

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Battle Ground, Washington  
Year Ended December 31, 2011



*Report Prepared by the  
Finance Department  
Catherine Huber Nickerson, Director*



**City of Battle Ground  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended December 31, 2011**

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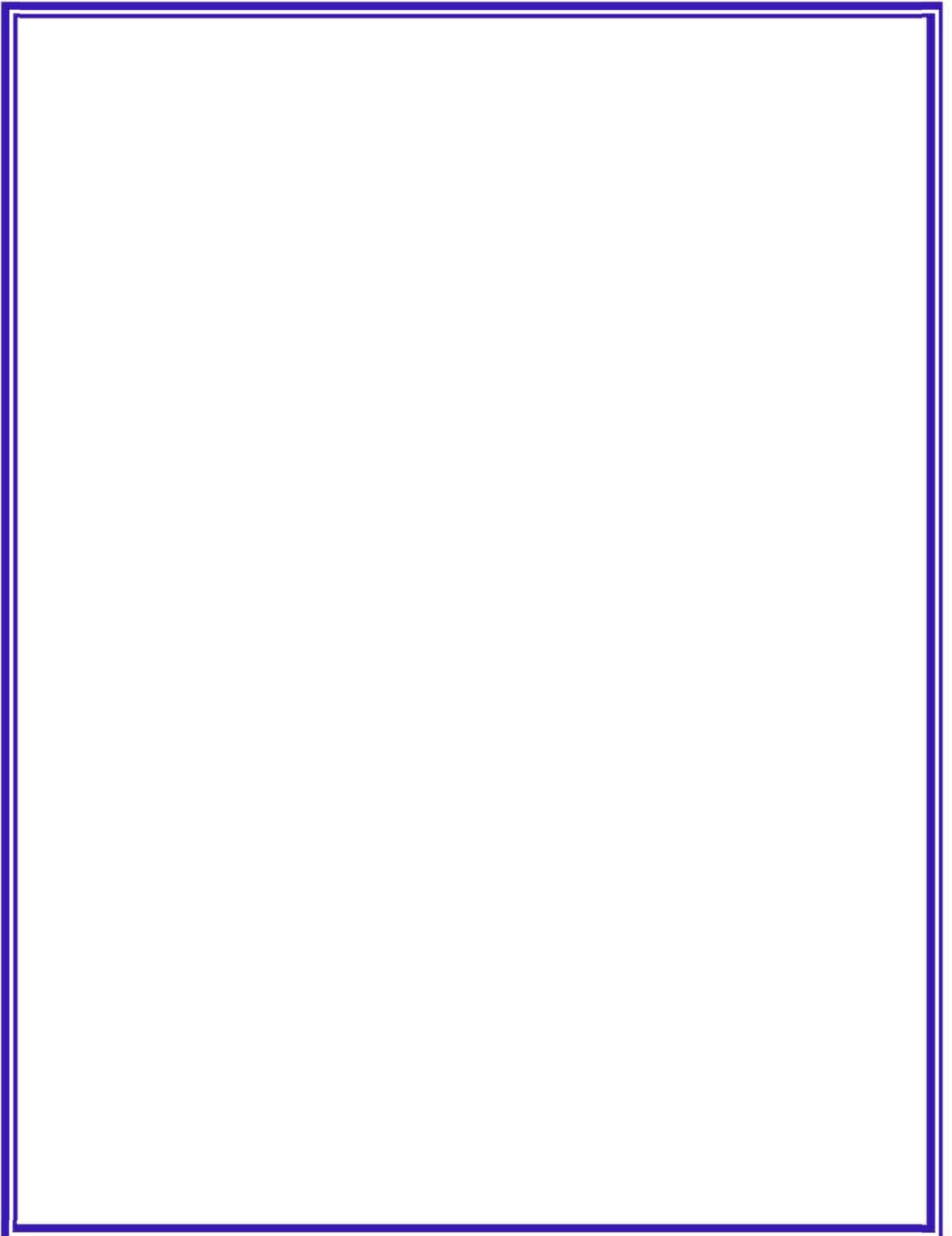
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# **INTRODUCTORY SECTION**





# City of Battle Ground

City Hall

109 S.W. 1<sup>st</sup> Street, Suite 122 • Battle Ground, WA. 98604 • (360) 342-5000 • Fax (360) 342-5057

June 8, 2012

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

We are proud to submit the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2011. 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 and Information Services 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 set for 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 Management Staff of the City is responsible for establishing and maintaining a structure of internal control. 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 was to provide reasonable assurance that the financial statements of the City of Battle Ground for the fiscal year December 31, 2011, are free of material misstatement.

This report is divided into three major sections: Introductory Section, Financial Section and the Statistical Section.

1. **Introductory Section:** This section, which is not audited, introduces the reader to the report and includes the City's organizational chart, the City's principal officers and the staff, and this letter of transmittal.
2. **Financial Section:** This section contains the Independent Auditor's Report, the Management's Discussion and Analysis (MD&A), the Basic Financial Statements, the Notes to the Financial Statements, and Combining and Individual Fund Statements.

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 City of Battle Ground's MD&A can be found immediately following the report of the independent auditor.

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

3. **Statistical Section:** Although this section contains substantial financial information, these tables differ from the financial statements in that they present non-accounting information covering more than one year and are designed to reflect social and economic data, financial trends, and the fiscal capacity of the City.

## **Profile of the City of Battle Ground**

The City of Battle Ground is located just west of the Cascade Mountains in the center of Clark County, Washington. The area was founded in 1855 and formally incorporated on June 18, 1951. The government changed from a Mayor/Council form of government to Council/Manager form of government following a vote of the public on November 5, 1996. The City operates as an optional code city under the Revised Code of Washington (RCW) Section 35A. The City Council is responsible for establishing policies, passing ordinances, adopting the budget, appointing committees and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Council, managing the daily operations of the City, and for appointing the heads of the City's departments. Council members are elected to staggered four year terms. Biennially, at the first meeting of the new Council, the members elect a presiding officer

who serves as Mayor. Mayor Lisa Walters currently serves as the Mayor of the City of Battle Ground and Shane A. Bowman serves as Deputy Mayor.

Battle Ground is a full service city, providing for:

- Public Safety functions of police and contracted services for fire protection.
- Law and Justice function of municipal court.
- Community Development functions of planning and code.
- Public Infrastructure such as streets and utilities.
- Parks and Recreation services to the citizens.

These activities are directed and managed by the City of Battle Ground and therefore are included as an integral part of the City of Battle Ground's financial statements.

## **Accounting**

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

The City's accounting records for the general governmental operations are maintained on a modified accrual basis with revenues being recorded when they become both measurable and 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's biennial budget serves as the foundation for financial planning and control. The notes to the financial statements (found immediately following the Basic Financial Statements) provide budget information. Note III of the financial statements further describes the budget procedures, process and control.

Budget-to-actual comparisons are provided in this report for each individual government fund for which an appropriated budget was adopted. For the General Fund and the major special revenue funds this comparison is presented in the Basic Financial Statements for the governmental funds. For the other governmental funds and the internal service funds, this comparison is presented in the section following the Notes to the Financial Statements.

The City of Battle Ground 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 utilizes the Washington State Local Government Investment Pool (LGIP) and the Clark County Investment Pool for investing of the funds not immediately needed. At the end of 2010, the City had two investment portfolios, the City's primary investment portfolio and the City's bond fund portfolio for the Scotton Way Project. In the City's primary portfolio as of December 31, 2011, approximately \$214,867 was invested in the LGIP, \$4.3 million was invested in the Clark County Investment Pool, and \$10 million was invested in agency notes. In the City's bond fund portfolio as of December 31, 2010, approximately \$860,852 was invested in the Clark County Investment Pool and \$3.1 million was invested in agency notes.

## **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 Battle Ground 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.

**Economic Condition and Outlook:** As the economy improved as 2011 came to an end with holiday and vehicle sales, business investment and some construction improved nationally. The City of Battle Ground's economy improved modestly. Threats continue to be from Europe, foreclosures and Congressional rift over fiscal policy. The recession is over but the City appears to be in a weak recovery marked by no growth in revenues especially housing related revenues. Unemployment stabilized to 8.4% from 9.4% at the end of 2010. Meanwhile gas prices increased from \$3.06 per gallon to \$3.27 per gallon

at the end of 2011. Higher gas prices may dissuade potential new residents to move to Battle Ground.

Housing growth in Battle Ground will continue to be slow, although the City's housing crisis seemed to reach bottom in February, 2009. The sunset of home owner tax incentives in April, 2010 gave housing a small boost but growth quickly faded only a month later. It is anticipated housing growth will not return to the levels seen in 2001-2003 for several years.

The City of Battle Ground has fallen from second to the third largest city in Clark County based upon 2010 official Census population numbers from the Washington State Office of Financial Management. The City slowed in its development as the economic hub of activity in North and Central Clark County with commercial and retail sectors slowing growth within Battle Ground. The City issued 24 permits for new multi-family units totaling two buildings in Battle Ground Village. The value of these units totaled \$1,628,465.

In 2011, the City of Battle Ground issued almost half of the permits issued in 2010. In 2011, 31 new single family residence permits were issued as compared to 64 in 2008, 46 in 2009 and 58 in 2010. The value of the permits totaled \$5,546,741 as compared to \$10,944,001 the year before.

In addition, the City of Battle Ground issued 19 permits for tenant improvements, also called commercial build-outs. Some of these tenant improvements were in new commercial space and some in existing buildings. They total about 541 square feet. The market value of this work exceeds \$666,668.

The population growth in the City of Battle Ground has slowed to an annual rate of 1.2% as compared to 2.5% in 2010, 2.6% for 2009 and 2.9% growth in 2008. This growth in population places the City of Battle Ground's status as the third largest city in Clark County.

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

**Long-term Financial Planning:** Over the years, the City of Battle Ground has enjoyed a favorable economic environment with growth in both residential and commercial development, and with it the related revenues, including permit fees, development fees, property taxes, sales taxes, and sewer and water development fees. The activity level has slowed significantly and the growth experienced during the past several years subsided. As a result Council's policy of "growth pays for growth" cannot be sustained.

The City of Battle Ground has developed a 20-year Capital Improvement Plan, which is updated annually. The program set forth in the Plan is scheduled to be funded with

grants, developer fees, and long-term debt when necessary. The Capital Improvement Program is then incorporated into the City's financial model, which is updated for the biennial budget. The financial model is in the process to be retooled to refocus on current infrastructure needs and maintenance of existing assets. The City will be shifting the focus of the model from growth needs to existing infrastructure needs with current resources.

**Debt Issuances:** The City of Battle Ground issued one refunding bond issue and neared the end of the draws on the City's bond anticipation note. In January 2010, the City made the first draw on a \$7 million bond anticipation note which is part of the American Recovery and Reinvestment Act backed by the USDA for the decommissioning of the City's sewer lagoon. The project costs were below the \$7 million and the USDA purchased the Sewer Revenue Bond for \$6,909,000 in January, 2012.

In November 2011, the City issued refunding bonds to refinance the Parks bonds. The City saved \$387,226 in net present value due to the lower interest rates on the bonds. Standard and Poor's reaffirmed the City bond rating of AA- for the issuance of the Refunding Parks Bonds. The rating was assigned for the City's stable outlook. Standard and Poor's opinion is that the City maintains strong available fund balances, strong income and wealth indicators with low debt burdens with no plans for additional debt.

In December 2010, the City issued \$4.2 million in Recovery Zone Economic Development Bonds and \$575,000 in limited general obligation bonds to fund a street project for a partnership with a group of developers to generate additional jobs for the City. The U.S Treasury will pay \$1.9 million for interest expense over the life of the Recovery Zone Economic Development Bonds with the developers paying 50% of the remaining debt service until the project can fund itself through additional taxes.

**Financial Policy Status:** In August, 2008, City Council approved a modification to the Fund Balance Financial Policy to be changed from 25-35% fund balance in the General Fund and the Enterprise Funds to 15% in those respective funds. The change in fund balance allows the City to proactively manage the economic downturn without compromising service delivery. The City Council adopted the 2011 budget to the fund balance target for the General Fund to 15% in anticipation of a continued economic downturn into 2012.

The City is in the processes of revisiting financial policies. As of December 31, 2010, the City has added two additional financial policies, Post Issuance Compliance and Identity Theft Red Flag Policy. It is the City's goal to complete a review of all financial policies in 2012.

**Sewer Projects Update:** The City of Battle Ground prepared the design, permitting and financing work to decommission the City's waste water lagoon in 2009. This project is estimated to cost \$8 million and is scheduled to be completed in 2012. This project is

financed through the United States Department of Agriculture's loan program. The City closed on the interim financing in January, 2010 and closed on the USDA loan in January, 2012.

In addition, the City of Battle Ground is working with a consortium of local governments including: Clark County, Clark Regional Waste Water District, and the City of Ridgefield to explore the financial option of consolidating sewer services into a regional solution. A Memorandum of Understanding was signed by the four entities in April of this year agreeing, in principle, to form a regional wastewater partnership. This project should reach a decision point in 2012.

**American Recovery and Reinvestment Act of 2009 (ARRA):** The City of Battle Ground was fortunate enough to be a recipient of ARRA funding. The ARRA projects include Street Overlays, Recovery Zone Economic Development Bonds for Scotton Way and the Decommissioning of the Sewer Lagoon. These projects began in 2010. The Street Overlay project is approximately \$406,000 in an ARRA grant from U.S. Department of Transportation. The Recovery Zone Economic Development Bond totals \$4.2 million with the US Treasury paying 45% of the interest expense over the life of the bonds. The Decommissioning of the Sewer Lagoon is \$7 million funded by a loan through the U. S. Department of Agriculture.

## **Financial Statement Award**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Battle Ground for its Comprehensive Annual Financial Report of the fiscal year ended December 31, 2010. This was its ninth year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

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

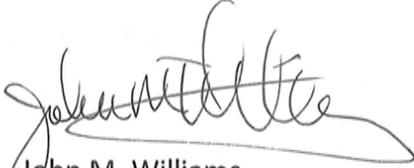
## **Acknowledgments**

This report reflects well on the entire staff serving at the City of Battle Ground. 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 and

Information Services Department Staff whose dedicated and professional services were instrumental in the preparation of this report. We acknowledge all the staff whose hard work during the year from coding of invoices to preparation of the budget ensures the efficiency of the Finance and Information Services Department.

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

Respectfully submitted,



John M. Williams  
City Manager



Cathy Huber Nickerson, MPA CGFM  
Finance and Information Services Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Battle Ground  
Washington

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director



**Engineering/ Public Works**

Public Works Director/ City Engineer  
Scott Sawyer

**Engineering Division**  
Assistant City Engineer  
Mark Herceg

Associate Civil Engineer  
Ryan Jaynes  
Marit Ernst

Engineering Technicians  
Rick Adams  
Joan Hall  
Tommy Renner  
Chris Smart  
Bryan Kast

**Public Works Division**  
Operations Manager  
Elaine Huber

Public Works Foreman  
Cal Newton  
Mike Venne

Maintenance Worker IV  
Shawn Scott

Maintenance Workers  
Ron Buma  
Kyle Crawford  
Nick Grier  
Kerry Hymas  
Wade Kinnan  
Chuck Kraus  
Robert Miller  
Dave Petty  
Don Risto  
Crystal Springer  
Dean Vandermeer  
Mike Wilcock

Customer Service Clerk  
Darsie Slawson

# City of Battle Ground Organizational Chart

**City Council**

Mayor  
Lisa Walters  
Deputy Mayor  
Shane Bowman  
Councilmembers  
Michael Ciraulo  
Adrian Cortes  
William Ganley  
Philip Johnson  
Alex Reinhold

**Executive**

City Manager  
John Williams  
Executive Assistant  
Bonnie Gilberti  
City Clerk  
Vacant

Human Resources Generalist  
Lorna Ingenthron  
Deputy City Clerk  
Tamara Gunter

**Community Development**

Community Development Director  
Robert Maul  
Planning Supervisor  
Sam Crummelt  
Building Inspector  
Larry LaDuke  
Plans Examiner  
Mark Miller

Code Compliance Officer  
Brent Gullickson

Community Development Technician  
Dorothy Harrington  
Jessica Rinaker  
Customer Service Clerk  
Alisha Smith

**Parks and Recreation**

Parks & Recreation Director  
Debbi Hanson  
Customer Service Clerk  
Vacant

**Finance**

Finance and Information Services Director  
Cathy Huber Nickerson  
Senior Accountant  
Ginger Bolivar

Information Technologies Manager

Dan Oehler  
Accounts Payable Clerk  
Chris Doerschuk  
Payroll/ Receivables Clerk  
Sue Yeska  
Utility Billing Clerk  
Joy Lee

Customer Service Clerk  
Tonya Brownlie

**Municipal Court**

Lead Court Clerk  
Carol Landwehr  
Court Clerks  
Erin Danielson  
Michelle Muir

**Police**

Chief of Police  
Bob Richardson  
Police Lieutenant  
Roy Butler

Administrative Assistant to the Chief of Police  
Margie Mendoza

Police Records Supervisor  
Gail Truax

Police Records Clerks  
Debi Knight-Gallino  
Judy Teel

Police Sergeants  
Kim Armstrong  
Jason Arrowsmith  
Simon Geller  
Aaron Kanooth  
Jason Perdue

Police Officers  
Philip Anderson  
Brian Archer  
Chris Crouch  
Montie Elford  
Michele Fox  
Clint Fraser  
John Graves  
Shaun Holahan  
Rick Kelly  
Kyle Kinnan  
Ed Michael  
Brett Neilson  
Joshua Phelps  
Tim Wilson  
Vacant

Community Work Crew Chiefs  
Leo Painton  
Bob Powell  
Gerald McBurney

Property/Evidence Technician  
Vacant

## CITY OF BATTLE GROUND

List of Elected and Appointed Officials  
December 31, 2011

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### ELECTED OFFICIALS

#### CITY COUNCIL

Lisa Walters, Mayor  
Shane Bowman, Deputy Mayor  
William Ganley, Councilmember  
Mike Ciraulo, Councilmember  
Alex Reinhold, Councilmember  
Philip Johnson, Councilmember  
Adrian Cortez, Councilmember

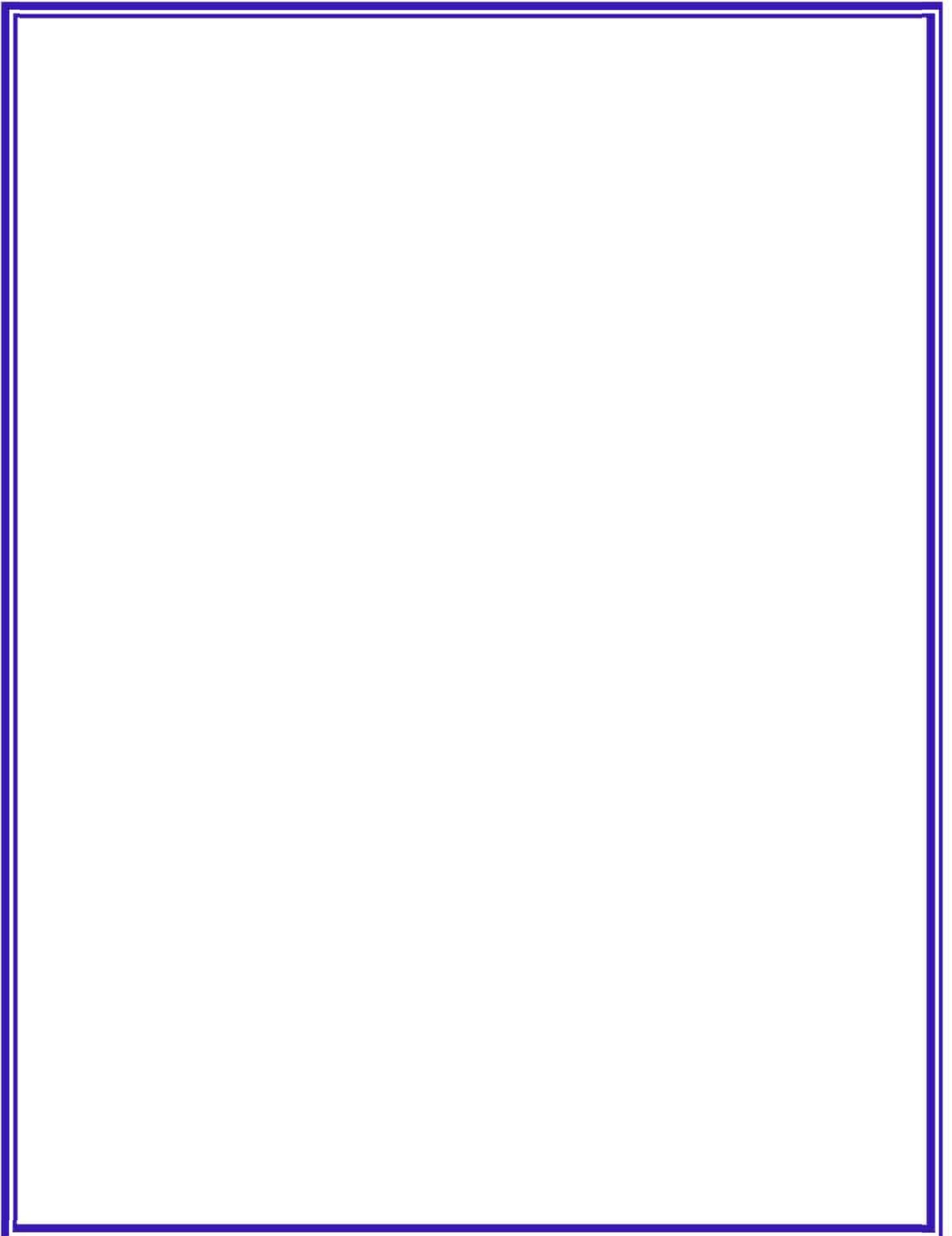
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### APPOINTED OFFICIALS

#### CITY STAFF

John M. Williams .....City Manager  
Catherine Huber Nickerson .....Finance & Information Services Director  
Bob Richardson .....Chief of Police  
Scott Sawyer.....PW Director/City Engineer  
Robert Maul.....Community Development Director  
Debbi Hanson.....Parks and Recreation Director

# **FINANCIAL SECTION**





## Washington State Auditor Brian Sonntag

### INDEPENDENT AUDITOR'S REPORT

June 8, 2012

The Honorable Mayor and City Council  
City of Battle Ground  
Battle Ground, Washington

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 Battle Ground, Clark County, Washington, as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Battle Ground, Clark County, Washington, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note V.G, during the year ended December 31, 2011, the City has implemented the Governmental Accounting Standards Board Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions and Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position.

In accordance with *Government Auditing Standards*, we will also issue our report dated June 8, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other

matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 26, budgetary comparison information on page 78, and information on postemployment benefits other than pensions on page 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the 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.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements and supplementary information on pages 76 through 101 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Statistical Section is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag", written in a cursive style.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Battle Ground's discussion and analysis is a narrative overview of the City's financial activities for the fiscal year ended December 31, 2011. The information presented here should be read in conjunction with our letter of transmittal, and the financial statements and notes to the financial statements that follow.

### FINANCIAL HIGHLIGHTS

#### Government-Wide

- City of Battle Ground assets exceeded its liabilities at December 31, 2011 by \$101.3 million. Of this amount \$85.6 million is invested in Capital Assets (net of depreciation and related debt), \$4 million is restricted for various purposes, and unrestricted net position are \$11.6 million. Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors, without legal restriction.
- The government's total net position showed a decrease of \$2,054,584 most of which was the continuing depreciation of the City's capital assets and the use of general fund assets to pay for outstanding debt obligations.

#### Fund Level

- Beginning in FY 2011, the City implemented GASB statement 54, which provides new fund balance classifications for governmental funds. The previous reserved and unreserved classifications have been replaced with non-spendable, restricted, and unrestricted balances. Additional information on the City's fund balances can be found in Note 1 in the notes to the basic financial statements.
- As of December 31, 2011, the City's governmental funds reported combined ending fund balances of \$9,676,824, \$7,805 is non-spendable, \$7,126,517 is restricted to specific purposes such as Development, Drug Investigation, and Tourist Promotion, and \$2,542,502 is unrestricted (includes committed, assigned, and unassigned). The unrestricted fund balance is available for spending at the government's discretion.
- Unrestricted fund balance in the General Fund was \$2,247,472 at December 31, 2011. This unrestricted fund balance decreased by \$704,429 over the prior year. Please note when comparing years the reporting changes of GASB statement 54 required the City to combine several funds into General Fund because they no longer met the special revenue fund definition requirements. More detail of this combining can be found in the Combining Fund Statement section. The decrease was minimized by reducing discretionary spending to offset the decline in sales tax and development related revenues associated with the economic downturn.
- The General Fund balance on December 31, 2011 was \$2,255,277 or 27 percent of General Fund revenues and other financing sources. This is above the adopted policy of fifteen percent minimum ending fund balance.

#### Long-Term Debt

- The FY 2011, the City issued \$5,265,000 Limited General Obligation Refunding Bonds to provide resources to purchase US Treasury Bills that were placed in an irrevocable trust for the purpose of generating resources for the bond call on the original 2006 Park Bonds refunded debt of \$5,175,000. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the Statement of Net Position. This refunding reduced the total debt service payments over the next fifteen years by \$395,722 in net present value savings.
- In 2011, the City continued to draw on the Bank of America note issued in January 22, 2010 to provide interim financing for the sewer lagoon decommissioning and equalization basin and will mature January 22, 2012. As of December 31, 2011 the City has drawn \$6,204,001. This project will be completed in early 2012. Additional information on the City's debt balances can be found in Note IV in the notes to the basic financial statements.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis provides an introduction and overview to the City of Battle Ground'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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and, 3) notes to the financial statements. 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 City's finances in a manner similar to a private-sector business, distinguishing functions of City of Battle Ground 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 City of Battle Ground include a full range of local government services provided to the public, such as law enforcement and public safety; fire protection; road construction and maintenance; community planning and development; parks and recreation facilities; and other community services. In addition, other general governmental services are provided, such as, tax collection, and the issuance of permits and licenses. The business-type activities of the City of Battle Ground include storm water management and control, water, and sewer.

### **The Statement of Net Position**

This statement presents information on all of City of Battle Ground's assets and liabilities, with the difference between the two 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. The City's net position decreased in 2011. This is due to the continuing depreciation of the city's capital assets and the use of general fund assets to pay for outstanding debt obligations. 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**

This statement presents information showing how the government's net position changed during 2011. This statement separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program). This shows the extent 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 2011, and earned but unused accrued leave will be included in the statement of activities as revenue and expense, even though the cash associated with these items will not be received or distributed in 2011.

### **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 Battle Ground, like other state and local governments, uses fund accounting for compliance with finance-related legal requirements. All of the funds of 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 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, the Scotton Way Capital Project Fund, and the Capital Projects Fund. These are considered major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation.

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

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

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

## **Proprietary Funds**

Currently, the City has one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its storm drainage, water, and sewer utilities.

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.

The proprietary fund financial statements provide separate information for the Storm Drainage Fund, Water Fund, and Sewer Fund.

## **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**

Management considers the financial position of the City to have remained stable over 2011. As noted earlier, changes in net position may serve as a useful indicator of a government's financial position. City of Battle Ground's total net position was \$101,290,878 at December 31, 2011. The following is a condensed version of the Government-Wide Statement of Net Position.

The largest portion of the City's net position (84.5 percent) reflects its investment in capital, less any related debt used to acquire those assets that is still outstanding. 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 the fiscal year, the City had \$3,918,851 in net position restricted for capital or capital related debt. \$781,084 of these restricted assets come from in Storm Drainage, \$277,233 in Scotton Way Capital Project, \$2,642,690 in Traffic Impact Fund, \$43,401 in Park Impact Fund, \$6,501 in Real Estate Tax Fund, and \$167,942 in Fire Impact Fund and must be used for capital purposes in the respective funds. In addition, the City had \$6,669 for Debt Service, \$32,056 for Drug Investigations and \$94,414 for Tourist Promotion in restricted funds. The remaining balance of \$11,646,084 (unrestricted) represents the amount that may be used to meet the City's ongoing obligations.

At December 31, 2011, City of Battle Ground reports positive balances in all three categories of net position, for the government as a whole, as well as for separate governmental and business-type activities.

### City of Battle Ground Net Position

	Governmental activities		Business-Type activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 11,237,463	\$ 12,509,313	\$ 11,013,276	\$ 10,337,778	\$ 22,250,739	\$ 22,847,091
Capital assets (net of depr)	49,107,721	49,637,294	64,984,365	62,814,862	114,092,086	112,452,156
Total assets	60,345,184	62,146,607	75,997,641	73,152,640	136,342,825	135,299,247
Long-term liabilities	14,802,392	15,186,095	18,309,084	14,720,419	33,111,476	29,906,514
Other liabilities	1,072,424	1,036,890	868,047	1,010,381	1,940,471	2,047,271
Total Liabilities	15,874,816	16,222,985	19,177,131	15,730,800	35,051,947	31,953,785
Net assets invested in capital assets net of related debt	38,725,543	34,991,915	46,867,261	48,256,296	85,592,804	83,248,211
Restricted for:						
Capital	3,137,767	8,032,082	781,084	750,446	3,918,851	8,782,528
Debt Services	6,669	-			6,669	-
Drug Investigations	32,056				32,056	
Tourist Promotion	94,414				94,414	
Unrestricted	2,473,919	2,899,625	9,172,165	8,415,098	11,646,084	11,314,723
Total net position	\$ 44,470,368	\$ 45,923,622	\$ 56,820,510	\$ 57,421,840	\$ 101,290,878	\$ 103,345,462

### Statement Net Position

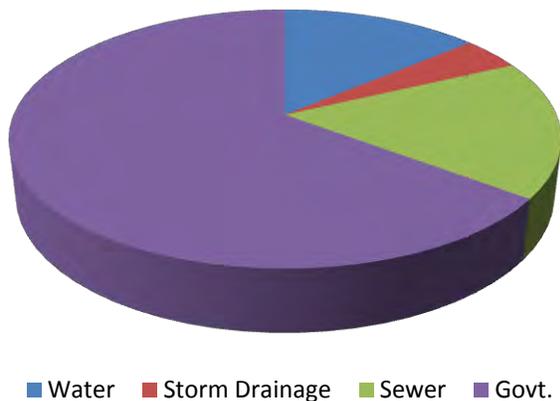
In 2011, the City's total net position decreased by \$2,054,584. The business-type funds decreased \$601,330 due primarily to an increase in interim financing as the lagoon decommission equalization basin project nears completion. Net position decreased \$1,453,254 in the governmental funds due to the continuing use of general fund assets to pay for outstanding debt obligations and the decline in development related revenues and real estate excise tax associated with the economic downturn.

A summary version of the Statement of Activities is shown in the following table including comparison data from 2010. The full statement is a tabular depiction of the relationship of revenues and expenses for the City's governmental activities and proprietary funds. The graphs that follow illustrate the sources of revenue and the balance of governmental vs. business type expenses for 2011.

