outlay	-	-	\$ 7,568,837	\$ 7,568,837
Assigned	77,640	-	-	77,640
Total Fund Balances	126,098	-	\$ 7,568,837	\$ 7,694,935
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 207,665	\$ -	\$ 7,568,837	\$ 7,776,502

CITY OF RIDGEFIELD, WASHINGTON
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 For the fiscal year ended December 31, 2021

	Special Revenue Funds	Debt Service Fund	Capital Project Fund	Total Nonmajor Governmental Funds
Revenues:				
Sales and Use Taxes	\$ 32,740	\$ -	\$ -	\$ 32,740
Utility Taxes	96,393	-	-	96,393
Other Taxes	-	-	167,607	167,607
License and Permits	13,360	-	-	13,360
Intergovernmental	210,744	-	-	210,744
Charges for Services	-	-	3,826,381	3,826,381
Fines and Forfeits	250	-	-	250
Interest Earnings	-	-	(4,473)	(4,473)
Miscellaneous	100	-	-	100
Total Revenues	353,587	-	3,989,515	4,343,102
Expenditures:				
Current:				
Transportation	823,082	-	-	823,082
Capital Outlay	45,105	-	-	45,105
Debt Service				
Principal Retirement	-	727,000	-	727,000
Interest and Other Charges	-	680,997	-	680,997
Bond Issuance Costs	-	-	-	-
Total Expenditures	868,187	1,407,997	-	2,276,184
Excess (Deficiency) of Revenues Over (Under) Expenditures	(514,600)	(1,407,997)	3,989,515	2,066,918
Other Financing Sources (Uses):				
Transfers In	624,438	1,407,997	-	2,032,435
Transfers Out	-	-	(1,459,077)	(1,459,077)
Total Other Financing Sources and Uses	624,438	1,407,997	(1,459,077)	573,358
Net Change in Fund Balances	109,838	-	2,530,438	2,640,276
Fund Balances at Beginning of Year	16,260	-	5,038,399	5,054,659
Fund Balances at End of Year	\$ 126,098	\$ -	\$ 7,568,837	\$ 7,694,935

CITY OF RIDGEFIELD, WASHINGTON
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2021

	Drug Fund	City Street Fund	Affordable Housing	Total Nonmajor Special Revenue Funds
Assets:				
Cash and Cash Equivalents	\$ 5,234	\$ 123,498	\$ 36,530	\$ 165,262
Accounts Receivable (net)	252	325	-	577
Due from Other Governmental Units	-	35,384	6,442	41,826
Total Assets	\$ 5,486	\$ 159,207	\$ 42,972	\$ 207,665
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$ -	\$ 40,616	\$ -	\$ 40,616
Other Accrued Liabilities	-	40,951	-	40,951
Total Liabilities	-	81,567	-	81,567
Fund Balances:				
Restricted				
Public Safety	5,486	-	-	5,486
Economic Environment	-	-	42,972	42,972
Assigned				
Total Fund Balances	5,486	77,640	42,972	126,098
Total Liabilities and Fund Balances	\$ 5,486	\$ 159,207	\$ 42,972	\$ 207,665

CITY OF RIDGEFIELD, WASHINGTON
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Fiscal Year Ended December 31, 2021

	Drug Fund	City Street Fund	Affordable Housing	Total Nonmajor Special Revenue Funds
Revenues:				
Sales and Use Taxes	\$ -	\$ -	\$ 32,740	\$ 32,740
Utility Taxes	-	96,393	-	96,393
License and Permits	-	13,360	-	13,360
Intergovernmental	-	210,744	-	210,744
Fines and Forfeitures	250	-	-	250
Miscellaneous	25	75	-	100
Total Revenues	275	320,572	32,740	353,587
Due from Other Governmental Units				
Expenditures:				
Current:				
Transportation	-	823,082	-	823,082
Capital Outlay	-	45,105	-	45,105
Total Expenditures	-	868,187	-	868,187
Excess (Deficiency) of Revenues Over (Under) Expenditures	275	(547,615)	32,740	(514,600)
Other Financing Sources (Uses)				
Transfers In	-	624,438	-	624,438
Total Other Financing Sources (Uses)	-	624,438	-	624,438
Special Items:				
Net Change in Fund Balances	275	76,823	32,740	109,838
Fund Balances at Beginning of Year	5,211	817	10,232	16,260
Fund Balances at End of Year	\$ 5,486	\$ 77,640	\$ 42,972	\$ 126,098

CITY OF RIDGEFIELD, WASHINGTON

Nonmajor Debt Service Fund

Balance SheetDecember 31, 2021

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

CITY OF RIDGEFIELD, WASHINGTON
Nonmajor Debt Service Funds
Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Fiscal Year Ended December 31, 2021

	Debt Service Fund
Revenues:	
Total Revenues	\$ _____ -
Expenditures:	
Debt Service	
Principal Retirement	727,000
Interest and Other Charges	<u>680,997</u>
Total Expenditures	<u>1,407,997</u>
Excess (Deficiency) of Revenues	
Over (Under) Expenditures	(1,407,997)
Other Financing Sources (Uses):	
Transfers In	<u>1,407,997</u>
Total Other Financing Sources (Uses)	<u>1,407,997</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, 2021

	Traffic Impact Fee Fund	Park Impact Fee Fund	Transportation Benefit District Fund	Total Nonmajor Capital Project Funds
Assets:				
Cash and Cash Equivalents	\$ 3,561,326	\$ 2,670,712	\$ 166,028	\$ 6,398,066
Investments	397,639	745,573	-	1,143,212
Interest Receivable	412	773	-	1,185
Due from Other Governmental Units	-	-	26,374	26,374
Total Assets	\$ 3,959,377	\$ 3,417,058	\$ 192,402	\$ 7,568,837
Liabilities and Fund Balances:				
Liabilities:				
Total Liabilities	-	-	-	-
Fund Balances:				
Restricted				
Capital Outlay	\$ 3,959,377	\$ 3,417,058	\$ 192,402	\$ 7,568,837
Total Fund Balances	<u>3,959,377</u>	<u>3,417,058</u>	<u>192,402</u>	<u>7,568,837</u>
Total Liabilities and Fund Balances	\$ 3,959,377	\$ 3,417,058	\$ 192,402	\$ 7,568,837

CITY OF RIDGEFIELD, WASHINGTON

Nonmajor Capital Project Fund
 Statement of Revenues, Expenditures and
 Changes in Fund Balance
 For the Fiscal Year Ended December 31, 2021

	Traffic Impact Fee Fund	Park Impact Fee Fund	Transportation Benefit District Fund	Total Nonmajor Capital Project Funds
Revenues:				
Other Taxes	\$ -	\$ 167,607	\$ 167,607	
Charges for Services	1,851,735	1,974,646	-	3,826,381
Interest Earnings	(3,805)	(672)	4	(4,473)
Total Revenues	1,847,930	1,973,974	167,611	3,989,515
Expenditures:				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,847,930	1,973,974	167,611	3,989,515
Other Financing Sources (Uses)				
Transfers Out	(892,015)	(392,062)	(175,000)	(1,459,077)
Total Other Financing Sources (Uses)	(892,015)	(392,062)	(175,000)	(1,459,077)
Net Change in Fund balances	955,915	1,581,912	(7,389)	2,530,438
Fund Balances at Beginning of Year	3,003,462	1,835,146	199,791	5,038,399
Fund Balances at End of Year	\$ 3,959,377	3,417,058	192,402	7,568,837

CITY OF RIDGEFIELD, WASHINGTON
Drug Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Compared to Budget (GAAP Basis) and Actual
For the Fiscal Year Ended December 31, 2021

<u>Budgeted Amounts</u>					
	<u>Original</u>	<u>Final</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>	
Revenues:					
Fines and Forfeits	\$ 1,000	\$ 1,000	\$ 250	\$ (750)	
Interest Earnings	10	10	-	(10)	
Miscellaneous	-	-	25	25	
Total Revenues	1,010	1,010	275	(735)	
Expenditures:					
Public Safety	-	-	-	-	
Total Expenditures	-	-	-	-	
Excess (Deficiency) of Revenues Over (under) Expenditures	1,010	1,010	275	(735)	
Fund Balances at Beginning of Year	5,211	5,211	5,211	-	
Fund Balances at End of Year	\$ 6,221	\$ 6,221	\$ 5,486	\$ (735)	

CITY OF RIDGEFIELD, WASHINGTON
City Street Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Compared to Budget (GAAP Basis) and Actual
For the Fiscal Year Ended December 31, 2021

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amount</u>	
Revenues:				
Utility Taxes	\$ 95,491	\$ 95,491	\$ 96,393	\$ 902
License and Permits	20,000	20,000	13,360	(6,640)
Intergovernmental	220,610	220,610	210,744	(9,866)
Interest Earnings	50	50	-	(50)
Miscellaneous	1,000	1,000	75	(925)
Total Revenues	337,151	337,151	320,572	(16,579)
Expenditures:				
Current				
Transportation	716,693	910,693	823,082	87,611
Capital Outlay	44,800	44,800	45,105	(305)
Total Expenditures	761,493	955,493	868,187	87,306
Excess (Deficiency) of Revenues Over (under) Expenditures	(424,342)	(618,342)	(547,615)	70,727
Other Financing Sources (Uses):				
Transfers In	430,438	624,438	624,438	-
Total Other Financing Sources and Uses	430,438	624,438	624,438	-
Net Change in Fund Balance	6,096	6,096	76,823	70,727
Fund Balances at Beginning of Year	817	817	817	-
Fund Balances at End of Year	\$ 6,913	\$ 6,913	\$ 77,640	\$ 70,727

CITY OF RIDGEFIELD, WASHINGTON
Affordable Housing
Schedule of Revenues, Expenditures and Changes in Fund Balances
Compared to Budget (GAAP Basis) and Actual
For the Fiscal Year Ended December 31, 2021

<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	\$ 23,000	\$ 23,000	\$ 32,740	\$ 9,740	
Interest Earnings	<u>35</u>	<u>35</u>	<u>-</u>	<u>(35)</u>	
Total Revenues	<u>23,035</u>	<u>23,035</u>	<u>32,740</u>	<u>9,705</u>	
Expenditures:					
Economic Environment	-	-	-	-	
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Excess (Deficiency) of Revenues Over (under) Expenditures	<u>23,035</u>	<u>23,035</u>	<u>32,740</u>	<u>9,705</u>	
Fund Balances at Beginning of Year	<u>10,232</u>	<u>10,232</u>	<u>10,232</u>	<u>-</u>	
Fund Balances at End of Year	<u>\$ 33,267</u>	<u>\$ 33,267</u>	<u>\$ 42,972</u>	<u>\$ 9,705</u>	