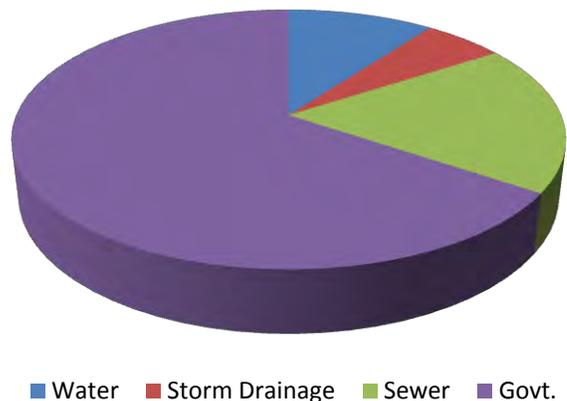
## City of Battle Ground Statement of Activities

	Governmental activities		Business-Type activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 1,303,104	\$ 1,484,414	\$ 5,277,529	\$ 5,278,117	\$ 6,580,633	\$ 6,762,531
Operating Grants and Contributions	555,855	517,828	55,517	22,094	611,372	539,922
Capital Grants and Contributions	1,042,734	2,787,065	719,398	680,644	1,762,132	3,467,709
<b>General revenues:</b>						
Property taxes	2,428,025	2,366,078	-	-	2,428,025	2,366,078
Sales taxes	1,807,821	1,852,960	-	-	1,807,821	1,852,960
Other taxes	2,638,334	2,838,159	-	-	2,638,334	2,838,159
Interest income	138,859	70,378	135,669	69,427	274,528	139,805
Other revenues	43,082	45,738	135,766	59,594	178,848	105,332
<b>Total Revenues</b>	<b>9,957,814</b>	<b>11,962,620</b>	<b>6,323,879</b>	<b>6,109,876</b>	<b>16,281,693</b>	<b>18,072,496</b>
<b>Expenses:</b>						
General government	1,919,617	1,951,977	-	-	1,919,617	1,951,977
Judicial	485,617	546,638	-	-	485,617	546,638
Public Safety	4,045,762	4,299,652	-	-	4,045,762	4,299,652
Physical environment	1,452,521	1,201,402	-	-	1,452,521	1,201,402
Transportation	2,029,831	2,287,683	-	-	2,029,831	2,287,683
Economic environment	605,272	664,250	-	-	605,272	664,250
Culture and recreation	920,610	979,695	-	-	920,610	979,695
Storm Drainage			1,038,963	728,791	1,038,963	728,791
Water			1,879,765	1,946,956	1,879,765	1,946,956
Sewer			3,583,364	5,216,956	3,583,364	5,216,956
interest on long term debt	651,322	450,067			651,322	450,067
<b>Total Expenses</b>	<b>12,110,552</b>	<b>12,381,364</b>	<b>6,502,092</b>	<b>7,892,703</b>	<b>18,612,644</b>	<b>20,274,067</b>
<b>Excess (deficiency) before contributions, and transfers.</b>						
	(2,152,738)	(418,744)	(178,213)	(1,782,827)	(2,330,951)	(2,201,571)
<b>Contributions</b>						
	276,367	288,902	-	-	276,367	288,902
<b>Transfers</b>						
	423,117	408,020	(423,117)	(408,020)	-	-
<b>Changes in Net Assets</b>						
	(1,453,254)	278,178	(601,330)	(2,190,847)	(2,054,584)	-1,912,669
<b>Net Position 1/01/11</b>	<b>45,923,622</b>	<b>45,645,444</b>	<b>57,421,840</b>	<b>59,890,204</b>	<b>103,345,462</b>	<b>105,535,648</b>
<b>Prior Year Adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(277,517)</b>	<b>-</b>	<b>(277,517)</b>
<b>Net Position 12/31/11</b>	<b>\$ 44,470,368</b>	<b>\$ 45,923,622</b>	<b>\$ 56,820,510</b>	<b>\$ 57,421,840</b>	<b>\$ 101,290,878</b>	<b>\$ 103,345,462</b>

**2011 Comparison of Total Governmental Revenues vs. Business-Type Revenues**



**2011 Comparison of Total Governmental Expenses vs. Business-Type Expenses**

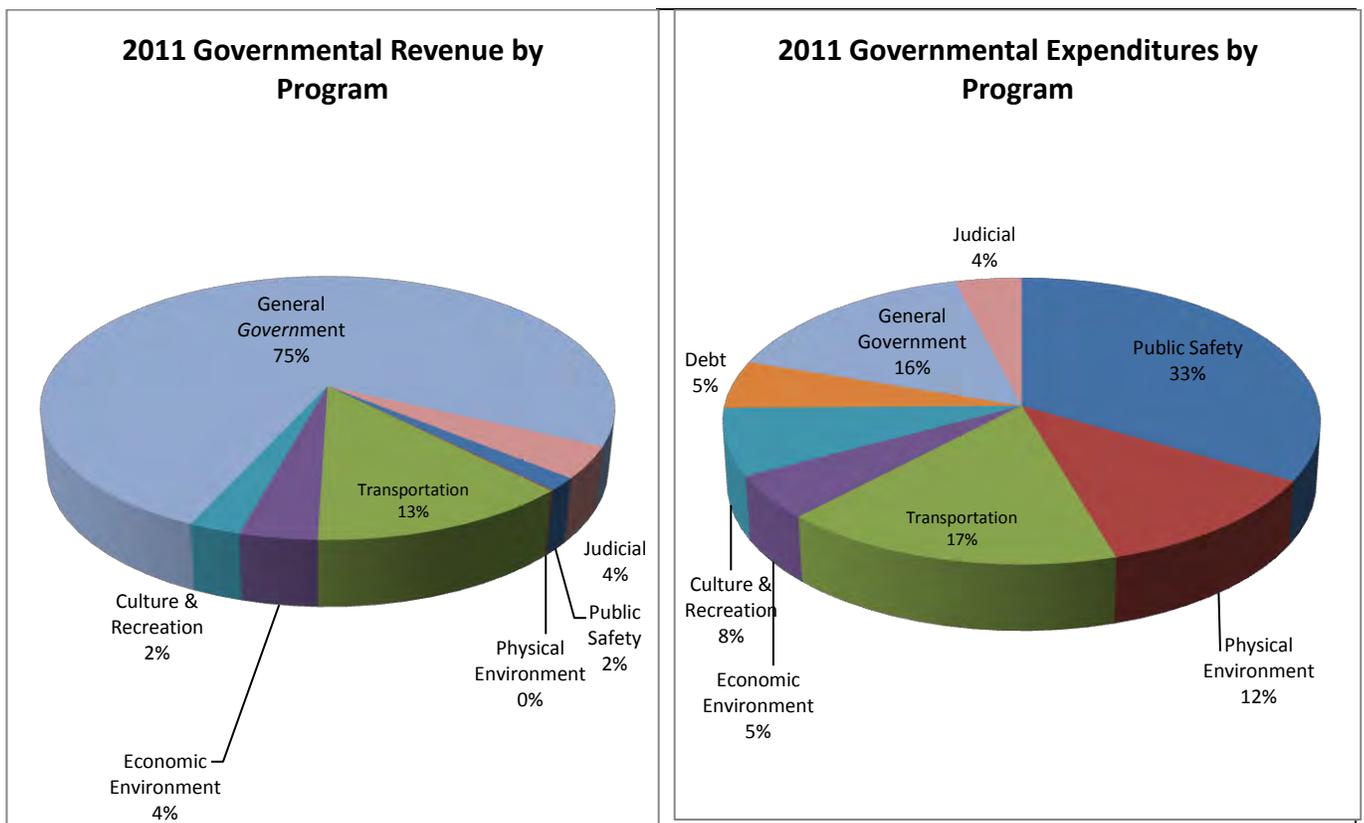


## Governmental Activity Analysis

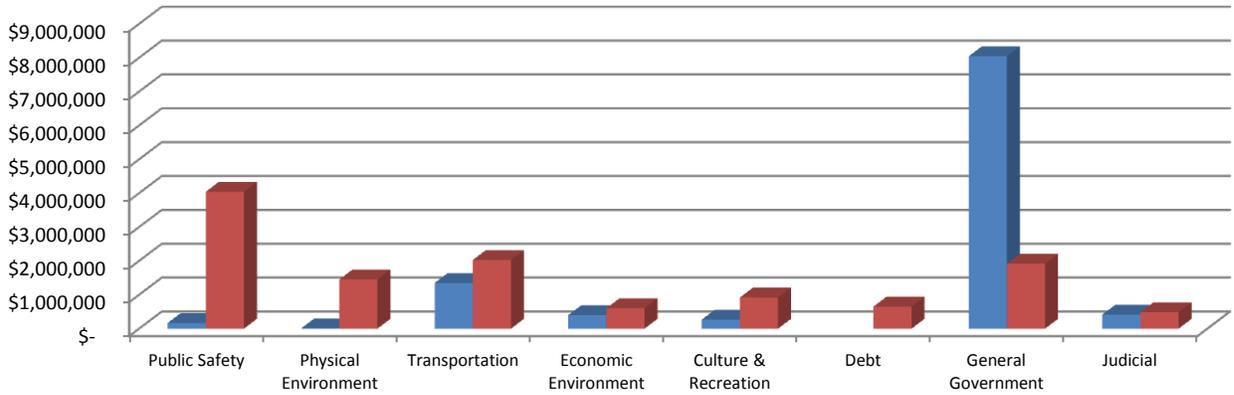
The City of Battle Ground's property tax rate increased slightly due to the declining assessed valuations. Property taxes collected in fiscal year 2011 increased \$61,947 because of growth of new construction in commercial properties and annexations. Sales taxes collected decreased \$45,138 or (2.4%) from the prior year due to the sharp decline in housing construction and higher energy costs impacting the local consumer. Utility Taxes decreased by \$165,178 or 6.6% from the prior year due to unseasonably mild weather in 2011 which reduced consumption of water, electric and natural gas.

The revenue which continued to have the greatest variance over prior years was real estate excise tax. The real estate excise tax decreased by \$106,566 from the 2010 all time historical low. This continuing decline is due to the national housing crisis with lower home prices coupled with lower sales volume. Foreclosures and short sales may continue to impact this revenue stream for the next few years.

Governmental activities expenses decreased \$270,812 or 2.2% less than the prior year. The decrease is primarily due to the economic environment and the effort of management to cut expenses. The net position associated with governmental activities decreased by \$1,453,254 due to the drop in revenue and the City operating with a reduced budget to support essential services.



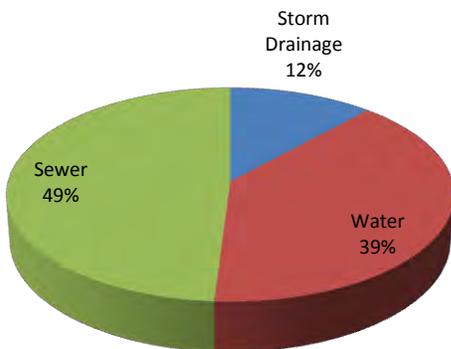
## 2011 Governmental Revenues and Expenditures by Program



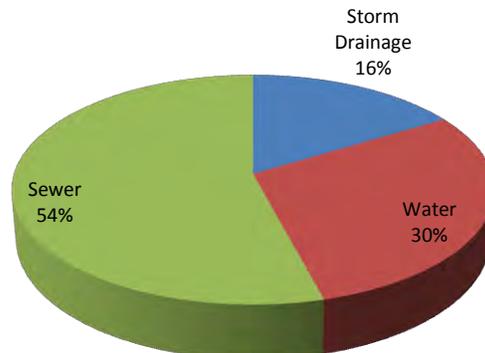
### Business-Type Activities Analysis

The financial position of the City's Business-Type funds consists of the Storm Drainage, Water and Sewer funds. This year, the Storm Drainage fund had increases in revenues and an increase in expenses. The Storm Drainage Fund had an overall decrease in net position of \$369,157 or 3.7 %. The Sewer Fund had an increase in revenues, and more significant increases in expenses due to more of the debt obligations paid with rates rather than system development charges due to the slow housing market. The Sewer Fund had an overall decrease in net position of \$524,373 or 1.9%. The Water Fund had decreases in revenues and increases in expenses. The fund had an increase in net position of \$292,200 or 1.5% in the Water fund. The following graphs illustrate the revenues and expenses of the City's enterprise funds.

**2011 Business-Type Activity Program Revenue**



**2011 Business-Type Activity Program Expenses**



## **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 City had 17 funds, of which 14 are governmental funds. The governmental funds are categorized into four fund types. Each type has its unique purpose. Three 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; the Scotton Way Capital Project Fund, and the Capital Projects Fund.

The Change in Total Governmental Funds fund balance was a decrease of \$1,656,609. Of the Major funds, the General Fund had a decrease in fund balance of \$711,327. The Scotton Way Capital Project Fund was created in 2010 as a requirement of the Scotton Way Bond issuance. The Scotton Way Capital Project Fund had a decrease in fund balance of \$716,977. The Capital Projects Fund balance decreased by \$2,063. All other governmental funds had a combined decrease in their fund balances of \$226,242. The decrease in General Fund was primarily a result of decreases in revenues with an increase in debt service requirements due to the decrease in real estate excise taxes. The balance of unspent bond proceeds in the Scotton Way Capital Project Fund was \$4,132,844. The Capital Projects fund saw a decrease due to Grace Design Project and 1<sup>st</sup> Street Pedestrian Improvements from a CDBG grant. The other funds saw decreases resulting from lower interest earnings and a reduction in impact fees and excise tax due to the continued contracting of the regional economy.

### **Business-Type Funds Analysis**

Proprietary funds are those funds that account for government operations where the intent is for the 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 three Business-Type funds; all of which are enterprise funds.

The Water Fund and the Sewer Fund are the two largest Business-Type funds in the City. Water Fund accounts for 35% and Sewer Fund 48% of the net position for the enterprise funds. The Water Fund had total net position at year-end of \$20.1 million and the Sewer Fund had total net position of \$27.1 million. Water Fund had an increase in operating income and Sewer Fund had operating loss. After capital contribution Water fund had an increase to the net position and Sewer Fund had a loss. The Water Fund had an increase in Total Net Position of \$292,200 and the Sewer Fund had a decrease of \$524,373. The increasing number of utility customers is having the dual effects of increasing revenues and increasing the demands on the systems.

The Storm Drainage fund had an operating loss of \$401,108 in 2011. After capital contributions total net position decreased \$369,157. This decrease is due to the Storm Water Program initial implementation. With the increase in programmatic activities, the fund will begin a series of fee increases to keep pace with federally mandated requirements of the program.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

In 2011, the City appropriated funds through the adoption of the biennial budget. The difference between the original General Fund budget and the final amended budget was \$168,256. The budgeted General Fund Other Financing Sources was increased to allow for the implementation of indirect costing as well as transfers for debt service requirements. State law allows funds to be expended if authorized by an ordinance amending the original budget [RCW 35A33.120 (4)]. Revenues ended the year \$1.2 million short of the amended budget or (13%). This sharp decline in revenues is attributed to the slow growth in real estate development as well as an overall slow economy reflected in all revenues from sales tax to fines and forfeitures. Expenditures were 93% of the amended budget. This reflects the emphasis that the City has put on reducing expenditures while still providing efficient service. The City Management Team monitored and adjusted budgets to ensure expenditures stayed in line with revenue collections.

The changes to the final budget showed: a decrease in transfers out of \$127,096. The change in budget was due to efforts to conserve resources and eliminate discretionary spending. The transfers were to funds that reduced spending therefore reduced the General Fund's subsidy requirement.

The City had planned and budgeted to spend down General Fund balances in 2011; however, due to lower revenue collections, the fund balance for the General Fund was reduced by \$506,414 more than anticipated. The budgeted ending fund balance for the General Fund was projected to decrease \$204,913. The actual General Fund ending balance decreased \$711,327, ending the year with a balance of \$2,255,277. This is well within the City's adopted financial policies for fund balance.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

City of Battle Ground's investment in capital assets including construction in progress totals \$114,092,086 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, infrastructural improvements, intangible assets, machinery and equipment, park facilities, and construction in progress. This reflects an increase in net capital assets of \$1,639,930 during the year.

	Governmental activities		Business activities		Total activities	
	1/1/2011	12/31/2011	1/1/2011	12/31/2011	1/1/2011	12/31/2011
Land	\$ 13,953,845	\$ 14,330,089	\$ 2,658,965	\$ 2,658,965	\$ 16,612,810	\$ 16,989,054
Construction in progress (net of depreciation)	977,850	1,460,222	4,396,346	8,663,934	5,374,196	10,124,156
Buildings	12,739,497	12,360,751	1,051,138	1,082,582	13,790,635	13,443,333
Machinery & Equipment	601,817	510,166	334,876	258,958	936,693	769,124
Infrastructure	20,684,285	19,806,493	33,181,734	32,218,153	53,866,019	52,024,646
Improvements other than Buildings	680,000	640,000			680,000	640,000
Intangible assets			21,191,803	20,101,773	21,191,803	20,101,773
Total capital assets	\$ 49,637,294	\$ 49,107,721	\$ 62,814,862	\$ 64,984,365	\$ 112,452,156	\$ 114,092,086

Major capital projects additions include the partial completion of Sewer Equalization Basin, East Main Street Sidewalks, Daybreak School Safety Improvements, and 1<sup>st</sup> Street Sidewalks. Other capital assets increases include the 2011 Cedars Annexation.

In 2007, the City elected early implementation of Statement 51, financial reporting of intangible assets. The \$5,926,317 (net of amortization) addition in intangible assets is the 18% capacity of the Phase 3 sewerage treatment plant completed in 1999 and owned by Clark County. In 2008, the City recorded \$17,794,153 (net of amortization) additional intangible assets for 23% of the capacity of the completed Phase IV sewerage treatment plant owned by Clark County. In 2011 the intangible assets (net of amortization) is \$20,101,773.

Additional information on City of Battle Ground's capital assets can be found in note "IV-C Capital Assets" of this report.

### Short-term Debt

In 2010, the City issued a Sewer Revenue Anticipation Note in the amount not to exceed \$7,000,000. The note is for the interim financing for capital expenditures for the sewer lagoon decommissioning project and for the costs of issuance and

financing. The note was purchased by Bank of America January 22, 2010 and will mature on January 22, 2012. The City will issue revenue bonds to be purchased by the USDA as part of the American Recovery and Reinvestment Act of 2009 to retire the Sewer Revenue Anticipation Note. As of December 31, 2011, the City had drawn \$6,204,001 of the Note.

**Long-term Debt**

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds are either created by 3/5 majority vote of the people and, therefore, financed by a special tax levy (unlimited general obligation bonds); or created by ordinance, adopted by the City Council, and financed from general revenues (limited general obligation bonds).

At December 31, 2011, the City of Battle Ground had total long-term debt outstanding of \$25,932,863. Of this amount, \$12,745,000 is general obligation bonds, \$74,760 in capital leases, and \$1,200,000 is long-term loans made by the State of Washington to the City under the Public Works Trust Fund Loan Program. The remainder of the City's debt is \$11,913,103 in government loans secured solely by specified revenue sources (i.e., revenue bonds). The table below is a comparison of the summary information for the 2011 year-end and 2010 year-end outstanding debt.

In 2011, the City of Battle Ground refunded the 2006 General Obligation Park Bonds. The City saved \$387,225 in net present value due to lower interest rate on the bonds. The City's remaining capacity for non-voted debt is approximately \$6.1 million. The remaining available legal debt limitation for debt, including voter-approved debt is approximately \$81.4 million.

**City of Battle Ground's Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total Activities	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 12,745,000	\$ 13,200,000	\$	\$	\$ 12,745,000	\$ 13,200,000
Capital Leases	74,760	37,613			74,760	37,613
Government loans	1,200,000	1,300,000	11,913,103	12,750,387	13,113,103	14,050,387
Revenue bonds						
Total	\$ <u>14,019,760</u>	\$ <u>14,537,613</u>	\$ <u>11,913,103</u>	\$ <u>12,750,387</u>	\$ <u>25,932,863</u>	\$ <u>27,288,000</u>

In 2011, Standard and Poor's affirmed the City of Battle Ground' rating of "AA-"for its general obligation debt in November, 2011 citing the City's ability to maintain strong available fund balances, strong income and wealth indicators with low debt burdens with no plans for additional debt.

Additional information on the City's long-term debt can be found in Note IV-E in the notes to the financial statement in this report.

**Significant Commitments**

The City has a number of significant construction projects as of December 31, 2011. They include Governmental and Business type projects. While these projects have contracts issued for their construction there is not an immediate liability to the City. Rather, the contracts represent a commitment that should be disclosed. The following lists these commitments:

<u>Project</u>	<u>Project to Date</u>	<u>Remaining Commitment</u>
Governmental type construction projects:		
Grace Avenue Improvement Project	\$ 603,075	\$ 5,452,464
Scotton Way Capital Project	793,228	4,065,460
3rd Street Extension	2,148	141,000
South Parkway Improvement Design	74,152	131,400
	<u>\$ 1,472,603</u>	<u>\$ 9,790,324</u>
Business activity construction projects:		
CPU Intertie	\$ 450,741	\$ 1,154,000
Lagoon Dec/Equal Basin Construction	6,479,233	18,002
	<u>\$ 6,929,974</u>	<u>\$ 1,172,002</u>
Total	<u>\$ 8,402,577</u>	<u>\$ 10,962,326</u>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City serves as a commercial hub for about 80,000 people living in and around Battle Ground. The City has grown rapidly and expects to continue to grow, but at a slower pace. The City serves as the economic and social hub of central and north Clark County and the long-range plans of the City are to strengthen that role.

The City's adopted financial policies continue to guide the financial operations and budget process. The City also maintains a six-year financial model that provides indicators for the future performance of the City's funds. The following are a few of the factors considered in adopting the City of Battle Ground's biennial budget for 2011-2012.

The City's General Fund was prepared to utilize fund balance to cover the decline in revenues during the economic downturn. The City has a fund balance policy of 15% and at the end of 2011 the fund balance was approximately 16%. The 2011-2012 expenditure budget was adopted as a "hold the line" budget in order to bring expenditures in line with the decline in revenues.

The City Street Fund has experienced increasing expenses and increasing needs that have exceeded the available resources to meet those needs. The City has reduced the Street Overlay program in order to keep costs in line with revenues. There continues to be an anticipated need for future street resources.

The City's Parks and Recreation Fund have also experienced increasing expenditures and increasing needs due to the expanded parks program. The City is also currently directing resources into parks development and a new recreation program. Until a longer range solution is found, the Council has indicated that the General Fund will help meet the growing needs of the Parks and Recreation program by increasing the amount of money transferred to Park and Recreation Fund. In addition, resources from the Battle Ground Community Center rentals and parks program fees will be dedicated for programming and maintenance and operation of Park facilities.

City Staff and the City Council updated the 2011-2012 budget to provide as much in the way of services as is possible within the available resources. All of the other funds and operations of the City are financially very stable and the City anticipates being able to continue to provide high quality services at the current level into the near future.

The City will continue to focus on the Core Services identified by the City Council. Those are:

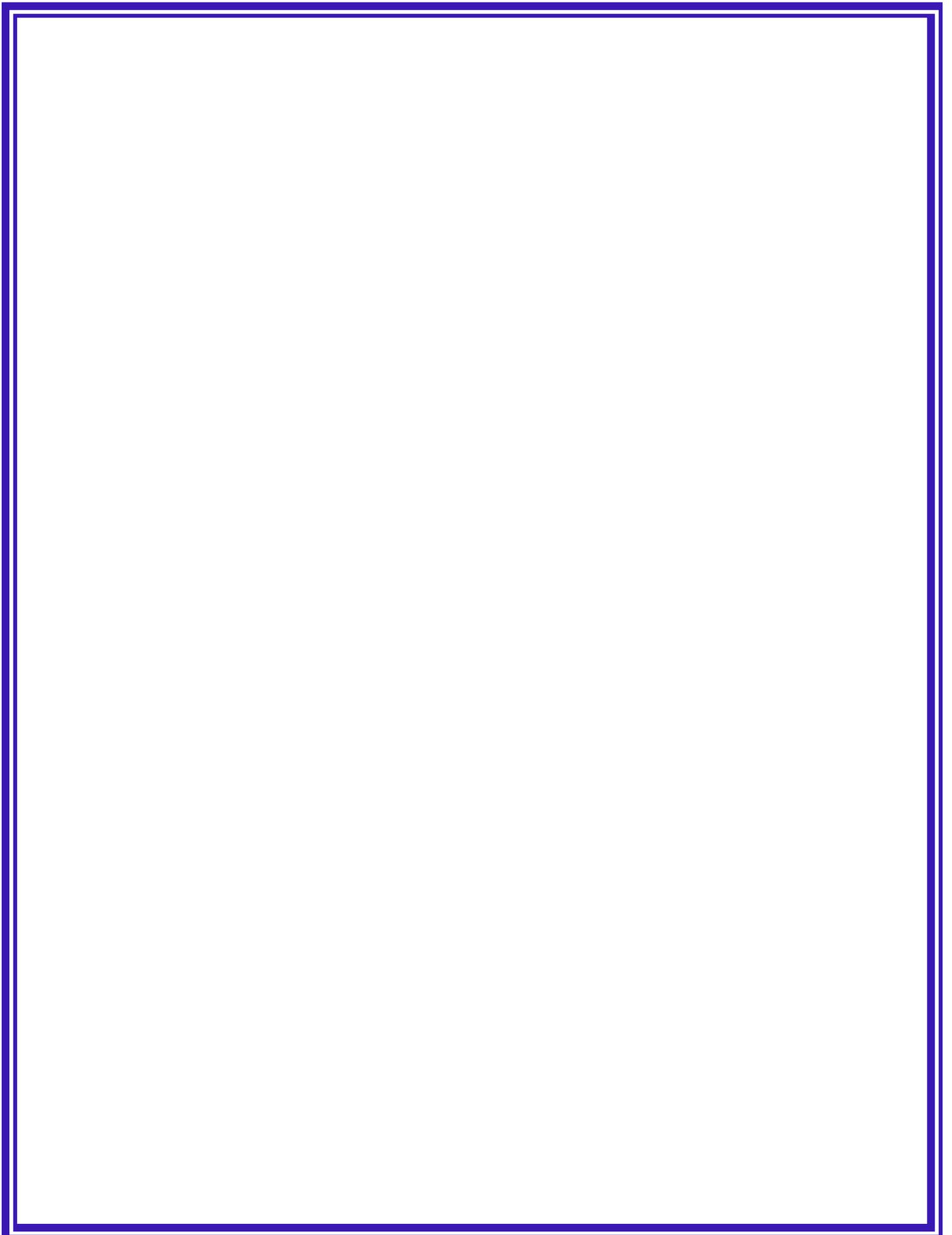
- Public Safety
- Transportation
- Parks and Recreation
- Utilities & Facilities

- Administration
- Economic Development

**Requests for Information**

This financial report is designed to provide a general overview of City of Battle Ground'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 Battle Ground, 109 SW 1<sup>st</sup> Street, Suite 217, Battle Ground, WA, 98604.

# **BASIC FINANCIAL STATEMENTS**



**CITY OF BATTLE GROUND**

Statement of Net Position

December 31, 2011

	Governmental Activities	Business-type Activities	Total Primary Government
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 3,100,688	\$ 3,437,674	\$ 6,538,362
Investments	7,227,201	6,951,461	14,178,662
Receivables (Net of Allowance for Uncollectible)	691,955	624,075	1,316,030
Prepaid Items	8,068	66	8,134
Deferred Charges	209,551	-	209,551
<b>Capital Assets (Not being Depreciated)</b>			
Land	14,330,089	2,658,965	16,989,054
Construction Work in Progress	1,460,222	8,663,934	10,124,156
<b>Capital Assets (Net of Accumulated Depreciation)</b>			
Buildings	12,360,751	1,082,582	13,443,333
Improvements other than building	640,000		640,000
Intangible Assets		20,101,773	20,101,773
Machinery and Equipment	510,166	258,958	769,124
Infrastructure	19,806,493	32,218,153	52,024,646
<b>Total Assets</b>	<b>60,345,184</b>	<b>75,997,641</b>	<b>136,342,825</b>
<b>Liabilities:</b>			
Accounts Payable and Other Current Liabilities	648,947	713,728	1,362,675
Accrued Interest Payable	48,117	110,197	158,314
Unearned Revenue	91,229	44,122	135,351
Custodial Deposits	284,131	-	284,131
<b>Noncurrent Liabilities:</b>			
Due within One Year	560,095	7,296,086	7,856,181
Due in More than One Year	14,242,297	11,012,998	25,255,295
<b>Total Liabilities</b>	<b>15,874,816</b>	<b>19,177,131</b>	<b>35,051,947</b>
<b>Net Position</b>			
Net Investment in capital assets	38,725,543	46,867,261	85,592,804
<b>Restricted for:</b>			
Capital	3,137,767	781,084	3,918,851
Debt Service	6,669		6,669
Drug Investigation	32,056		32,056
Tourist Promotion	94,414		94,414
Unrestricted	2,473,919	9,172,165	11,646,084
<b>Total Net Position</b>	<b>44,470,368</b>	<b>56,820,510</b>	<b>101,290,878</b>

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

**CITY OF BATTLE GROUND**  
Statement of Activities  
For the year ended December 31, 2011

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
<b>PRIMARY GOVERNMENT</b>							
Governmental Activities:							
General Government	\$ 1,919,617	\$ 255,179	\$ 35,222	\$ -	\$ (1,629,216)	\$ -	\$ (1,629,216)
Judicial	485,617	415,588	-	-	(70,029)	-	(70,029)
Public Safety	4,045,762	101,983	66,714	-	(3,877,065)	-	(3,877,065)
Physical Environment	1,452,521	9,662	-	-	(1,442,859)	-	(1,442,859)
Transportation	2,029,831	-	433,639	917,587	(678,605)	-	(678,605)
Economic Environment	605,272	398,342	-	-	(206,930)	-	(206,930)
Culture and Recreation	920,610	122,350	20,280	125,147	(652,833)	-	(652,833)
Interest on Long-Term Debt	651,322	-	-	-	(651,322)	-	(651,322)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>12,110,552</b>	<b>1,303,104</b>	<b>555,855</b>	<b>1,042,734</b>	<b>(9,208,859)</b>	<b>-</b>	<b>(9,208,859)</b>
Business Type Activities:							
Storm Drainage	1,038,963	633,997	55,517	20,216	-	(329,233)	(329,233)
Water	1,879,765	2,037,242	-	175,117	-	332,594	332,594
Sewer	3,583,364	2,606,290	-	524,065	-	(453,009)	(453,009)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>6,502,092</b>	<b>5,277,529</b>	<b>55,517</b>	<b>719,398</b>	<b>-</b>	<b>(449,648)</b>	<b>(449,648)</b>
<b>Total Primary Government</b>	<b>\$ 18,612,644</b>	<b>\$ 6,580,633</b>	<b>\$ 611,372</b>	<b>\$ 1,762,132</b>	<b>\$ (9,208,859)</b>	<b>\$ (449,648)</b>	<b>\$ (9,658,507)</b>
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					2,428,025	-	2,428,025
Sales and Use Taxes					1,807,821	-	1,807,821
Business and Occupation Taxes					2,411,111	-	2,411,111
Excise Taxes					227,223	-	227,223
Grants and Contributions not Restricted to Specific Programs					276,367	-	276,367
Unrestricted Investment Earnings					138,859	135,669	274,528
Miscellaneous					43,082	135,766	178,848
Transfers					423,117	(423,117)	-
<b>Total General Revenues and Transfers</b>					<b>7,755,605</b>	<b>(151,682)</b>	<b>7,603,923</b>
Change in Net Position					(1,453,254)	(601,330)	(2,054,584)
Net Position - Beginning					45,923,622	57,421,840	103,345,462
Net Position - Ending					<b>44,470,368</b>	<b>56,820,510</b>	<b>101,290,878</b>

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

**CITY OF BATTLE GROUND**

Governmental Funds

Balance Sheet

December 31, 2011

	General Fund	Scotton Way Capital Projects Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 855,648	\$ 1,141,221	\$ 15,398	\$ 1,088,421	\$ 3,100,688
Investments	1,726,569	3,268,557	31,136	2,200,939	7,227,201
Property Taxes Receivables	157,001		-	-	157,001
Utility Tax Receivable	85,626		-	-	85,626
Accounts Receivable	125,854		-	35,414	161,268
Interest Receivable	3,796	18,341	69	4,845	27,051
Municipal Court Receivable	261,009		-	-	261,009
Inventories & Prepayments	8,068	-	-	-	8,068
<b>Total Assets</b>	<b>3,223,571</b>	<b>4,428,119</b>	<b>46,603</b>	<b>3,329,619</b>	<b>11,027,912</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts Payable	309,692	18,042	45,619	24,427	397,780
Other Accrued Liabilities	233,694			17,473	251,167
Custodial Deposits	6,898	277,233			284,131
Deferred Revenue	418,010				418,010
<b>Total Liabilities</b>	<b>968,294</b>	<b>295,275</b>	<b>45,619</b>	<b>41,900</b>	<b>1,351,088</b>
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Deposits	-				-
Prepaid	7,805				7,805
<b>Restricted for:</b>					
Capital	-	4,132,844		2,860,534	6,993,378
Debt Service	-			6,669	6,669
Drug Investigation	-			32,056	32,056
Tourist Promotion	-			94,414	94,414
<b>Committed to:</b>					
Economic Stabilization	836,927				836,927
<b>Assigned to:</b>					
Capital			984		984
LEOFF 1	97,174				97,174
Parks	88,218				88,218
Insurance Reserve	12,702				12,702
Street	-			124,351	124,351
Appr fund bal-for furture budget deficit	271,687			169,695	441,382
Unassigned	940,764	-	-		940,764
<b>Total Fund Balances</b>	<b>2,255,277</b>	<b>4,132,844</b>	<b>984</b>	<b>3,287,719</b>	<b>\$ 9,676,824</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,223,571</b>	<b>\$ 4,428,119</b>	<b>\$ 46,603</b>	<b>\$ 3,329,619</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds

49,107,721

Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds

326,781

Long-term liabilities that are not due and payable in the current period and are not reported in the funds

(14,640,958)

Net position of governmental activities

44,470,368

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

**CITY OF BATTLE GROUND**  
Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
For the year ended December 31, 2011

	General Fund	Scotton Way Capital Project Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property Taxes	\$ 2,428,374	\$ -	\$ -	\$ -	\$ 2,428,374
Sales and Use Taxes	1,807,821	-	-	-	1,807,821
Other Taxes	2,397,926	-	-	240,408	2,638,334
License and Permits	222,229	-	-	-	222,229
Intergovernmental	517,876	-	73,815	429,989	1,021,680
Charges for Services	180,175	-	-	205,472	385,647
Fines and Forfeits	280,958	-	-	-	280,958
Interest Earnings	36,873	53,847	137	48,002	138,859
Rents and Royalties	283,266	-	-	-	283,266
Contributions/Donations	9,592	-	-	201,875	211,467
Miscellaneous	40,484	-	-	2,598	43,082
Total Revenues	<u>8,205,574</u>	<u>53,847</u>	<u>73,952</u>	<u>1,128,344</u>	<u>9,461,717</u>
<b>Expenditures:</b>					
<b>Current</b>					
General Government	1,712,140	948	-	-	1,713,088
Judicial	489,005	-	-	-	489,005
Security/Persons and Property	3,825,485	-	-	10,735	3,836,220
Physical Environment	1,412,061	-	-	-	1,412,061
Transportation	-	-	-	701,400	701,400
Economic Environment	604,940	-	-	-	604,940
Culture and Recreation	472,690	-	-	-	472,690
Capital Outlay	85,768	754,058	230,395	-	1,070,221
<b>Debt Service</b>					
Principal Retirement	48,621	-	-	645,000	693,621
Interest/Fiscal Charges	4,201	15,818	-	673,268	693,287
Total Expenditures	<u>8,654,911</u>	<u>770,824</u>	<u>230,395</u>	<u>2,030,403</u>	<u>11,686,533</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(449,337)	(716,977)	(156,443)	(902,059)	(2,224,816)
<b>Other Financing Sources (Uses)</b>					
Capital Related Debt Issued	85,768	-	-	-	85,768
Premiums on Bonds Issued	-	-	-	82,662	82,662
Refunding Bond Issued	-	-	-	5,265,000	5,265,000
Payments to Refunding Escrow Agent	-	-	-	(5,288,340)	(5,288,340)
Transfers In	544,522	-	154,380	1,374,088	2,072,990
Transfers Out	(892,280)	-	-	(757,593)	(1,649,873)
Total Other Financing Sources and Uses	<u>(261,990)</u>	<u>-</u>	<u>154,380</u>	<u>675,817</u>	<u>568,207</u>
Net Change in Fund Balances	(711,327)	(716,977)	(2,063)	(226,242)	(1,656,609)
Fund Balance at Beginning of Year	2,966,604	4,849,821	3,047	3,513,961	11,333,433
Fund Balance at End of Year	<u>\$ 2,255,277</u>	<u>\$ 4,132,844</u>	<u>\$ 984</u>	<u>\$ 3,287,719</u>	<u>\$ 9,676,824</u>

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

**CITY OF BATTLE GROUND**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance  
of Governmental Funds to the Statement of Activities  
Year Ended December 31, 2011

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

Net changes in fund balances - total governmental funds: \$ (1,656,609)

Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount by which capital outlays exceeded depreciation in the current period. (1,097,440)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 772,464

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 assets. 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. 601,173

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. (72,842)

Change in Net Position of Governmental Activities \$ (1,453,254)

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

**CITY OF BATTLE GROUND**  
Proprietary Funds  
Statement of Net Position  
December 31, 2011

	Major Enterprise Funds			
	Storm Drainage	Water	Sewer	Total
<b>Assets:</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 431,898	\$ 1,359,523	\$ 1,646,253	\$ 3,437,674
Investments	873,358	2,749,148	3,328,955	6,951,461
Receivables (net)				
Accounts	64,954	278,148	265,674	608,776
Interest	1,922	6,050	7,327	15,299
Prepaid Expenses	-	66		66
<b>Total Current Assets</b>	<u>1,372,132</u>	<u>4,392,935</u>	<u>5,248,209</u>	<u>11,013,276</u>
<b>Noncurrent Assets:</b>				
Property, Plant and Equipment (Net)	8,298,519	15,926,639	40,759,207	64,984,365
<b>Total Noncurrent Assets</b>	<u>8,298,519</u>	<u>15,926,639</u>	<u>40,759,207</u>	<u>64,984,365</u>
<b>Total Assets</b>	<u>9,670,651</u>	<u>20,319,574</u>	<u>46,007,416</u>	<u>75,997,641</u>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts Payable	5,193	36,489	282,073	323,755
Accrued Interest Payable	-	-	110,197	110,197
Other Accrued Liabilities	26,228	34,034	329,711	389,973
Unearned Revenues	-	44,122	-	44,122
Compensated absences	932	2,025	1,843	4,800
Bonds, Notes and Loans Payable	-	-	7,291,286	7,291,286
<b>Total Current Liabilities</b>	<u>32,353</u>	<u>116,670</u>	<u>8,015,110</u>	<u>8,164,133</u>
<b>Noncurrent Liabilities:</b>				
Bonds, Notes and Loan Payable	-	-	10,825,818	10,825,818
Compensated absences	36,335	78,956	71,889	187,180
<b>Total Noncurrent Liabilities</b>	<u>36,335</u>	<u>78,956</u>	<u>10,897,707</u>	<u>11,012,998</u>
<b>Total Liabilities</b>	<u>68,688</u>	<u>195,626</u>	<u>18,912,817</u>	<u>19,177,131</u>
<b>Net Position:</b>				
Net Investment in capital assets	8,298,519	15,926,639	22,642,103	46,867,261
Restricted for Capital Purposes	781,084	-	-	781,084
Unrestricted	522,360	4,197,309	4,452,496	9,172,165
<b>Total Net Position</b>	<u>\$ 9,601,963</u>	<u>\$ 20,123,948</u>	<u>\$ 27,094,599</u>	<u>\$ 56,820,510</u>

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

**CITY OF BATTLE GROUND**  
Proprietary Funds  
Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Fiscal Year Ended December 31, 2011

	Major Enterprise Funds			
	Storm Drainage	Water	Sewer	Total
Operating Revenues:				
Charge for Services	\$ 633,997	\$ 2,115,368	\$ 2,606,290	\$ 5,355,655
Miscellaneous	3,858	7,871	45,911	57,640
Total Operating Revenues	<u>637,855</u>	<u>2,123,239</u>	<u>2,652,201</u>	<u>5,413,295</u>
Operating Expenses:				
Personnel Services	550,151	709,705	798,370	2,058,226
Supplies	16,785	87,621	56,782	161,188
Professional Services	29,101	84,009	18,366	131,476
Utilities	-	160,788	55,802	216,590
Repairs and Maintenance	16,754	45,030	48,397	110,181
Taxes	11,655	96,299	62,907	170,861
Intergovernmental services	-	-	662,657	662,657
Insurance claims and expenses	13,475	32,340	53,900	99,715
Other	133,869	58,009	64,036	255,914
Depreciation	267,173	605,964	1,625,905	2,499,042
Total Operating Expenses	<u>1,038,963</u>	<u>1,879,765</u>	<u>3,447,122</u>	<u>6,365,850</u>
Operating Income (loss)	(401,108)	243,474	(794,921)	(952,555)
Nonoperating Revenues (Expenses)				
Interest Earnings	19,250	52,584	63,835	135,669
State and Federal Grants	55,517			55,517
Interest and Fiscal Charges	-	-	(136,242)	(136,242)
Total Nonoperating Revenues (Expenses)	<u>74,767</u>	<u>52,584</u>	<u>(72,407)</u>	<u>54,944</u>
Income (Loss) before Contributions and Transfers	(326,341)	296,058	(867,328)	(897,611)
Capital Contributions	20,216	175,117	524,065	719,398
Transfers Out	(63,032)	(178,975)	(181,110)	(423,117)
Change in Net Position	<u>(369,157)</u>	<u>292,200</u>	<u>(524,373)</u>	<u>(601,330)</u>
Increase (Decrease) in Net Assets	(369,157)	292,200	(524,373)	(601,330)
Total Net Position at Beginning of Year	9,971,120	19,831,748	27,618,972	57,421,840
Total Net Position at End of Year	<u>\$ 9,601,963</u>	<u>\$ 20,123,948</u>	<u>\$ 27,094,599</u>	<u>\$ 56,820,510</u>

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

**CITY OF BATTLE GROUND**  
Proprietary Funds  
Statement of Cash Flows  
For the Fiscal Year Ended December 31, 2011

	Major Enterprise Funds			
	Storm Drainage	Water	Sewer	Total
Cash Flows from Operating Activities:				
Cash received from Customers	\$ 638,989	\$ 2,109,475	\$ 2,652,490	\$ 5,400,954
Cash payments to Suppliers	(225,871)	(565,239)	(1,466,246)	(2,257,356)
Cash payments to Employees	(528,980)	(700,175)	(501,031)	(1,730,186)
Cash received from Other Non-Operating Revenues	55,517	-	-	55,517
Net Cash Provided by Operating Activities	<u>(60,345)</u>	<u>844,061</u>	<u>685,213</u>	<u>1,468,929</u>
Cash Flows from Noncapital Financing Activities:				
Transfers - Out	(63,032)	(178,975)	(181,110)	(423,117)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(63,032)</u>	<u>(178,975)</u>	<u>(181,110)</u>	<u>(423,117)</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from Other Long Term Obligations	-	-	4,645,822	4,645,822
Acquisition and Construction of Capital Assets	(34,401)	(304,298)	(4,265,229)	(4,603,928)
Principal Paid on Current Debt	-	-	(1,087,285)	(1,087,285)
Interest Paid on Revenue Bonds and Other Long Term Debt	-	-	(66,862)	(66,862)
Capital Contributed-Paid in cash	20,216	49,582	524,065	593,863
Net Cash Provided for Capital and Related Financing Activities	<u>(14,185)</u>	<u>(254,716)</u>	<u>(249,489)</u>	<u>(518,390)</u>
Cash Flows from Investing Activities:				
Interest on Investments	19,046	50,934	62,127	132,107
Purchase of Investment Securities	(8,559)	(533,736)	(499,402)	(1,041,697)
Net Cash Used by Investing Activities	<u>10,487</u>	<u>(482,802)</u>	<u>(437,275)</u>	<u>(909,590)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(127,075)	(72,432)	(182,661)	(382,168)
Cash and Cash Equivalents at Beginning of Year	558,973	1,431,955	1,828,914	3,819,842
Cash and Cash Equivalents at End of Year	<u>\$ 431,898</u>	<u>\$ 1,359,523</u>	<u>\$ 1,646,253</u>	<u>\$ 3,437,674</u>

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

Continued on next page

**CITY OF BATTLE GROUND**  
Proprietary Funds  
Statement of Cash Flows  
For the Fiscal Year Ended December 31, 2011

	Major Enterprise Funds			
	Storm Drainage	Water	Sewer	Total
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities:				
Net Operating Income (Loss)	\$ (401,108)	\$ 243,474	\$ (794,921)	\$ (952,555)
Cash Provided by Operations:				
Depreciation Expense	267,173	605,964	1,625,905	2,499,042
(Increase) Decrease in Receivables	1,134	(13,764)	289	(12,341)
(Increase) Decrease in Prepaid Assets	-	(66)		(66)
Increase (Decrease) in Current Payables	(4,232)	(1,077)	(443,399)	(448,708)
Increase (Decrease) in Accrued Employee Benefits	21,171	9,530	297,339	328,040
Receipt of Non-Operating Revenues	55,517	-	-	55,517
Total Adjustments	<u>340,763</u>	<u>600,587</u>	<u>1,480,134</u>	<u>2,421,484</u>
Net Cash Provided by Operating Activities	<u>\$ (60,345)</u>	<u>\$ 844,061</u>	<u>\$ 685,213</u>	<u>\$ 1,468,929</u>
Noncash Investing, Financing and Capital Activities				
Capital Assets Donated	\$ -	\$ 125,535	\$ -	\$ 125,535
Net Change in Fair Value of Investments	3,086	9,671	11,709	24,466
Developer Credits		(44,122)	-	(44,122)

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

# CITY OF BATTLE GROUND

## Notes To Financial Statements

### December 31, 2011

#### NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Battle Ground, WA have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

##### **A. REPORTING ENTITY**

The City of Battle Ground, Washington was incorporated in June 1951 and operates under the laws of the State of Washington applicable to non-charter code cities with a Council/Manager form of government. As required by the generally accepted accounting principles the financial statements represent the City of Battle Ground. The City has no components units.

##### **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 segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Our policy is to allocate indirect costs to 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.

The City incurs indirect costs for charges that benefit other funds such as administrative costs and overhead. The General Fund pays for all of the costs of operating City Hall, for general office supplies, the audit, and other administrative costs. The expenses are for the benefit of more than just the General Fund. Through an allocation procedure, the other funds are charged for a proportionate share of the costs. For example, building costs are allocated by size of city hall department budgets, the audit by actual expenditures, and computer facilities by number of computers by department. The general fund incurred approximately \$2,004,185 in indirect costs which were reimbursed to the general fund through transfers and a true-up of indirect cost allocation at yearend.

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 for in another fund.

*Scotton Way Capital Project Fund* was established in 2010 to account for the design and construction of a segment of street funded with Recovery Zone Economic Development Bonds and general obligation bonds.

**CITY OF BATTLE GROUND**  
**Notes To Financial Statements**  
**December 31, 2011**

The *Capital Projects Fund* was established to construct governmental fund type capital projects. Construction of street projects has been the predominant use. In 2011 the fund was also used to continue a number of street capital projects. Resources are transferred from other funds and combined with other resources such as grants to reimburse this fund for the costs of construction.

The government reports the following major proprietary funds:

The *Storm Drainage Fund* accounts for the City's storm drainage utility operations. The fund is responsible for the maintenance and operation of the City's storm drainage facilities, which consists of ponds, swales, roadside ditches and a system of pipe and conveyance systems throughout the City.

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 eight production wells, six storage reservoirs and many miles of water lines. The City's operations division provides services, construction, and maintenance of the City's Water system to provide for the reliable delivery of safe, high quality water for all water users.

The *Sewer Fund* accounts for the City's sewer utility operations. The fund provides services, construction, and maintenance of the City's Sewer system, including the safe and clean collection and disposal of sewage. Nearly all of its operating revenue is from charges for services in the form of monthly sewer rates.

Additionally, the government reports the following fund types:

*Debt Service Fund* accounts for the accumulation of resources for the payment of general long-term debt principal and interest.

*Special Revenue Funds* account for revenues from specific taxes, grants, or other sources which are required by law or administrative regulation to be used for specific activities. Their revenues are earmarked to finance certain activities or functions.

***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. 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. Sales tax

**CITY OF BATTLE GROUND**  
**Notes To Financial Statements**  
**December 31, 2011**

is considered to be available if it is collected within 60 days of the end of the current fiscal period. 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, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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 inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***D. ASSETS, LIABILITIES AND NET POSITION OR EQUITIES***

1. Deposits and Investments (See Note IV A for more details)

The City's cash and cash equivalents are considered to be cash on hand, 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 City's Investment Policy covers all funds operated by the City. Cash resources required for immediate reasons (within the next month) are invested to the extent possible in short-term investments such as at the Washington State Local Government Investment Pool or the Clark County Investment Pool with interest accruing to the benefit of each individual fund based on the monthly average cash balance of each fund.

Statutes authorize the City to invest in obligations of the U.S. Treasury, U.S. Agencies, and commercial paper, banker's acceptances, repurchase agreements, and the Washington State Local Government Investment Pool. City policy dictates that all investments instruments other than non-negotiable certificates of deposit and monies placed with the Washington State Local Government Investment Pool and similar money market accounts be transacted on the delivery versus payment basis. Investments are stated at fair value.

The Washington State Local Government Investment Pool and the Clark County Investment Pool operate in accordance with appropriate state laws and regulations. The City as of December 31, 2011 had \$5,429,043 in the Washington State Local Investment Pool and the Clark County Investment Pool, both of which are classified as cash equivalents. In addition, the City held \$1,168,366 in bank accounts and petty cash excluding

**CITY OF BATTLE GROUND**  
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**December 31, 2011**

reconciling items. The City also had \$14,097,827 in short term investments at fair value. More information about these investments can be found in Note IV. Deposits and Investments.

For purposes of the statement of cash flows, the City considers the Washington State Local Government Investment Pool, the Clark County Investment Pool, and all highly liquid investments with maturity of three months or less to be cash equivalents.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (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." In 2011, there were no amounts due to or from other funds and governments, interfund loans and advances receivable.

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

Taxes are due on April 30 with an option of two equal installments on April 30 and October 31. The county treasurer remits collections monthly to the appropriate district. Taxes receivable consists of property taxes. (See Note V.B) Accrued interest receivable consists of amounts earned on investments and notes at the end of the year. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectible.

Special assessments are recorded when levied. Special assessments receivable consists of current and delinquent assessments and related interest and penalties. There was no outstanding special assessment receivable at December 31, 2011. Customer accounts receivable consists of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared.

Accounts payable and other current liabilities consists of amounts owed to private individuals or organizations for goods and services and employees for amounts for which checks have not been prepared.

3. Inventories and prepaid items

Inventories in governmental funds consist of expendable supplies held for consumption and are recorded as expenditures when the items are purchased. Inventories in the proprietary funds are not significant and not recorded.

4. Capital assets

Capital assets, which include 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 more than \$5,000 and that have a life over one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at

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estimated fair market value at the date of donation. Infrastructure acquired between 1980 and 2002 was added retroactively during the GASB 34 conversion in 2003.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

Asset Category	Useful Life
Buildings	40
Infrastructure	20-40
Intangible assets	20-40
Utility Improvements	40
Mowers/Public Work Equipment	8
Vehicles	5
Office & Electronic Equipment	5

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.

All of the City's computers have been kept on a separate inventory register similar to small and attractive items.

**5. Compensated absences**

Compensated absences are absences for which employees will be paid, such as vacation, comp- time, and a portion of sick leave if retiring. Compensated absences are reported in governmental funds as expenditures only when they are used. All vacation, comp-time and a portion of sick pay (if retiring) is accrued when incurred in the government-wide, and proprietary fund statements. Vacation pay, which may be accumulated up to 360 hours (45 days), is payable upon resignation, retirement or death. Sick leave may be accumulated up to 960 hours; however, liability is limited because generally sick leave is not paid out at separation. In the event of an employee's retirement (defined by applicable Washington State Retirement Systems) from service with the City, sick leave is payable on the basis of one-third of total accumulated sick leave, up to a maximum of 320 hours.

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6. Other Accrued Liabilities

These accounts consist of accrued wages and accrued employee benefits.

7. Fund Balance Components

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 the specific purposes for which those funds can be spent.

- Non-spendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form such as inventories, prepaid amounts, long-term portion of loans/notes receivable, or activity that is legally or contractually required to remain intact.
- Restricted fund balance have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.
- Committed fund balance can be used only for a specific purpose pursuant to constraints imposed by a formal action of the City Council. This formal action is the passage of an ordinance by the City Council, creating, modifying, or rescinding an appropriation.
- Assigned fund balance includes amounts that are constrained by the City Council's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds other than the General Fund, this is the residual amount within the fund that is not restricted or committed.
- Unassigned fund balance is the residual amount of the General Fund not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Assigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

When both restricted and unrestricted resources are available, the City's policy is to use restricted resources first and then unrestricted resources, as they are needed. When committed, assigned or unassigned amounts are available, the City's policy is to use committed resources first, assigned second, and finally, unassigned resources.

8. 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, as well as issuance costs, 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 deferred charges and amortized over the term of the related debt.

**CITY OF BATTLE GROUND**  
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**December 31, 2011**

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 issued is 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.

9. Restricted Component of Net Position

These resources are set aside for specific uses and/or are restricted by law for specific purposes. The government-wide statement of net position reports \$4,051,990 of restricted component of net position, \$3,144,436 for capital or capital related debt, \$32,056 for Drug Investigation, \$94,414 for Tourist Promotion, and in business type activities \$781,084 is restricted in the Storm Drainage fund for capital acquisition to development of the utilities system.

10. Fund equity

In the fund financial statements, governmental funds report components of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The City policy targets an estimated ending fund balance of 15% for general government and enterprise funds.

11. Deferred revenue

This account includes amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criteria have not been met.

**NOTE II. 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 reconciliation between fund balances—total governmental funds and net position—governmental activities as reported in the government-wide statement of net position.

One element of the reconciliation is “Other long-term assets not available to pay for current-period expenditures and, therefore are deferred in the funds”. The details of this difference are as follows:

Deferred Revenues	418,010
Unearned Revenue	<u>(91,229)</u>
Net adjustment to increase fund balance-total governmental funds to arrive at Net assets - governmental activities	<u>\$ 326,781</u>

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

Bonds Payable	\$ (12,745,000)
Less: Deferred charge on refunding (to be amortized as interest expense)	94,450
Less Deferred charge for issuance costs (to be amortized over life of debt)	115,101
Plus: Issuance premium (to be amortized as interest expense)	(179,752)
Accrued Interest Payable	(48,117)
Due to other governments	(1,200,000)
Capital lease payable	(74,759)
Net Pension Obligation	(201,352)
Compensated Absences	<u>(401,529)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at <i>net assets - governmental activities</i>	<u>\$ (14,640,958)</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 details of this difference are as follows:

Capital Outlay	\$ 1,070,221
Depreciation expense	<u>(2,167,661)</u>
Net adjustment to increase <i>net changes in fund balances</i> -total governmental funds to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (1,097,440)</u>

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

Contributions from developers	\$ 567,867
Unearned Revenue	199,176
Deferred Revenue reclassified	(4,734)
Municipal Court Revenue	10,504
Tax revenues - unavailable	<u>(349)</u>
Net adjustment to increase <i>net changes in fund balances</i> —total governmental funds to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 772,464</u>

**CITY OF BATTLE GROUND**  
**Notes To Financial Statements**  
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Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) 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.” The details of this difference are as follows:

Debt issued or incurred:	
Capital Lease financing	\$ 85,768
Issuance of general obligation bonds	5,265,000
Plus premiums	82,662
Deferred Charge Refunding	(113,340)
Deferred issuance costs	(52,642)
Principal repayments:	
General obligation debt	<u>(5,868,621)</u>
Net adjustment to increase <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	
	<u>\$ (601,173)</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:

Compensated Absences	\$ 20,917
Net OPEB Obligation	41,248
Accrued interest	(5,551)
Amortization of Premium costs	(10,677)
Amortization of issuance costs	8,015
Amortization of Deferred Refunding	<u>18,890</u>
Net adjustment to decrease <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	
	<u>\$ 72,842</u>

**NOTE III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. BUDGETARY INFORMATION**

The City of Battle Ground adopted a biennial budget process for the 2011-2012 biennium. The biennial budget for the City is adopted in accordance with the provisions of the Revised Code of Washington (RCW), as interpreted by the Budgeting, Accounting, and Reporting Systems (BARS) of the State of Washington, and on a basis consistent with generally accepted accounting principles.

Biennial appropriated budgets are adopted for the General Fund, special revenue funds, debt service funds not related to special assessments and capital project funds, on the modified accrual basis of accounting. The City budgets’ LEOFF 1 Medical Reserve, Economic Stabilization Reserve, Parks and Recreation, and Insurance Reserve as special revenue funds but they do not meet the definition according to GASB 54 and are therefore

**CITY OF BATTLE GROUND**  
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included in the General Fund for reporting purposes. Proprietary funds are budgeted on the full accrual basis for management control purposes only. With the exception of the General Fund, there is no difference between the budgetary basis and generally accepted accounting principles. Under generally accepted accounting principles, the General Fund contains five other special revenue funds which do not have significant restricted revenue sources. From the budgetary prospective, each of these funds has its own legally adopted budget.

City Council established the Economic Stabilization Reserve Fund by City Ordinance authorized by RCW 35.21.070 in the year 2000. The fund can be used to provide a continuing level of service in years when the projected revenue collection falls below average, serving to stabilize the General Fund. The City Council can choose to transfer additional funds into the reserve in years of revenue surplus or to appropriate funds through the adopted Biennial budget process. The balance of the Economic Stabilization Reserve Fund at December 31, 2011 was \$836,927. This fund does not meet the definition of a special revenue fund according to GASB 54 so the balance is shown, for reporting purposes, as Committed Fund Balance in the General Fund.

The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is adopted at the fund level. All appropriations lapse at the end of the biennium.

Budget amounts shown in the basic financial statements include the original budget amounts and all appropriation transfers and adjustments approved by the City Manager or City Council, as required. The City Manager is authorized to transfer budgeted amounts between departments 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 ordinance approved by one more than the majority after holding public hearings.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

There have been no material violations of finance-related legal or contractual provisions.

**NOTE IV: DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

Deposits

The City's deposits and certificates of deposit are entirely covered by the Federal Deposit Insurance Corporation (FDIC) and/or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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Investments

As of December 31, 2011, the City had the following investments:

Investment Type	Par Value	Fair Value	Weighted Average (Maturity Years)
US Agencies	<b>\$14,225,651</b>	<b>\$14,097,827</b>	<b>1.95</b>
Washington State Local Investment Pool	<b>\$214,867</b>	<b>\$214,867</b>	<b>.08 (32 days)</b>
Clark County Investment Pool	<b>\$4,353,324</b>	<b>\$4,353,324</b>	<b>.87 (314 days)</b>
Total	<b>\$18,793,842</b>	<b>\$18,666,018</b>	<b>1.68</b>

*Interest rate risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages exposure to declines in fair values from interest rates by limiting the weighted average maturity of its investment portfolio to maturities that will fulfill the cash flow needs of the City of Battle Ground. The securities in the portfolio are structured in a manner that ensures sufficient cash is available to meet anticipated cash flow needs, based on historical information. Any cash in excess of that necessary to meet anticipated liquidity needs is invested with the following maturity limitations:

Security Type	Maturity Maximum
Certificates of Deposit	<b>2 years</b>
U. S. Treasuries	<b>10 years</b>
Commercial Paper	<b>1 year</b>
Bankers Acceptance	<b>2 years</b>
Money Market Funds	<b>n/a</b>
State and Local Pools	<b>n/a</b>
U.S. Agencies	<b>5 years</b>
Washington bonds or warrants	<b>5 years</b>

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Further, the maximum average maturity of the City of Battle Ground's portfolio cannot exceed two years.

*Credit risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To limit risk, state law does not allow general governments to invest in corporate equities.

The ratings of debt securities as of December 31, 2011 are:

Debt Security	Standard and Poor's Rating
Federal Home Loan Mortgage Corporation	<b>AA+</b>
Federal National Mortgage Association	<b>AA+</b>

*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 of Battle Grounds policy requires that the portfolio be structured to diversify investments to reduce the risk of loss by over-concentration of assets in a specific maturity, a specific issuer or a specific type of security. Diversification according to City Policy is limited as follows:

Security Type	Portfolio Maximum
Certificates of Deposit	<b>20%</b>
U. S. Treasuries	<b>90%</b>
Commercial Paper	<b>25%</b>
Bankers Acceptance	<b>25%</b>
Money Market Funds	<b>100%</b>
State and Local Pools	<b>100%</b>
U.S. Agencies	<b>90%</b>
Washington bonds or warrants	<b>10%</b>

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The City has investments in government sponsored agencies. Those securities that exceed 5% of the total portfolio fair value are disclosed below:

<u>Investment Type</u>	Maturity Date	Fair Value	Percentage of Portfolio
Fed National Mortgage Assn.	<b>5/18/2012</b>	<b>784,585</b>	<b>4%</b>
Fed Home Loan Bank.	<b>6/08/2012</b>	<b>713,879</b>	<b>4%</b>
Fed Home Loan Bank.	<b>6/08/2012</b>	<b>1,015,529</b>	<b>5%</b>
Fed Home Loan Mtg. Corp.	<b>7/27/2012</b>	<b>754,011</b>	<b>4%</b>
Fed Home Loan Bank	<b>8/22/2012</b>	<b>848,642</b>	<b>5%</b>
Fed Home Loan Bank	<b>9/14/2012</b>	<b>971,125</b>	<b>5%</b>
Fed National Mortgage Assn.	<b>09/03/2013</b>	<b>2,018,462</b>	<b>11%</b>
Fed Home Loan Mtg. Corp.	<b>08/15/2014</b>	<b>998,400</b>	<b>5%</b>
Fed Home Loan Bank	<b>8/22/2014</b>	<b>996,573</b>	<b>5%</b>
Fed National Mortgage Assn.	<b>8/28/2014</b>	<b>988,390</b>	<b>5%</b>
Fed Home Loan Mtg. Corp	<b>12/12/2014</b>	<b>999,689</b>	<b>5%</b>
Fed Home Loan Mtg. Corp.	<b>5/7/2015</b>	<b>2,001,508</b>	<b>11%</b>
FICO Strip CPN-1	<b>5/11/2015</b>	<b>997,033</b>	<b>5%</b>
State Treasurer's Inv. Pool	<b>immediate</b>	<b>214,867</b>	<b>1%</b>
Clark County Investment Pool	<b>immediate</b>	<b>4,353,324</b>	<b>25%</b>

Money held in the State Treasurer's and Clark County investment pools is liquid and short term and therefore is reported at value. The reported value of the pool is the same as the fair value of the pool shares. The pool is established under RCW 43.250.010-090 and is operated in accordance with appropriate state laws and regulations and is unrated.

*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's deposits and certificates of deposit are entirely covered by the Federal Deposit Insurance Corporation (FDIC) and/or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). In

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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.

*Custodial credit risk (investments).* Custodial risk for investments is in the event of a failure of the counterparty, the government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The City uses US Bank as the custodial agent for safekeeping of the City's investments. The bank provides 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 temporary investments are stated at \$20,717,024 including unamortized premium on investments of \$80,355. This includes cash held in a fiduciary capacity. There is additional cash held in City accounts due to "float" of outstanding checks, which have not cleared the bank as of December 31, 2011. The total cash and investments held by the City, including the outstanding checks total \$20,791,428. The interest on these investments is prorated to the various funds. The City invests all available funds.

**B. RECEIVABLES**

Governmental funds report deferred revenue 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 earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable - (general fund)	\$ 157,001	\$ -
Municipal Court receivable - (general fund)	261,009	-
Unearned revenue - Developer Credits - Transportation & Park Impact funds	<u>                    </u>	<u>91,229</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 418,010</u>	<u>\$ 91,229</u>

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**C. CAPITAL ASSETS**

A summary of capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning Balance 01/01/11	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 13,953,845	\$ 376,244	\$ -	\$ 14,330,089
Construction in progress	977,850	482,372	-	1,460,222
Total capital assets, not being depreciated	<u>14,931,695</u>	<u>858,616</u>	<u>-</u>	<u>15,790,311</u>
Capital assets, being depreciated/depleted:				
Buildings	15,047,394	-	-	15,047,394
Machinery & Equipment	2,818,184	85,768	209,382	2,694,570
Infrastructure	66,036,448	693,704	-	66,730,152
Improvements other than buildings	1,222,100	-	-	1,222,100
Total capital assets being depreciated	<u>85,124,126</u>	<u>779,472</u>	<u>209,382</u>	<u>85,694,216</u>
Less accumulated depreciation for:				
Buildings	2,307,897	378,746	-	2,686,643
Machinery & Equipment	2,216,367	177,419	209,382	2,184,404
Infrastructure	45,352,163	1,571,496	-	46,923,659
Improvements other than buildings	542,100	40,000	-	582,100
Total accumulated depreciation	<u>50,418,527</u>	<u>2,167,661</u>	<u>209,382</u>	<u>52,376,806</u>
Total capital assets, being depreciated, net	<u>34,705,599</u>	<u>(1,388,189)</u>	<u>-</u>	<u>33,317,410</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 49,637,294</u>	<u>\$ (529,573)</u>	<u>\$ -</u>	<u>\$ 49,107,721</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,658,965	\$ -	\$ -	\$ 2,658,965
Construction in progress	4,396,346	4,519,269	251,681	8,663,934
Total capital assets, not being depreciated	<u>7,055,311</u>	<u>4,519,269</u>	<u>251,681</u>	<u>11,322,899</u>
Capital assets, being depreciated:				
Buildings	1,252,087	64,356	-	1,316,443
Intangible Assets	27,250,748	-	-	27,250,748
Infrastructure	50,157,160	311,071	-	50,468,231
Machinery and equipment	1,339,175	25,530	-	1,364,705
Total capital assets, being depreciated	<u>79,999,170</u>	<u>400,957</u>	<u>-</u>	<u>80,400,127</u>
Less accumulated depreciation for:				
Buildings	200,949	32,912	-	233,861
Intangible Assets	6,058,945	1,090,030	-	7,148,975
Infrastructure	16,975,426	1,274,652	-	18,250,078
Machinery and equipment	1,004,299	101,448	-	1,105,747
Total accumulated depreciation	<u>24,239,619</u>	<u>2,499,042</u>	<u>-</u>	<u>26,738,661</u>
Total capital assets, being depreciated, net	<u>55,759,551</u>	<u>(2,098,085)</u>	<u>-</u>	<u>53,661,466</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 62,814,862</u>	<u>\$ 2,421,184</u>	<u>\$ 251,681</u>	<u>\$ 64,984,365</u>

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

**Governmental activities:**

General government	\$ 198,254
Security of persons and property	196,869
Transportation, including depreciation of general infrastructure assets	1,322,612
Culture and recreation	449,926
	\$ 2,167,661
	\$ 2,167,661

**Business-type activities:**

Storm Drainage	\$ 267,173
Water	605,964
Sewer	1,625,905
	\$ 2,499,042
	\$ 2,499,042

In 2008, the City recorded intangible assets of \$18,535,576 to recognize the completion of the Phase IV Salmon Creek Wastewater Treatment Facility owned by Clark County. The City has an interest in the treatment facility and owns a portion of the plant's treatment capacity because it paid for 21% of the costs of development and construction of the facility. The County has recorded the entire cost of the land, building, and facilities as a capital asset on their books. The City also continues to pay for its proportionate share of operations (usually around 18% to 21%) which are expensed as incurred. More information about this agreement can be found in Note E. Long-term Inter-local agreement.

**Significant Commitments**

The City has a number of significant construction projects as of December 31, 2011. They include Governmental and Business type projects. While these projects have contracts issued for their construction there is not an immediate liability to the City. Rather, the contracts represent a commitment that should be disclosed. The following lists these commitments:

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<u>Project</u>	<u>Project to Date</u>	<u>Remaining Commitment</u>
<b>Governmental type construction projects:</b>		
Grace Design/right of way Improvement	\$ 603,075	\$ 5,452,464
Scotton Way Capital Project	793,228	4,065,460
3rd Street Extension	2,148	141,000
South Parkway Improvement Design	74,152	131,400
	<u>\$ 1,472,603</u>	<u>\$ 9,790,324</u>
<b>Business activity construction projects:</b>		
CPU Intertie	\$ 450,741	\$ 1,154,000
Lagoon Dec/Equal Basin Construction	6,479,233	\$ 18,002
	<u>\$ 6,929,974</u>	<u>\$ 1,172,002</u>
 Total	 <u><u>\$ 8,402,577</u></u>	 <u><u>\$ 10,962,326</u></u>

**D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Loans between funds are classified as interfund loans receivable or payable or as advances to and from other funds on the statement of net position. Within the City, one fund may borrow from another when specifically authorized by council resolution. Due to other funds and due from other funds result from goods issued, work performed or services rendered to or for the benefit of another fund of the same government. There were no outstanding interfund loans at year ended 2011.

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. In 2011, Traffic Impact Fee Fund transferred \$134,744 to the Capital Projects Fund for Grace Avenue Improvement. Street Fund transferred \$19,637 to Capital Projects Fund for the 1st Street Pedestrian Improvement Project. Routine transfers include transfers to reimburse General fund for administrative, building, and insurance costs. The interfund transfer activity for the year is as follows.

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Transfers Out								
Transfer In:	General Fund	Way Capital Project Fund	Capital Project Fund	Nonmajor Gov't Funds	Storm Drainage Fund	Water Fund	Sewer Fund	Total
General Fund	\$ -	\$ -	\$ -	\$ 121,405	\$ 63,032	\$ 178,975	\$ 181,110	\$ 544,522
Capital Projects	-	-	-	154,380	-	-	-	154,380
Nonmajor Governmental Funds	892,280	-	-	481,808	-	-	-	1,374,088
<b>Total</b>	<b>\$ 892,280</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 757,593</b>	<b>\$ 63,032</b>	<b>\$ 178,975</b>	<b>\$ 181,110</b>	<b>\$ 2,072,990</b>

**E. LEASES**

Capital Leases – The City of Battle Ground has entered into lease agreements as lessee for financing the acquisition of a police automobile, a copier, and phone server for general government usage. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded in the government-wide financial statements at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Machinery and equipment .....	\$67,526
Automobile .....	\$29,198
Less Accumulated Depreciation.....	(\$23,728)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2011, were as follows:

Capital Lease-Equipment Amortization Schedule				
	Lease Payment	Principal	Interest expenditure 9.00%	Amount of general long-term debt
2012	\$ 3,300	\$ 2,993	\$ 307	\$ 1,605
2013	1,650	1,605	45	
	<u>\$ 4,950</u>	<u>\$ 4,598</u>	<u>\$ 352</u>	

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2011 Capital Lease-Police Car  
Amortization Schedule

	<u>Lease Payment</u>	<u>Principal</u>	<u>Interest expenditure 4.50%</u>	<u>Amount of general long-term debt</u>
5/17/2012	5,325	4,596	729	14,847
11/17/2012	5,325	4,768	557	10,079
5/17/2013	5,325	4,947	378	5,132
11/17/2013	5,325	5,132	193	
	<u>\$ 21,300</u>	<u>\$ 19,443</u>	<u>\$ 1,857</u>	<u>\$</u>

2011 Capital Lease-Phone Server  
Amortization Schedule

	<u>Lease Payment</u>	<u>Principal</u>	<u>Interest expenditure 3.50%</u>	<u>Amount of general long-term debt</u>
2012	\$ 12,195	\$ 10,594	\$ 1,602	\$ 40,124
2013	12,195	10,969	1,226	29,155
2014	12,195	11,358	837	17,777
2015	12,196	11,761	434	6,036
2016	6,098	6,036	61	
	<u>\$ 54,879</u>	<u>\$ 50,718</u>	<u>\$ 4,160</u>	<u>\$</u>

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**F. SHORT-TERM DEBT**

The city issued a Sewer Revenue Anticipation Note in the amount not to exceed \$7,000,000. The note is for the interim financing for capital expenditures for the sewer lagoon decommissioning project and for the costs of issuance and financing.