CITY OF RIDGEFIELD, WASHINGTON
Debt Service Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances
Compared to Budget (GAAP Basis) and Actual
For the Fiscal Year Ended December 31, 2021

<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	746,754	746,754	727,000	19,754
Interest/Fiscal Charges	<u>686,875</u>	<u>686,875</u>	<u>680,997</u>	<u>5,878</u>
Total Expenditures	<u>1,433,629</u>	<u>1,433,629</u>	<u>1,407,997</u>	<u>25,632</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	(1,433,629)	(1,433,629)	(1,407,997)	25,632
Other Financing Sources (Uses):				
Issuance of Debt	-	-	-	-
Transfers In	<u>1,433,629</u>	<u>1,433,629</u>	<u>1,407,997</u>	<u>(25,632)</u>
Total Other Financing Sources and Us	<u>1,433,629</u>	<u>1,433,629</u>	<u>1,407,997</u>	<u>(25,632)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balances at Beginning of Year	-	-	-	-
Fund Balances at End of Year	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -

CITY OF RIDGEFIELD, WASHINGTON
Traffic Impact Fee Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Compared to Budget (GAAP Basis) and Actual
For the Fiscal Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amount	
Revenues:				
Charges for Services	\$ 2,557,612	\$ 2,557,612	\$ 1,851,735	\$ (705,877)
Interest Earnings	1,500	1,500	(3,805)	(5,305)
Total Revenues	<u>2,559,112</u>	<u>2,559,112</u>	<u>1,847,930</u>	<u>(711,182)</u>
Expenditures:				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (under) Expenditures	2,559,112	2,559,112	1,847,930	(711,182)
Other Financing Sources (Uses):				
Transfers Out	(1,930,000)	(4,794,000)	(892,015)	3,901,985
Total Other Financing Sources and Uses	<u>(1,930,000)</u>	<u>(4,794,000)</u>	<u>(892,015)</u>	<u>3,901,985</u>
Net Change in Fund Balance	629,112	(2,234,888)	955,915	3,190,803
Fund Balances at Beginning of Year	3,003,462	3,003,462	3,003,462	-
Fund Balances at End of Year	\$ 3,632,574	\$ 768,574	\$ 3,959,377	\$ 3,190,803

CITY OF RIDGEFIELD, WASHINGTON
Park Impact Fee Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Fiscal Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 1,413,200	\$ 2,213,200	\$ 1,974,646	\$ (238,554)
Interest Earnings	250	250	(672)	(922)
Total Revenues	<u>1,413,450</u>	<u>2,213,450</u>	<u>1,973,974</u>	<u>(239,476)</u>
Expenditures:				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,413,450	2,213,450	1,973,974	(239,476)
Other Financing Sources (Uses):				
Transfers Out	(490,000)	(636,000)	(392,062)	243,938
Total Other Financing Sources and Uses	<u>(490,000)</u>	<u>(636,000)</u>	<u>(392,062)</u>	<u>243,938</u>
Net Change in Fund Balance	923,450	1,577,450	1,581,912	4,462
Fund Balances at Beginning of Year	1,835,146	1,835,146	1,835,146	-
Fund Balances at End of Year	<u>\$ 2,758,596</u>	<u>\$ 3,412,596</u>	<u>\$ 3,417,058</u>	<u>\$ 4,462</u>

CITY OF RIDGEFIELD, WASHINGTON
 Transportation Benefit District Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget (GAAP Basis) and Actual
 For the Fiscal Year Ended December 31, 2021

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues:				
Other Taxes	\$ 153,410	\$ 153,410	\$ 167,607	\$ 14,197
Interest Earnings	25	25	4	(21)
Total Revenues	<u>153,435</u>	<u>153,435</u>	<u>167,611</u>	<u>14,176</u>
Expenditures:				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	153,435	153,435	167,611	14,176
Other Financing Sources (Uses):				
Transfers Out	-	(175,000)	(175,000)	-
Total Other Financing Sources and Uses	-	(175,000)	(175,000)	-
Net Change in Fund Balance	153,435	(21,565)	(7,389)	14,176
Fund Balances at Beginning of Year	199,791	199,791	199,791	-
Fund Balances at End of Year	<u>\$ 353,226</u>	<u>\$ 178,226</u>	<u>\$ 192,402</u>	<u>\$ 14,176</u>

CITY OF RIDGEFIELD, WASHINGTON
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Fiscal Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amount	
Revenues:				
Intergovernmental	\$ 1,235,000	\$ 1,315,000	\$ 713,866	\$ (601,134)
Charges for Services	-	827,000	718,727	(108,273)
Interest Earnings	-	-	5	5
Total Revenues	<u>1,235,000</u>	<u>2,142,000</u>	<u>1,432,598</u>	<u>(709,402)</u>
Expenditures:				
Current:				
Transportation	-	-	-	-
Capital Outlay	4,517,000	8,568,000	3,777,258	4,790,742
Total Expenditures	<u>4,517,000</u>	<u>8,568,000</u>	<u>3,777,258</u>	<u>4,790,742</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,282,000)	(6,426,000)	(2,344,660)	4,081,340
Other Financing Sources (Uses):				
Long-term Debt Proceeds	406,000	406,000	1,215,000	809,000
Transfers In	2,876,000	6,061,000	1,761,645	(4,299,355)
Total Other Financing Sources and Uses	<u>3,282,000</u>	<u>6,467,000</u>	<u>2,976,645</u>	<u>(3,490,355)</u>
Net Change in Fund Balance	-	41,000	631,985	590,985
Fund Balances at Beginning of Year	<u>393,389</u>	<u>393,389</u>	<u>393,389</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 393,389</u>	<u>\$ 434,389</u>	<u>\$ 1,025,374</u>	<u>\$ 590,985</u>

CITY OF RIDGEFIELD, WASHINGTON
Real Estate Excise Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Fiscal Year Ended December 31, 2021

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues:				
Other Taxes	\$ 1,500,000	\$ 3,000,000	\$ 3,221,297	\$ 221,297
Interest Earnings	20,000	20,000	(4,250)	(24,250)
Total Revenues	<u>1,520,000</u>	<u>3,020,000</u>	<u>3,217,047</u>	<u>197,047</u>
Expenditures:				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	1,520,000	3,020,000	3,217,047	197,047
Other Financing Sources (Uses):				
Transfers Out	(1,413,405)	(1,413,405)	(1,407,997)	5,408
Total Other Financing Sources and Uses	<u>(1,413,405)</u>	<u>(1,413,405)</u>	<u>(1,407,997)</u>	<u>5,408</u>
Net Change in Fund Balance	106,595	1,606,595	1,809,050	202,455
Fund Balances at Beginning of Year	2,136,609	2,136,609	2,136,609	-
Fund Balances at End of Year	<u>\$ 2,243,204</u>	<u>\$ 3,743,204</u>	<u>\$ 3,945,659</u>	<u>\$ 202,455</u>

CITY OF RIDGEFIELD, WASHINGTON
Table of Contents

This part of the City of Ridgefield's Annual Comprehensive 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.

<u>Contents</u>	<u>Page</u>
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.....	109-111
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

	2012	2013	2014	2015	2016
Governmental Activities:					
Net Investment in Capital Assets	\$ 26,890,757	\$ 29,242,757	\$ 32,880,948	\$ 33,779,565	\$ 36,979,154
Restricted	3,776,845	4,017,896	4,928,238	7,105,407	7,385,677
Unrestricted	1,890,583	2,742,662	580,371	(3,136,697)	(2,821,368)
Total Governmental Activities Net Position	<u>32,558,185</u>	<u>36,003,315</u>	<u>38,389,557</u>	<u>37,748,275</u>	<u>41,543,463</u>
Business-Type Activities:					
Net Investment in Capital Assets	26,813,784	\$ 27,040,959	\$ 17,283,749	\$ 15,819,184	\$ 17,488,712
Restricted	2,982,513	3,957,164	3,914,863	3,755,157	4,709,682
Unrestricted	2,845,385	3,049,933	2,224,649	676,250	1,070,087
Total Business-Type Activities Net Position	<u>32,641,682</u>	<u>34,048,056</u>	<u>23,423,261</u>	<u>20,250,591</u>	<u>23,268,481</u>
Primary Government:					
Net Investment in Capital Assets	53,704,541	56,283,716	50,164,697	49,598,749	54,467,866
Restricted	6,759,358	7,975,060	8,843,101	10,860,564	12,095,359
Unrestricted	4,735,968	5,792,595	2,805,020	(2,460,447)	(1,751,281)
Total Primary Government Net Position	<u>\$ 65,199,867</u>	<u>\$ 70,051,371</u>	<u>\$ 61,812,818</u>	<u>\$ 57,998,866</u>	<u>\$ 64,811,944</u>

CITY OF RIDGEFIELD, WASHINGTON
Financial Trends

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

Page 2 of 2

	2017	2018	2019	2020	2021
Governmental Activities:					
Net Investment in Capital Assets	\$ 36,243,214	\$ 57,236,545	\$ 63,089,555	\$ 69,966,422	\$ 84,581,066
Restricted	10,137,589	2,466,399	5,039,035	10,546,422	19,863,412
Unrestricted	(2,630,392)	(878,544)	(43,547)	(585,427)	(1,970,490)
Total Governmental Activities Net Position	43,750,411	58,824,400	68,085,043	79,927,417	102,473,988
Business-Type Activities:					
Net Investment in Capital Assets	\$ 18,158,008	\$ 25,884,973	\$ 31,413,290	\$ 35,822,691	\$ 41,713,679
Restricted	4,933,027	6,368,463	7,213,240	8,884,770	8,891,485
Unrestricted	1,254,848	949,544	1,283,510	1,782,731	2,485,768
Total Business-Type Activities Net Position	24,345,883	33,202,980	39,910,040	46,490,192	53,090,932
Primary Government:					
Net Investment in Capital Assets	54,401,222	83,121,518	94,502,845	105,789,113	126,294,745
Restricted	15,070,616	8,834,862	12,252,275	19,431,192	28,754,897
Unrestricted	(1,375,544)	71,000	1,239,963	1,197,304	515,278
Total Primary Government Net Position	\$ 68,096,294	\$ 92,027,380	\$ 107,995,083	\$ 126,417,609	\$ 155,564,920