This note was purchased by Bank of America January 22, 2010 and will mature on January 22, 2012. The City will issue revenue bonds to be purchased by the USDA as part of the American Recovery and Reinvestment Act of 2009 to retire the Sewer Revenue Anticipation Note. The Sewer Revenue Anticipation Note is structured as a line of credit with each draw subject to either a floating rate or a fixed rate. The floating rate per year is equal to 65% of the BBA LIBOR daily floating rate plus 1.35% rounded to the nearest 1/100<sup>th</sup> of one percent and will be subject to a floor of 1.85%. The fixed rate per year is equal to 63.5% of the LIBOR fixed rate plus 1.35% rounded to the nearest 1/100<sup>th</sup> of one percent and subject to a floor of 1.85%.

As of December 31, 2011, the city completed seventeen draws of the Sewer Revenue Anticipation Note:

<u>Date</u>	<u>Draw Amount</u>	<u>Interest Rate</u>	<u>Interest Accrued</u>
1/22/2010	\$ 56,179	1.87%	\$ 2,040
4/30/2010	\$ 32,639	1.87%	\$ 1,017
6/18/2010	\$ 41,859	1.87%	\$ 1,202
8/18/2010	\$ 273,387	1.87%	\$ 7,001
9/13/2010	\$ 463,344	1.87%	\$ 11,264
11/29/2010	\$ 402,420	1.87%	\$ 8,194
12/28/2010	\$ 538,351	1.87%	\$ 10,151
1/26/2011	\$ 585,641	1.87%	\$ 10,191
2/24/2011	\$ 295,975	1.87%	\$ 4,720
3/29/2011	\$ 230,619	1.87%	\$ 3,258
4/26/2011	\$ 320,357	1.87%	\$ 4,077
5/26/2011	\$ 281,369	1.87%	\$ 3,142
6/24/2011	\$ 203,621	1.87%	\$ 1,978
7/28/2011	\$ 182,747	1.87%	\$ 1,452
9/2/2011	\$ 1,011,155	1.87%	\$ 6,250
10/24/2011	\$ 829,507	1.87%	\$ 2,887
12/21/2011	\$ 454,831	1.87%	\$ 236
	\$ 6,204,001		\$ 79,062

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**G. LONG-TERM DEBT**

*GENERAL OBLIGATION DEBT*

Bonds

The city issues general obligation bonds to provide funds for the acquisition and construction of major governmental activity capital facilities. The city had \$12,745,000 in general obligation bonds outstanding on December 31, 2011.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds are either created by 3/5 majority vote of the people and, therefore, financed by a special tax levy; or created by ordinance, adopted by the City Council, and financed from general revenues. General obligation bonds outstanding as of December 31, 2011 were as follows:

**2011 GO Parks Refunding Bonds**

	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total Requirements</u>
2012	210,000	2.0%	149,862	359,862
2013	240,000	3.0%	146,738	386,738
2014	370,000	3.0%	137,587	507,587
2015	390,000	3.0%	126,188	516,188
2016	390,000	3.0%	114,487	504,487
2017-2021	1,890,000	2.75-3%	407,006	2,297,006
2022-2026	1,775,000	3-3.30%	140,160	1,915,160
	<u>\$ 5,265,000</u>		<u>\$ 1,222,028</u>	<u>\$ 6,487,028</u>

**2010 City Hall Refunding Bonds**

	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total Requirements</u>
2012	200,000	2%	91,637	291,637
2013	200,000	3%	87,638	287,638
2014	220,000	3%	81,637	301,637
2015	220,000	3%	75,038	295,038
2016	225,000	3%	68,438	293,438
2017-2021	1,275,000	4%	209,837	1,484,837
2022	285,000	3.75-4%	10,688	295,688
	<u>\$ 2,625,000</u>		<u>\$ 624,913</u>	<u>\$ 3,249,913</u>

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**2010A Scotton Way General Obligation Bonds**

	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total Requirements</u>
2012	-		17,875	17,875
2013	-		17,875	17,875
2014	100,000	3%	17,875	117,875
2015	110,000	3%	14,875	124,875
2016	115,000	3%	11,575	126,575
2017-2018	250,000	3-3.5%	11,875	261,875
	<u>\$ 575,000</u>		<u>\$ 91,950</u>	<u>\$ 666,950</u>

**2010B Scotton Way Recovery Zone Economic Development Bonds**

	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total Requirements</u>
2012	-		\$ 282,500	\$ 282,500
2013	-		282,500	282,500
2014	-		282,500	282,500
2015	-		282,500	282,500
2016	-		282,500	282,500
2017-2021	915,000	6.25%	1,356,563	2,271,563
2022-2026	1,735,000	6.25%	916,875	2,651,875
2026-2030	1,630,000	6.25-7%	290,500	1,920,500
	<u>\$ 4,280,000</u>		<u>\$ 3,976,438</u>	<u>\$ 8,256,438</u>

Arbitrage

The City has one bond issue, the Park Bonds, subject to arbitrage calculations for the Internal Revenue Service because it did not meet the small issuer exemption. This bond issue was not subject to arbitrage rebate because the issue met the Twenty-Four Month Spending Exemption from Rebate. This bond issue does not require any additional calculations due the bond proceeds have been spent.

Refunded Debt

The City issued \$5,265,000 Limited Tax General Obligation Refunding bonds to provide resources to purchase US Treasury Bills that were placed in an irrevocable trust for the purpose of generating resources for the bond call on the original 2006 Parks Bond refunded debt of \$5,175,000. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. This refunding was undertaken to reduce total debt service payments over the next fifteen years by a net present value savings of \$387,225.

Recovery Zone Economic Development Bonds

In 2010, the City issued \$4,280,000 in Recovery Zone Economic Development bonds which are part of the America Reinvestment and Recovery Act of 2009 with \$575,000 in limited general obligation bonds for a total of \$4,855,000 in bonds. The Recovery Zone Economic Development bonds are similar to direct payment Build America Bonds but with a higher rate of interest expense reimbursement. The City receives

**CITY OF BATTLE GROUND**  
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45% of the interest expense of the bonds (as compared to 35% with Build America Bonds). The city designated the city as a whole as a Recover Zone due to the high rate of unemployment. These bonds are funding a street project which enables three potential developments for job creation.

Government Loans

The City has also received government loans to provide for construction of capital projects in the business type activity funds. Government loans outstanding at year-end are as follows:

Name & Amount of Issuance	Purpose	Issuance Date	Original Issue Amount	Maturity Date	Interest Rate	Debt Outstanding
<u>Governmental Activities</u>						
03 PW Trust/ West Main	Street	9/2/2003	\$ 2,000,000	7/1/2023	0.5%	\$ 1,200,000
<u>Business-type Activities</u>						
2000 PW Trust	Sewer	3/13/2002	1,400,000	7/1/2020	1.0%	485,987
2005 Salmon Creek PWTF IV	Sewer	7/19/2005	10,000,000	7/1/2025	0.5%	7,718,782
2006 Salmon Creek PWTF	Sewer	4/15/2007	4,000,000	7/1/2026	0.5%	3,166,667
2009 PWTF Water Reclamation	Sewer	9/20/2009	1,000,000	7/1/2013	0.5%	541,667
Business-type Total						11,913,103
<i>Total Government Loans</i>						\$ 13,113,103

Government loan debt service requirements to maturity are as follows:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2012	\$ 100,000	\$ 6,000	\$ 106,000	\$ 1,087,285	\$ 61,995	\$ 1,149,280
2013	100,000	5,500	105,500	1,087,286	56,290	1,143,576
2014	100,000	5,000	105,000	816,452	50,582	867,034
2015	100,000	4,500	104,500	816,452	46,231	862,683
2016	100,000	4,000	104,000	816,452	41,878	858,330
2017-2021	500,000	12,500	512,500	4,028,256	144,106	4,172,362
2022-2026	200,000	1,500	201,500	3,260,920	43,401	3,304,321
	\$ 1,200,000	\$ 39,000	\$ 1,239,000	\$ 11,913,103	\$ 444,483	\$ 12,357,586

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Annual debt service requirements to maturity for each of the individual governmental loans are as follows:

**2000 PW Trust/County Sewer Line**

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	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2012	\$ 53,999	\$ 4,860	\$ 58,859
2013	53,999	4,320	58,319
2014	53,999	3,780	57,779
2015	53,999	3,240	57,239
2016	53,999	2,700	56,699
2017-2020	215,992	5,399	221,391
	<u>\$ 485,987</u>	<u>\$ 24,299</u>	<u>\$ 510,286</u>

**2005 PW Trust/Salmon Creek Phase 4 Expansion**

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	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2012	\$ 551,342	\$ 38,594	\$ 589,936
2013	551,342	35,837	587,179
2014	551,342	33,080	584,422
2015	551,342	30,324	581,666
2016	551,342	27,567	578,909
2017-2021	2,756,708	96,485	2,853,193
2022-2025	2,205,364	27,567	2,232,931
	<u>\$ 7,718,782</u>	<u>\$ 289,454</u>	<u>\$ 8,008,236</u>

**2006 PW Trust/Salmon Creek Construction**

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	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2012	\$ 211,111	\$ 15,833	\$ 226,944
2013	211,111	14,778	225,889
2014	211,111	13,722	224,833
2015	211,111	12,667	223,778
2016	211,111	11,611	222,722
2017-2021	1,055,556	42,222	1,097,778
2022-2026	1,055,556	15,834	1,071,390
	<u>\$ 3,166,667</u>	<u>\$ 126,667</u>	<u>\$ 3,293,334</u>

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**2009 PW Trust/Water Reclamation Facilities**

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	Principal	Interest	Total Requirements
2012	\$ 270,833	\$ 2,708	\$ 273,541
2013	270,834	1,355	272,189
	\$ 541,667	\$ 4,063	\$ 545,730

**2003 PW Trust/West Main Street**

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	Principal	Interest	Total Requirements
2012	\$ 100,000	\$ 6,000	\$ 106,000
2013	100,000	5,500	105,500
2014	100,000	5,000	105,000
2015	100,000	4,500	104,500
2016	100,000	4,000	104,000
2016-2020	500,000	12,500	512,500
2021-2023	200,000	1,500	201,500
	\$ 1,200,000	\$ 39,000	\$ 1,239,000

*REVENUE BONDS*

The City also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds are created by ordinance, adopted by the City Council and financed from dedicated revenues. Water and/or sewer revenue bonds are issued to finance capital projects. There are no revenue bonds outstanding at year-end but the City issued \$6.9 million in sewer revenue bonds in January, 2012.

*SPECIAL ASSESSMENT DEBT*

The City has issued special assessment debt to provide funds for street improvements in the past. Special assessment bonds are created by ordinance, adopted by council, and financed by assessment on property owners. In 2005, the City paid off the remaining special assessment debt and there is no special assessment debt with a governmental commitment reported at year-end.

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*LONG TERM INTER-LOCAL AGREEMENT*

In 1995, the City of Battle Ground entered into an inter-local agreement with Clark County and Clark Regional Wastewater District regarding the cost associated with sewage treatment at the Salmon Creek Treatment Plant. This agreement provided that the City would pay County Sewage Treatment Charges through Clark Regional Wastewater District, which includes maintenance and operation costs, contributions to a repair and replacement fund, and debt service costs on bonds and loans utilized for capital improvements at the facility. The City has defeased (paid in full) its proportionate share of the debt for the Salmon Creek Treatment Facility. The City has an interest in the treatment facility and owns a portion of the plant's treatment capacity because it paid for 18% of the costs of development and construction of the facility. The County has recorded the entire cost of the land, building, and facilities as a capital asset on their books. The City also continues to pay for its proportionate share of operations (usually around 23% to 25%) which are expensed as incurred.

The agencies completed Phase IV in 2008, adding additional treatment capacity. The City is paying a proportionally larger share of the costs so that it will own a larger percentage of the treatment capacity in the upsized sewage treatment facility. The City has fully paid its portion of the Phase IV project.

The City is in negotiations with Clark Regional Wastewater District, Clark County and the City of Ridgefield for a partnership in a larger consortium to have four partners instead of the current three. This partnership if approved by all partners would be formed under the Joint Municipal Utility Service Authority Act. The purpose of this entity would be to provide regional wastewater transmission and treatment for the entity's members. A vote to approve conceptual framework for the agreement is due in April, 2012.

**CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity of the city for the year ended December 31, 2011 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Bonds payable:					
General obligation bonds	\$ 13,200,000	\$ 5,265,000	\$ (5,720,000)	\$ 12,745,000	\$ 410,000
Less deferred amounts					
For issuance premiums (disc)	107,767	82,662	(10,677)	179,752	17,107
Total bonds payable	\$ 13,307,767	5,347,662	(5,730,677)	12,924,752	427,107
Capital leases	37,612	85,768	(48,621)	74,759	22,950
Government loans	1,300,000		(100,000)	1,200,000	100,000
Compensated absences	380,612	218,444	(197,527)	401,529	10,038
Net OPEB Obligation	160,104	41,248		201,352	
long-term liabilities	\$ 15,186,095	\$ 5,693,122	\$ (6,076,825)	14,802,392	\$ 560,095
<b>Business-type activities</b>					
Bonds/notes payable	-	-	-	-	
Business-type activity	14,558,566	4,645,822	(1,087,284)	18,117,104	7,291,286
Compensated absences	161,853	102,797	(72,670)	191,980	4,800
long-term liabilities	\$ 14,720,419	\$ 4,748,619	\$ (1,159,954)	\$ 18,309,084	\$ 7,296,086

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The City's legal limit of indebtedness is 1 ½% of assessed property value without a vote of the taxpayers and 2½% with a vote of the taxpayers. At December 31, 2011, the remaining non-voted and total remaining capacity was \$6,092,031 and \$18,650,052 respectively. In addition to the 2 ½% general limitations, voted indebtedness for water and sewers in the sum of 2 ½% and an additional voted indebtedness for parks and open spaces in the sum of 2½% may be approved by voters. The available unused debt capacity for all uses totals \$81,440,156.

**NOTE V. OTHER DISCLOSURES**

**A. RISK MANAGEMENT**

The City of Battle Ground 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 129 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. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sub-limits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage coverage are self-funded from the members' deductible to \$500,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance. The following deductible apply:

Earthquake- 2% of values involved subject to \$100,000 minimum per occurrence.

Flood- \$250,000 per occurrence except: 3% of values involved subject to a minimum of \$500,000 per occurrence within flood zones A/V and within one mile of the Green River

All Other Perils- \$5,000

Auto- \$1,000

Equipment Breakdown- \$10,000 combined all coverage except:

\$25 per KW Turbine Generator Units with a \$50,000 minimum

\$25 per KP Motors, Pumps, and Deep Well Pump Units subject to \$10,000 minimum

\$2.50PER KVA Transformers subject to \$10,000 minimum

\$25 per HP A/C and Refrigeration Systems subject to \$10,000 minimum

\$25 per HP Internal Combustion Engines and Generators>500 HP subject to \$10,000 minimum

Crime/Fidelity Program-\$10,000

# CITY OF BATTLE GROUND

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In-house services include risk management consultation, loss control field services, claims and litigation administration and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage 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 and 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. These revenues directly offset portions of the membership's annual assessment.

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.

There were no insurance settlements that exceeded insurance coverage in any of the past three years.

#### ***B. PROPERTY TAXES***

The County Treasurer bills and collects all property taxes and remits the city's share daily. Property taxes are recognized when levied, and measurable and available to finance expenditures of the current period. Property taxes not available to finance the current period are disclosed as deferred revenue on the balance sheet.

A city is permitted by law to levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services. This amount may be reduced for any of the following reasons:

- The Washington State Constitution limits the total regular property taxes to one percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until total is at or below the one percent limit.
- Washington State Law in RCW 84.55.010 limits the growth of regular property taxes to one percent per year or by the Implicit Price Deflator per year (whichever is lower), after adjustments for new construction. If the assessed valuation increases by more than one percent due to revaluation, the levy rate will decrease.
- The city may voluntarily levy taxes below the legal limit.

Property tax is recorded as a receivable and revenue when levied. No allowance is recorded for uncollectible tax is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principal and delinquent taxes are evaluated annually.

The City's regular levy for 2011 was \$1.91596 per \$1,000 on an assessed valuation of \$1,265,186,616 for a total regular levy of \$2,428,816.

Special levies approved by the voters are not subject to the limitations listed above. In 2011, there was no outstanding voter approved bonds, therefore there was no additional levy.

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**C. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

Substantially all City of Battle Ground 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 Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380 or it may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov). The following disclosures are made pursuant to GASB Statement 27, *Accounting for Pensions by State and Local Government Employers and No. 50, Pension Disclosures, an Amendment of GASB Statements No.25 and No. 27*.

*PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) PLANS 1, 2 AND 3*

Plan Description:

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees (not participating in national higher education retirement programs); judges of district and municipal courts; and employees of local governments. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2% of the average final compensation (AFC) per year of service. (The AFC is the monthly average of the 24 consecutive highest-paid service credit months.) The retirement benefit may not exceed 60% of AFC. The monthly benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost-of living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount.

# CITY OF BATTLE GROUND

## Notes To Financial Statements

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This benefit was eliminated by the Legislature effective July 1, 2011. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3% annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity payable to the age of 60. The allowance amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is 2% of the AFC for each year of service reduced by 2% for each year that the member's age is less than 55. The total benefit is limited to 60% of the AFC and is actuarially reduced to reflect the choice of survivor option. A cost-of living allowance is granted at age 66 based upon years of service times the COLA amount. This benefit was eliminated by the Legislature, effective July 1, 2011. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3% annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2% of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

PERS Plan 2 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 reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 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 3% for each year before age 65.

- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3% annually.

The surviving spouse or eligible child or children of a PERS Plan 2 member who dies after leaving eligible employment having earned ten years of service credit may request a refund of the member's accumulated contributions. .

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a monthly benefit that is 1% of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years if twelve months of that service are earned after age 44; or after five service credit years earned in PERS plan 2 prior to June 1, 2003. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested plan 3 members are eligible for normal retirement at age 65 or, they may retire early with the following conditions and benefits.

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If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.

If they have 30 service credit years and are at least 55 years old, they have the choice of a benefit that is reduced by 3% for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.

PERS Plan 3 defined benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of survivor option. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2.

PERS Plan 3 defined contribution retirement benefits are solely dependent upon the results of investment activities.

The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Director of the Department of Retirement Systems.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is two percent of the AFC per year of service. For Plan 3, the monthly benefit amount is one percent of the AFC per year of service.

These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3% annually.

PERS Plan 2 and Plan 3 members may have up to ten years of interruptive military service credit, five years at no cost and five years that may be purchased by paying the required contributions. Effective July 24, 2005, a member who becomes totally incapacitated for continued employment while serving the uniformed services, or a surviving spouse or eligible children, may apply for interruptive military service credit. Additionally, PERS Plan 2 and Plan 3 members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS members may also purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's retirement benefit.

Beneficiaries of a PERS Plan 2 or Plan 3 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Department of Labor and Industries.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a PERS member who dies in the line of service as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of said member's covered employment., if found eligible by the Department of Labor and Industries.

There are 1,197 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2010:

Retirees and Beneficiaries Receiving Benefits	76,899
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	28,860
Active Plan Members Vested	105,521
Active Plan Members Non-vested	51,005
<b>Total</b>	<u><u>262,285</u></u>

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Funding Policy:

Each biennium, the State Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent, based on the member choice. Two of the options are graduated rates dependent on the employee's age.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payrolls, as of December 31, 2011, are as follows:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
Employer*	7.25%**	7.25%	7.25%****
Employee	6.00%***	4.64%	*****

\*The employer rates include the employer administrative expense fee currently set at .16%.

\*\*The employer rate for state elected officials is 10.80% for Plan 1, and 7.25% for Plan 2 and Plan 3.

\*\*\*Plan 3 defined benefit portion only.

\*\*\*\*The employee rate for state elected officials is 7.5% for Plan 1 and 4.64% for Plan 2.

\*\*\*\*\*Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

The City and the employees made the required contributions. The city's required contributions for the years ending December 31 were as follows:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
2011	\$-0-	\$159,546	\$45,578
2010	\$-0-	\$140,964	\$36,701
2009	\$-0-	\$183,961	\$48,589

# CITY OF BATTLE GROUND

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#### *LAW ENFORCEMENT OFFICERS' AND FIREFIGHTERS' (LEOFF) PLANS 1 AND 2*

Plan Description:

The Legislature established LEOFF in 1970. Membership in the system includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters and, as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception. LEOFF retirement benefit provisions are established in Chapter 41.26 RCW and may be amended only by the State Legislature.

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members.

LEOFF defined benefit retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through legislative appropriations.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service is calculated as a percent of final average salary (FAS) is as follows:

<u>Term of Service</u>	<u>Percent of Final Average</u>
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last 10 years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 1 provides death and disability benefits. Death benefits for survivors of Plan 1 members on active duty consist of the following: (1) If eligible spouse, 50% of the FAS, Plus 5% of FAS for each eligible surviving child, with a limitation on the combined allowances of 60% of the FAS; or (2) If no eligible spouse, eligible children receive 30% of FAS for the first child plus 10% for each additional child, subject to a 60% limitation of FAS, divided equally.

A one-time duty-related death benefit is provided to the estate (or duly designed nominee) of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, if found eligible by the Department of Labor and Industries.

The LEOFF Plan 1 disability allowance is 50% of the FAS plus 5% for each child up to a maximum of 60%. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability allowance or service retirement allowance.

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LEOFF Plan 1 members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's allowance.

LEOFF Plan 2 members are vested after the completion five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at 53 with five years of service, with an allowance of two percent of the FAS per year of service. (FAS is based on the highest consecutive 60 months). Plan 2 members who retire prior to the age of 53 receive reduced benefits. Benefits are actuarially reduced for each year that the benefit commences prior to the age of 53 and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. A Cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is two percent of the FAS for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 53, unless the disability is duty related, and to reflect the choice of a survivor option. 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. A catastrophic disability benefit equal to 70% of their FAS, subject to offsets for workers' compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are severely disabled in the line of duty and incapable of future substantial gainful employment in any capacity.

Effective June 2010, benefits to LEOFF Plan 2 members who are catastrophically disabled include payment of eligible health care insurance premiums.

Members of LEOFF Plan 2 who leave service because of a line of duty disability are allowed to withdraw 150% of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line of duty disability may be eligible to receive a retirement allowance of at least 10% of the FAS and 2% per year of service beyond five years. The first 10% of the FAS is not subject to federal income tax.

LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption.

LEOFF Plan 2 members who apply for retirement may purchase up to five years of additional service credit. The cost of this credit is the actuarial equivalent of the resulting increase in the member's benefit.

LEOFF Plan 2 members can purchase service credit for military service that interrupts employment. Additionally, LEOFF Plan 2 members who become totally incapacitated for continued employment while servicing in the uniformed services may apply for interruptive military service credit. Should any such member die during this active duty, the member's surviving spouse or eligible child(ren) may purchase service credit on behalf of the deceased member.

LEOFF Plan 2 members may also purchase up to 24 consecutive months of service credit for each period of temporary duty disability.

Beneficiaries of a LEOFF Plan 2 member who is killed in the course of employment receive retirement benefits without actuarial reduction, if found eligible by the Director of the Department of Labor and Industries.

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Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of on-going health care insurance premiums paid to the Washington state Health Care Authority.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, if found eligible by the Department of Labor and Industries.

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2010.

Retirees and Beneficiaries Receiving Benefits	9,647
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	782
Active Plan Members Vested	13,420
Active Plan Members Nonvested	3,656
Total	27,505

Funding Policy:

Starting on July 1, 2000, LEOFF Plan 1 employers and employees will contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The Legislature, by means of a special funding arrangement, appropriated 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 requirements of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute.

The required contribution rates expressed as a percentage of current-year covered payrolls as of December 31, 2011, are as follows:

	<u>LEOFF Plan 1</u>	<u>LEOFF Plan 2</u>
Employer*	.16%	5.24%**
Employee	0.00%	8.46%
State	N/A	3.38%

\*The employer rates include the employer administrative expense fee currently set at 0.16%.

\*\*The employer rate for ports and universities is 8.62%.

The city and the employees made the required contributions. The city's required contributions for the years ending December 31 were as follows:

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	<u>LEOFF Plan 1</u>	<u>LEOFF Plan 2</u>
2011	\$-0-	\$102,456
2010	\$-0-	\$106,577
2009	\$-0-	\$114,877

**D. POSTEMPLOYMENT BENEFITS**

In addition to the pension benefits described, the City of Battle Ground is a member of the Association of Washington Cities *AWC Postemployment Benefit Plans Other Than Pension Plans (OPEB) plan*. The AWC plan defined in GASB 43 and GASB 45 as a cost-sharing multiple-employer plan is a single plan with pooling (cost-sharing) arrangements for participating employers. and is administered by a trust or equivalent arrangement in which an employer contributions to the trust are irrevocable; plan assets are dedicate to providing OPEB to retirees and their beneficiaries in accordance with the terms of the plan, and plan assets are legally protected from creditors of the employers or plan administrator. Amendments to the plan may be made by the Trust Board of Trustees. In 2011, there were 123,997 total active members. 11,863 from political subdivisions are enrolled in AWC Employee Benefit Trust Membership. All the risks, rewards, and costs, including benefit costs, are shared and are not attributed individually to the employers. A single actuarial valuation covers all plan members, and the same contribution rates(s) apply to each employer. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available *Actuarial Valuation of Post-Employment Benefits Other than Pensions, a single actuarial valuation for all plan members in compliance with GASB 43 and GASB 45..* This report may be obtained by writing to: Department of Retirement Systems, Employee Benefits Program, Association of Washington Cities, 1076 Franklin St. SE, Olympia, WA 98501-1346.

Police LEOFF 2 retirees and General Class PERS 1, 2, and 3 retirees are eligible to participate if eligibility requirements are met.

GASB reporting standards are required for Postemployment Benefit Plans Other than Pension Plans, or OPEB (Statement No. 43). The AWC has chosen to adopt the reporting standards. All costs, liabilities, rates of interest, and other factors have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account experience and reasonable expectations); and which, in combinations, offer the best estimate of anticipated experience.

Public safety officers retired under LEOFF plan 1 receive health insurance benefits paid for by the City. These benefits are provided by the city in order to meet state statutory requirements under the LEOFF 1 system whereby the city will pay for their medical premiums for life. Under the LEOFF 1 Healthcare Reimbursements, the plan member has no required contributions. Amendments to the plan may be made through State statute.

We have used the alternative measurement for the purpose of determining the actuarial accrued liability. Termination and mortality rates were assumed to follow the LEOFF 1 termination and mortality rates used in the June 30, 2009 actuarial valuation report issued by the Office of the State Actuary (OSA). Healthcare costs and trends were determined by Milliman and used by OSA in the state-wide LEOFF1 medical study performed in 2009. The results were based on grouped data with 4 active groupings and 4 inactive

**CITY OF BATTLE GROUND**  
**Notes To Financial Statements**  
**December 31, 2011**

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groupings. The actuarial cost method used to determine the actuarial accrued liability was Projected Unit Credit. These assumptions are individually and collectively reasonable for the purposes of this valuation.

There are no LEOFF 1 employees currently working at the city. In the year ended December 31, 2011, three retired officers received medical insurance at a cost to the City of \$54,013. The payment for insurance is made from a combination of current budget funding authority and from a reserve within the General Fund. The City has established the LEOFF Medical reserve to help mitigate the impact of this liability. The LEOFF I Medical reserve within the General Fund, as of December 31, 2011 was \$104,809. The City was required to contribute \$54,013 in the 2011 year. The City made the full required annual contribution. This \$54,013 differs from the Annual Required Contribution (ARC) because the plan is financed on a pay-as-you-go basis. The ARC is the amount that, if contributed yearly, would fully fund the health subsidies by the end of the 15 year amortization. The ARC is made up of the normal yearly cost plus the amortization of the current unfunded actuarial accrued liability. The actuarial accrued liability recognized on the government wide statement of net position, governmental activities is \$201,352.

The City's annual OPEB cost, the annual OPEB contributed, and the percentage of annual OPEB cost contributed to the plan at year ended is as follows:

Fiscal Year Ended	Annual OPEB Costs	Annual OPEB Cost Contributed	Percentage Annual OPEB Cost Contributed
2011	\$ 54,013	\$ 54,013	100%
2010	48,463	48,463	100%
2009	45,219	45,219	100%

**E. IMPACT FEE/SERVICE DEVELOPMENT CHARGE CREDITS**

The City of Battle Ground, in order to ensure that adequate facilities are available to serve new growth, levies impact fees on developers as a condition of issuance of a building permit or development approval. In addition, the developer may be entitled to a "credit" against the applicable impact fee component for the proportional fair market value of appropriate dedications of land, improvement or new construction of system improvements provided by the developer. In the event that the amount of the "credit" is calculated to be greater than the amount of the impact fee due, the developer may apply the excess "credit" toward impact fees assessed on other developments within the same service area. In 2011 no developer credits were issued. The amount of credits applied toward impact fees in 2011, was: Traffic Impact Fee (TIF) \$74,030, Parks Impact Fee (PIF) \$125,147 and Water Fund \$60,918. As of December 31, 2011, the credits that may be applied against future impact fees are: TIF \$83,459, PIF \$7,770, Water \$44,122.

**F. CONTINGENCIES AND LITIGATIONS**

The City has recorded in its financial statements all material liabilities based on available information. In the opinion of management, the City'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

**CITY OF BATTLE GROUND**  
**Notes To Financial Statements**  
**December 31, 2011**

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agencies for expenditures disallowed under the terms of the grants. The City management believes that such disallowances, if any, will be immaterial.

**G. ACCOUNTING AND REPORTING CHANGES**

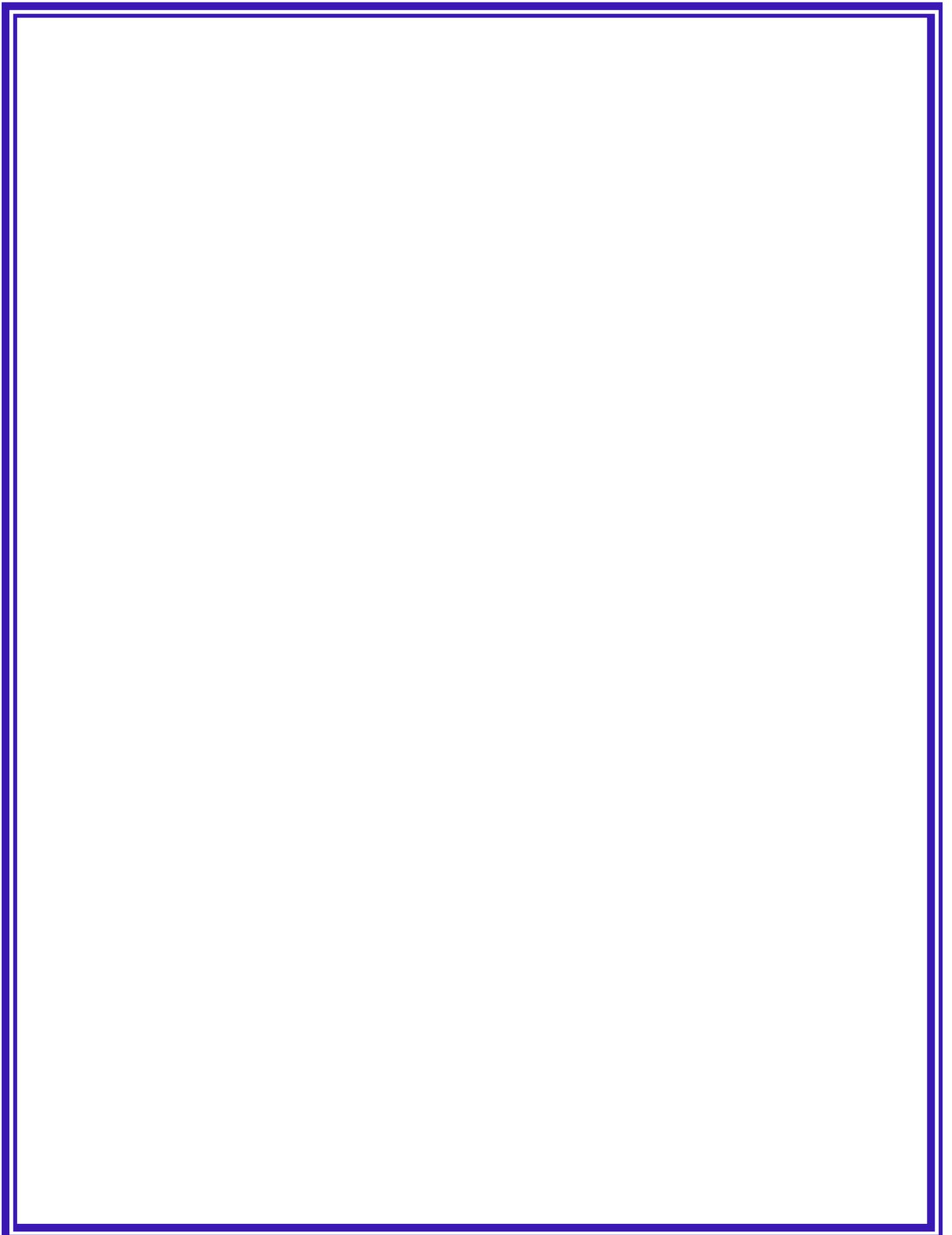
The City implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions during the year ended December 31, 2011. This objective of this statement is to improve the usefulness and understandability of governmental fund balance information. It provides more clearly defined categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. It also clarifies the existing governmental fund type definitions to improve the comparability of governmental fund financial statements and help financial statement users better understand the purposes for which governments have chosen to use particular funds for financial reporting. The City replaced the reserved and unreserved fund balance classifications with non-spendable, reserved, committed, assigned and unassigned within the equity section of the Governmental Funds Balance Sheet.

The City removed the note disclosure regarding following pre-November 30, 1989 private sector accounting. This was done because it early implemented GASB 62, Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. With this statement, the Governmental Accounting Standards Board included former FASB guidance that relates to governmental entities into its own standards, making the note-disclosure unnecessary.

The City implemented GASB Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position at December 31, 2011. This statement replaced the term *net assets* in the Proprietary Fund Financial Statements and the Government Wide Financial Statements with *net position*. The Statement of Net Assets was replaced with the Statement of Net Position. It also introduced deferred outflows and inflows as a separate category on the Statement of Net Position. At December 31m 2011 the City had no deferred outflows or deferred inflows.



**REQUIRED SUPPLEMENTARY  
INFORMATION**



**Required Supplementary Information  
Other Post Employment Benefits Schedule of Funding Progress  
For the City of Battle Ground  
Year Ended December 31, 2011**

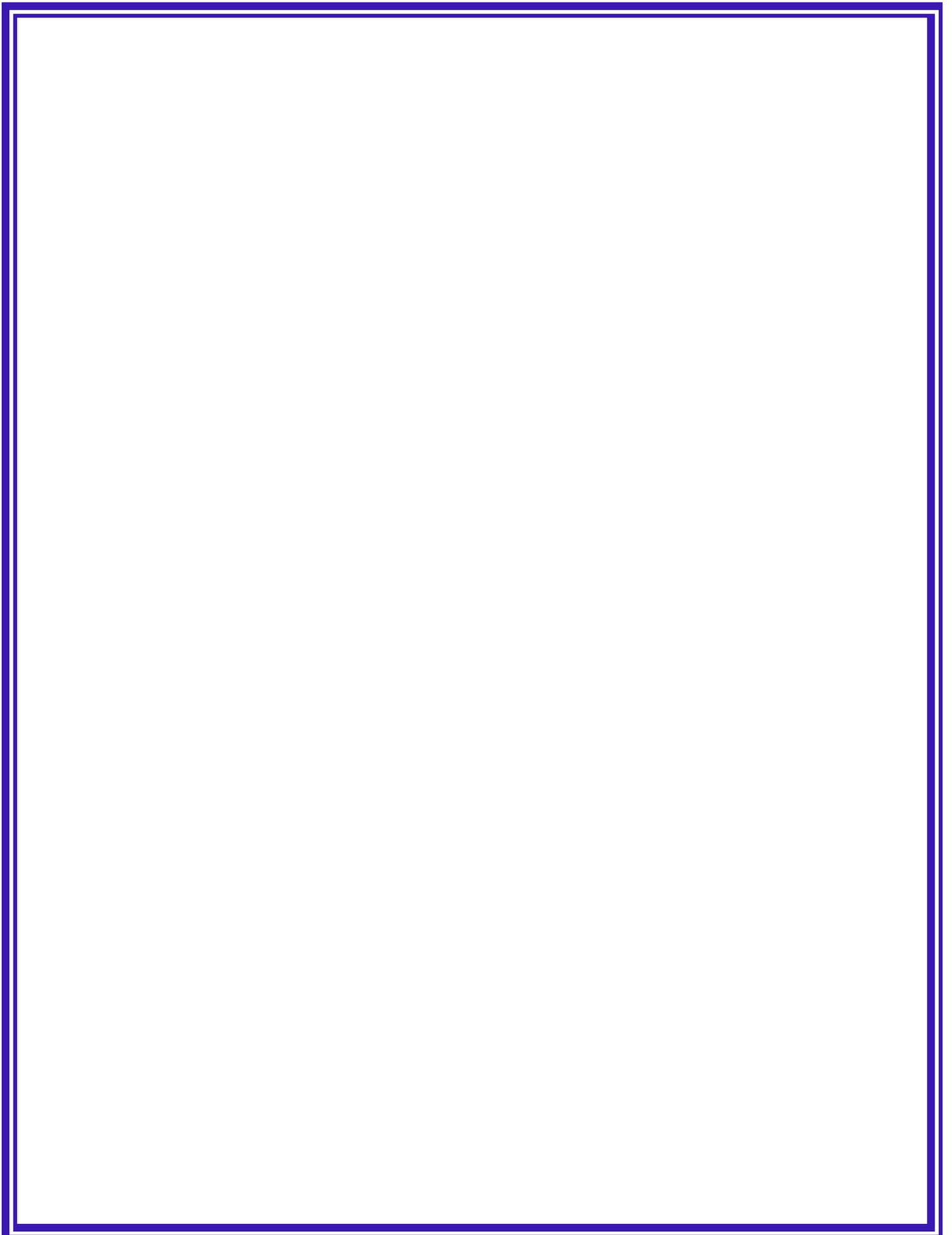
**LEOFF 1 Retiree Healthcare Plan**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability AAL Entry Age (b)</b>	<b>(UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
12/31/2011	0	\$ 1,110,392	1,110,392	0	n/a	n/a
12/31/2010	0	1,021,164	1,021,164	0	n/a	n/a
12/31/2009	0	1,093,664	1,093,664	0	n/a	n/a

Note 2: We used the alternative measurement used for valuation method permitted under GASB Statement No. 45. Retirement, disablement, termination, and mortality rates were assumed to follow the LEOFF 1 rates used in the June 30, 2009 actuarial valuation report issued by the Office of the State Actuary (OSA). Healthcare costs and trends were determined by Milliman and used by OSA in the state-wide LEOFF 1 medical study performed in 2011. The results were based on grouped data with 3 active groupings and 4 inactive groupings. The actuarial cost method used to determine the AAL was projected Unit Credit. The AAL and NOO are amortized on an open basis as a level dollar over 15 years. The assumptions are individually and collectively reasonable for the purposes of this valuation.



# **COMBINING FUND STATEMENTS**



## General Fund

The General Fund is the City's primary operating fund. All public monies and revenues coming into the city not specifically authorized by statute to be placed in a special fund constitute the General Fund

There are several funds that have been created by City Ordinance which for reporting purposes are considered a part of the General Fund. These are accounted for as individual funds for accounting purposes but are included in the General Fund for the annual financial reporting purpose. The following lists are those funds.

**LEOFF I Medical Reserve Fund** – accounts for funds that are being set aside to pay for special medical benefits that the State grants to law enforcement officers in the Law Enforcement Officers' and Fire Fighters' Retirement System one plans (LEOFF I) which currently are required to be paid for by the City.

**Service Stabilization Reserve Fund** – accounts for funds that are transferred from the general fund to act as a reserve to draw upon in years where there may not be adequate revenues in the general fund to provide a continuing level of service.

**Parks and Recreation Fund**---accounts for revenue from grants, program fees, rentals, leases and maintenance. This fund accounts for park and open space activities as well as recreation programming that the City Council wants to review separately from other activities.

**Insurance Reserve Fund**---is to serve as a reserve for funds for future insurance claims. This reserve is funded by refunds from the Labor and Industries Retro Program and by other insurance distributions.



**CITY OF BATTLE GROUND**  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended December 31, 2011

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original Budget	Final Budget		
<b>Revenues:</b>				
Property Taxes	\$ 2,481,123	\$ 2,481,123	\$ 2,428,374	\$ (52,749)
Sales and Use Taxes	1,952,860	2,146,000	1,807,821	(338,179)
Other Taxes	2,831,612	2,638,472	2,397,926	(240,546)
License and Permits	432,541	432,541	222,229	(210,312)
Intergovernmental	562,152	622,501	505,438	(117,063)
Charges for Services	193,910	308,244	178,042	(130,202)
Fines and Forfeits	350,366	350,366	280,958	(69,408)
Interest Earnings	19,602	19,602	18,725	(877)
Rents and Royalties	181,563	181,563	163,049	(18,514)
Contributions/Donations	-	1,500	1,750	250
Miscellaneous	83,332	83,332	26,008	(57,324)
Total Revenues	<u>9,089,061</u>	<u>9,265,244</u>	<u>8,030,320</u>	<u>(1,234,924)</u>
<b>Expenditures:</b>				
<b>Current</b>				
General Government	1,929,189	1,875,612	1,658,126	217,486
Judicial	497,108	497,108	489,005	8,103
Security/Persons and Property	4,117,535	4,119,843	3,825,485	294,358
Physical Environment	1,384,395	1,410,345	1,412,061	(1,716)
Economic Environment	616,716	616,716	604,940	11,776
Culture and Recreation	-	-	-	-
Capitalized Expenditures	-	-	85,768	(85,768)
<b>Debt Service</b>				
Principal Retirement	-	48,196	48,621	(425)
Interest/Fiscal Charges	-	3,973	4,201	(228)
Total Expenditures	<u>8,544,943</u>	<u>8,571,793</u>	<u>8,128,207</u>	<u>443,586</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	544,118	693,451	(97,887)	(791,338)
<b>Other Financing Sources (Uses):</b>				
Capital Related Debt Issued	-	-	85,768	85,768
Sale of Capital Assets	9,000	9,000	-	(9,000)
Transfers In	840,359	850,359	850,359	-
Transfers Out	(1,408,587)	(1,439,027)	(1,311,931)	127,096
Total Other Financing Sources and Uses	<u>(559,228)</u>	<u>(579,668)</u>	<u>(375,804)</u>	<u>203,864</u>
Net Change in Fund Balance	(15,110)	113,783	(473,691)	(587,474)
Fund Balances at Beginning of Year	1,782,340	1,782,340	1,686,312	(96,028)
Fund Balances at End of Year	<u>\$ 1,767,230</u>	<u>\$ 1,896,123</u>	<u>\$ 1,212,621</u>	<u>\$ (683,502)</u>
<b>Adjustment to generally accepted accounting principles (GAAP) basis:</b>				
Parks Fund budgeted as separate fund			\$ 88,218	
Insurance Reserve Fund budgeted as separate fund			\$ 12,702	
LEOFF I Reserve Fund budgeted as separate fund			\$ 104,809	
Service Stabilization Fund budgeted as separate fund			\$ 836,927	
Fund Balance GAAP basis:			<u>\$ 2,255,277</u>	

**CITY OF BATTLE GROUND**  
Combining Balance Sheet  
General Fund  
December 31, 2011

	General Fund					Total General Fund for reporting purposes
	General Fund	Parks Fund	Insurance Reserve Fund	LEOFF 1 Medical Reserve Fund	Economic Stabilization Reserve Fund	
<b>Assets:</b>						
Cash and Cash Equivalents	\$ 501,919	\$ 38,323	\$ 4,192	\$ 34,689	\$ 276,525	\$ 855,648
Investments	1,012,290	76,484	8,477	70,147	559,171	1,726,569
Property Taxes Receivables	157,001		-	-		157,001
Utility Tax Receivable	85,626		-	-		85,626
Accounts Receivable	125,854		-	-		125,854
Interest Receivable	2,196	183	33	153	1,231	3,796
Municipal Court Receivable	261,009		-	-		261,009
Inventories & Prepayments	7,805	263	-	-		8,068
Total Assets	<u>2,153,700</u>	<u>115,253</u>	<u>12,702</u>	<u>104,989</u>	<u>836,927</u>	<u>3,223,571</u>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts Payable	299,802	9,710	-	180	-	309,692
Other Accrued Liabilities	216,369	17,325	-	-	-	233,694
Custodial Deposits	6,898		-	-	-	6,898
Deferred Revenue	418,010	-	-	-	-	418,010
Total Liabilities	<u>941,079</u>	<u>27,035</u>	<u>-</u>	<u>180</u>	<u>-</u>	<u>968,294</u>
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Deposits						-
Prepaid	7,805					7,805
<b>Restricted for:</b>						
Capital Projects						-
Economic Environment						-
Drug Investigation						-
Tourist Promotion						-
<b>Committed to:</b>						
Economic Stabilization	-	-	-	-	836,927	836,927
<b>Assigned to:</b>						
LEOFF 1	-			97,174	-	97,174
Parks		88,218				88,218
Insurance Reserve			12,702			12,702
Appr fund bal-for future budget deficit	264,052			7,635		271,687
Unassigned	940,764	-	-	-	-	940,764
Total Fund Balances	<u>1,212,621</u>	<u>88,218</u>	<u>12,702</u>	<u>104,809</u>	<u>836,927</u>	<u>2,255,277</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,153,700</u>	<u>\$ 115,253</u>	<u>\$ 12,702</u>	<u>\$ 104,989</u>	<u>\$ 836,927</u>	<u>\$ 3,223,571</u>

**CITY OF BATTLE GROUND**  
Combining Balance Sheet  
General Fund  
December 31, 2011

	General Fund					Total General Fund for reporting purposes
	General Fund	Parks Fund	Insurance Reserve Fund	LEOFF 1 Medical Reserve Fund	Economic Stabilization Reserve Fund	
<b>Assets:</b>						
Cash and Cash Equivalents	\$ 501,919	\$ 38,323	\$ 4,192	\$ 34,689	\$ 276,525	\$ 855,648
Investments	1,012,290	76,484	8,477	70,147	559,171	1,726,569
Property Taxes Receivables	157,001		-	-		157,001
Utility Tax Receivable	85,626		-	-		85,626
Accounts Receivable	125,854		-	-		125,854
Interest Receivable	2,196	183	33	153	1,231	3,796
Municipal Court Receivable	261,009		-	-		261,009
Inventories & Prepayments	7,805	263	-	-		8,068
Total Assets	<u>2,153,700</u>	<u>115,253</u>	<u>12,702</u>	<u>104,989</u>	<u>836,927</u>	<u>3,223,571</u>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts Payable	299,802	9,710	-	180	-	309,692
Other Accrued Liabilities	216,369	17,325	-	-	-	233,694
Custodial Deposits	6,898		-	-	-	6,898
Deferred Revenue	418,010	-	-	-	-	418,010
Total Liabilities	<u>941,079</u>	<u>27,035</u>	<u>-</u>	<u>180</u>	<u>-</u>	<u>968,294</u>
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Deposits						-
Prepaid	7,805					7,805
<b>Restricted for:</b>						
Capital Projects						-
Economic Environment						-
Drug Investigation						-
Tourist Promotion						-
<b>Committed to:</b>						
Economic Stabilization	-	-	-	-	836,927	836,927
<b>Assigned to:</b>						
LEOFF 1	-			97,174	-	97,174
Parks		88,218				88,218
Insurance Reserve			12,702			12,702
Appr fund bal-for future budget deficit	264,052			7,635		271,687
Unassigned	940,764	-	-	-	-	940,764
Total Fund Balances	<u>1,212,621</u>	<u>88,218</u>	<u>12,702</u>	<u>104,809</u>	<u>836,927</u>	<u>2,255,277</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,153,700</u>	<u>\$ 115,253</u>	<u>\$ 12,702</u>	<u>\$ 104,989</u>	<u>\$ 836,927</u>	<u>\$ 3,223,571</u>

**CITY OF BATTLE GROUND**

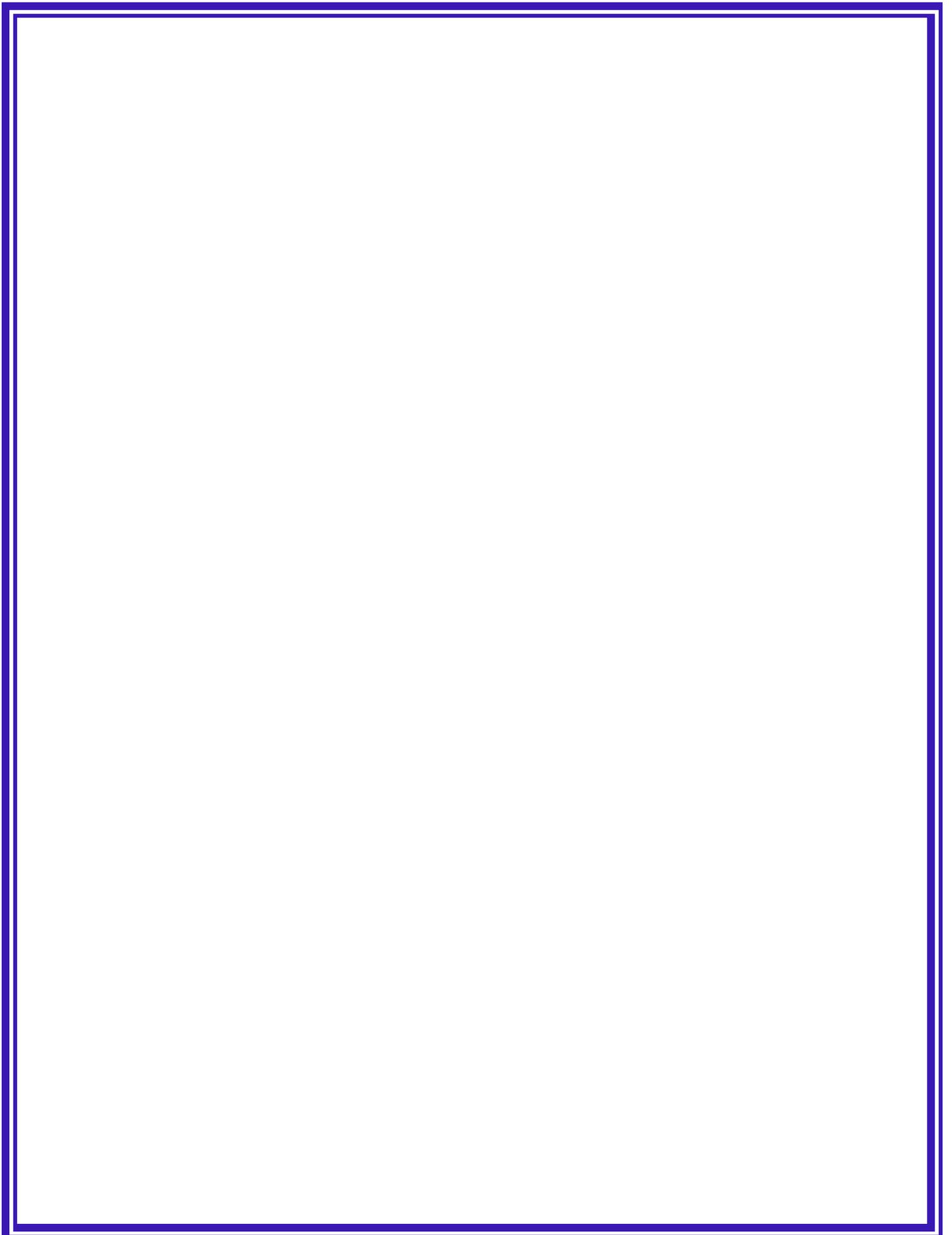
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Compared to Budget (GAAP Basis) and Actual  
For the Fiscal Year Ended December 31, 2011

	General Fund				Parks Fund				Insurance Reserve Fund			
	Original Budget	Final Budget	Actual Amount	Variance with Final Budget	Original Budget	Final Budget	Actual Amount	Variance with Final Budget	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
<b>Revenues:</b>												
Property Taxes	\$ 2,481,123	\$ 2,481,123	\$ 2,428,374	\$ (52,749)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and Use Taxes	1,952,860	2,146,000	1,807,821	(338,179)	-	-	-	-	-	-	-	-
Other Taxes	2,831,612	2,638,472	2,397,926	(240,546)	-	-	-	-	-	-	-	-
License and Permits	432,541	432,541	222,229	(210,312)	-	-	-	-	-	-	-	-
Intergovernmental	562,152	622,501	505,438	(117,063)	20,000	20,000	12,438	(7,562)	-	-	-	-
Charges for Services	193,910	308,244	178,042	(130,202)	2,500	2,500	2,133	(367)	-	-	-	-
Fines and Forfeits	350,366	350,366	280,958	(69,408)	-	-	-	-	-	-	-	-
Interest Earnings	19,602	19,602	18,725	(877)	2,942	2,942	4,778	1,836	175	175	302	127
Rents and Royalties	181,563	181,563	163,049	(18,514)	119,167	119,167	120,217	1,050	-	-	-	-
Contributions/Donations	-	1,500	1,750	250	4,000	4,000	7,842	3,842	-	-	-	-
Miscellaneous	83,332	83,332	26,008	(57,324)	-	-	1,859	1,859	3,094	3,094	12,617	9,523
<b>Total Revenues</b>	<b>9,089,061</b>	<b>9,265,244</b>	<b>8,030,320</b>	<b>(1,234,924)</b>	<b>148,609</b>	<b>148,609</b>	<b>149,267</b>	<b>658</b>	<b>3,269</b>	<b>3,269</b>	<b>12,919</b>	<b>9,650</b>
<b>Expenditures:</b>												
<b>Current:</b>												
General Government	1,929,189	1,875,612	1,658,126	217,486	-	-	-	-	-	-	-	-
Judicial	497,108	497,108	489,005	8,103	-	-	-	-	-	-	-	-
Security/Persons and Property	4,117,535	4,119,843	3,825,485	294,358	-	-	-	-	-	-	-	-
Physical Environment	1,384,395	1,410,345	1,412,061	(1,716)	-	-	-	-	-	-	-	-
Economic Environment	616,716	616,716	604,940	11,776	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	624,309	632,931	472,690	160,241	-	-	-	-
Capitalized Expenditures	-	-	85,768	(85,768)	-	-	-	-	-	-	-	-
<b>Debt service:</b>												
Principal Retirement	-	48,196	48,621	(425)	-	-	-	-	-	-	-	-
Interest/Fiscal Charges	-	3,973	4,201	(228)	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>8,544,943</b>	<b>8,571,793</b>	<b>8,128,207</b>	<b>443,586</b>	<b>624,309</b>	<b>632,931</b>	<b>472,690</b>	<b>160,241</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues</b>												
Over (under) Expenditures	544,118	693,451	(97,887)	(791,338)	(475,700)	(484,322)	(323,423)	160,899	3,269	3,269	12,919	9,650
<b>Other Financing Sources (Uses):</b>												
Capital Related Debt Issued	-	-	85,768	85,768	-	-	-	-	-	-	-	-
Sale of Capital Assets	9,000	9,000	-	(9,000)	-	-	-	-	-	-	-	-
Transfers In	840,359	850,359	850,359	-	496,112	496,112	403,427	(92,685)	-	-	-	-
Transfers Out	(1,408,587)	(1,439,027)	(1,311,931)	127,096	(295,837)	(295,837)	(295,837)	-	(10,000)	(10,000)	(10,000)	-
<b>Total Other Financing Sources and Uses</b>	<b>(559,228)</b>	<b>(579,668)</b>	<b>(375,804)</b>	<b>203,864</b>	<b>200,275</b>	<b>200,275</b>	<b>107,590</b>	<b>(92,685)</b>	<b>-</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(15,110)</b>	<b>113,783</b>	<b>(473,691)</b>	<b>(587,474)</b>	<b>(275,425)</b>	<b>(284,047)</b>	<b>(215,833)</b>	<b>68,214</b>	<b>3,269</b>	<b>(6,731)</b>	<b>2,919</b>	<b>9,650</b>
<b>Fund Balances at Beginning of Year</b>	<b>1,782,340</b>	<b>1,782,340</b>	<b>1,686,312</b>	<b>(96,028)</b>	<b>371,178</b>	<b>371,178</b>	<b>304,051</b>	<b>(67,127)</b>	<b>26,029</b>	<b>26,029</b>	<b>9,783</b>	<b>(16,246)</b>
<b>Fund Balances at End of Year</b>	<b>\$ 1,767,230</b>	<b>\$ 1,896,123</b>	<b>\$ 1,212,621</b>	<b>\$ (683,502)</b>	<b>\$ 95,753</b>	<b>\$ 87,131</b>	<b>\$ 88,218</b>	<b>\$ 1,087</b>	<b>\$ 29,298</b>	<b>\$ 19,298</b>	<b>\$ 12,702</b>	<b>\$ (6,596)</b>

LEOFF I Medical Reserve Fund				Service Stabilization Reserve				Total Reporting Budget to Actual General Fund			
Original Budget	Final Budget	Actual Amount	Variance with Final Budget	Original Budget	Final Budget	Actual Amount	Variance with Final Budget	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
-	-	-	-	-	-	-	-	2,481,123	2,481,123	2,428,374	(52,749)
-	-	-	-	-	-	-	-	1,952,860	2,146,000	1,807,821	(338,179)
-	-	-	-	-	-	-	-	2,831,612	2,638,472	2,397,926	(240,546)
-	-	-	-	-	-	-	-	432,541	432,541	222,229	(210,312)
-	-	-	-	-	-	-	-	582,152	642,501	517,876	(124,625)
-	-	-	-	-	-	-	-	196,410	310,744	180,175	(130,569)
-	-	-	-	-	-	-	-	350,366	350,366	280,958	(69,408)
1,141	1,141	1,609	468	8,733	8,733	11,459	2,726	32,593	32,593	36,873	4,280
-	-	-	-	-	-	-	-	300,730	300,730	283,266	(17,464)
-	-	-	-	-	-	-	-	4,000	5,500	9,592	4,092
-	-	-	-	-	-	-	-	86,426	86,426	40,484	(45,942)
<u>1,141</u>	<u>1,141</u>	<u>1,609</u>	<u>468</u>	<u>8,733</u>	<u>8,733</u>	<u>11,459</u>	<u>2,726</u>	<u>9,250,813</u>	<u>9,426,996</u>	<u>8,205,574</u>	<u>(1,221,422)</u>
50,000	54,016	54,014	2	-	-	-	-	1,979,189	1,929,628	1,712,140	217,488
-	-	-	-	-	-	-	-	497,108	497,108	489,005	8,103
-	-	-	-	-	-	-	-	4,117,535	4,119,843	3,825,485	294,358
-	-	-	-	-	-	-	-	1,384,395	1,410,345	1,412,061	(1,716)
-	-	-	-	-	-	-	-	616,716	616,716	604,940	11,776
-	-	-	-	-	-	-	-	624,309	632,931	472,690	160,241
-	-	-	-	-	-	-	-	-	-	85,768	(85,768)
-	-	-	-	-	-	-	-	-	48,196	48,621	(425)
-	-	-	-	-	-	-	-	-	3,973	4,201	(228)
<u>50,000</u>	<u>54,016</u>	<u>54,014</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,219,252</u>	<u>9,258,740</u>	<u>8,654,911</u>	<u>603,829</u>
(48,859)	(52,875)	(52,405)	470	8,733	8,733	11,459	2,726	31,561	168,256	(449,337)	(617,593)
-	-	-	-	-	-	-	-	-	-	85,768	85,768
-	-	-	-	-	-	-	-	9,000	9,000	-	(9,000)
16,224	16,224	16,224	-	-	-	-	-	1,352,695	1,362,695	1,270,010	(92,685)
-	-	-	-	-	-	-	-	(1,704,424)	(1,744,864)	(1,617,768)	127,096
<u>16,224</u>	<u>16,224</u>	<u>16,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(342,729)</u>	<u>(373,169)</u>	<u>(261,990)</u>	<u>111,179</u>
(32,635)	(36,651)	(36,181)	470	8,733	8,733	11,459	2,726	(311,168)	(204,913)	(711,327)	(506,414)
<u>137,489</u>	<u>137,489</u>	<u>140,990</u>	<u>3,501</u>	<u>775,338</u>	<u>775,338</u>	<u>825,468</u>	<u>50,130</u>	<u>3,092,374</u>	<u>3,092,374</u>	<u>2,966,604</u>	<u>(125,770)</u>
<u>\$ 104,854</u>	<u>\$ 100,838</u>	<u>\$ 104,809</u>	<u>\$ 3,971</u>	<u>\$ 784,071</u>	<u>\$ 784,071</u>	<u>\$ 836,927</u>	<u>\$ 52,856</u>	<u>\$ 2,781,206</u>	<u>\$ 2,887,461</u>	<u>\$ 2,255,277</u>	<u>\$ (632,184)</u>



# **NONMAJOR GOVERNMENTAL FUNDS**



## **Debt Service Funds**

**The Debt Service Fund** is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources, special assessment bond principal and interest from special assessment levies, and other debt when the government is obligated in some manner for the payments.

## **Capital Projects Funds**

**Capital Project Fund** provide for the accounting of expenses related to the construction of governmental capital projects. These funds track major acquisitions or construction of facilities and equipment.

## **Special Revenue Funds**

**The Special Revenue Funds** are used to account for revenues that are legally restricted to expenditures for particular purposes.

**Street Fund** – accounts for revenue from State motor vehicle fuel taxes and expenditures for street construction, maintenance and repair.

**Transportation Impact Fee Fund** – accounts for traffic impact fees that are assessed and collected at the time of development and are expended to build or expand capacity that is required as a result of development.

**Drug Investigation Reserve Fund** – accounts for funds that are restricted by state law for use in drug related policing activities.

**Lodging Tax Reserve Fund**-was established in 2007. It is funded by receipts for a 4% Hotel/Motel tax. Proceeds are to be used for promotion of tourism in the City.

**Park Impact Fee Fund** – accounts for revenue from the parks impact fees that are assessed and collected at the time of development and that are expended to build or expand park capacity that is required as a result of development.

**Real Estate Excise Tax Fund** – accounts for revenue from the real estate excise tax (REET) that is assessed on real property transactions within the City, which are used for the purchase of land and the development of parks.

**Fire Impact Fee Fund** – accounts for revenue from fire impact fees that are assessed and collected at the time of development and that are expended to build or expand physical facilities that are required as a result of development.

**CITY OF BATTLE GROUND**  
 Nonmajor Special Revenue Funds  
 Combining Balance Sheet  
 December 31, 2011

	Street Fund	Transportation Impact Fees	Drug Investigation Reserve
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 44,786	\$ 929,225	\$ 10,686
Investments	90,565	1,879,024	21,609
Accounts Receivable (net)	30,414	-	-
Interest Receivable	199	4,136	48
Total Assets	<u>165,964</u>	<u>2,812,385</u>	<u>32,343</u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts Payable	24,140		287
Other Accrued Liabilities	17,473	-	-
Total Liabilities	<u>41,613</u>	<u>-</u>	<u>287</u>
<b>Fund Balances:</b>			
Restricted for:			
Capital		2,642,690	
Drug Investigation			32,056
Tourist Promotion			
Assigned to:			
Street	124,351		
Appr fund bal-for furture budget deficit		169,695	
Total Fund Balances	<u>124,351</u>	<u>2,812,385</u>	<u>32,056</u>
Total Liabilities and Fund Balances	<u>\$ 165,964</u>	<u>\$ 2,812,385</u>	<u>\$ 32,343</u>

	<u>Lodging Tax Reserve</u>	<u>Park Impact Fee</u>	<u>Real Estate Excise Tax</u>	<u>Fire Impact Fee</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$	31,195	\$ 14,340	\$ 2,148	\$ 55,489	\$ 1,087,869
	63,080	28,997	4,343	112,206	2,199,824
		-	-	-	30,414
	139	64	10	247	4,843
	<u>94,414</u>	<u>43,401</u>	<u>6,501</u>	<u>167,942</u>	<u>3,322,950</u>
	-	-	-	-	24,427
	-	-	-	-	17,473
	-	-	-	-	41,900
		43,401	6,501	167,942	2,860,534
					32,056
	94,414				94,414
					124,351
					169,695
	<u>94,414</u>	<u>43,401</u>	<u>6,501</u>	<u>167,942</u>	<u>3,281,050</u>
\$	<u>94,414</u>	\$ <u>43,401</u>	\$ <u>6,501</u>	\$ <u>167,942</u>	\$ <u>3,322,950</u>

**CITY OF BATTLE GROUND**  
 Nonmajor Special Revenue Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balances  
 For the fiscal year ended December 31, 2011

	Street Fund	Transportation Impact Fees Fund	Drug Investigation Reserve
Revenues:			
Other Taxes	\$ -	\$ -	\$ -
Intergovernmental	415,277		14,712
Charges for Services	-	90,801	-
Interest Earnings	3,802	39,890	400
Miscellaneous	2,598	-	-
Total Revenues	<u>421,677</u>	<u>130,691</u>	<u>15,112</u>
Expenditures:			
Current:			
Security/Persons and Property			10,735
Transportation	701,400		-
Total Expenditures	<u>701,400</u>	<u>-</u>	<u>10,735</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(279,723)	130,691	4,377
Other Financing Sources (Uses)			
Transfers In	310,348		-
Transfers Out	(141,042)	(323,056)	-
Total Other Financing Sources (Uses)	<u>169,306</u>	<u>(323,056)</u>	<u>-</u>
Net Change in Fund Balances	(110,417)	(192,365)	4,377
Fund Balances at Beginning of Year	<u>234,768</u>	<u>3,004,750</u>	<u>27,679</u>
Fund Balances at End of Year	<u>\$ 124,351</u>	<u>\$ 2,812,385</u>	<u>\$ 32,056</u>

	Lodging Tax Reserve	Park Impact Fee	Real Estate Excise Tax	Fire Impact Fee	Total Nonmajor Special Revenue Funds
\$	20,995	\$ -	\$ 219,413	\$ -	\$ 240,408
	-	-	-	-	429,989
	-	101,965	-	12,706	205,472
	1,119	223	416	2,152	48,002
	-	-	-	-	2,598
	<u>22,114</u>	<u>102,188</u>	<u>219,829</u>	<u>14,858</u>	<u>926,469</u>
	-	-	-	-	10,735
	-	-	-	-	701,400
	-	-	-	-	712,135
	22,114	102,188	219,829	14,858	214,334
	-	-	-	-	310,348
	-	(78,651)	(214,844)	-	(757,593)
	-	<u>(78,651)</u>	<u>(214,844)</u>	-	<u>(447,245)</u>
	22,114	23,537	4,985	14,858	(232,911)
	72,300	19,864	1,516	153,084	3,513,961
\$	<u>94,414</u>	<u>\$ 43,401</u>	<u>\$ 6,501</u>	<u>\$ 167,942</u>	<u>\$ 3,281,050</u>

**CITY OF BATTLE GROUND**

Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances

Compared to Budget (GAAP Basis) and Actual

For the Fiscal Year Ended December 31, 2011

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
Revenues:			
Contributions/Donations	201,874	201,875	1
Total Revenues	<u>201,874</u>	<u>201,875</u>	<u>1</u>
Expenditures:			
Debt service:			
Principal Retirement	645,000	645,000	-
Interest/Fiscal Charges	675,615	673,268	2,347
Total Expenditures	<u>1,320,615</u>	<u>1,318,268</u>	<u>2,347</u>
Excess (Deficiency) of Revenues			
Over (under) Expenditures	(1,118,741)	(1,116,393)	2,348
Other Financing Sources (Uses):			
Premiums on Bonds Issued	487,000	82,662	(404,338)
Refunding Bond Issued	4,610,000	5,265,000	655,000
Payment to Refunded Bond Escrow Agent	(5,042,000)	(5,288,340)	(246,340)
Transfers In	1,063,741	1,063,740	(1)
Total Other Financing Sources and Uses	<u>1,118,741</u>	<u>1,123,062</u>	<u>4,321</u>
Net Change in Fund Balance	-	6,669	6,669
Fund Balances at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 6,669</u>	<u>\$ 6,669</u>