CITY OF RIDGEFIELD, WASHINGTON
Financial Trends

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

Page 1 of 4

Expenses	2012	2013	2014	2015	2016
Governmental Activities:					
General Government	\$ 1,358,689	\$ 1,495,430	\$ 1,639,079	\$ 1,663,760	\$ 1,993,190
Public Safety	1,068,320	1,147,490	1,198,853	1,458,384	1,520,388
Physical Environment	40,467	45,109	64,554	24,235	153,761
Transportation	868,345	973,883	977,263	1,338,002	1,374,460
Education	-	-	-	-	-
Economic Environment	293,693	453,585	597,962	1,037,751	920,686
Culture and Recreation	174,535	264,717	393,396	422,713	479,918
Interest on Long-Term Debt	-	-	-	-	2,158
Total Governmental Activities Expenses	3,804,049	4,380,214	4,871,107	5,944,845	6,444,561
Business-Type Activities:					
Water	1,007,568	1,040,725	1,125,097	1,296,406	1,378,380
Sewer	1,581,734	1,704,737	972,512	958,464	629,992
Stormwater	176,286	203,913	288,902	400,935	390,804
Total Business-Type Activities Expenses	2,765,588	2,949,375	2,386,511	2,655,805	2,399,176
Total Primary Government Expenses	6,569,637	7,329,589	7,257,618	8,600,650	8,843,737

Program Revenues

Governmental Activities:

Charges for Services:					
General Government	538,248	532,602	695,948	527,858	598,817
Public Safety	104,756	99,863	48,303	167,333	2,131
Physical Environment	1,950	815	1,670	1,830	4,560
Transportation	193,280	258,179	68,724	156,947	11,898
Education	-	-	-	-	-
Natural and Economic Environment	533,471	1,148,013	976,617	1,589,070	3,477,186
Culture and Recreation	224,330	378,193	-	-	-
Operating Grants and Contributions	26,773	19,376	95,372	131,415	59,005
Capital Grants and Contributions	3,927,938	2,520,844	1,800,409	1,041,569	1,742,909
Total Governmental Activities Program Revenues	5,550,746	4,957,885	3,687,043	3,616,022	5,896,506

Business-Type Activities:

Charges for Services:					
Water	919,226	1,000,742	1,063,713	1,292,946	1,397,965
Sewer	1,275,803	1,423,288	952,524	868,735	612,425
Stormwater	252,377	284,280	337,196	375,928	428,587
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	1,600,589	1,859,732	1,285,318	1,510,514	2,620,219
Total Business-Type Activities Program Revenues	4,047,995	4,568,042	3,638,751	4,048,123	5,059,196
Total Primary Government Program Revenues	9,598,741	9,525,927	7,325,794	7,664,145	10,955,702

CITY OF RIDGEFIELD, WASHINGTON
Financial Trends

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

Page 2 of 4

Net (Expenses)Revenue	2012	2013	2014	2015	2016
Governmental Activities	1,746,697	577,671	(1,184,064)	(2,328,823)	(548,055)
Business Activities	1,282,407	1,618,667	1,252,240	1,392,318	2,660,020
Total Primary Government Net Expense	3,029,104	2,196,338	68,176	(936,505)	2,111,965

General Revenues and Other Changes in Net Position

Governmental Activities:

Property Taxes	781,032	799,842	860,510	921,464	968,957
Sales and Use Taxes	702,967	887,219	1,146,429	1,133,691	1,435,637
Utility Taxes	700,992	761,012	714,783	898,058	942,910
Excise and Other Taxes	309,145	399,851	465,807	641,710	905,214
Unrestricted Grants and Contributions	-	-	268,935	284,328	313,529
Investment Earnings	32,734	5,297	60,595	54,873	34,091
Other Revenues	-	-	166	-	-
Gain (Loss) on Sale of Asset	-	11,285	-	182,662	41,586
Insurance Recoveries	3,135	-	-	-	-
Transfers	-	-	-	515,386	(307,078)
Prior Period Adjustments	104,017	2,953	53,081	(2,106,345)	8,397
Change in Accounting Principles	-	-	-	(838,286)	-
Total Governmental Activities	2,634,022	2,867,459	3,570,306	1,687,541	4,343,243

Business-Type Activities:

Investment Earnings	35,747	13,622	41,993	93,418	40,515
Other Revenues	-	-	-	-	-
Special Items	-	-	(11,899,196)	(3,822,311)	-
Transfers	-	-	-	(515,386)	307,078
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-
Prior Period Adjustments	94,200	(192,415)	(19,832)	93,023	10,277
Change in Accounting Principles	-	(33,500)	-	(413,732)	-
Total Business-Type Activities	129,947	(212,293)	(11,877,035)	(4,564,988)	357,870
Total Primary Government	2,763,969	2,655,166	(8,306,729)	(2,877,447)	4,701,113

Changes in Net Position

Governmental Activities	4,380,719	3,445,130	2,386,242	(641,282)	3,795,188
Business-Type Activities	1,412,354	1,406,374	(10,624,795)	(3,172,670)	3,017,890
Total Primary Government	\$5,793,073	\$4,851,504	\$ (8,238,553)	\$ (3,813,952)	\$6,813,078

CITY OF RIDGEFIELD, WASHINGTON
Financial Trends

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

Page 3 of 4

Expenses	2017	2018	2019	2020	2021
Governmental Activities:					
General Government	\$ 1,726,990	\$ 1,826,621	\$ 2,097,158	\$ 2,526,983	\$ 2,549,951
Public Safety	1,910,734	1,660,379	1,797,779	1,961,563	2,063,594
Physical Environment	636,455	694,777	960,065	1,048,973	1,234,000
Transportation	1,454,529	1,456,952	1,697,138	1,977,909	3,231,532
Education	-	-	5,040,823	6,267,843	7,525,749
Economic Environment	1,462,544	1,677,944	1,619,974	1,596,583	1,534,808
Culture and Recreation	750,794	668,979	1,138,723	1,168,787	1,261,357
Interest on Long-Term Debt	80,665	452,756	601,449	624,068	682,132
Total Governmental Activities Expenses	8,022,711	8,438,408	14,953,109	17,172,709	20,083,124
Business-Type Activities:					
Water	1,700,291	2,032,176	1,931,183	2,245,638	2,620,755
Sewer	562,477	576,295	-	-	-
Stormwater	585,803	288,400	779,036	862,000	1,181,120
Total Business-Type Activities Expenses	2,848,571	2,896,871	2,710,219	3,107,638	3,801,875
Total Primary Government Expenses	10,871,282	11,335,279	17,663,328	20,280,347	23,884,999

Program Revenues**Governmental Activities:**

Charges for Services:					
General Government	592,250	734,227	707,334	808,673	993,962
Public Safety	34,735	47,792	54,167	1,492	63,497
Physical Environment	2,125	7,400	2,000	6,225	4,425
Transportation	10,688	21,806	1,478,574	26,497	690,342
Education	-	-	-	-	-
Natural and Economic Environment	2,116,918	2,206,618	7,501,746	8,012,097	10,231,371
Culture and Recreation	-	-	146,156	41,817	16,318
Operating Grants and Contributions	37,564	47,115	227,072	149,184	1,401,635
Capital Grants and Contributions	2,288,831	14,712,111	7,409,485	11,302,101	18,085,814
Total Governmental Activities Program Revenues	5,083,111	17,777,069	17,526,534	20,348,087	31,487,364

Business-Type Activities:

Charges for Services:					
Water	1,518,183	1,712,142	1,940,262	2,285,371	2,745,740
Sewer	612,236	409,702	-	-	-
Stormwater	497,539	560,683	676,721	849,327	977,261
Operating Grants and Contributions	-	-	-	37,787	-
Capital Grants and Contributions	865,050	8,349,587	6,343,068	6,489,955	6,691,183
Total Business-Type Activities Program Revenues	3,493,008	11,032,114	8,960,051	9,662,440	10,414,184
Total Primary Government Program Revenues	8,576,119	28,809,183	26,486,585	30,010,527	41,901,548

CITY OF RIDGEFIELD, WASHINGTON
Financial Trends

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

Page 4 of 4

Net (Expenses)Revenue	2017	2018	2019	2020	2021
Governmental Activities	(2,939,600)	9,338,661	2,573,425	3,175,378	11,404,240
Business Activities	644,437	8,135,243	6,249,832	6,554,802	6,612,309
Total Primary Government Net Expense	(2,295,163)	17,473,904	8,823,257	9,730,180	18,016,549
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes	1,062,068	1,159,228	1,269,279	1,477,122	1,723,498
Sales and Use Taxes	1,715,893	2,631,542	3,250,290	3,154,153	4,079,250
Utility Taxes	1,044,888	1,085,500	1,167,609	1,343,885	1,548,443
Excise and Other Taxes	1,025,226	1,096,194	1,574,478	1,932,228	3,388,904
Unrestricted Grants and Contributions	334,332	328,259	338,437	714,074	429,763
Investment Earnings	76,930	106,758	111,115	163,909	(27,527)
Other Revenues	-	-	-	-	-
Gain (Loss) on Sale of Asset	-	-	9,301	-	-
Insurance Recoveries	-	-	-	-	-
Transfers	(74,434)	(672,153)	(283,291)	(118,375)	-
Prior Period Adjustments	(38,355)	-	-	-	-
Change in Accounting Principles	-	-	(750,000)	-	-
Total Governmental Activities	5,146,548	5,735,328	6,687,218	8,666,996	11,142,331
Business-Type Activities:					
Investment Earnings	65,795	49,701	167,683	83,781	(11,569)
Other Revenues	-	-	-	-	-
Special Items	-	-	-	-	-
Transfers	74,434	672,153	283,291	118,375	-
Gain (Loss) on Sale of Capital Assets	-	-	6,254	-	-
Prior Period Adjustments	292,736	-	-	-	-
Change in Accounting Principles	-	-	-	(176,806)	-
Total Business-Type Activities	432,965	721,854	457,228	25,350	(11,569)
Total Primary Government	5,579,513	6,457,182	7,144,446	8,692,346	11,130,762
Changes in Net Position					
Governmental Activities	2,206,948	15,073,989	9,260,643	11,842,374	22,546,571
Business-Type Activities	1,077,402	8,857,097	6,707,060	6,580,152	6,600,740
Total Primary Government	\$ 3,284,350	\$ 23,931,086	\$ 15,967,703	\$ 18,422,526	\$ 29,147,311

CITY OF RIDGEFIELD, WASHINGTON
Financial Trends

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

	Page 1 of 2				
	2012	2013	2014	2015	2016
General Fund					
Restricted	\$ 4,946	\$ -	\$ -	\$ 978,035	\$ 1,221,367
Committed	-	-	-	-	15,800
Assigned	532,311	630,841	350,455	328,809	343,576
Unassigned	1,229,196	1,845,948	2,012,639	1,020,276	1,043,207
General Fund					
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Total General Fund	<u>1,766,453</u>	<u>2,476,789</u>	<u>2,363,094</u>	<u>2,327,120</u>	<u>2,623,950</u>
All Other Governmental Funds					
Restricted	3,771,899	4,017,896	4,928,238	6,127,372	6,055,982
Committed	-	-	-	-	-
Assigned	62,923	47,121	-	102,576	112,376
Unassigned	-	(281,172)	(56,472)	-	-
Total All Other Governmental Funds	<u>3,834,822</u>	<u>3,783,845</u>	<u>4,871,766</u>	<u>6,229,948</u>	<u>6,168,358</u>
Total Governmental Funds	<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>	<u><u>\$ 8,792,308</u></u>