**CITY OF BATTLE GROUND**  
 Scotton Way Capital Project Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Compared to Budget (GAAP Basis) and Actual  
 For the Fiscal Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues:				
Interest Earnings	\$ 85,938	\$ 85,938	\$ 53,847	\$ (32,091)
Total Revenues	<u>85,938</u>	<u>85,938</u>	<u>53,847</u>	<u>(32,091)</u>
Expenditures:				
Current:				
General Government		2,000	948	1,052
Capitalized Expenditures	341,500	938,061	754,058	184,003
Debt service:				
Interest/Fiscal Charges	64,454	80,273	15,818	64,455
Total Expenditures	<u>405,954</u>	<u>1,020,334</u>	<u>770,824</u>	<u>249,510</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	(320,016)	(934,396)	(716,977)	217,419
Net Change in Fund Balance	(320,016)	(934,396)	(716,977)	217,419
Fund Balances at Beginning of Year	4,808,500	4,808,500	4,849,821	41,321
Fund Balances at End of Year	<u>\$ 4,488,484</u>	<u>\$ 3,874,104</u>	<u>\$ 4,132,844</u>	<u>\$ 258,740</u>

**CITY OF BATTLE GROUND**  
 Capital Projects Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Compared to Budget (GAAP Basis) and Actual  
 For the Fiscal Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues:				
Intergovernmental	\$ 112,800	\$ 104,797	\$ 73,815	\$ (30,982)
Interest Earnings	-	-	137	137
Total Revenues	<u>112,800</u>	<u>104,797</u>	<u>73,952</u>	<u>(30,845)</u>
Expenditures:				
Capitalized Expenditures	<u>463,196</u>	<u>363,194</u>	<u>230,395</u>	<u>132,799</u>
Total Expenditures	<u>463,196</u>	<u>363,194</u>	<u>230,395</u>	<u>132,799</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	(350,396)	(258,397)	(156,443)	101,954
Other Financing Sources (Uses):				
Transfers In	<u>350,396</u>	<u>258,397</u>	<u>154,380</u>	<u>(104,017)</u>
Total Other Financing Sources and Uses	<u>350,396</u>	<u>258,397</u>	<u>154,380</u>	<u>(104,017)</u>
Net Change in Fund Balance	-	-	(2,063)	(2,063)
Fund Balances at Beginning of Year	-	-	3,047	3,047
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 984</u>	<u>\$ 984</u>



**CITY OF BATTLE GROUND**  
 Nonmajor Special Revenue Funds  
 Combining Balance Sheet  
 December 31, 2011

	Street Fund	Transportation Impact Fees	Drug Investigation Reserve
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 44,786	\$ 929,225	\$ 10,686
Investments	90,565	1,879,024	21,609
Accounts Receivable (net)	30,414	-	-
Interest Receivable	199	4,136	48
Total Assets	<u>165,964</u>	<u>2,812,385</u>	<u>32,343</u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts Payable	24,140		287
Other Accrued Liabilities	17,473	-	-
Total Liabilities	<u>41,613</u>	<u>-</u>	<u>287</u>
<b>Fund Balances:</b>			
Restricted for:			
Capital		2,642,690	
Drug Investigation			32,056
Tourist Promotion			
Assigned to:			
Street	124,351		
Appr fund bal-for furture budget deficit		169,695	
Total Fund Balances	<u>124,351</u>	<u>2,812,385</u>	<u>32,056</u>
Total Liabilities and Fund Balances	<u>\$ 165,964</u>	<u>\$ 2,812,385</u>	<u>\$ 32,343</u>

	<u>Lodging Tax Reserve</u>	<u>Park Impact Fee</u>	<u>Real Estate Excise Tax</u>	<u>Fire Impact Fee</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$	31,195	\$ 14,340	\$ 2,148	\$ 55,489	\$ 1,087,869
	63,080	28,997	4,343	112,206	2,199,824
		-	-	-	30,414
	139	64	10	247	4,843
	<u>94,414</u>	<u>43,401</u>	<u>6,501</u>	<u>167,942</u>	<u>3,322,950</u>
	-	-	-	-	24,427
	-	-	-	-	17,473
	-	-	-	-	41,900
		43,401	6,501	167,942	2,860,534
					32,056
	94,414				94,414
					124,351
					169,695
	<u>94,414</u>	<u>43,401</u>	<u>6,501</u>	<u>167,942</u>	<u>3,281,050</u>
\$	<u>94,414</u>	\$ <u>43,401</u>	\$ <u>6,501</u>	\$ <u>167,942</u>	\$ <u>3,322,950</u>

**CITY OF BATTLE GROUND**  
 Nonmajor Special Revenue Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balances  
 For the fiscal year ended December 31, 2011

	Street Fund	Transportation Impact Fees Fund	Drug Investigation Reserve
Revenues:			
Other Taxes	\$ -	\$ -	\$ -
Intergovernmental	415,277		14,712
Charges for Services	-	90,801	-
Interest Earnings	3,802	39,890	400
Miscellaneous	2,598	-	-
Total Revenues	<u>421,677</u>	<u>130,691</u>	<u>15,112</u>
Expenditures:			
Current:			
Security/Persons and Property			10,735
Transportation	701,400		-
Total Expenditures	<u>701,400</u>	<u>-</u>	<u>10,735</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(279,723)	130,691	4,377
Other Financing Sources (Uses)			
Transfers In	310,348		-
Transfers Out	(141,042)	(323,056)	-
Total Other Financing Sources (Uses)	<u>169,306</u>	<u>(323,056)</u>	<u>-</u>
Net Change in Fund Balances	(110,417)	(192,365)	4,377
Fund Balances at Beginning of Year	<u>234,768</u>	<u>3,004,750</u>	<u>27,679</u>
Fund Balances at End of Year	<u>\$ 124,351</u>	<u>\$ 2,812,385</u>	<u>\$ 32,056</u>

	<u>Lodging Tax Reserve</u>	<u>Park Impact Fee</u>	<u>Real Estate Excise Tax</u>	<u>Fire Impact Fee</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$	20,995	\$ -	\$ 219,413	\$ -	\$ 240,408
	-	-	-	-	429,989
	-	101,965	-	12,706	205,472
	1,119	223	416	2,152	48,002
	-	-	-	-	2,598
	<u>22,114</u>	<u>102,188</u>	<u>219,829</u>	<u>14,858</u>	<u>926,469</u>
	-	-	-	-	10,735
	-	-	-	-	701,400
	-	-	-	-	712,135
	22,114	102,188	219,829	14,858	214,334
	-	-	-	-	310,348
	-	(78,651)	(214,844)	-	(757,593)
	-	(78,651)	(214,844)	-	(447,245)
	22,114	23,537	4,985	14,858	(232,911)
	72,300	19,864	1,516	153,084	3,513,961
\$	<u>94,414</u>	<u>\$ 43,401</u>	<u>\$ 6,501</u>	<u>\$ 167,942</u>	<u>\$ 3,281,050</u>

**CITY OF BATTLE GROUND**

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, 2011

	<u>Final Budget</u>	<u>Amount</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 410,642	\$ 415,277	\$ 4,635
Charges for Services	-	-	-
Interest Earnings	3,863	3,802	(61)
Miscellaneous	-	2,598	2,598
Total Revenues	<u>414,505</u>	<u>421,677</u>	<u>7,172</u>
Expenditures:			
Current:			
Transportation	<u>829,125</u>	<u>701,400</u>	<u>127,725</u>
Total Expenditures	<u>829,125</u>	<u>701,400</u>	<u>127,725</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	(414,620)	(279,723)	134,897
Other Financing Sources (Uses):			
Transfers In	335,555	310,348	(25,207)
Transfers Out	<u>(158,598)</u>	<u>(141,042)</u>	<u>17,556</u>
Total Other Financing Sources and Uses	<u>176,957</u>	<u>169,306</u>	<u>(7,651)</u>
Net Change in Fund Balance	(237,663)	(110,417)	127,246
Fund Balances at Beginning of Year	<u>345,213</u>	<u>234,768</u>	<u>(110,445)</u>
Fund Balances at End of Year	<u>\$ 107,550</u>	<u>\$ 124,351</u>	<u>\$ 16,801</u>

**CITY OF BATTLE GROUND**  
Transportation Impact Fees Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Compared to Budget (GAAP Basis) and Actual  
For the Fiscal Year Ended December 31, 2011

	Final Budget	Actual Amount	Variance with Final Budget
Revenues:			
Charges for Services	\$ 97,610	\$ 90,801	\$ (6,809)
Interest Earnings	31,446	39,890	8,444
Total Revenues	<u>129,056</u>	<u>130,691</u>	<u>1,635</u>
Expenditures:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	129,056	130,691	1,635
Transfers Out	(400,313)	(323,056)	77,257
Total Other Financing Sources and Uses	<u>(400,313)</u>	<u>(323,056)</u>	<u>77,257</u>
Net Change in Fund Balance	(271,257)	(192,365)	78,892
Fund Balances at Beginning of Year	2,718,848	3,004,750	285,902
Fund Balances at End of Year	<u>\$ 2,447,591</u>	<u>\$ 2,812,385</u>	<u>\$ 364,794</u>

**CITY OF BATTLE GROUND**

Drug Investigation Reserve

Schedule of Revenues, Expenditures and Changes in Fund Balances

Compared to Budget (GAAP Basis) and Actual

For the Fiscal Year Ended December 31, 2011

---

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 15,614	\$ 14,712	\$ (902)
Interest Earnings	<u>200</u>	<u>400</u>	<u>200</u>
Total Revenues	<u>15,814</u>	<u>15,112</u>	<u>(702)</u>
Expenditures:			
Current:			
Security/Persons and Property	<u>10,000</u>	<u>10,735</u>	<u>(735)</u>
Total Expenditures	<u>10,000</u>	<u>10,735</u>	<u>(735)</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	5,814	4,377	(1,437)
Net Change in Fund Balance	5,814	4,377	(1,437)
Fund Balances at Beginning of Year	<u>28,313</u>	<u>27,679</u>	<u>(634)</u>
Fund Balances at End of Year	<u>\$ 34,127</u>	<u>\$ 32,056</u>	<u>\$ (2,071)</u>

**CITY OF BATTLE GROUND**

Lodging Tax Reserve

Statement of Revenues, Expenditures and Changes in Fund Balances

Compared to Budget (GAAP Basis) and Actual

For the Fiscal Year Ended December 31, 2011

---

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
Revenues:			
Other Taxes	\$ 15,392	\$ 20,995	\$ 5,603
Interest Earnings	453	1,119	666
Total Revenues	<u>15,845</u>	<u>22,114</u>	<u>6,269</u>
Expenditures:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	15,845	22,114	6,269
Other Financing Sources (Uses):			
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	15,845	22,114	6,269
Fund Balances at Beginning of Year	<u>65,757</u>	<u>72,300</u>	<u>6,543</u>
Fund Balances at End of Year	<u>\$ 81,602</u>	<u>\$ 94,414</u>	<u>\$ 12,812</u>

**CITY OF BATTLE GROUND**

Park Impact Fee

Schedule of Revenues, Expenditures and Changes in Fund Balances

Compared to Budget (GAAP Basis) and Actual

For the Fiscal Year Ended December 31, 2011

---

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
Revenues:			
Charges for Services	\$ 76,651	\$ 101,965	\$ 25,314
Interest Earnings	2,089	223	(1,866)
Total Revenues	<u>78,740</u>	<u>102,188</u>	<u>23,448</u>
Expenditures:			
Current:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	78,740	102,188	23,448
Other Financing Sources (Uses):			
Transfers Out	<u>(78,651)</u>	<u>(78,651)</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>(78,651)</u>	<u>(78,651)</u>	<u>-</u>
Net Change in Fund Balance	89	23,537	23,448
Fund Balances at Beginning of Year	<u>6,985</u>	<u>19,864</u>	<u>12,879</u>
Fund Balances at End of Year	<u>\$ 7,074</u>	<u>\$ 43,401</u>	<u>\$ 36,327</u>

**CITY OF BATTLE GROUND**

Real Estate Excise Tax

Schedule of Revenues, Expenditures and Changes in Fund Balances

Compared to Budget (GAAP Basis) and Actual

For the Fiscal Year Ended December 31, 2011

---

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
Revenues:			
Other Taxes	\$ 224,103	\$ 219,413	\$ (4,690)
Interest Earnings	<u>1,299</u>	<u>416</u>	<u>(883)</u>
Total Revenues	<u>225,402</u>	<u>219,829</u>	<u>(5,573)</u>
Expenditures:			
Current:			
Capital Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	225,402	219,829	(5,573)
Other Financing Sources (Uses):			
Transfers Out	<u>(214,845)</u>	<u>(214,844)</u>	<u>1</u>
Total Other Financing Sources and Uses	<u>(214,845)</u>	<u>(214,844)</u>	<u>1</u>
Net Change in Fund Balance	10,557	4,985	(5,572)
Fund Balances at Beginning of Year	<u>1,735</u>	<u>1,516</u>	<u>(219)</u>
Fund Balances at End of Year	<u>\$ 12,292</u>	<u>\$ 6,501</u>	<u>\$ (5,791)</u>

**CITY OF BATTLE GROUND**

Fire Impact Fee

Schedule of Revenues, Expenditures and Changes in Fund Balances

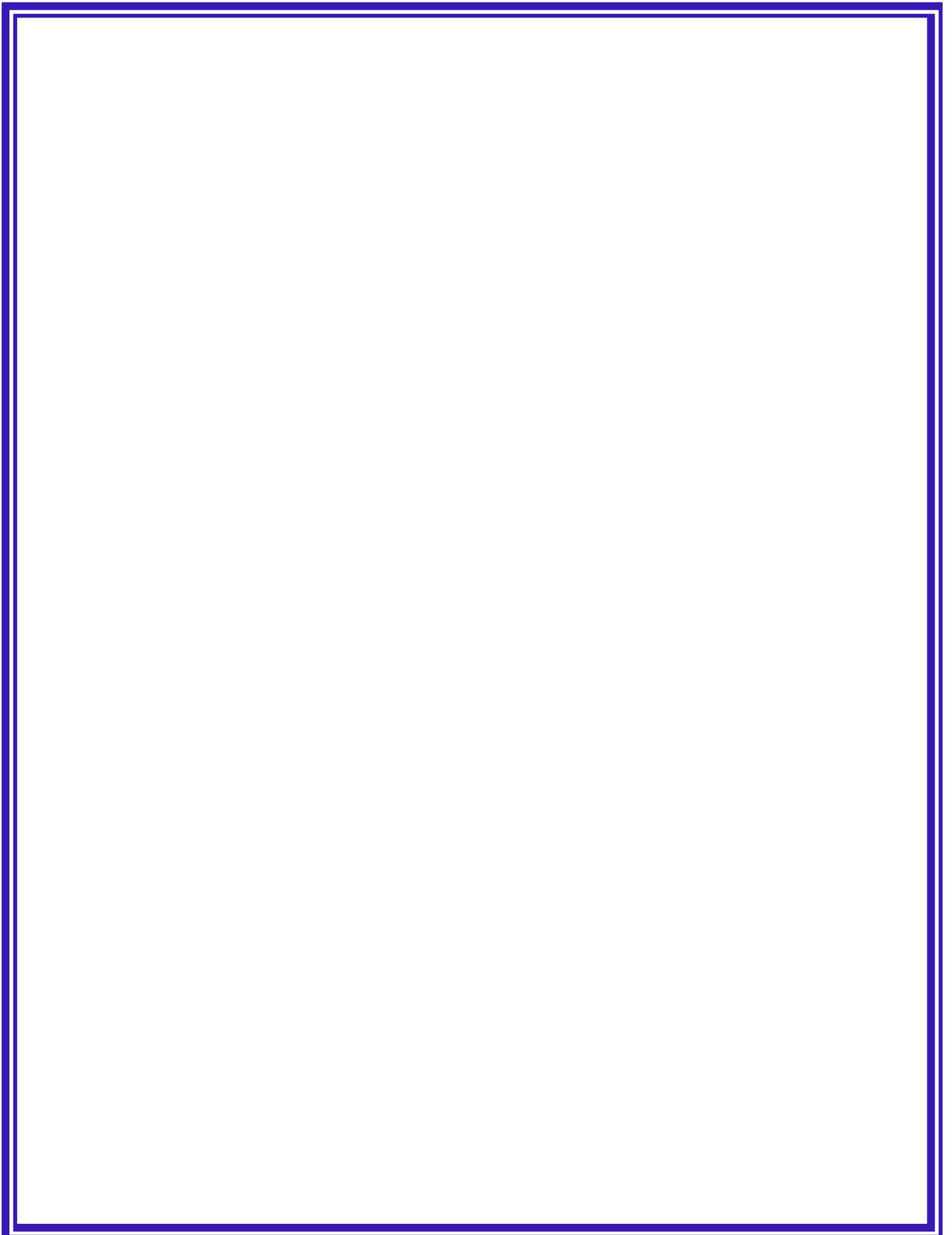
Compared to Budget (GAAP Basis) and Actual

For the Fiscal Year Ended December 31, 2011

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	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
Revenues:			
Charges for Services	\$ 35,355	\$ 12,706	\$ (22,649)
Interest Earnings	<u>1,012</u>	<u>2,152</u>	<u>1,140</u>
Total Revenues	<u>36,367</u>	<u>14,858</u>	<u>(21,509)</u>
Expenditures:			
Current:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	36,367	14,858	(21,509)
Other Financing Sources (Uses):			
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	36,367	14,858	(21,509)
Fund Balances at Beginning of Year	<u>145,831</u>	<u>153,084</u>	<u>7,253</u>
Fund Balances at End of Year	<u>\$ 182,198</u>	<u>\$ 167,942</u>	<u>\$ (14,256)</u>

# **STATISTICAL SECTION**

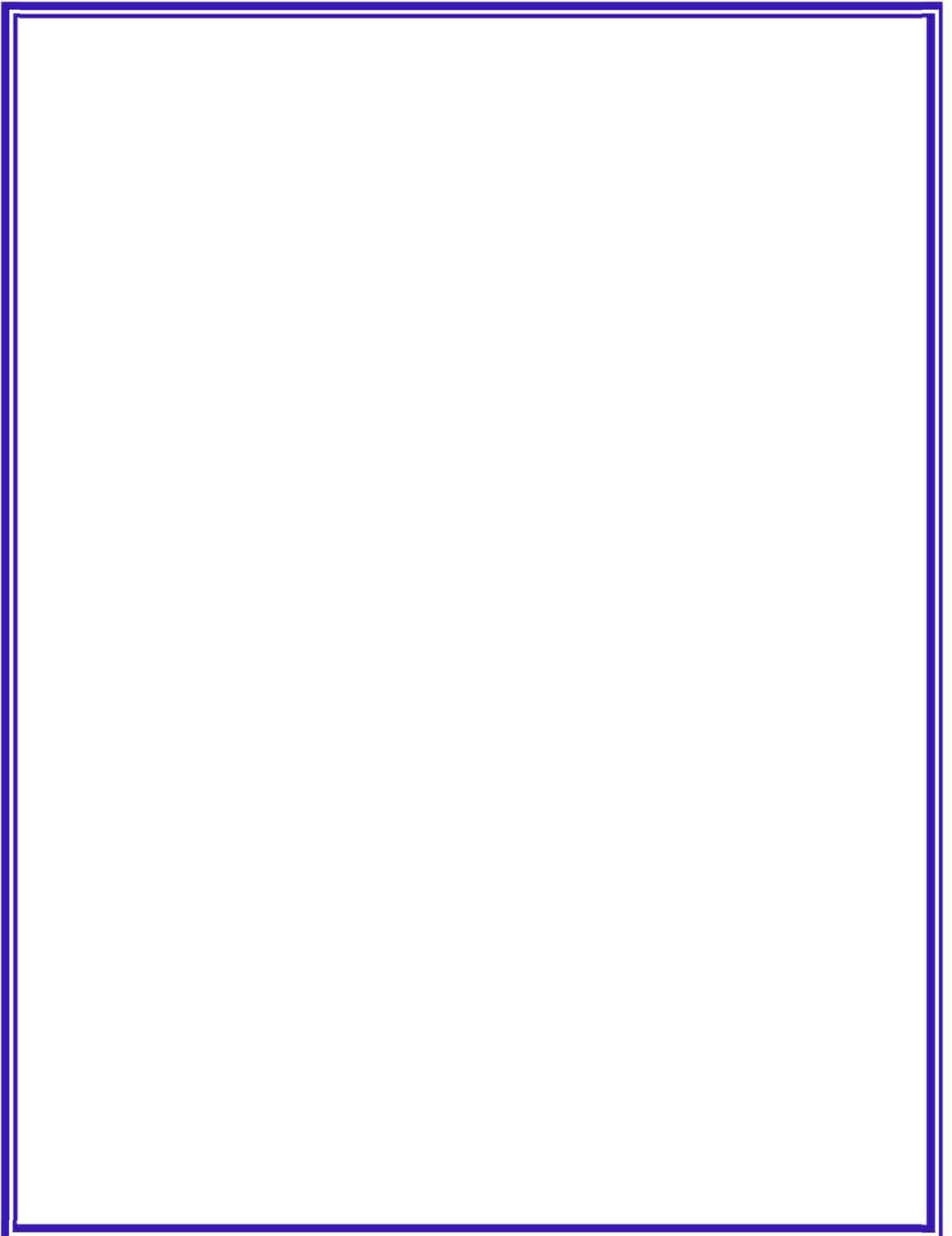


# STATISTICAL SECTION

This part of the City of Battle Ground's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	107-116
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	117-122
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.	123-130
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	131-136
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	137-141

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year. The City implemented GASB Statement 44 in 2006.



## Schedules of Financial Trends Information

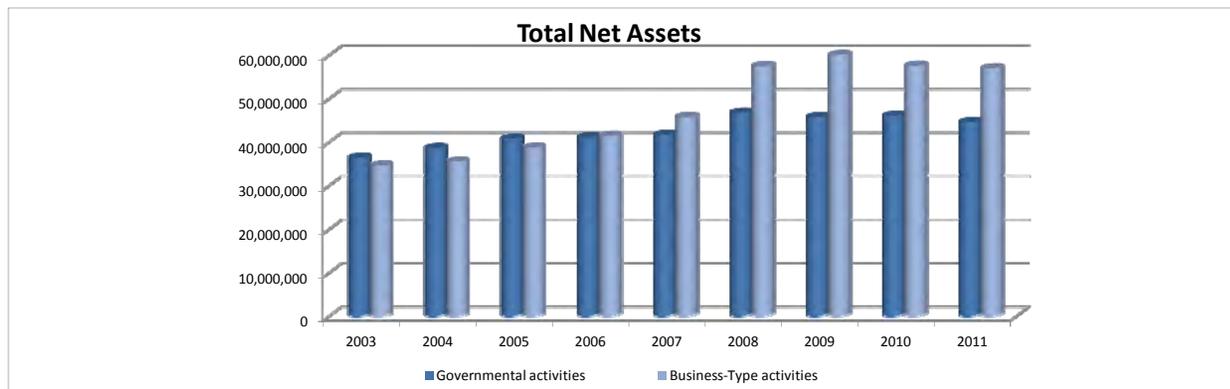
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Net Assets by Component	Table 1	Page 109
Changes in Net Assets	Table 2	Page 110-111
Fund Balances, Governmental Funds	Table 3	Page 112
Tax Revenues by Source, Governmental Funds	Table 4	Page 113
Changes in Fund Balance, Governmental Fund	Table 5	Page 114-116



**CITY OF BATTLE GROUND**  
**Net Assets by Component,**  
**Last Nine Fiscal Years**  
 (accrual basis of accounting)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities</b>									
Invested in capital assets, net of related debt	\$ 28,336,829	\$ 28,775,142	\$ 31,584,586	\$ 27,294,399	\$ 31,541,308	\$ 38,790,058	\$ 39,221,113	\$ 34,991,915	\$ 38,725,543
Restricted for:									
Capital	936,821			3,915,990	3,174,390	591,735	3,662,720	8,032,082	3,137,767
Debt		29,647	8,662	64	-	4,436	631	-	6,669
Drug Investigation									32,056
Tourist Promotion									94,414
Unrestricted	7,031,856	9,699,485	9,099,755	9,810,841	6,843,215	7,215,072	2,760,980	2,899,625	2,473,919
<b>Total governmental activities net assets</b>	<b>\$ 36,305,506</b>	<b>\$ 38,504,274</b>	<b>\$ 40,693,003</b>	<b>\$ 41,021,294</b>	<b>\$ 41,558,913</b>	<b>\$ 46,601,301</b>	<b>\$ 45,645,444</b>	<b>\$ 45,923,622</b>	<b>\$ 44,470,368</b>
<b>Business-type activities</b>									
Invested in capital assets, net of related debt	\$ 23,132,920	\$ 25,603,563	\$ 27,140,910	\$ 30,243,777	\$ 44,447,674	\$ 48,389,267	\$ 49,502,387	\$ 48,256,296	\$ 46,867,261
Restricted	2,460,419	3,059,652	3,555,812	2,861,880	2,235,704	1,260,004	880,096	750,446	781,084
Unrestricted	8,911,649	6,728,411	7,915,203	8,222,463	4,905,442	7,700,506	9,507,721	8,415,098	9,172,165
<b>Total business-type activities net assets</b>	<b>\$ 34,504,988</b>	<b>\$ 35,391,626</b>	<b>\$ 38,611,925</b>	<b>\$ 41,328,120</b>	<b>\$ 51,588,820</b>	<b>\$ 57,349,777</b>	<b>\$ 59,890,204</b>	<b>\$ 57,421,840</b>	<b>\$ 56,820,510</b>
<b>Primary government</b>									
Invested in capital assets, net of related debt	\$ 51,469,749	\$ 54,378,705	\$ 58,725,496	\$ 57,538,176	\$ 75,988,982	\$ 87,179,325	\$ 88,723,500	\$ 83,248,211	\$ 85,592,804
Restricted for:									
Capital	3,397,240	3,059,652	3,555,812	6,777,870	5,410,094	1,851,739	4,542,816	8,782,528	3,918,851
Debt	-	29,647	8,662	64	-	4,436	631	-	6,669
Drug Investigation									32,056
Tourist Promotion									94,414
Unrestricted	15,943,505	16,427,896	17,014,958	18,033,304	11,748,657	14,915,578	12,268,701	11,314,723	11,646,084
<b>Total primary government net assets</b>	<b>\$ 70,810,494</b>	<b>\$ 73,895,900</b>	<b>\$ 79,304,928</b>	<b>\$ 82,349,414</b>	<b>\$ 93,147,733</b>	<b>\$ 103,951,078</b>	<b>\$ 105,535,648</b>	<b>\$ 103,345,462</b>	<b>\$ 101,290,878</b>



**Note:** The City implemented Statement 44 in 2006 and has reported the information above retroactively from Statement 34 implementation in 2003.

**CITY OF BATTLE GROUND**  
**Changes in Net Assets,**  
**Last Nine Fiscal Years**  
(accrual basis of accounting)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>									
<b>Governmental activities:</b>									
General government	\$ 1,306,376	\$ 1,556,980	\$ 1,855,612	\$ 2,056,875	\$ 1,928,916	\$ 2,223,307	\$ 2,087,110	\$ 1,951,977	\$ 1,919,617
Judicial	290,097	241,768	311,123	319,404	464,643	492,181	534,501	546,638	485,617
Public Safety	1,981,600	2,162,353	2,722,283	3,475,292	3,644,428	4,395,318	4,431,964	4,299,652	4,045,762
Physical Environment	395,212	408,224	500,592	591,277	676,741	906,190	1,021,647	1,201,402	1,452,521
Transportation	2,121,924	3,173,743	3,185,576	3,469,566	3,625,195	3,869,457	3,761,290	2,287,683	2,029,831
Economic Environment	932,518	784,499	725,400	715,830	727,745	816,796	699,000	664,250	605,272
Culture and Recreation	247,102	182,845	175,563	297,928	361,531	963,339	1,056,249	979,695	920,610
Interest on long-term debt	120,738	157,885	156,311	278,001	442,304	422,864	405,440	450,067	651,322
Total governmental activities expenses	<u>7,395,567</u>	<u>8,668,297</u>	<u>9,632,460</u>	<u>11,204,173</u>	<u>11,871,503</u>	<u>14,089,452</u>	<u>13,997,201</u>	<u>12,381,364</u>	<u>12,110,552</u>
<b>Business-type activities:</b>									
Storm Drainage	322,670	426,601	470,472	607,708	642,607	817,139	717,290	728,791	1,038,963
Street Lighting	74	-	-	-	-	-	-	-	-
Water	1,366,583	1,611,213	1,664,812	1,789,896	1,838,669	1,980,810	1,935,359	1,946,956	1,879,765
Sewer	1,480,842	1,485,999	1,921,834	1,993,349	2,128,709	3,354,080	3,609,859	5,216,956	3,583,364
Total business-type activities expenses	<u>3,170,169</u>	<u>3,523,813</u>	<u>4,057,118</u>	<u>4,390,953</u>	<u>4,609,985</u>	<u>6,152,029</u>	<u>6,262,508</u>	<u>7,892,703</u>	<u>6,502,092</u>
Total primary government expenses	<u>\$ 10,565,736</u>	<u>\$ 12,192,110</u>	<u>\$ 13,689,578</u>	<u>\$ 15,595,126</u>	<u>\$ 16,481,488</u>	<u>\$ 20,241,481</u>	<u>\$ 20,259,709</u>	<u>\$ 20,274,067</u>	<u>\$ 18,612,644</u>
<b>Program Revenues</b>									
<b>Governmental activities:</b>									
Charge for services:									
General Government	\$ 163,876	\$ 245,380	\$ 267,236	\$ 243,942	\$ 245,484	\$ 248,274	\$ 240,017	\$ 219,213	\$ 255,179
Judicial	269,366	294,238	173,392	199,151	350,618	365,985	471,307	453,286	415,588
Economic Environment	2,651,626	2,350,123	1,893,889	1,668,400	1,401,037	1,253,868	1,078,533	603,642	398,342
Other activities	39,736	36,660	38,571	45,036	26,273	71,921	166,081	208,273	233,995
Operating grants and contributions	373,869	363,796	344,024	381,654	420,621	425,667	508,966	517,828	555,855
Capital grant and contributions	3,944,997	1,274,064	1,519,555	1,150,241	1,886,280	4,867,932	1,936,672	2,787,065	1,042,734
Total government activities program revenues	<u>7,443,470</u>	<u>4,564,261</u>	<u>4,236,667</u>	<u>3,688,424</u>	<u>4,330,313</u>	<u>7,233,647</u>	<u>4,401,576</u>	<u>4,789,307</u>	<u>2,901,693</u>
<b>Business-type activities:</b>									
Charges for services:									
Storm Drainage	251,118	328,414	366,488	402,260	457,726	471,429	612,177	631,727	633,997
Water	1,535,156	1,590,321	1,714,535	1,910,340	1,983,061	2,027,589	2,232,671	2,037,375	2,037,242
Sewer	2,082,282	2,276,129	2,402,202	2,480,307	2,522,255	2,526,144	2,569,896	2,609,015	2,606,290
Operating grants and contributions	2,817,087	2,335,532	2,984,591	2,147,931	3,867,383	6,665,414	1,918,901	702,738	774,915
Total business-type activities program revenues	<u>6,685,643</u>	<u>6,530,396</u>	<u>7,467,816</u>	<u>6,940,838</u>	<u>8,830,425</u>	<u>11,690,576</u>	<u>7,333,645</u>	<u>5,980,855</u>	<u>6,052,444</u>
Total primary government program revenues	<u>\$ 14,129,113</u>	<u>\$ 11,094,657</u>	<u>\$ 11,704,483</u>	<u>\$ 10,629,262</u>	<u>\$ 13,160,738</u>	<u>\$ 18,924,223</u>	<u>\$ 11,735,221</u>	<u>\$ 10,770,162</u>	<u>\$ 8,954,137</u>

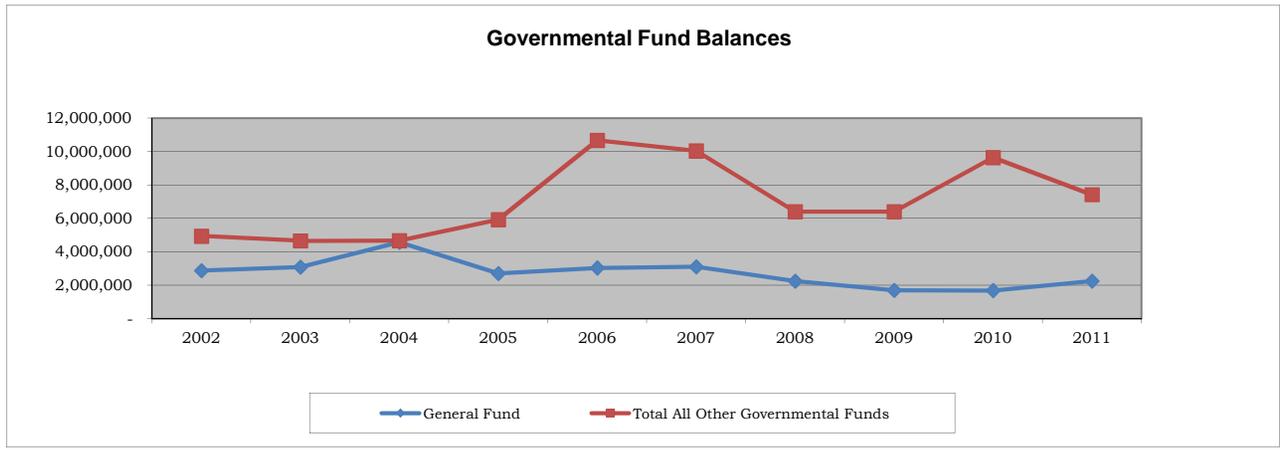
Table 2

<b>Net(Expenses)Revenue</b>																		
Government activities	\$	47,903	\$	(4,104,036)	\$	(5,395,793)	\$	(7,515,749)	\$	(7,541,190)	\$	(6,855,805)	\$	(9,595,625)	\$	(7,592,057)	\$	(9,208,859)
Business activities		<u>3,515,474</u>		<u>3,006,583</u>		<u>3,410,698</u>		<u>2,549,885</u>		<u>4,220,440</u>		<u>5,538,547</u>		<u>1,071,137</u>		<u>(1,911,848)</u>		<u>(449,648)</u>
Total primary government net expense	\$	<u>3,563,377</u>	\$	<u>(1,097,453)</u>	\$	<u>(1,985,095)</u>	\$	<u>(4,965,864)</u>	\$	<u>(3,320,750)</u>	\$	<u>(1,317,258)</u>	\$	<u>(8,524,488)</u>	\$	<u>(9,503,905)</u>	\$	<u>(9,658,507)</u>
<b>General Revenues and Other Changes in Net Assets</b>																		
<b>Government activities:</b>																		
Taxes																		
Property taxes	\$	1,344,281	\$	1,477,803	\$	1,743,039	\$	1,935,544	\$	1,963,609	\$	2,248,345	\$	2,281,329	\$	2,366,078	\$	2,428,025
Sales and use taxes		1,919,957		2,033,908		1,944,247		1,981,244		2,126,690		2,073,033		1,739,060		1,852,960		1,807,821
Business and occupation taxes		847,983		960,703		1,498,052		1,758,718		1,920,231		2,078,241		2,394,946		2,502,990		2,411,111
Excise taxes		837,428		827,334		1,118,008		785,638		600,298		407,773		329,070		335,169		227,223
Unrestricted grants and contributions		160,909		192,351		215,654		221,538		251,300		256,270		267,743		288,902		276,367
Investment earnings		98,816		120,102		343,722		589,648		740,979		340,242		94,380		70,378		138,859
Miscellaneous		16,907		42,801		8,165		21,121		50,373		41,636		45,564		45,738		43,082
Gain on sale of capital assets		422,100		-		135,310		-		-		-		-		-		-
Insurance recoveries		-		197,273		58,762		8,110		-		-		-		-		-
Transfers		402,349		450,529		519,563		383,199		425,329		445,520		350,327		408,020		423,117
Total governmental activities		<u>6,050,730</u>		<u>6,302,804</u>		<u>7,584,522</u>		<u>7,684,760</u>		<u>8,078,809</u>		<u>7,891,060</u>		<u>7,502,419</u>		<u>7,870,235</u>		<u>7,755,605</u>
<b>Business-type activities:</b>																		
Investment earnings		120,272		169,584		328,218		542,121		534,877		249,882		111,595		69,427		135,669
Miscellaneous		-		-		946		7,388		4,395		6,656		63,827		59,594		135,766
Special Item		-		-		-		-		-		(217,472)		-		-		-
Gain(loss) on sale of capital assets		(422,100)		(1,839,000)		-		-		-		-		-		-		-
Transfers		(402,349)		(450,529)		(519,563)		(383,199)		(425,329)		(445,520)		(350,327)		(408,020)		(423,117)
Total business-type activities		<u>(704,177)</u>		<u>(2,119,945)</u>		<u>(190,399)</u>		<u>166,310</u>		<u>113,943</u>		<u>(406,454)</u>		<u>(174,905)</u>		<u>(278,999)</u>		<u>(151,682)</u>
Total primary government	\$	<u>5,346,553</u>	\$	<u>4,182,859</u>	\$	<u>7,394,123</u>	\$	<u>7,851,070</u>	\$	<u>8,192,752</u>	\$	<u>7,484,606</u>	\$	<u>7,327,514</u>	\$	<u>7,591,236</u>	\$	<u>7,603,923</u>
<b>Changes in Net Assets</b>																		
Governmental activities	\$	6,098,633	\$	2,198,768	\$	2,188,729	\$	169,011	\$	537,619	\$	1,035,255	\$	(2,093,206)	\$	278,178	\$	(1,453,254)
Business-type activities		<u>2,811,297</u>		<u>886,638</u>		<u>3,220,299</u>		<u>2,716,195</u>		<u>4,334,383</u>		<u>5,132,093</u>		<u>896,232</u>		<u>(2,190,847)</u>		<u>(601,330)</u>
Total primary government	\$	<u>8,909,930</u>	\$	<u>3,085,406</u>	\$	<u>5,409,028</u>	\$	<u>2,885,206</u>	\$	<u>4,872,002</u>	\$	<u>6,167,348</u>	\$	<u>(1,196,974)</u>	\$	<u>(1,912,669)</u>	\$	<u>(2,054,584)</u>

**Note:** The City implemented Statement 44 in 2006 and has reported the information above retroactively from Statement 34 implementation in 2003.