CITY OF RIDGEFIELD, WASHINGTON
Financial Trends

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

Page 2 of 2

	2017	2018	2019	2020	2021
General Fund					
Restricted	\$ 963,132	\$ 774,805	\$ 1,209,284	\$ 2,528,176	\$ 3,417,133
Committed	20,225	20,224	20,224	-	-
Assigned	369,792	426,219	445,309	661,928	830,502
Unassigned	1,052,212	1,995,424	3,227,755	4,153,535	6,785,311
General Fund					
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Total General Fund	<u>2,405,361</u>	<u>3,216,672</u>	<u>4,902,572</u>	<u>7,343,639</u>	<u>11,032,946</u>
All Other Governmental Funds					
Restricted	10,618,656	1,203,753	3,245,828	7,586,851	12,582,468
Committed	-	-	-	-	-
Assigned	104,600	32,807	19,989	817	83,500
Unassigned	-	(21,524)	(16,631)	(3,011)	-
Total All Other Governmental Funds	<u>10,723,256</u>	<u>1,215,036</u>	<u>3,249,186</u>	<u>7,584,657</u>	<u>12,665,968</u>
Total Governmental Funds	<u><u>\$13,128,617</u></u>	<u><u>\$ 4,431,708</u></u>	<u><u>\$ 8,151,758</u></u>	<u><u>\$14,928,296</u></u>	<u><u>\$23,698,914</u></u>

CITY OF RIDGEFIELD, WASHINGTON
Financial Trends

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

Page 1 of 2

	2012	2013	2014	2015	2016
Revenues					
Taxes	\$ 2,672,264	\$ 2,976,706	\$ 3,241,579	\$ 3,604,752	\$ 4,272,082
Licenses and Permits	308,455	610,232	358,341	571,371	887,317
Intergovernmental	363,621	1,807,778	1,790,362	574,985	718,753
Charges for Services	855,399	1,439,108	1,069,991	1,429,679	2,087,290
Fines and Forfeits	84,349	88,618	89,375	77,104	69,682
Investment Earnings	32,734	5,295	60,595	54,873	34,091
Contributions	5,650	5,650	9,550	9,765	21,150
Miscellaneous	31,704	41,573	79,635	74,788	105,449
Total revenues	<u>\$ 4,354,176</u>	<u>\$ 6,974,960</u>	<u>\$ 6,699,428</u>	<u>\$ 6,397,317</u>	<u>\$ 8,195,814</u>
Expenditures					
General Government	\$ 1,359,644	\$ 1,455,133	\$ 1,654,217	\$ 1,624,211	\$ 1,867,913
Public Safety	1,044,790	1,113,613	1,159,777	1,316,655	1,435,563
Physical Environment	39,693	44,600	63,571	21,773	151,299
Transportation	896,646	290,950	320,729	459,800	443,213
Economic Environment	291,616	451,070	602,462	1,029,226	880,661
Education	-	-	-	-	-
Culture and Recreation	581,308	209,104	319,538	342,501	361,542
Capital Outlay	-	2,853,642	1,639,413	998,493	2,565,446
Debt Service	-	-	-	-	-
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Total Expenditures	<u>\$ 4,213,697</u>	<u>\$ 6,418,112</u>	<u>\$ 5,759,707</u>	<u>\$ 5,792,659</u>	<u>\$ 7,705,637</u>
Excess of Revenues Over/(Under) Expenditures	<u>\$ 140,479</u>	<u>\$ 556,848</u>	<u>\$ 939,721</u>	<u>\$ 604,658</u>	<u>\$ 490,177</u>
Other Financing Sources (Uses)					
Insurance Recoveries	\$ 3,135	\$ -	\$ -	\$ -	\$ -
Transfers In	1,230,991	851,628	463,508	1,098,353	2,164,807
Transfers Out	(1,230,991)	(851,628)	(463,508)	(1,173,084)	(2,471,885)
Notes Issued	-	-	-	-	-
Issuance of Debt	-	-	-	-	-
Premium on Debt Issued	-	-	-	-	-
Bonds Refunded	-	-	-	-	-
Capital Lease Purchase	-	-	-	-	-
Sale of Capital Assets	-	11,285	-	760,714	41,586
Prior Period Adjustments	104,017	91,226	34,506	31,567	10,555
Total Other Financing Sources (Uses)	<u>\$ 107,152</u>	<u>\$ 102,511</u>	<u>\$ 34,506</u>	<u>\$ 717,550</u>	<u>\$ (254,937)</u>
Net Change in Fund Balances	<u>\$ 247,631</u>	<u>\$ 659,359</u>	<u>\$ 974,227</u>	<u>\$ 1,322,208</u>	<u>\$ 235,240</u>
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

CITY OF RIDGEFIELD, WASHINGTON
Financial Trends

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

Page 2 of 2

	2017	2018	2019	2020	2021
Revenues					
Taxes	\$ 4,842,202	\$ 5,962,685	\$ 7,356,743	\$ 7,902,496	\$ 10,737,923
Licenses and Permits	699,113	1,197,777	1,321,297	2,138,144	2,046,828
Intergovernmental	1,670,286	2,615,167	854,986	1,175,436	2,522,834
Charges for Services	1,919,799	3,456,419	9,623,918	11,769,334	13,897,730
Fines and Forfeits	74,750	77,866	75,774	58,241	68,129
Investment Earnings	76,928	106,758	111,115	163,910	(27,526)
Contributions	43,084	129,219	278,726	110,900	12,920
Miscellaneous	66,271	52,291	58,148	127,492	184,196
Total revenues	\$ 9,392,433	\$ 13,598,182	\$ 19,680,707	\$ 23,445,953	\$ 29,443,034
Expenditures					
General Government	\$ 1,446,622	\$ 1,507,514	\$ 1,713,780	\$ 1,997,373	\$ 2,266,185
Public Safety	1,518,246	1,686,271	1,808,895	1,931,774	2,301,009
Physical Environment	639,376	693,849	959,593	1,057,432	1,235,918
Transportation	520,073	482,734	506,915	723,736	823,082
Economic Environment	1,456,227	1,671,046	1,657,657	1,631,856	1,725,282
Education	-	-	5,040,823	6,267,843	7,525,749
Culture and Recreation	360,222	411,949	554,379	511,742	512,895
Capital Outlay	9,860,313	23,639,190	3,966,578	5,471,491	4,249,441
Debt Service					
Principal	15,727	768,408	334,856	316,281	809,709
Interest	4,497	516,144	595,552	656,137	723,188
Bond Issuance Costs	109,046	99,229	-	38,750	-
Total Expenditures	\$ 15,930,349	\$ 31,476,334	\$ 17,139,028	\$ 20,604,415	\$ 22,172,458
Excess of Revenues Over/(Under) Expenditures	\$ (6,537,916)	\$ (17,878,152)	\$ 2,541,679	\$ 2,841,538	\$ 7,270,576
Other Financing Sources (Uses)					
Insurance Recoveries	\$ -	\$ -	\$ -	\$ -	\$ 39,829
Transfers In	10,053,981	19,432,334	2,970,773	5,826,130	3,794,080
Transfers Out	(10,128,415)	(19,423,536)	(3,207,213)	(5,826,130)	(3,794,080)
Notes Issued	-	-	-	-	-
Issuance of Debt	9,455,000	6,705,000	-	3,935,000	1,271,412
Premium on Debt Issued	541,167	394,533	-	-	-
Bonds Refunded	-	-	-	-	-
Capital Lease Purchase	-	2,072,912	1,400,336	-	-
Sale of Capital Assets	970,360	-	14,475	-	188,801
Prior Period Adjustments	(17,868)	-	-	-	-
Total Other Financing Sources (Uses)	\$ 10,874,225	\$ 9,181,243	\$ 1,178,371	\$ 3,935,000	\$ 1,500,042
Net Change in Fund Balances	\$ 4,336,309	\$ (8,696,909)	\$ 3,720,050	\$ 6,776,538	\$ 8,770,618
Debt Service as a Percentage of Noncapital Expenditures*	2.05%	13.60%	6.89%	6.50%	7.98%

*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.

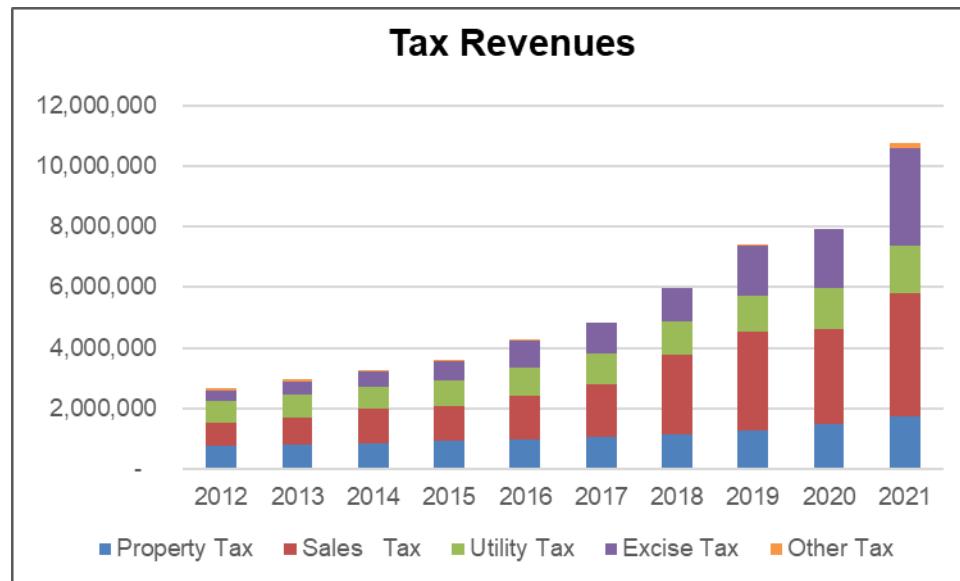
Refer to Note 2.B Reconciliation of Government-Wide and Fund Financial Statements for capital outlay and constructed assets used in formula

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
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
2021	1,721,326	4,079,250	1,548,443	3,221,297	167,607	\$ 10,737,923

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

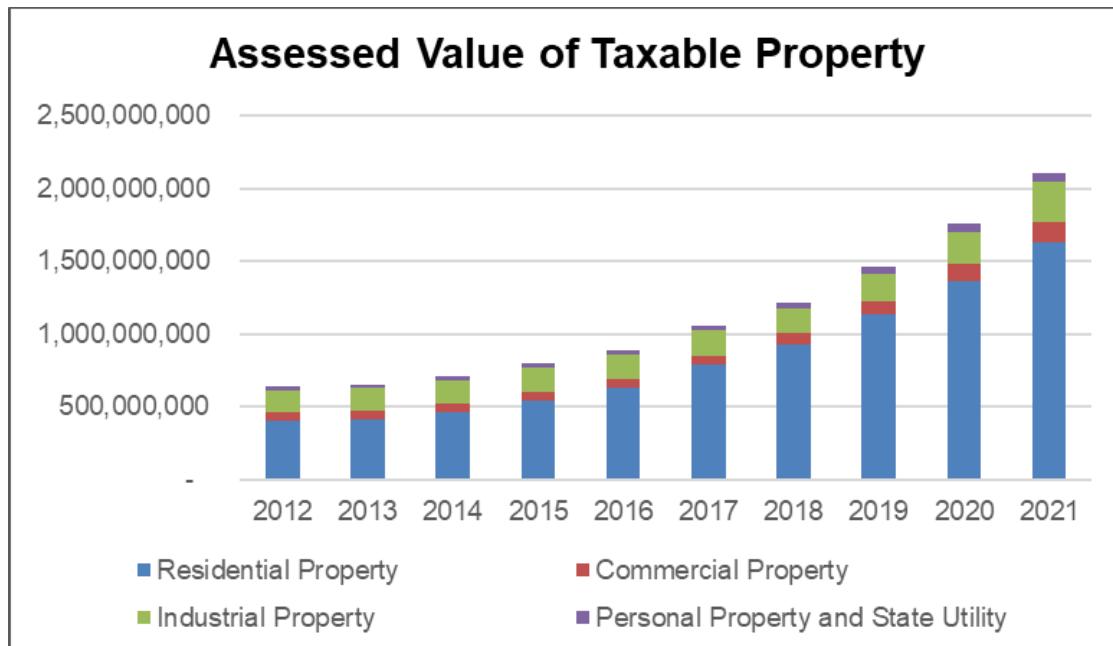
Taxpayer	Rank	2021		2012		Rank	Total Taxable Sales	Percentage of Total Retail Taxable Sales	Percentage of Total Retail Taxable Sales
		Total Taxable Sales	Percentage of Top Ten	Total Taxable Sales	Percentage of Top Ten				
Parr Lumber Company	1	23,088,551	21.64%	5,329%	5.32%	WA State Dept of Licensing	1 \$ 5,343,469	41.46%	7.68%
Rotschy, LLC	2	13,722,018	12.86%	3.16%	3.11%	PARR Lumber Company	2 1,894,089	14.70%	2.73%
Amazon.Com Services Inc - MP	3	13,486,906	12.64%	3.11%	2.40%	Magnus Pacific, LLC	3 852,059	6.61%	1.23%
Perlo Construction, LLC	4	10,423,411	9.77%	2.40%	2.32%	International Paper Company	4 791,836	6.14%	1.14%
Builders Firstsource	5	10,056,886	9.43%	2.32%	1.87%	Pacific Power Group, LLC	5 684,788	5.31%	0.98%
Amazon.Com Services Llc	6	8,124,944	7.62%	1.73%	1.73%	Anderson Environmental Contracting, LLC	6 680,559	5.28%	0.98%
Macadam Floor And Design, Llc	7	7,514,782	7.04%	1.73%	1.73%	Probuild Company, LLC	7 678,046	5.26%	0.98%
Rosauers Food & Drug Center	8	7,376,030	6.91%	1.70%	1.59%	M J Landscaping, Inc.	8 667,047	5.18%	0.96%
A Team Construction, Llc	9	6,910,292	6.48%	1.59%	1.37%	TV/C, LLC	9 653,262	5.07%	0.94%
Pacific Lumber & Truss Co., Inc.	10	5,970,072	5.59%	1.37%	24.57%	Papa Pete's, Inc.	10 643,601	4.99%	0.93%
Total of top ten taxpayers	\$ 106,675,892	100.00%				Total of top ten taxpayers	\$ 12,888,756	100.00%	18.55%
Total taxable retail sales	\$ 434,312,243					Total taxable retail sales	\$ 69,485,237		

Source: Washington State Department of Revenue

CITY OF RIDGEFIELD, WASHINGTON
Revenue Capacity

Fiscal Year Ended December 31,	Residential Property	Commercial Property	Industrial Property	Personal Property and State Utility	Total Taxable Assessed Value	Total Tax Rate
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
2021	1,626,846,134	138,399,395	280,802,154	60,776,861	\$ 2,106,824,544	0.7878036806

Source: Clark County Assessor's Office



CITY OF RIDGEFIELD, WASHINGTON
Revenue Capacity

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

Assessed Year	Collection Year	Direct Tax Rate				Overlapping Tax Rate				
		City Regular	City Debt	Total City	School District	Port of Ridgefield	State County	Fire District	Library	Total
2011	2012	1.22	-	\$ 1.22	2.22	0.24	3.91	1.67	0.50	9.76 \$ 8.54
2012	2013	1.24	-	\$ 1.24	3.99	0.25	4.13	1.68	0.50	11.79 \$ 10.55
2013	2014	1.22	-	\$ 1.22	3.77	0.24	3.87	1.67	0.50	11.27 \$ 10.05
2014	2015	1.14	-	\$ 1.14	3.52	0.23	3.63	1.65	0.47	10.64 \$ 9.49
2015	2016	1.08	-	\$ 1.08	3.38	0.22	3.40	1.65	0.45	10.18 \$ 9.10
2016	2017	0.99	-	\$ 0.99	3.41	0.20	3.20	1.54	0.42	9.76 \$ 8.77
2017	2018	0.94	-	\$ 0.94	4.34	0.19	4.05	1.62	0.39	11.53 \$ 10.59
2018	2019	0.86	-	\$ 0.86	3.45	0.17	3.56	1.55	0.36	9.95 \$ 9.09
2019	2020	0.82	-	\$ 0.82	3.35	0.17	3.88	1.48	0.35	10.05 \$ 9.23
2020	2021	0.79	-	\$ 0.79	3.19	0.16	3.94	1.49	0.34	9.91 \$ 9.12

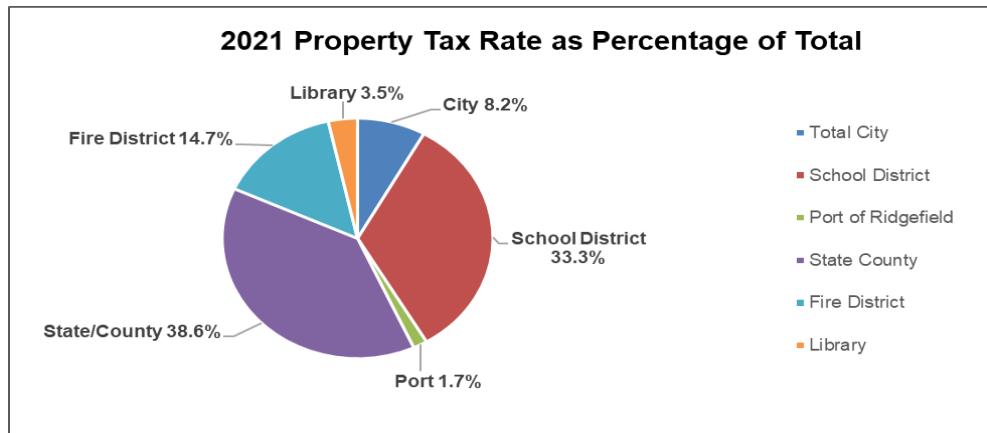
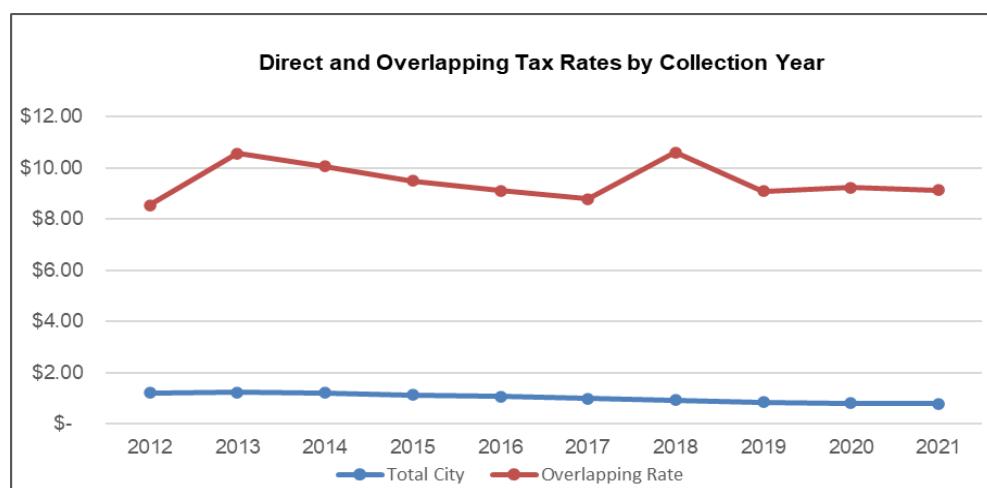
Diking and Mosquito Districts are not included

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 Valuation	Taxpayer	Rank	Assessed Valuation	Percentage of Top Ten Valuation	Percentage of Total Assessed Valuation
								2012
United Natural Foods, Inc.	1	\$ 102,817,390	31.81%	Dollar Tree Distribution, Inc	1	\$ 30,607,806	26.15%	4.78%
Pioneer 45, LLC	2	62,184,100	19.24%	DFMC, LLC	2	14,810,025	12.65%	2.32%
Dollar Tree Distribution, Inc.	3	38,737,745	11.98%	United Natural Foods, Inc.	3	13,857,800	11.84%	2.17%
Ridgefield HQ, LLC	4	23,156,874	7.16%	Pacific Detroit Realty, Inc.	4	13,802,500	11.79%	2.16%
Cedars Construction, LLC	5	22,249,736	6.88%	Ridgefield HQ, LLC	5	10,387,342	8.88%	1.62%
Lennar Northwest, Inc.	6	18,373,884	5.69%	Indiana Rotomolding, Inc.	6	8,320,300	7.11%	1.30%
Masons Supply Company	7	15,375,233	4.76%	Pioneer Estates, LLC	7	6,898,093	5.89%	1.08%
PeaceHealth	8	13,499,300	4.18%	KMR Group-89, LLC	8	6,232,533	5.33%	0.97%
Exeter 5504 South 11th LP	9	13,405,000	4.16%	Horns Corner Properties, Inc.	9	6,160,102	5.27%	0.96%
Richmond American Homes of Oregon, Inc.	10	13,396,198	4.14%	Green gables HOA	10	5,954,350	5.09%	0.93%
Total of top ten taxpayers		\$ 323,195,460	100.00%	Total of top ten taxpayers		\$ 117,030,851	100.00%	18.30%
				Total Taxable Assessed Value		\$ 2,106,324,544		
				Total Taxable Assessed Value		\$ 639,677,608		