**CITY OF BATTLE GROUND**  
**Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Nonspendable										\$ 7,805 *
Restricted										
Committed										836,927 *
Assigned	\$ 80,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	469,781 *
Unassigned	2,797,288	3,086,425	4,577,798	2,706,235	3,041,155	3,106,344	2,250,975	1,698,322	1,686,312	940,764 *
<b>Total general fund</b>	<b>2,877,288</b>	<b>3,086,425</b>	<b>4,577,798</b>	<b>2,706,235</b>	<b>3,041,155</b>	<b>3,106,344</b>	<b>2,250,975</b>	<b>1,698,322</b>	<b>1,686,312</b>	<b>2,255,277</b>
All Other Governmental Funds										
Nonspendable										-
Restricted										7,126,517
Committed										-
Assigned										
Special revenue funds	4,080,372	3,691,446	4,476,676	5,817,237	6,746,271	6,865,956	5,812,371	5,586,037	4,794,253	294,046
Capital projects funds	818,835	936,821	162,644	106,721	3,915,990	3,174,390 *	591,735 *	6,903	4,852,868	984 **
Debt service funds	39,691	30,371	29,647	8,662	64	-	4,436	631	-	-
Unassigned										
<b>Total all other governmental funds</b>	<b>\$ 4,938,898</b>	<b>\$ 4,658,638</b>	<b>\$ 4,668,967</b>	<b>\$ 5,932,620</b>	<b>\$ 10,662,325</b>	<b>\$ 10,040,346</b>	<b>\$ 6,408,542</b>	<b>\$ 5,593,571</b>	<b>\$ 9,647,121</b>	<b>\$ 7,421,547</b>



**Note:** 1999 is the first year the City of Battle Ground adopted a modified accrual basis of accounting for governmental funds.

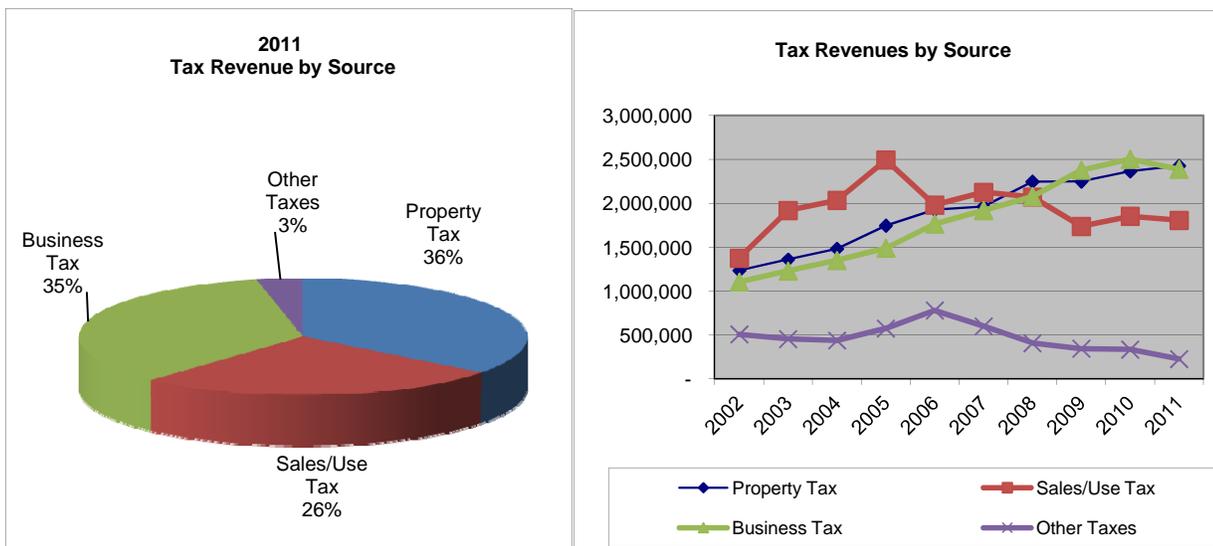
\* In 2011, City implemented GASB 54

\*\* Scotton Way Bond proceeds remaining from the bonds issued in 2010

### CITY OF BATTLE GROUND Tax Revenues by Source, Governmental Funds, Last Ten Fiscal Years (modified basis of accounting)

Fiscal Year	Property Tax	Sales/Use Tax	Utility Tax	Other Tax	Totals
<b>2011</b>	<b>\$ 2,428,374</b>	<b>\$ 1,807,821</b>	<b>\$ 2,390,116</b>	<b>\$ 227,223</b>	<b>\$ 6,853,534</b>
2010	2,366,078	1,852,960	2,502,990	335,169	7,057,197
2009	2,428,374	1,807,821	2,390,116	227,223	6,853,534
2008	1,965,288	2,126,690	1,920,231	600,298	6,612,507
2007	1,928,580	1,981,244	1,764,507	779,849	6,454,180
2006	1,747,085	2,494,877	1,490,214	575,216	6,307,392
2005	1,483,415	2,033,908	1,350,267	437,770	5,305,360
2004	1,361,132	1,919,957	1,231,093	454,318	4,966,500
2003	1,235,878	1,375,618	1,105,225	507,073	4,223,794
2002	1,324,351	1,232,601	854,795	432,489	3,844,236

Change 2002-2011                      83%                      47%                      180%                      -47%                      78%



Note: Sales Tax is affected by economic conditions, including the reduction in new housing starts.

**CITY OF BATTLE GROUND**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>										
Taxes	\$ 4,223,794	\$ 4,966,500	\$ 5,305,360	\$ 6,307,392	\$ 6,454,180	\$ 6,612,507	\$ 6,782,966	\$ 6,713,185	\$ 7,031,327	\$ 6,874,529
Licenses, fees, and permits	648,905	955,302	1,075,416	820,234	578,438	499,057	430,549	321,421	346,496	222,229
Intergovernmental	1,314,540	3,333,973	856,064	662,171	861,751	835,157	1,383,622	1,395,500	2,855,454	1,021,680
Charges for services	1,448,930	1,760,303	1,344,221	1,154,943	1,168,767	973,700	937,398	887,928	396,549	385,647
Fines and penalties	158,689	123,751	180,550	150,458	156,933	238,830	273,636	302,006	309,622	280,958
Investment earnings	147,661	98,816	120,102	343,722	589,648	740,979	340,242	94,380	70,378	138,859
Rents and royalties	-	137,679	210,750	219,912	206,391	201,784	205,992	277,054	286,989	283,266
Contributions/donations	-	592,488	46,927	105,639	86,168	49,654	32,072	22,054	7,317	211,467
Special assessments	5,803	-	-	-	-	-	-	-	-	-
Other revenues	58,115	29,691	48,711	12,086	25,043	54,294	45,557	49,485	45,738	43,082
Total general fund	<u>8,006,437</u>	<u>11,998,503</u>	<u>9,188,101</u>	<u>9,776,557</u>	<u>10,127,319</u>	<u>10,205,962</u>	<u>10,432,034</u>	<u>10,063,013</u>	<u>11,349,870</u>	<u>9,461,717</u>
<b>Expenditures</b>										
General Government	1,189,111	1,165,513	1,401,905	1,691,326	1,834,492	1,762,848	2,040,566	1,882,022	1,777,820	1,713,088
Judicial**	-	290,097	241,768	311,123	319,404	456,721	489,290	532,846	543,079	489,005
Security/persons and property	1,656,634	1,880,024	2,029,928	2,565,594	3,138,811	3,344,891	4,072,812	4,145,628	4,039,761	3,836,220
Physical environment	393,737	395,212	408,224	500,592	591,277	676,741	853,784	969,240	1,160,942	1,412,061
Transportation	236,923	421,084	398,160	431,765	549,530	593,004	668,964	663,008	995,300	701,400
Economic environment	692,321	924,927	776,860	717,760	708,191	720,106	812,004	700,670	658,932	604,940
Culture and recreation	188,690	227,740	157,716	149,489	191,498	247,676	435,343	604,904	523,406	472,690
Capital outlay	1,537,615	12,958,106	2,693,116	4,295,205	4,674,797	2,330,057	4,949,673	1,514,618	1,820,330	1,070,221
Debt service										
Principal	805,000	15,000	175,000	290,000	270,000	615,000	620,000	655,415	695,484	693,621
Interest	46,539	164,271	151,073	153,910	250,128	441,037	422,291	403,643	471,116	693,287
Total expenditures	<u>6,746,570</u>	<u>18,441,974</u>	<u>8,433,750</u>	<u>11,106,764</u>	<u>12,528,128</u>	<u>11,188,081</u>	<u>15,364,727</u>	<u>12,071,994</u>	<u>12,686,170</u>	<u>11,686,533</u>
Excess of revenues over (under) expenditures	1,259,867	(6,443,471)	754,351	(1,330,207)	(2,400,809)	(982,119)	(4,932,693)	(2,008,981)	(1,336,300)	(2,224,816)
<b>Other Financing Sources (Uses)</b>										
Sale of capital assets	-	296,822	143,972	-	-	-	-	-	-	-
Long-term debt proceeds	5,970,000	-	-	6,900,000	6,900,000	-	-	98,511	4,855,000	85,768
Premiums on Bonds Issued	-	-	-	-	-	-	-	-	114,820	82,662
Refunding Bonds Issued	-	-	-	-	-	-	-	-	3,045,000	5,265,000
Payments to Refunding Escrow	-	-	-	-	-	-	-	-	(3,045,000)	(5,288,340)
Insurance recoveries	-	-	58,762	8,110	8,110	-	-	-	-	-
Transfers in	6,658,201	1,896,482	5,192,145	2,417,281	2,417,281	3,178,996	4,059,761	3,396,729	2,828,845	2,072,990
Transfers out	(6,255,852)	(1,445,953)	(4,672,582)	(2,034,082)	(2,034,082)	(2,753,667)	(3,614,241)	(3,046,402)	(2,420,825)	(1,649,873)
Total other financing sources (uses)	<u>6,372,349</u>	<u>747,351</u>	<u>722,297</u>	<u>7,291,309</u>	<u>7,291,309</u>	<u>425,329</u>	<u>445,520</u>	<u>448,838</u>	<u>5,377,840</u>	<u>568,207</u>
Net changes in fund balances	\$ <u>7,632,216</u>	\$ <u>(5,696,120)</u>	\$ <u>1,476,648</u>	\$ <u>5,961,102</u>	\$ <u>4,890,500</u>	\$ <u>(556,790)</u>	\$ <u>(4,487,173)</u>	\$ <u>(1,560,143)</u>	\$ <u>4,041,540</u>	\$ <u>(1,656,609)</u>

Debt service as a percentage of noncapital expenditures

16.35%

3.27%

5.68%

6.52%

6.62%

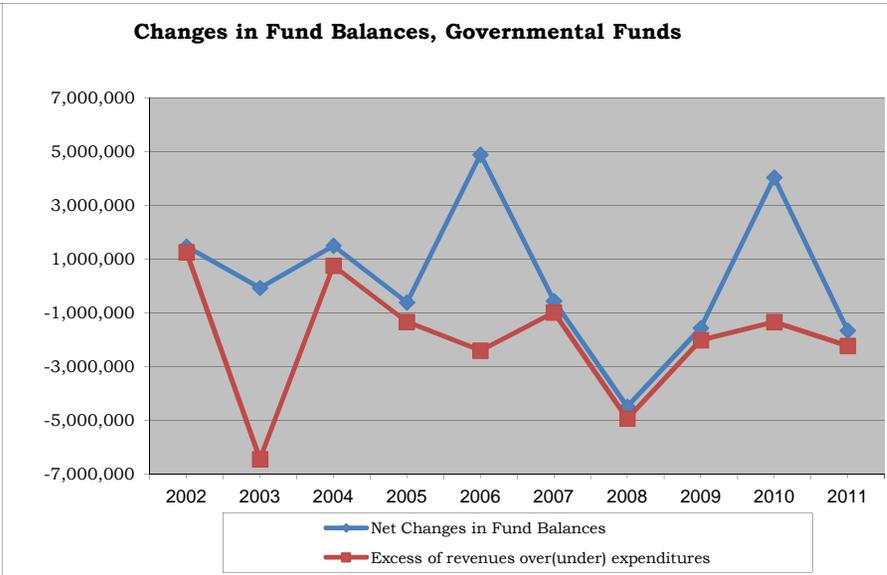
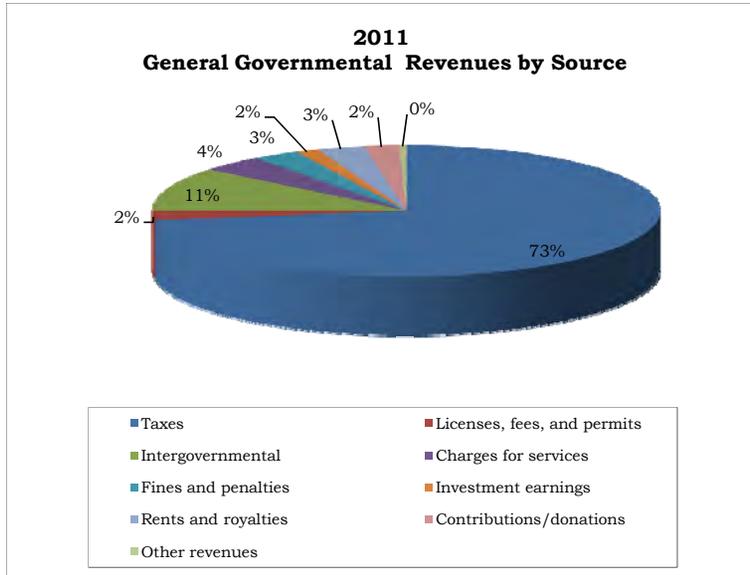
11.92%

10.93%

10.03%

10.74%

13.06%



\*1999 is the first year the City of Battle Ground adopted a modified accrual basis of accounting for governmental funds.

\*\*2003 the judicial department was created

In 2003 the City constructed major capital improvements including SR502 (West Main Street) and the new city hall building.

In 2006 the City constructed major capital improvements including Kiwanis and Fairgrounds parks. The fund balance increased as a result of the City borrowing 6.9 million dollars for parks.

In 2008 the City completed construction of the Fairgrounds Community Center project using the balance of the parks bond monies.

In 2010 the City issued Bonds for Scotton Way Capital Project



# Schedules of Revenue Capacity

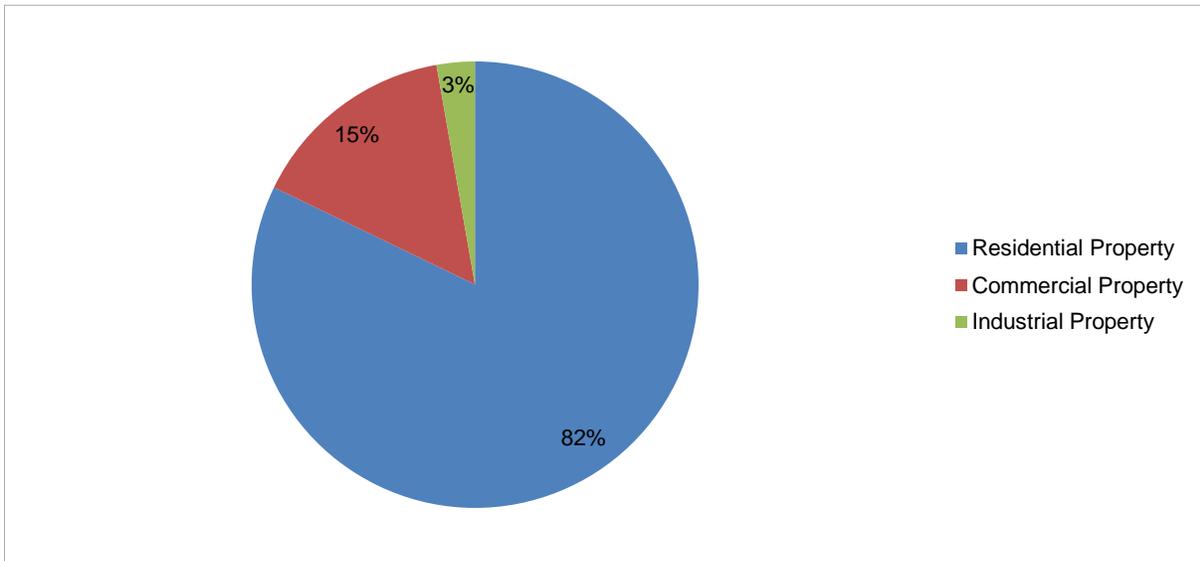
These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.

Assessed Value and Actual Value of Taxable Property	Table 6	Page 116
Direct and Overlapping Property Tax Rates	Table 7	Page 117
Principal Property Tax Payers	Table 8	Page 118
Property Tax Levies and Collections	Table 9	Page 119



### CITY OF BATTLE GROUND Assessed Value and Actual Value of Taxable Property, Last Six Fiscal Years

Fiscal Year Ended December 31,	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Tax Rate
2011/2012	\$ 956,419,669	\$ 216,235,256	\$ 40,516,460	\$ (182,239,679)	\$ 1,255,802,097	1.97647
2010/2011	1,194,329,683	218,892,345	40,194,037	(188,229,449)	1,265,186,616	1.91595
2009/2010	1,062,572,931	183,435,710	27,189,730	(211,662,379)	1,360,436,260	1.73074
2008/2009	1,178,950,548	221,265,200	36,205,380	(226,037,468)	1,506,916,458	1.49576
2007/2008	1,174,765,109	260,190,360	70,134,810	(224,260,354)	1,495,069,025	1.42984
2006/2007	1,107,989,826	183,435,710	27,189,730	(196,480,183)	1,309,867,889	1.51406



**Source:** Clark County Assessor's Office and City of Battle Ground Finance Department

**Note:** Property in the city is reassessed each year. Property is assessed at market value; therefore, the assessed values are equal to the actual value. Tax rates are per \$1,000 of assess value. Property taxes are based on the prior year's assessment value e.g. 2011 property taxes are based upon 2010 assessed values.

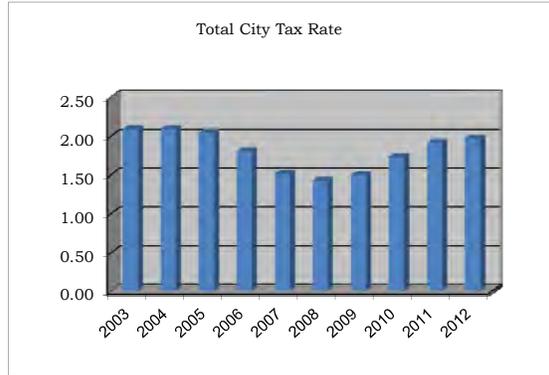
Only major Property types included and will not foot to assessed value

The City implemented GASB 44 in 2006. The breakdown of Real Property became available in 2006, prior period information is not available.

**CITY OF BATTLE GROUND**  
**Direct and Overlapping Property Tax Rates,**  
**Last Ten Fiscal Years**

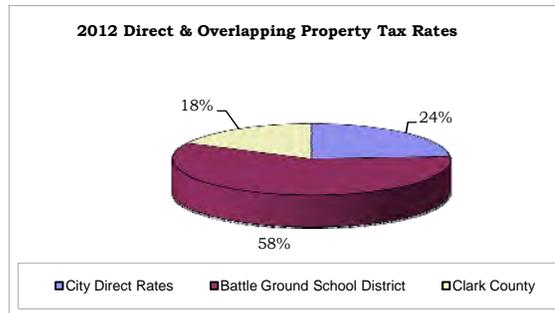
**City Direct Rates**

Fiscal Year	Basic Rate	General Obligation Debt	Total Direct*
2012	\$ 1.96707	\$ 0.00000	\$ 1.96707
2011	1.91595	0.00000	1.91595
2010	1.73074	0.00000	1.73074
2009	1.49576	0.00000	1.49576
2008	1.42984	0.00000	1.42984
2007	1.51406	0.00000	1.80301
2006	1.80301	0.00000	2.03749
2005	2.03749	0.00000	2.09258
2004	2.09258	0.00000	2.08952
2003	2.08573	0.05670	2.26067



**Overlapping Rates\*\***

Fiscal Year	Battle Ground School District			Clark County		
	Basic Rate	General Obligation Debt	Total Overlapping	Basic Rate	General Obligation Debt	Total Overlapping
2012	\$ 3.86122	\$ 0.96225	\$ 4.82347	\$ 1.45207	\$ 0.00000	\$ 1.45207
2011	3.53826	0.94692	4.48518	1.41153	0.00000	1.41153
2010	2.21619	0.84878	3.06497	1.26923	0.00000	1.26923
2009	1.74420	0.95960	2.70380	1.08641	0.00000	1.08641
2008	1.59600	0.89700	2.49300	1.04585	0.00000	1.04585
2007	1.59889	0.89887	2.49776	1.13367	0.00000	1.13367
2006	1.64111	1.08627	2.72738	1.44529	0.00000	1.44529
2005	1.89930	0.70450	2.60380	1.57706	0.00000	1.57706
2004	1.95555	0.65232	2.60787	1.61808	0.00000	1.61808
2003	1.95289	0.62125	2.57414	1.65233	0.00000	1.65233



Source: Clark County Assessor's Office

\*Includes county administration adjustment

\*\* Overlapping rates are those of local, county governments, and school districts that apply to property owners within the City of Battle Ground

**CITY OF BATTLE GROUND  
Principal Property Tax Payers,  
Current Year and Nine Years Ago**

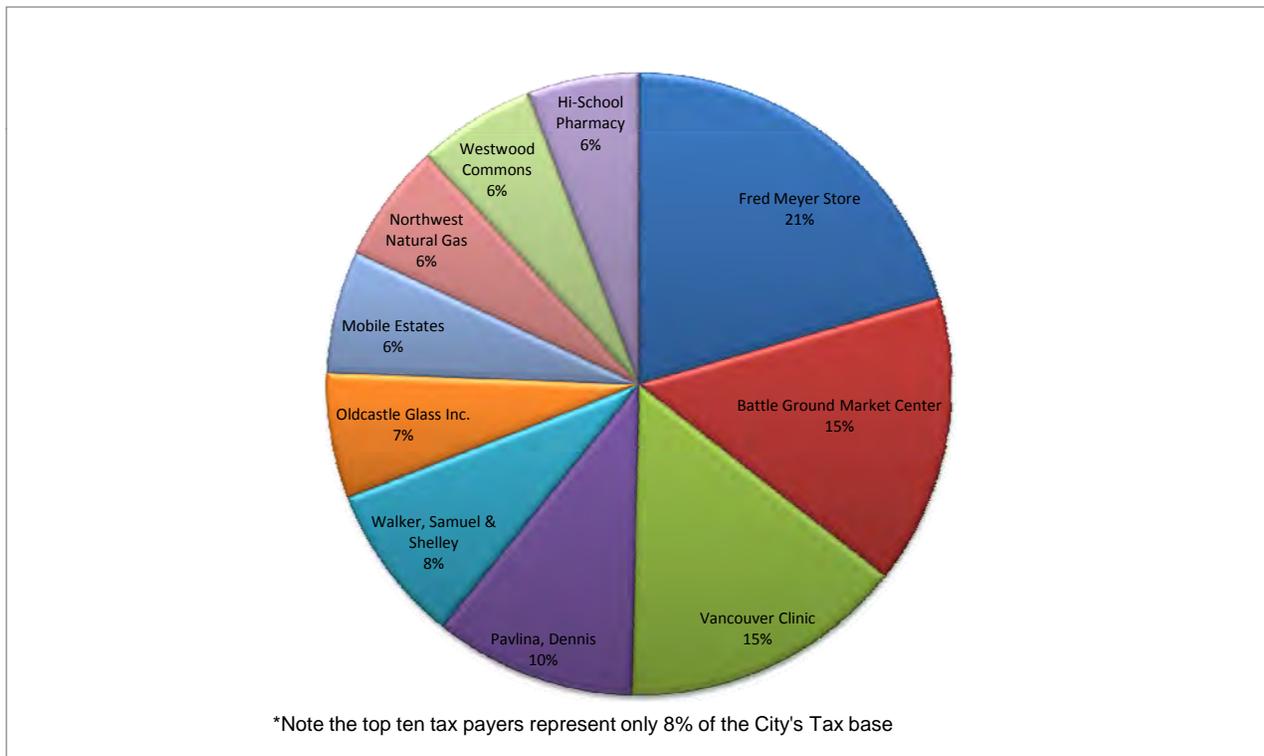
Taxpayer	2011				2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Type of Business	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Fred Meyer Store	19,894,626	1	1.57%	Retail			
Battle Ground Market Center	14,622,126	2	1.16%	Retail	\$ 10,053,600	2	1.77%
Vancouver Clinic	14,358,800	3	1.13%	Commercial			
Pavlina, Dennis	10,135,513	4	0.80%	Private Individual			
Walker, Samuel & Shelley	8,012,500	5	0.63%	Private Individual			
Oldcastle Glass Inc.	6,342,155	6	0.50%	Industrial	3,705,000	9	0.65%
Mobile Estates	6,172,519	7	0.49%	Land Developer			
Northwest Natural Gas	6,009,900	8	0.48%	Utility			
Westwood Commons	5,887,300	9	0.47%	Commercial			
Hi-School Pharmacy	5,610,830	10	0.44%	Retail	4,000,285	6	0.71%
Wilmington Trust Company				Land Developer	11,868,200	1	2.09%
Hahn, Charles				Private Individual	5,259,600	3	0.93%
Roundup Company				Land Developer	4,262,840	4	0.75%
Jessen Irwin & Ray Douglas				Private Individual	4,114,500	5	0.73%
Anderson, Ron				Private Individual	3,905,300	7	0.69%
Safeway				Retail	3,761,075	8	0.66%
Deshirlia, F.J. & Suzanne				Private Individual	3,520,400	10	0.62%
<b>TOTAL</b>	<b>\$ 97,046,269</b>		<b>7.67%</b>		<b>\$ 54,450,800</b>		<b>9.61%</b>

2011 Assessed Value City of Battle Ground

1,265,186,616

2002 Assessed Value City of Battle Ground

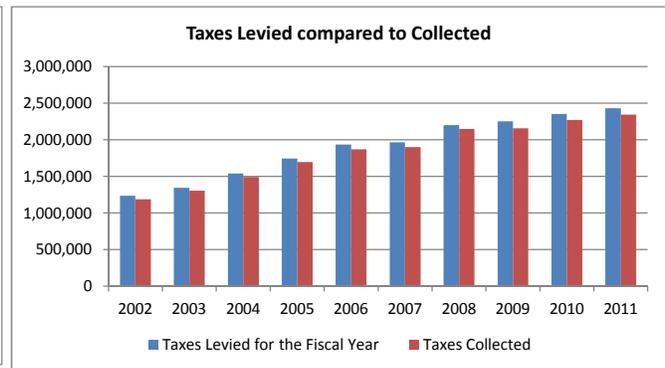
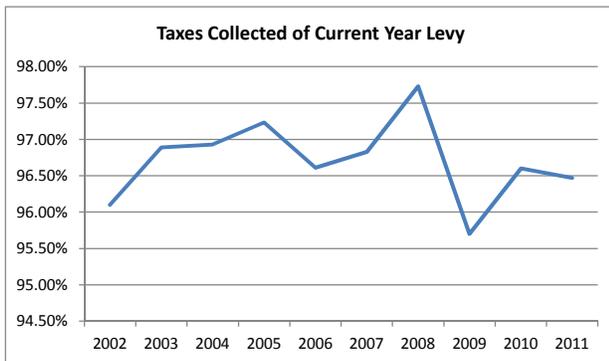
\$ 566,805,747



Source: Clark County Assessor's Office and the City of Battle Ground Finance Department

### City of Battle Ground Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal year of the Levy		Collections in subsequent Years	Total Collections to Date Tax * Percentage of Levy		Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
		Amount	Percentage of Levy		Collections	Percentage of Levy		
2011	\$ 2,429,589	\$ 2,343,915	96.47%	\$ 30,544	\$ 2,343,915	96.47%	\$ 85,674	3.53%
2010	2,351,617	2,271,552	96.60%	80,118	2,302,096	97.89%	49,521	2.11%
2009	2,253,991	2,157,153	95.70%	49,129	2,237,271	99.26%	16,720	0.74%
2008	2,198,937	2,148,932	97.73%	62,264	2,198,061	99.96%	876	0.04%
2007	1,963,609	1,901,329	96.83%	65,656	1,963,593	100.00%	16	0.00%
2006	1,935,544	1,869,836	96.61%	48,131	1,935,492	100.00%	52	0.00%
2005	1,743,039	1,694,722	97.23%	46,888	1,742,853	99.99%	186	0.01%
2004	1,539,744	1,492,485	96.93%	41,403	1,539,373	99.98%	371	0.02%
2003	1,344,281	1,302,421	96.89%	47,165	1,343,824	99.97%	457	0.03%
2002	1,233,530	1,185,376	96.10%		1,232,541	99.92%	989	0.08%



Source: Clark County Assessor's Office and the City of Battle Ground Department of Finance

This page shows the growth in property tax levies and collections, delinquency amounts (collected and outstanding), for the last ten years. The delinquent rate has dropped over the years in part due to continued pursuit to collect by the County staff and working with the delinquent taxpayers to become current.

This report will not crossfoot because it does not take into account any cancellations or supplements.

This schedule provides information as to current year tax collections compared with the current year tax levy resulting in a percentage collection rate. We have also shown delinquent tax collections, outstanding delinquent taxes, and the percentage of total tax collections compared to taxes levied.