Source: Clark County Assessor's Office

CITY OF RIDGEFIELD, WASHINGTON
Revenue Capacity

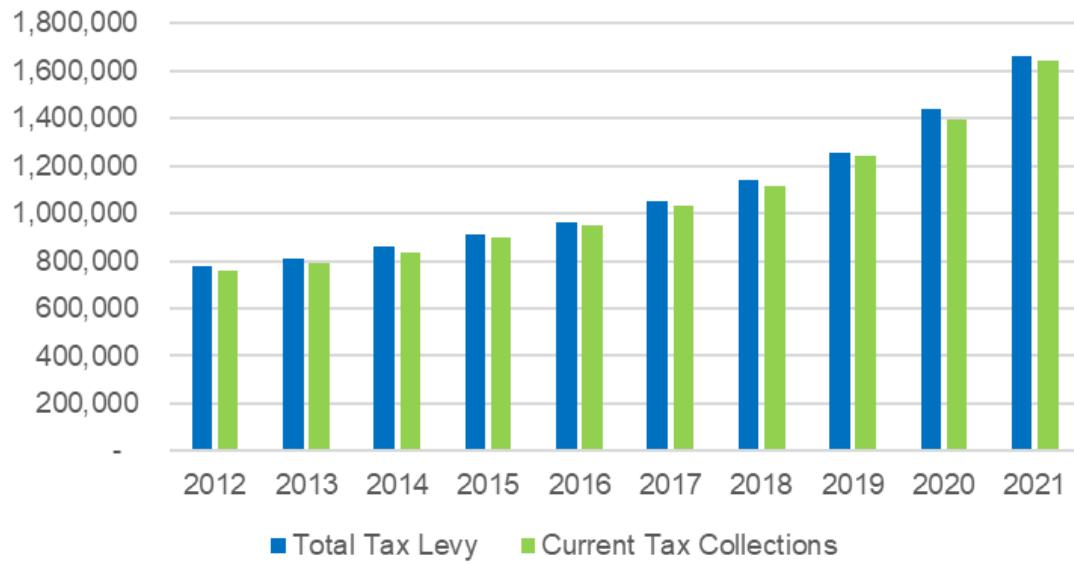
City of Ridgefield, Washington
 Property Tax Levies and Collections
 Last Ten Fiscal Years

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		
2012	776,958	759,622	97.77%	17,323	776,945	100.00%		554		0.07%
2013	810,886	787,658	97.14%	23,186	810,844	99.99%		42		0.01%
2014	862,535	835,087	96.82%	27,406	862,493	100.00%		41		0.00%
2015	914,639	896,172	97.98%	18,324	914,496	99.98%		143		0.02%
2016	960,587	948,706	98.76%	11,792	960,498	99.99%		89		0.01%
2017	1,052,384	1,029,874	97.86%	22,026	1,051,900	99.95%		484		0.05%
2018	1,139,742	1,117,839	98.08%	20,540	1,138,379	99.88%		1,363		0.12%
2019	1,254,512	1,244,413	99.19%	8,941	1,253,354	99.91%		1,159		0.09%
2020	1,441,716	1,393,831	96.68%	43,012	1,436,843	99.66%		4,873		0.34%
2021	1,659,764	1,644,368	99.07%	-	1,644,368	99.07%		15,433		0.93%

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				
2012	-	-	-	2,035,000	2,832,140	-	4,867,140	2.23%	\$ 218,267,740	\$ 934.19
2013	-	-	-	1,880,000	3,304,820	-	5,184,820	2.23%	\$ 232,013,890	\$ 935.04
2014	-	-	-	1,720,000	1,431,244	-	3,151,244	1.17%	\$ 269,197,210	\$ 522.16
2015	-	92,030	-	1,555,000	-	-	1,647,030	0.55%	\$ 298,336,000	\$ 257.35
2016	-	92,030	-	-	2,716,914	-	2,808,944	0.88%	\$ 320,245,050	\$ 408.87
2017	9,991,682	76,303	-	-	3,005,637	-	13,073,622	3.73%	\$ 350,940,910	\$ 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	4.41%	\$ 473,036,100	\$ 2,347.09
2020	20,527,880	-	1,202,094	-	2,658,006	39,303	24,427,283	4.31%	\$ 567,152,250	\$ 2,365.84
2021	20,228,773	750,000	1,175,796	-	277,616	38,878	22,471,063	3.26%	\$ 689,148,330	\$ 1,886.74

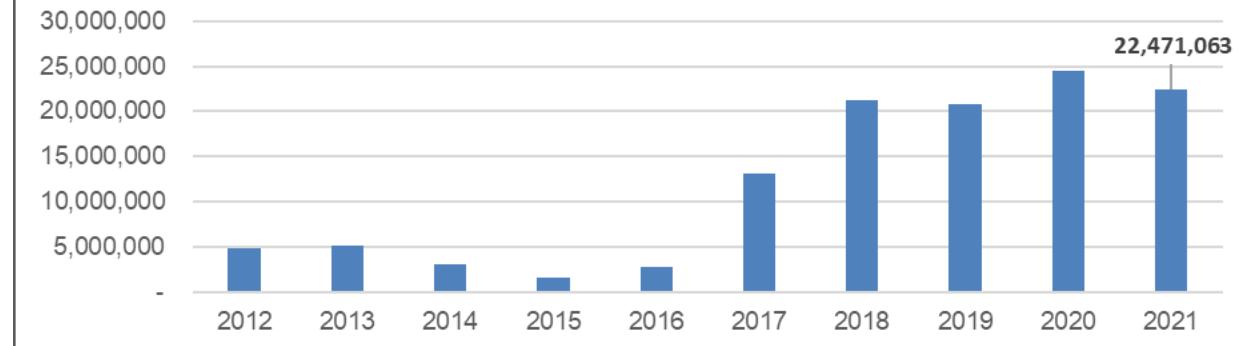
Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements

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

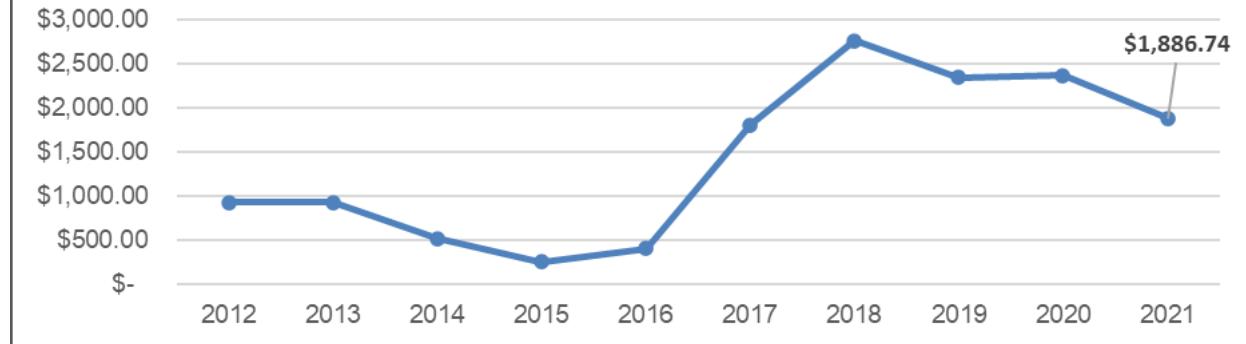
(2) See the Schedule of Demographic and Economic Statistics on page 116 for County per capita and population data

* County per capita information was not released prior to preparation of the 2021 Financial Statements. 2020 per capita personal income was used.

Total Government Debt by Year



Total Government Debt Per Capita



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	
			General Obligation Bonds	Less: Amounts Available for Debt Service		Assessed Values	Per Capita (3)
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%	\$ 1,988	
2021	2,106,824,544	\$ 20,228,773	\$ -	\$ 20,228,773	0.96%	\$ 1,698	

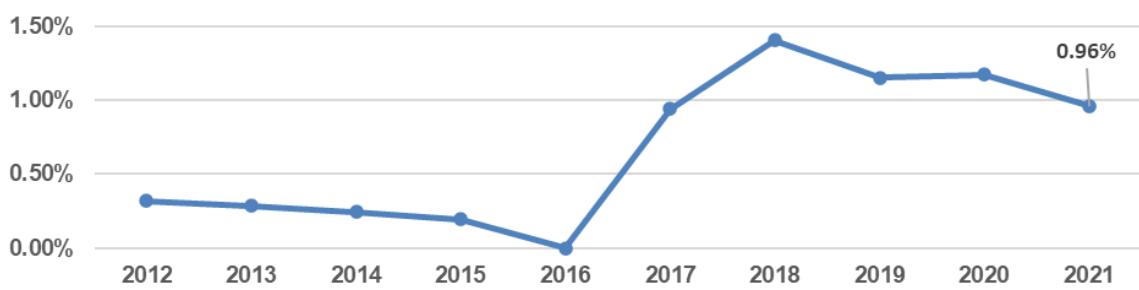
(1) Source: Clark County Assessor's Office

(2) See the Schedule of Actual Assessed Value of Taxable Property on page 108 for property value data

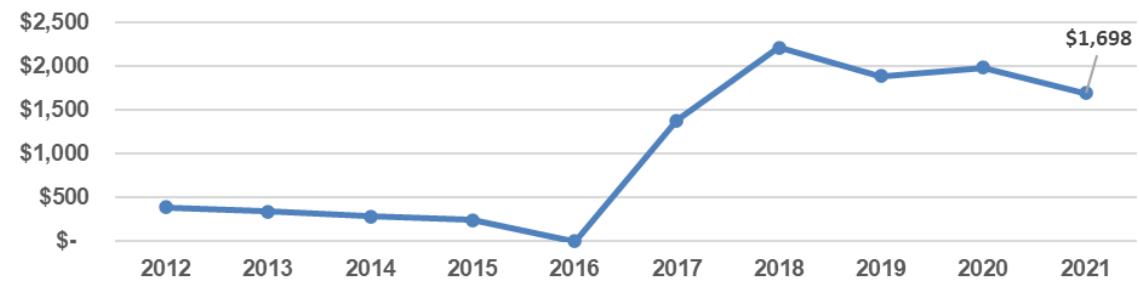
(3) Population data can be found in the Schedule of Demographic and Economic Statistics on page 116

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

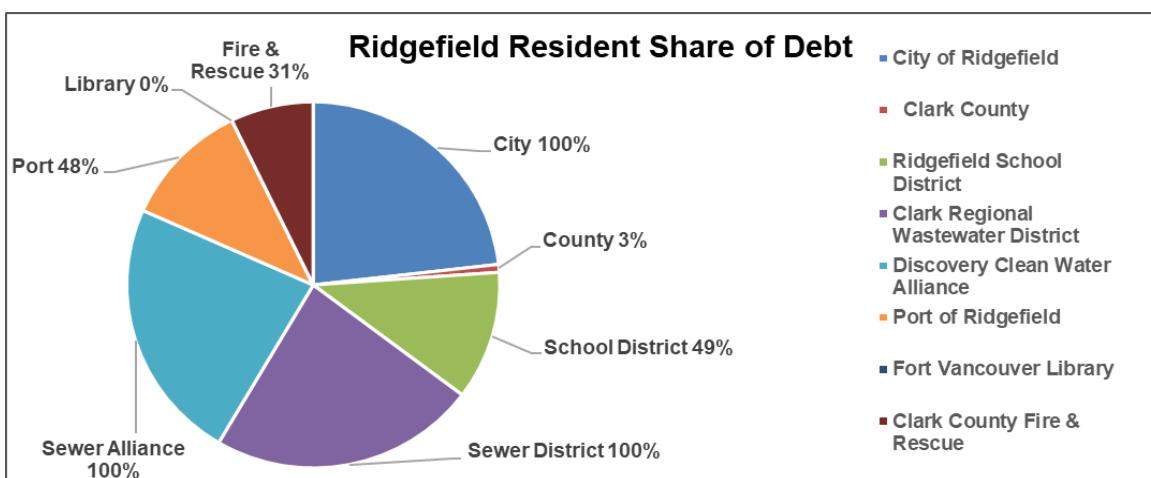
City of Ridgefield, Washington
 Direct and Overlapping Governmental Activities Debt
 December 31, 2021

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Direct:			
City of Ridgefield	22,154,569	100%	22,154,569
Overlapping:			
Clark County	69,425,340	3%	2,082,760
Ridgefield School District	99,433,383	49%	48,722,358
Clark Regional Wastewater District	6,188,828	100%	6,188,828
Discovery Clean Water Alliance	-	100%	-
Port of Ridgefield	4,856,366	48%	2,331,056
Fort Vancouver Library	18,841,659	0%	-
Clark County Fire & Rescue	-	31%	-
Subtotal, overlapping debt	198,745,576		59,325,002
Total direct and overlapping debt	220,900,145		81,479,571

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.



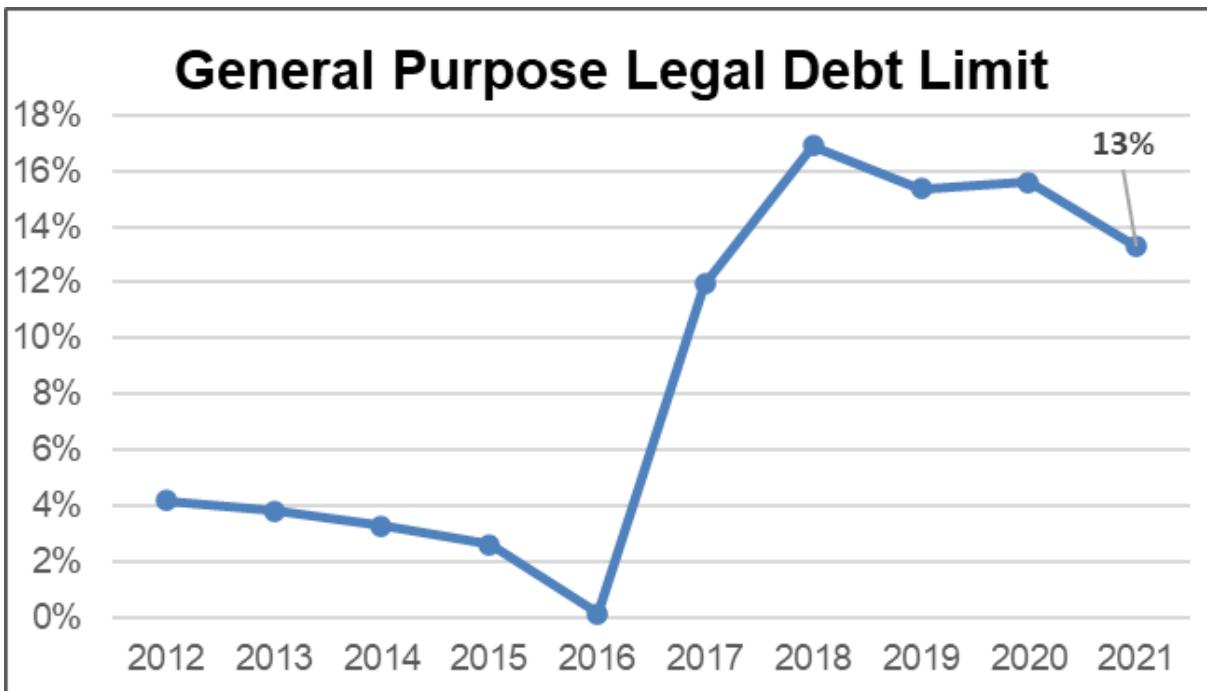
CITY OF RIDGEFIELD, WASHINGTON
Debt Capacity

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$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	\$158,011,841
Total net debt applicable to limit	2,002,747	1,881,994	1,734,381	1,567,797	92,030	9,531,302	15,429,620	16,848,811	20,527,880	20,978,773
Legal debt margin	45,973,074	47,247,383	51,291,301	58,431,930	66,675,897	70,152,591	75,800,289	92,910,104	111,053,941	137,033,068
Total net debt applicable to the limit as a percentage of debt limit	4%	4%	3%	3%	0%	12%	17%	15%	16%	13%

Legal Debt Margin Calculation for Fiscal Year 2021	
Assessed Value	2,106,824,544
Debt limit (7.5% of total assessed value)	158,011,841
Debt applicable to limit:	
General obligation bonds	20,228,773
Less: Amount set aside for repayment of general obligation debt	-
Notes	750,000
Total net debt applicable to limit	20,978,773
Legal Debt Margin	137,033,068

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)		
2012	5,210	41,894	37.40	9.4%	2,172	1,857	232.4
2013	5,545	41,842	37.60	8.5%	2,189	1,933	235.8
2014	6,035	44,606	37.80	7.0%	2,330	2,138	240.2
2015	6,400	46,615	38.00	6.6%	2,498	2,248	243.0
2016	6,870	48,506	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	53,180	38.50	4.9%	3,230	2,698	263.3
2019	8,895	54,930	38.70	4.7%	3,502	3,074	272.6
2020	10,325	57,863	38.60	8.6%	3,253	3,688	276.6
2021	11,910	-	-	3.7%	3,803	4,365	296.1

2021 Per Capita Personal Income was not released prior to preparation of the 2021 Financial Statements

2021 Median Age for Clark County was not released prior to preparation of the 2021 Financial Statements

(1) Source: Washington State Office of Financial Management

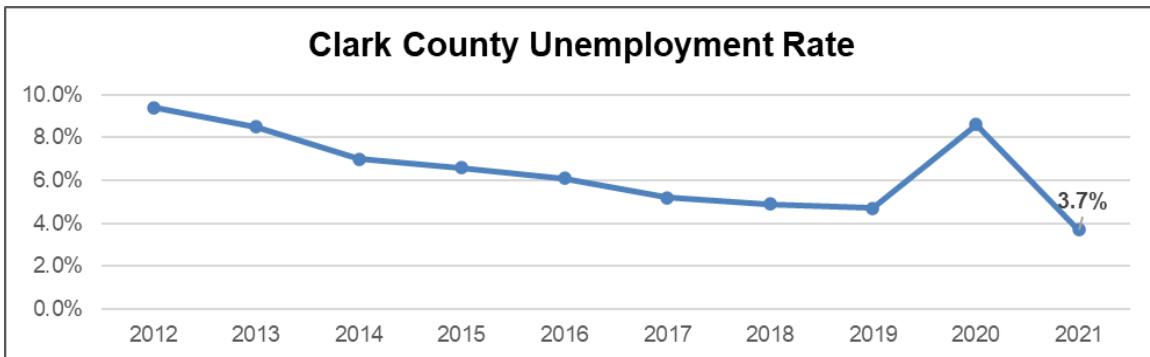
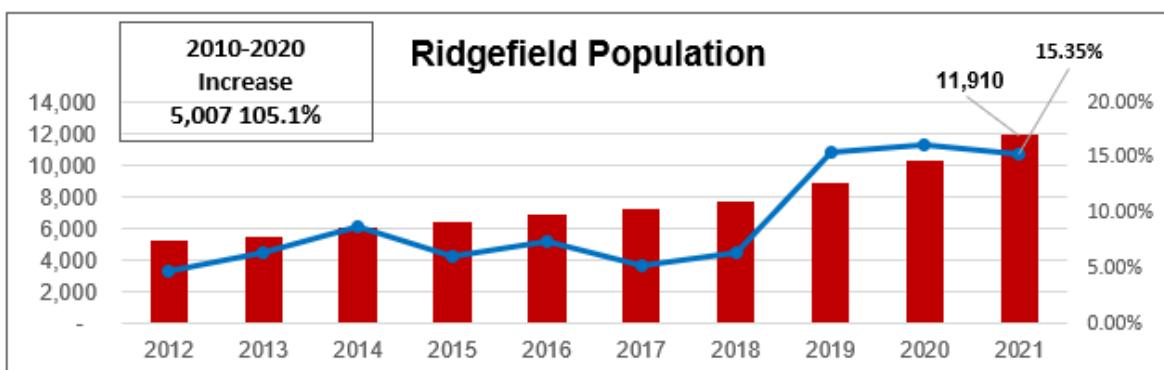
(2) Source: U.S. Department of Commerce, Bureau of Economic Analysis

(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 Ten Years Ago

2021				2012			
Employer	Employees	Rank	Percentage of Employment	Employer	Employees	Rank	Percentage of Employment
United Natural Foods West, Inc.	580	1	15.73%	Ridgefield School District	379	1	28.03%
Ridgefield School District	446	2	12.09%	Pacific Power Products/Perkins Pacific	228	2	16.86%
Church & Dwight Co., Inc.	317	3	8.60%	Allied Industrial Group	199	3	14.72%
Dollar Tree Distribution, Inc.	260	4	7.05%	United Natural Foods Industry	191	4	14.13%
Pacific Crest Building Supply, Inc.	165	5	4.47%	Corwin Beverage Co.	121	5	8.95%
Corwin Beverage Co.	150	6	4.07%	Pacific Crest Building Supply	107	6	
Pacific Power Group, LLC	110	6	2.98%	Elkhart Plastics	96	7	
Rosauers Supermarkets, Inc.	221	8	5.99%	City of Ridgefield	31	8	
Alliance Industrial Group, Inc.	87	9	2.36%		-		
Pacific North Recovery Center, LLC	80	10	2.17%		-		
Grocery Outlet, Inc.	80	10	2.17%				
Simonds International, LLC	80	10	2.17%				
Total	<u>2,576</u>		<u>69.85%</u>		<u>1,352</u>		<u>82.69%</u>
Total Ridgefield Employees	<u>3,688</u>						