## Schedules of Debt Capacity Information

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

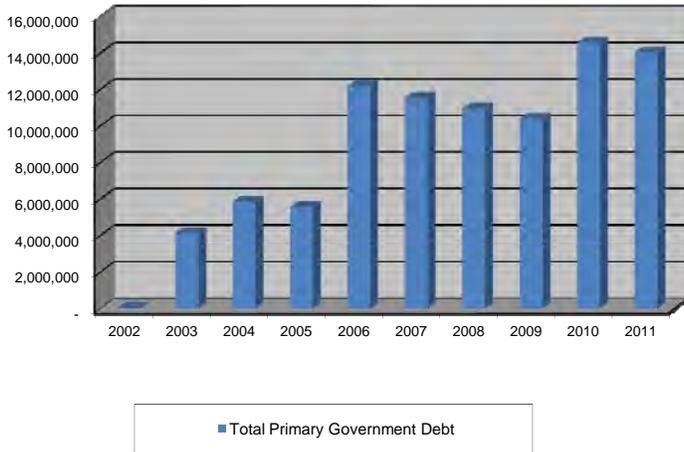
Ratios of Outstanding Debt by Type	Table 10	Page 122
Ratios of General Bonded Debt Outstanding	Table 11	Page 123
Direct and Overlapping Governmental Activities Debt	Table 12	Page 124
Legal Debt Margin Information	Table 13	Page 125-126
Pledged-Revenue Coverage	Table 14	Page 127



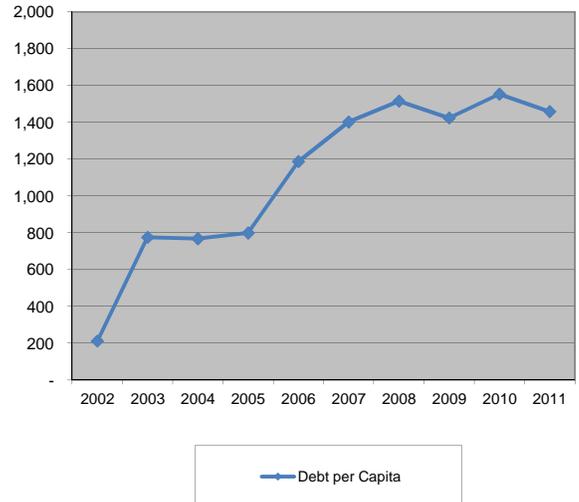
### CITY OF BATTLE GROUND Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities		Total Government Debt	Percentage of Personal Income	Population	Per Capita
	General Obligation Bonds	Term Loan Payable	Special Assessment Bonds	Capital Leases	Water Bonds	Term Loan Payable				
2011	\$ 12,745,000	\$ 1,200,000	\$ -	\$ 56,576	\$ -	\$ 11,913,103	\$ 25,914,679	3.97%	17,780	\$ 1,458
2010	13,200,000	1,300,000	-	37,612	-	12,750,387	27,287,999	3.56%	17,571	1,553
2009	8,910,000	1,400,000	-	68,096	-	14,031,428	24,409,524	3.70%	17,150	1,423
2008	9,435,000	1,500,000	-	-	-	14,374,969	25,309,969	4.23%	16,710	1,515
2007	9,955,000	1,600,000	-	-	98,021	11,107,342	22,760,363	3.97%	16,240	1,402
2006	10,470,000	1,700,000	-	-	405,718	6,186,301	18,762,019	3.53%	15,810	1,187
2005	3,740,000	1,800,000	-	-	700,821	5,709,996	11,950,817	2.49%	14,960	799
2004	3,905,000	1,900,000	25,000	-	1,183,699	3,900,358	10,914,057	2.53%	14,220	768
2003	4,070,000	-	35,000	-	1,255,003	4,373,139	9,733,142	2.52%	12,560	775
2002	-	-	50,000	-	1,515,098	783,055	2,348,153	0.71%	11,110	211

**Total Primary Government Debt by Year**



**Debt per Capita by Year**

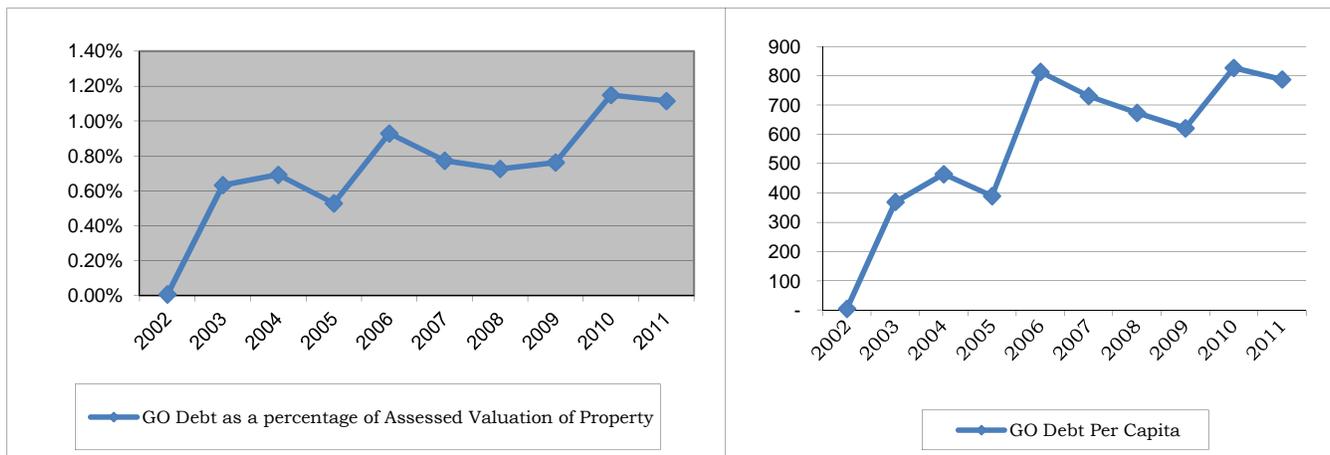


Source: City of Battle Ground Finance Department

Note: In 2000 the City issued debt to purchase the Remy park property.  
 In 2003 the City issued debt for the new city hall building.  
 In 2006 the City issued parks bond debt.  
 In 2010 the City issued debt for Scotton Way  
 Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**CITY OF BATTLE GROUND**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal Year	General Obligation Debt	Assessed Valuation *	Percentage of Taxable Value of Property	Population	Per Capita
2011	\$ 12,745,000	\$ 1,255,802,097	1.01%	17,780	717
2010	14,537,612	1,265,186,616	1.15%	17,571	\$ 827
2009	10,378,096	1,360,436,260	0.76%	17,150	605
2008	10,935,000	1,506,916,458	0.73%	16,710	654
2007	11,555,000	1,495,069,025	0.77%	16,240	712
2006	12,170,000	1,309,867,889	0.93%	15,810	770
2005	5,540,000	1,047,879,785	0.53%	14,960	370
2004	5,830,000	841,963,178	0.69%	14,220	410
2003	4,105,000	648,127,638	0.63%	12,560	327
2002	50,000	643,603,523	0.01%	11,110	5



**Source:** City of Battle Ground Finance Department

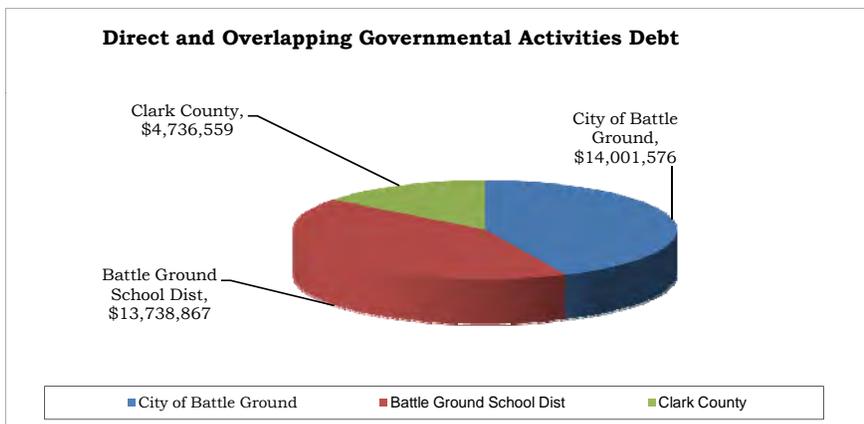
**Note:** In 2000 the City issued debt to purchase the Remy park property.  
 In 2003 the City issued debt for the new city hall building.  
 In 2006 the City issued parks bond debt.  
 In 2010 the City issued bonded debt to finance Scotton Way Street Improvement  
 Details regarding the City's outstanding debt can be found in the notes to the financial statements.

\* 2010 Assessed value for 2011 revenue.

### CITY OF BATTLE GROUND Direct and Overlapping Governmental Activities Debt

Government Unit	General Obligation Bonded Debt Outstanding	Estimated Percentage Applicable to Battle Ground	Estimated Share of Overlapping Debt Applicable to Battle Ground
<b>Overlapping</b>			
Battle Ground School District	\$ 63,196,260	21.74%	\$ 13,738,867
Clark County	142,329,099	3.33%	4,736,559
Subtotal, overlapping debt	\$ 205,525,359		\$ 18,475,427
<b>Direct:</b>			
City of Battle Ground direct debt	\$ 14,001,576	100.00%	\$ 14,001,576
<b>Total direct and overlapping debt</b>			<b>\$ 32,477,003</b>

City Assessed Valuation	\$ 1,255,802,097
School Assessed Valuation	5,767,202,665
County Assessed Valuation	38,028,303,558



**Sources:** Assessed value data used to estimate applicable percentages provided by the Clark County Treasurer's Office. Debt outstanding provided by each governmental unit.

**Note:** The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. 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 Battle Ground. This process recognizes that, when considering the City's ability to issue and repay 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.

**CITY OF BATTLE GROUND**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	Fiscal Year			
	2002	2003	2004	2005
Assessed Valuation	\$ 643,603,523	\$ 648,127,638	\$ 841,963,178	\$ 1,047,879,785
Debt limit 1 1/2 % of taxable property	9,654,053	9,721,915	12,629,448	15,718,197
Total net debt applicable to limit	<u>-</u>	<u>4,070,000</u>	<u>3,905,000</u>	<u>3,740,000</u>
Available Non-voted debt capacity	<u>9,654,053</u>	<u>5,651,915</u>	<u>8,724,448</u>	<u>11,978,197</u>
Total Debt Ceiling for General Municipal Purposes, Voted and Non-voted:				
2.5% of value of taxable property	16,090,088	16,203,191	21,049,079	26,196,995
Less: Voted debt outstanding:	-	-	-	-
Total voted debt outstanding	-	-	-	-
Total non-voted debt outstanding	<u>-</u>	<u>4,070,000</u>	<u>3,905,000</u>	<u>3,740,000</u>
Available unused debt capacity:	16,090,088	12,133,191	17,144,079	22,456,995
Additional voted indebtedness for supplying; water, artificial light, and sewers. 2.5% of value of taxable property				
	16,090,088	16,203,191	21,049,079	26,196,995
Less: Voted debt outstanding:	-	-	-	-
Additional voted indebtedness for developing open space, park facilities, and capital facilities associated with economic development.				
2.5% of value of taxable property	16,090,088	16,203,191	21,049,079	26,196,995
Less: Voted debt outstanding:	-	-	-	-
Total Available unused debt capacity including additional authorities:	\$ 48,270,264	\$ 44,539,573	\$ 59,242,237	\$ 74,850,983
Total net debt applicable to the limit as a percentage of debt limit	0.00%	41.86%	30.92%	23.79%

**Source:** City of Battle Ground Finance Department

**Note:**

In 2000 the City issued debt to purchase the Remy park property.

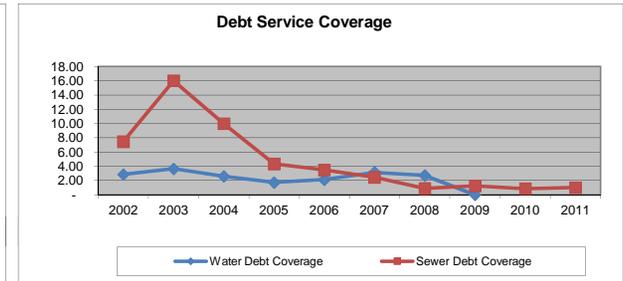
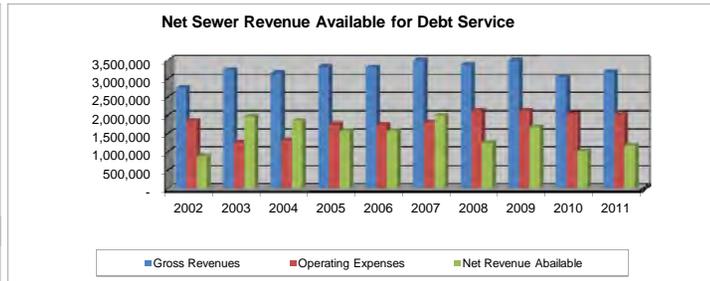
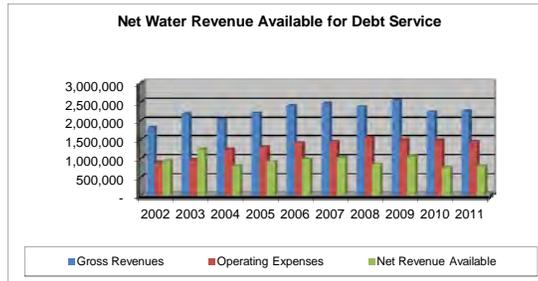
In 2003 the City issued debt for the new city hall building.

In 2006 the City issued parks bond debt.

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
\$	1,309,867,889	\$ 1,495,069,025	\$ 1,506,916,458	\$ 1,360,436,260	\$ 1,265,186,616	\$ 1,255,802,097
	19,648,018	22,426,035	22,603,747	20,406,544	18,977,799	18,837,031
	<u>10,470,000</u>	<u>9,955,000</u>	<u>9,435,000</u>	<u>8,910,000</u>	<u>13,200,000</u>	<u>12,745,000</u>
	<u>9,178,018</u>	<u>12,471,035</u>	<u>13,168,747</u>	<u>11,496,544</u>	<u>5,777,799</u>	<u>6,092,031</u>
	32,746,697	37,376,726	37,672,911	34,010,907	31,629,665	31,395,052
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>10,470,000</u>	<u>9,955,000</u>	<u>9,435,000</u>	<u>8,910,000</u>	<u>13,200,000</u>	<u>12,745,000</u>
	<u>22,276,697</u>	<u>27,421,726</u>	<u>28,237,911</u>	<u>25,100,907</u>	<u>18,429,665</u>	<u>18,650,052</u>
	32,746,697	37,376,726	37,672,911	34,010,907	31,629,665	31,395,052
	-	-	-	-	-	-
	32,746,697	37,376,726	37,672,911	34,010,907	31,629,665	31,395,052
	-	-	-	-	-	-
\$	87,770,091	\$ 102,175,178	\$ 103,583,735	\$ 93,122,721	\$ 81,688,997	\$ 81,440,156
	53.29%	44.39%	41.74%	43.66%	69.55%	67.66%

### CITY OF BATTLE GROUND Pledged-Revenue Coverage Last Ten Fiscal Years

Water Fund								Sewer Fund									
Fiscal Year	Gross Revenues	Less:		Net Revenue Available	Debt Service			Coverage	Gross Revenues	Less:		Net Revenue Available	Debt Service			Coverage	
		Operating Expenses			Principal	Interest	Total			Operating Expenses			Principal	Interest	Total		
2011	\$ 2,239,511	\$ 1,442,538	\$	796,973	-	-	-	-	\$ 3,180,504	\$ 2,002,328	\$	1,178,176	\$ 1,087,285	\$ 64,067	\$	1,151,352	1.02
2010	2,221,870	1,475,576		746,294	-	-	-	-	3,064,495	2,193,332		871,163	1,103,951	72,772		1,176,723	0.74
2009	2,532,433	1,477,699		1,054,734	-	-	-	-	3,811,504	2,127,169		1,684,335	1,281,041	72,772		1,353,813	1.24
2008	2,363,274	1,534,768		828,506	298,061	6,164	304,225	2.72	3,379,714	2,127,543		1,252,171	1,332,373	57,298		1,389,671	0.90
2007	2,451,795	1,436,722		1,015,073	307,697	14,047	321,744	3.15	3,795,485	1,803,422		1,992,063	778,959	27,406		806,365	2.47
2006	2,385,508	1,407,851		977,657	423,695	34,978	458,673	2.13	3,303,951	1,731,226		1,572,725	423,695	28,188		451,883	3.48
2005	2,196,771	1,294,290		902,481	482,878	39,130	522,008	1.73	3,323,089	1,753,609		1,569,480	340,362	20,732		361,094	4.35
2004	2,026,353	1,226,155		800,198	259,564	48,118	307,682	2.60	3,147,226	1,312,514		1,834,712	472,781	22,967		495,748	3.70
2003	2,162,765	947,835		1,214,930	260,095	72,838	332,933	3.65	3,226,363	1,269,848		1,956,515	176,231	19,898		196,129	9.98
2002	1,798,410	878,621		919,789	240,750	80,994	321,744	2.86	2,745,466	1,859,158		886,308	109,916	8,665		118,581	7.47



**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

Information derived from current and prior years' financial statement for the Enterprise Funds.  
Bond coverage was calculated to maintain the system in good repair and working condition.

- (1) In the year 1999 the City established separate funds for Water and Sewer Operations
- (2) No Water Revenue Bond outstanding after 2008

## **Schedules of Demographic and Economic Information**

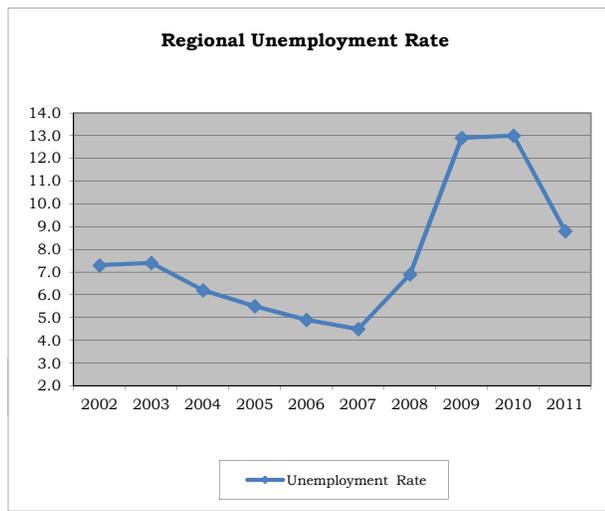
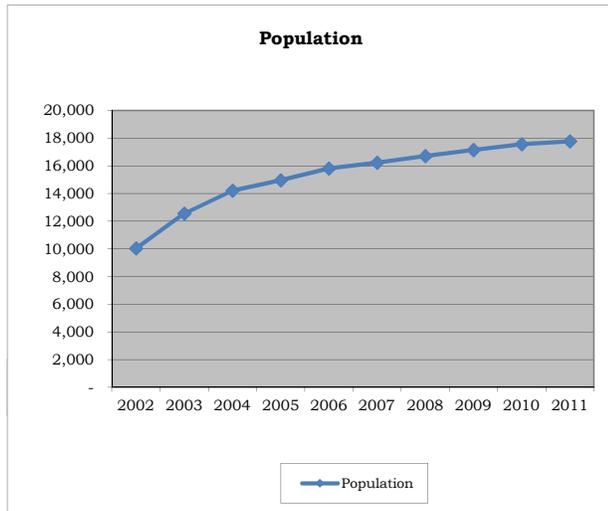
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.

Demographic and Economic Statistics	Table 15	Page 130
Principal Employers	Table 16	Page 131
Property Value and Construction	Table 17	Page 132



### CITY OF BATTLE GROUND Demographic and Economic Statistics, Last Ten Fiscal Years

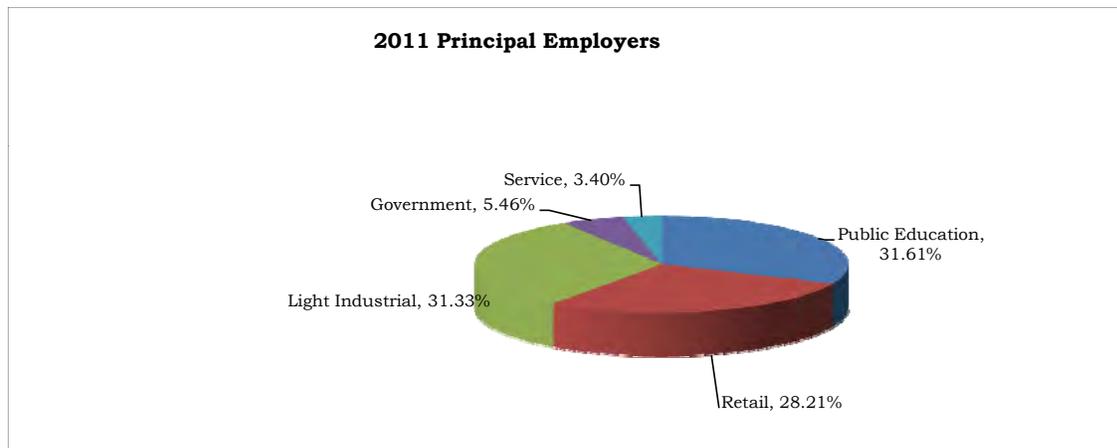
Year	Population	Personal income	Per Capita Personal Income	Unemployment Rate
2011	17,780	652,792,700	36,715	8.8
2010	17,571	765,463,044	43,564	13.0
2009	17,150	659,794,800	38,472	12.9
2008	16,710	598,034,190	35,789	6.9
2007	16,240	572,719,840	35,266	4.5
2006	15,810	531,010,470	33,587	4.9
2005	14,960	479,228,640	32,034	5.5
2004	14,220	431,107,740	30,317	6.2
2003	12,560	385,968,800	30,730	7.4
2002	11,110	330,622,490	29,759	7.3



**Source:** Personal Income and Per Capita Income - State of Washington, Bureau of Economic Analysis (PCI for Clark County)  
 Unemployment- U.S. Department of Labor, Bureau of Labor Statistics (Vancouver, Portland metro area)

**CITY OF BATTLE GROUND  
Principal Employers,  
Current Year and Nine Years Ago**

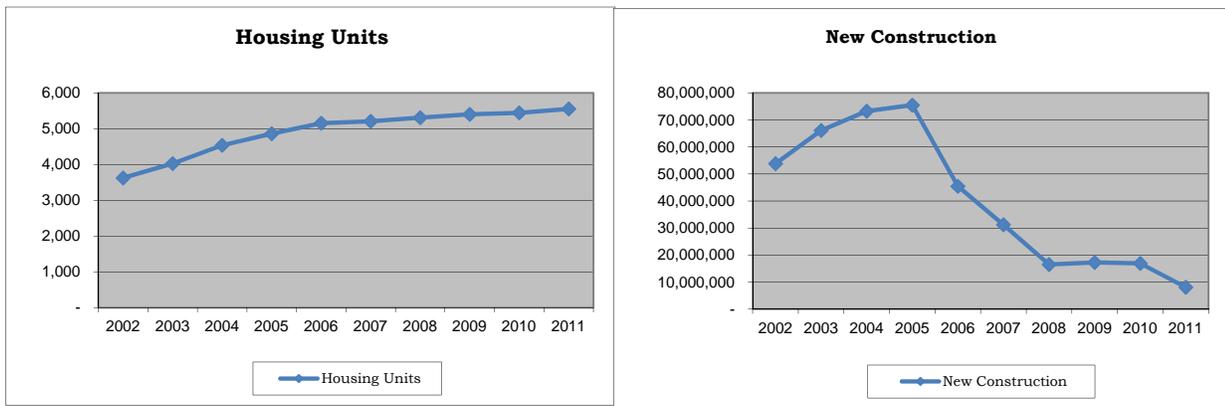
Employer	Type of Business	2011			2002	
		Employees	Rank	% of Labor Force	Employees	Rank
Battle Ground School District (In Battle Ground)	Public Education	446	1	4.7%	412	1
Fred Meyer	Retail	235	2	2.5%	138	2
Tapani Underground Inc.	Service	220	3	2.3%		
Anderson Plastics/Anderson Dairy	Manufacturing	157	4	1.6%	107	3
Vancouver Clinic	Health Care	119	5	1.2%		
Albertson's	Retail	84	6	0.9%	85	6
Safeway	Retail	79	7	0.8%	90	4
City of Battle Ground	Government	77	8	0.8%	49	9
JRT Mechanical	Manufacturing	65	9	0.7%		
Tapani Plumbing	Service	48	10	0.5%		
Laidlaw Transit	Service				85	5
United Tempering Systems	Service				74	7
Parkway North Care Center	Health Care				70	8
Hi-School Pharmacy	Retail				40	10



Source: City of Battle Ground Finance Department  
The City implemented GASB 44 in 2006.  
Information for the total labor force for 2002 was unavailable

### CITY OF BATTLE GROUND Property Value and Construction Last Ten Fiscal Years

Year	Population	Residential Housing Units	New Construction	Assessed Property Value*	Percentage of New Construction/ Total Assess Value
2011	17,780	5,553	\$ 8,098,959	\$ 1,255,802,097	0.6%
2010	17,571	5,502	16,926,836	1,265,186,616	1.3%
2009	17,150	5,444	17,265,976	1,360,436,260	1.3%
2008	16,710	5,402	16,500,866	1,506,916,458	1.1%
2007	16,240	5,308	31,215,771	1,495,069,025	2.1%
2006	15,810	5,207	45,456,109	1,309,867,889	3.5%
2005	14,960	5,155	75,469,100	1,047,879,785	7.2%
2004	14,220	4,859	73,258,300	841,963,178	8.7%
2003	12,560	4,537	66,105,900	648,127,638	10.2%
2002	11,110	4,026	53,820,200	566,805,747	9.5%



**Source:** Housing Units and new construction provided by the City's building department. Assessed property value provided by Clark County assessors office.

\* Assessed property values can increase substantially, based on market value. New construction is only a portion of the actual increase.



## **Schedules of Operating Information**

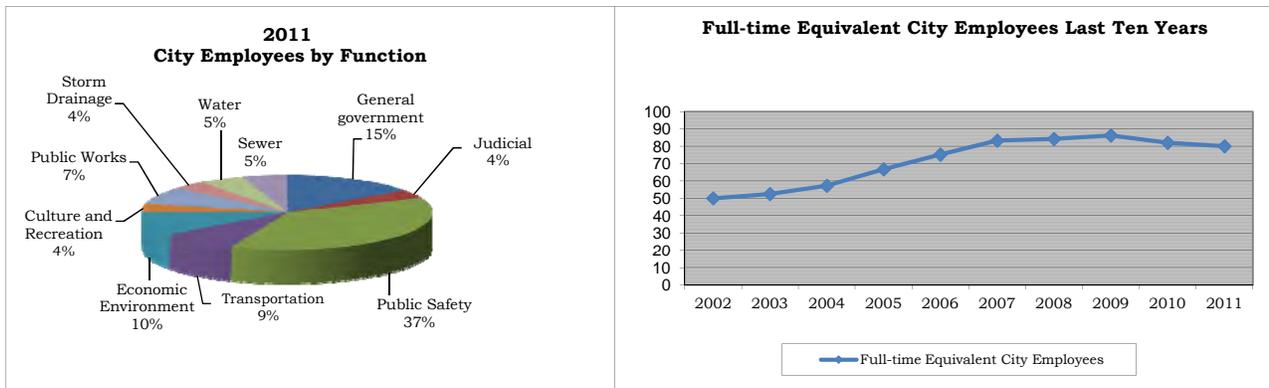
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Full-time Equivalent City Government Employees	Table 18	Page 136
Operating Indictors by Function/Program	Table 19	Page 137
Capital Asset Statistics by Function/Program	Table 20	Page 138



**CITY OF BATTLE GROUND**  
**Full-time Equivalent City Government Employees by Function/Program,**  
**Last Ten Fiscal Years**

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011**
General government										
General government	4.46	5.23	6.53	8.03	8.53	8.63	9.00	9.00	9.00	12.00
Judicial	2.25	2.45	2.45	2.85	2.85	2.55	3.00	3.00	3.00	3.00
Public Safety	19.10	19.65	23.25	26.75	30.75	30.90	30.00	31.00	29.00	30.00
Physical Environment*	-	-	-	-	-	-	-	-	-	-
Transportation	3.57	3.12	3.22	3.57	4.37	4.72	4.00	4.00	4.00	7.00
Economic Environment	5.30	9.30	9.20	9.46	9.46	9.46	9.00	7.50	7.50	8.00
Culture and Recreation	2.99	2.44	1.69	1.84	1.89	2.39	6.00	5.25	5.25	3.00
Utilities/Public Works										6.00
Storm Drainage	1.53	1.46	3.81	3.91	4.56	5.01	5.50	6.00	6.75	3.00
Water	7.03	7.10	8.40	9.02	10.32	10.22	9.50	8.25	8.25	4.00
Sewer	6.27	6.45	8.15	9.77	10.47	10.32	10.00	11.00	9.25	4.00
<b>Totals</b>	<b>52.50</b>	<b>57.20</b>	<b>66.70</b>	<b>75.20</b>	<b>83.20</b>	<b>84.20</b>	<b>86.00</b>	<b>85.00</b>	<b>82.00</b>	<b>80.00</b>



Source: Department of Human Resources City of Battle Ground

\*Fire protection services are contracted with Clark County Fire District #11

\*\* 2011 the City reallocated staff for direct costing.

Note: Information presented reflects active, permanent, full-time equivalent employees as of December 31 of the year shown.

**CITY OF BATTLE GROUND**  
**Operating indicators by Function/Program**  
**Last Nine Fiscal Years**

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Government</b>									
Population	12,560	14,220	14,960	15,810	16,240	16,710	17,150	17,571	17,780
Housing Units	4,537	4,859	5,155	5,294	5,395	5,402	5,444	5,502	5,553
<b>Judicial</b>									
Total number of cases filed	1,888	2,551	2,507	2,847	4,850	4,705	4,613	4,458	4,116
Total hearings scheduled	*	6,377	5,845	7,510	10,469	11,746	11,497	10,907	9,630
Total warrants issued	*	548	469	752	1,154	952	1,086	1,003	924
<b>Public Safety</b>									
<b>Police</b>									
Citations issued	1,208	1,768	1,867	2,106	4,025	3,644	3,464	3,718	3,253
Reports written	2,164	2,169	2,600	2,688	2,821	2,775	2,722	2,969	2,635
Number of calls for service	*	*	*	6,032	6,565	6,617	6,549	6,096	15,734
Arrests	857	908	1,011	1,183	1,736	1,749	1,703	1,769	1,638
<b>Transportation</b>									
Right of way permits	304	320	292	44	116	96	54	73	51
Hours street sweeping	*	*	895	1,500	1,550	1,850	1,279	1,345	1,084
Curb painting (hours)	100	100	86	100	110	72	152	122	32
Crack sealing (hours)	*	487	176	351	406	452	493	429	95
<b>Culture and Recreation</b>									
Hours park mowing	672	800	1,000	1,120	1,500	2,033	978	1,111	921
Trash pick-up	360	420	460	520	600	1,091	540	992	907
Weed spraying	60	80	100	120	150	160	53	67	0
<b>Water</b>									
Number of water accounts	4,896	4,911	4,944	4,950	5,099	5,169	5,176	5,276	5,296
Average daily production (gallons)	1,189,286	1,249,363	1,341,186	1,471,667	1,440,981	1,420,968	1,426,047	1,299,850	1,270,000
<b>Storm Drainage</b>									
Number of drainage accounts	5,054	5,087	5,095	5,099	5,231	5,331	5,390	5,510	5,553
Ditch maintenance (Hours)	300	1,200	700	1,200	1,250	1,250	1,222	331	763
Clean catch basins	100	100	100	100	100	100	4	122	657
<b>Sewer</b>									
Number of sewer accounts	5,038	5,071	5,079	5,083	5,215	5,182	5,281	5,412	5,433
Clean sewer lines (feet)	20,000	20,000	20,000	12,000	11,000	25,000	27,116	4,182	16,744
Treatment capacity (MG)	2	2	2	2	2	2	2	2	3.47

Sources: Various departments City of Battle Ground

Note: Indicators are not available for the general government function.

\* The City implemented GASB 44 in 2006, data for years prior to implementation of Statement 34 in 2003 is not readily available.

**CITY OF BATTLE GROUND**  
**Capital Asset Statistics by Function/Program**  
**Last Nine Fiscal Years**

<b>Function/Program</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>General government</b>									
Square feet of administrative space *	31,110	31,110	31,110	31,110	31,110	31,110	31,110	31,110	31,110
<b>Public Safety</b>									
<b>Police</b>									
Police vehicles	19	20	22	20	22	23	27	27	20
Square feet of administrative space	2,250	2,250	2,250	18,277	18,277	18,277	18,277	18,277	18,277
<b>Physical Environment</b>									
Fire trucks	2	2	3	3	3	3	3	3	3
Square feet for fire facilities	4,515	4,515	4,515	9,029	9,029	9,029	9,029	9,029	9,029
<b>Transportation</b>									
Miles of road	47.6	51.2	55.0	56.7	59.2	70.9	75.0	75.7	76.7
Number of street lights	1,625	1,625	1,625	1,627	1,721	1,815	1,835	1,841	1,846
<b>Culture and Recreation</b>									
Acreage	126.00	129.48	131.62	126.00	126.61	133.85	242.00	242.00	242.00
Park facilities	6	6	6	6	6	6	6	6	6
<b>Water</b>									
Supply and distribution mains (miles)	54.46	56.24	59.38	60.81	63.78	67.88	68.67	68.83	68.90
Number of hydrants	499	512	549	567	607	647	662	662	665
Storage	5	6	6	6	6	6	6	6	6
Wells	7	7	7	7	7	7	7	7	7
<b>Storm Drainage</b>									
Miles of storm drains (miles)	14.02	18.41	17.67	19.12	19.50	21.62	27.85	28.15	28.15
Storm water facilities (acres)	23.00	24.10	25.35	26.68	27.07	27.07	28.79	28.79	28.79
Wetlands/open space (acres)	49.81	51.66	53.68	53.68	78.25	79.83	81.41	82.99	84.57
<b>Sewer</b>									
Capacity (MGD)	1.97	1.97	1.97	1.97	1.97	1.97	1.97	1.97	1.97
Miles of sewage mains	39.83	41.66	44.58	45.62	47.38	50.28	57.92	58.07	58.07
Square feet of administrative space	1,400	1,400	1,400	4,051	4,051	4,051	4,051	4,051	4,051

Sources: Various departments City of Battle Ground

**Note:**

The City implemented GASB 44 in 2006, data for years prior to implementation of Statement 34 in 2003 is not readily available.

\* The City currently occupies roughly 60% of the city hall building. The balance of the building is leased to other businesses.