Source: Department of Revenue Business Licensing Services

City of Ridgefield Finance Department

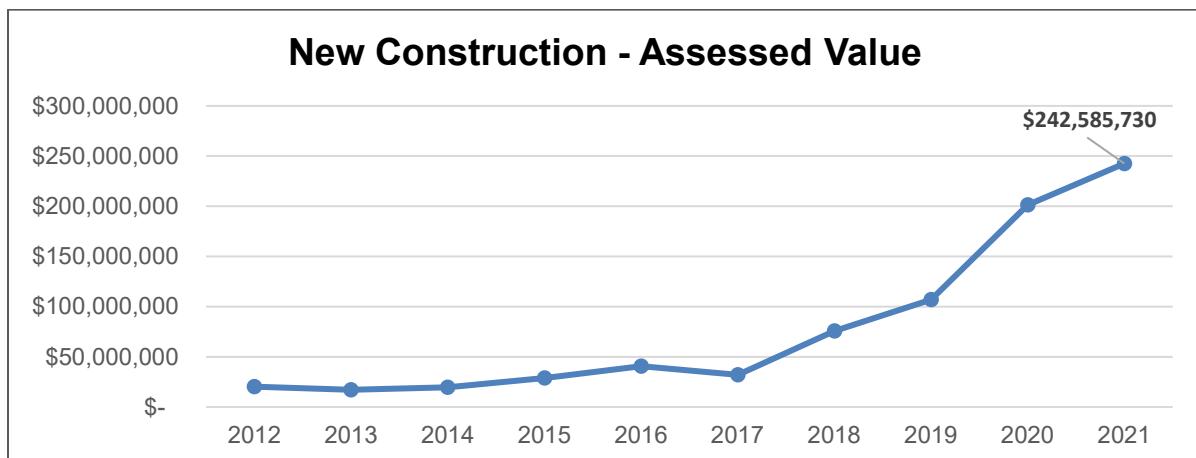
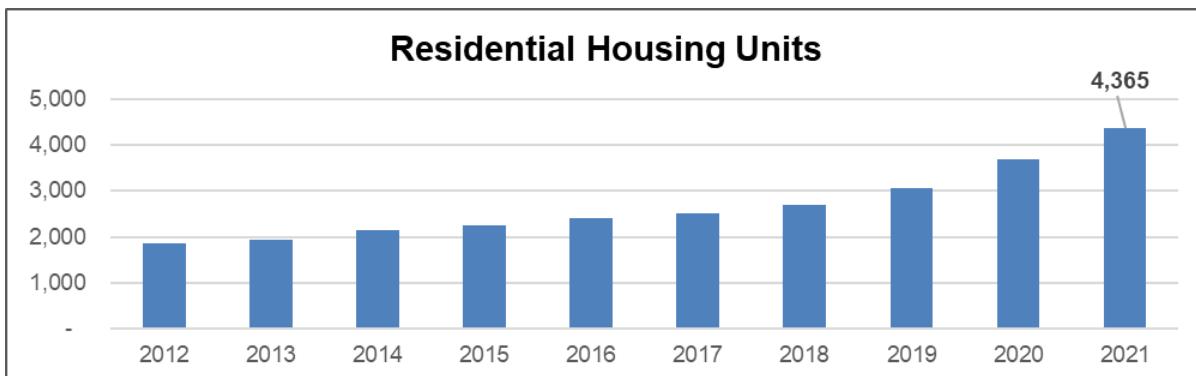
CITY OF RIDGEFIELD, WASHINGTON
Demographic and Economic Information

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	
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	10,325	3,688	\$ 201,366,533	\$ 1,754,424,282		11.48%
2021	11,910	4,365	\$ 242,585,730	\$ 2,106,824,544		11.51%

(1) Source: Washington State Office of Financial Management

(2) Source: Clark County Assessor's Office



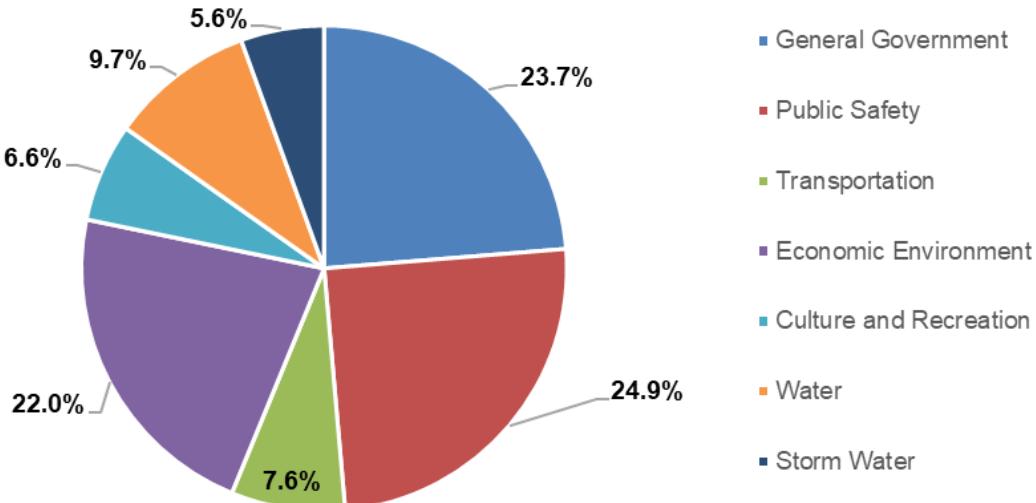
CITY OF RIDGEFIELD, WASHINGTON
Operating Information

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

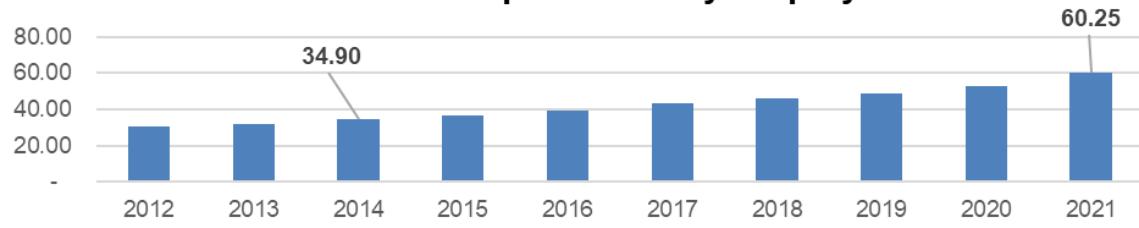
Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Executive	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.000
Admin	4.00	4.00	3.45	3.45	3.70	2.70	2.70	3.70	3.70	4.700
Human Resources	-	-	1.35	1.35	1.30	1.30	1.30	1.30	1.30	1.300
Finance	2.00	2.50	3.00	3.00	3.00	3.05	3.30	3.30	4.30	4.800
Community Development	1.75	2.05	2.25	4.25	4.25	7.45	9.52	9.90	11.72	13.270
Public Safety	9.00	9.00	10.00	10.00	11.00	11.00	12.00	12.00	13.00	15.000
Public Works										
General Gov/Facilities	0.45	0.47	0.54	0.54	0.92	1.04	1.02	1.07	1.54	2.045
Streets	1.43	1.51	1.76	1.76	2.41	2.46	2.55	3.31	3.42	4.575
Cemetery	0.32	0.34	0.60	0.60	0.24	0.22	0.22	0.27	0.24	0.445
Parks	2.26	2.34	3.19	3.19	3.21	3.26	3.16	3.89	3.80	3.950
Water	3.55	3.63	3.90	3.90	3.94	5.06	6.34	6.24	6.22	5.820
Sewer	3.75	3.83	1.80	1.80	2.39	2.39	0.05	-	-	-
Stormwater	0.91	0.95	2.06	2.06	2.14	2.57	2.59	2.77	2.51	3.345
Total	30.42	31.62	34.90	36.90	39.50	43.50	45.75	48.75	52.75	60.25

Source: City of Ridgefield Finance Department

2021 City Employees by Function



Full-time Equivalent City Employees



CITY OF RIDGEFIELD, WASHINGTON
Operating Information

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

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Physical arrests	173	194	172	156	72	200	131	97	84	158
Traffic violations	657	605	550	391	389	509	615	472	379	440
Highways and streets										
Street resurfacing (linear feet)	-	8,410	9,575	-	-	4,450	3,652	10,516	3,195	2,198
Water										
Number of service connections	1,845	1,984	2,109	2,267	2,612	2,834	3,165	3,440	3,995	4,619
Water main breaks	3	1	-	2	-	-	1	-	-	2
Average daily consumption (millions of gallons)	9.506 MGD	1.529 MGD	.418 MGD	.649 MGD	.654 MGD	.796 MGD	.842 MGD	0.85 MGD	1.02 MGD	1.25 MGD
Stormwater										
Number of drainage accounts	1,948	2,088	2,224	2,385	2,742	2,962	3,284	3,482	4,073	4,759
Ditch maintenance (lineal feet cleaned)	-	-	-	-	-	8,734	7,750	2,549	6,598	4,175
Catch basins cleaned	-	-	-	-	-	300	508	512	403	256
Catch basins inspected	-	-	-	-	-	300	508	1,151	1,250	896
Culverts/pipes cleaned	-	-	-	-	-	15	17	5	5	3
Filter vaults cleaned	-	-	-	-	-	-	-	-	2	5
Filters Replaced	-	-	-	-	-	-	-	-	64	73

Source: Various City of Ridgefield Departments

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	8	8	8	9	10	10	11	11	13	14
Highways and streets										
Street (miles)	39	39	40	40	42	42	47	49	54	56
Sidewalks (miles)	-	-	-	-	33	39	47	52	55	60
Streetlights	692	700	731	773	887	887	1,048	1,234	1,317	1,450
Traffic signals	-	-	-	-	-	-	1	1	2	2
Culture and recreation										
Trails (miles)	5	5	5	5	5	6	7	7	8	9
Park acreage	154	154	155	142	151	160	160	160	160	165
Water										
Water mains (miles)	40	41	42	43	46	46	49	53	58	61
Fire hydrants	223	225	241	246	262	262	297	327	345	375
Maximum daily capacity (millions of gallons)	1,035	1,035	1,035	1,035	1,425	2,001	2,001	2,001	2,001	2,200
Stormwater										
Storm sewers (miles)	16	16	16	17	19	19	22	26	32	35
Stormwater facilities	23	23	24	24	24	30	30	40	78	94

Source: Various City of Ridgefield Departments