

Comprehensive Annual Financial Report 2013



City of Battle Ground,
Washington



**City of Battle Ground
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2013**

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INTRODUCTORY SECTION

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City of Battle Ground

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

May 16, 2014

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, 2013. 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 accordance with Generally Accepted Accounting Principles (GAAP).

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 state the financial position and the results of operations of the city's various funds. In addition, all disclosures necessary to enable the reader to gain an understanding of the city's financial activities have been included.

City management is responsible for establishing and maintaining a structure of internal control. Internal 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, 2013 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, elected and appointed city officials, and this letter of transmittal.
2. **Financial Section:** This section contains the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the Basic Financial Statements, 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. 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) Chapter 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 appointing the directors 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. Shane A. Bowman currently serves as the mayor of the City of Battle Ground and Philip Johnson serves as deputy mayor.

Battle Ground is a full service city, providing for:

Public Safety - police protection and contracted services for fire protection

Law and Justice - municipal court services

Community Development - planning and code enforcement functions

Public Infrastructure - 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's financial statements.

Accounting and Budgeting

The diverse nature of city government and the necessity of assuring legal compliance preclude the recording and summarizing of all city financial transactions and balances in a single accounting entity. Therefore, from an accounting and financial management viewpoint, the city is a combination of several distinctly different fiscal and accounting entities, each having a separate set of accounts and functioning

independently of each other. Each accounting entity is accounted for in a separate "fund." A fund is defined as a fiscal accounting entity with a self-balancing set of accounts, recording cash and other financial resources, together with all related liabilities and residual equities or fund balance, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The city's accounting records for the general governmental operations are maintained on a modified accrual basis with revenues being recorded when they become both measurable and available to finance expenditures in the current period. Expenditures are recorded when the related fund liability is incurred. The accounting records for the city's proprietary funds are maintained on the accrual basis with revenues recorded when they are earned and expenses recorded when they are incurred.

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

The city prepares a biennial budget in accordance with the Revised Code of Washington (RCW) 35A.34. The city's biennial budget serves as the foundation for financial planning and control. Note I-D in the notes to the financial statements, found immediately following the basic financial statements, provides budget information.

Budget-to-actual comparisons are provided in this report for each individual government fund for which an appropriated biennial 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 invests temporarily idle cash in investments authorized by state law, including U.S. agency issues, the Washington State Local Government Investment Pool, and the Clark County Investment Pool. The average yield on investments during 2013 was 0.7%, for which the city received earnings. The city structures its investments to provide necessary liquidity and to minimize risk, while achieving reasonable yields on its portfolio.

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.

Local Economy: Economic activity in Clark County and the City of Battle Ground has continued to expand at a moderate pace. Labor market conditions have shown further improvement in recent months and the housing sector has strengthened further. However, national and state fiscal policy is restraining sustainable economic growth.

Housing growth in Battle Ground showed signs of improvement, but foreclosures are still an ongoing issue for the city. Unfortunately these types of real estate transactions do not generate the real estate excise tax the city uses for growth related capital projects.

In 2013, the City of Battle Ground issued 210 new single and multi-family residential building permits as compared to 70 permits in 2012. The value of the permits totaled \$33,018,389 in 2013 as compared to \$9,542,718 the year before.

In addition, the City of Battle Ground issued 27 permits for commercial tenant improvements of approximately 13,408 square feet. Some of these tenant improvements were in new commercial space and some in existing buildings. The value of this work exceeded \$3 million.

The 2013 population growth in the City of Battle Ground increased slightly to an annual rate of 1.17 % as compared to 0.79% in 2012, 1.22% for 2011 and 2.45% growth in 2010. This population growth places the City of Battle Ground as the third largest city in Clark County. The city continues to monitor growth trends for future impacts on budget and services.

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 focus of the financial model in the next biennial budget will focus on infrastructure needs and maintenance of existing assets.

Sewer Projects Update: In 2013 the city continued participation in the formation of a consortium of local governments including Clark County, Clark Regional Waste Water District, and the City of Ridgefield. These entities formed a joint utility partnership called the Discovery Clean Water Alliance (DCWA). DCWA will be working together in 2014 to transfer assets and complete the necessary governance framework for the consortium. The city will not formally transfer assets until January 2015.

Major Street Construction: In 2013 the city completed the SE 4th Street pedestrian improvement between South Parkway Avenue and SW 2nd Avenue. This project provided a critical side walk along the south side of SE 4th Street for an improved, safe access to the Kiwanis Park. The project was funded by a Community Development Block Grant.

Water Project Update: In 2013 the city completed the NE 219th Street Clark Public Utility inertie project. This project will provide up to 1,000 gallons per minute of additional water supply to

supplement the city's wells in meeting the peak water use demands during the summertime. This project was funded through the water fund.

Annexation: Annexation is the procedure for bringing unincorporated areas of a county into an adjacent incorporated city. A 60% petition to annex was submitted to the city containing signatures from property owners of the annexation area. City council approved the annexation of approximately 260 acres of property into the City of Battle Ground in 2013. The annexation area is expected to result in an additional \$21,083 per year in property tax revenues, based on current assessment.

Financial Statement Award

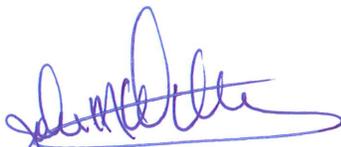
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Battle Ground for its *Comprehensive Annual Financial Report* of the fiscal year ended December 31, 2012. This was the city's eleventh year it received 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

Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the finance department staff, especially Brian Wolf, accounting manager, and other employees throughout the city who assisted in and contributed to its preparation. Further appreciation is extended to the mayor and the city council for their direction and support of sound fiscal management.

Respectfully submitted,



John M. Williams
City Manager



Margaret A. Smith, CPA
Finance and Information Services Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

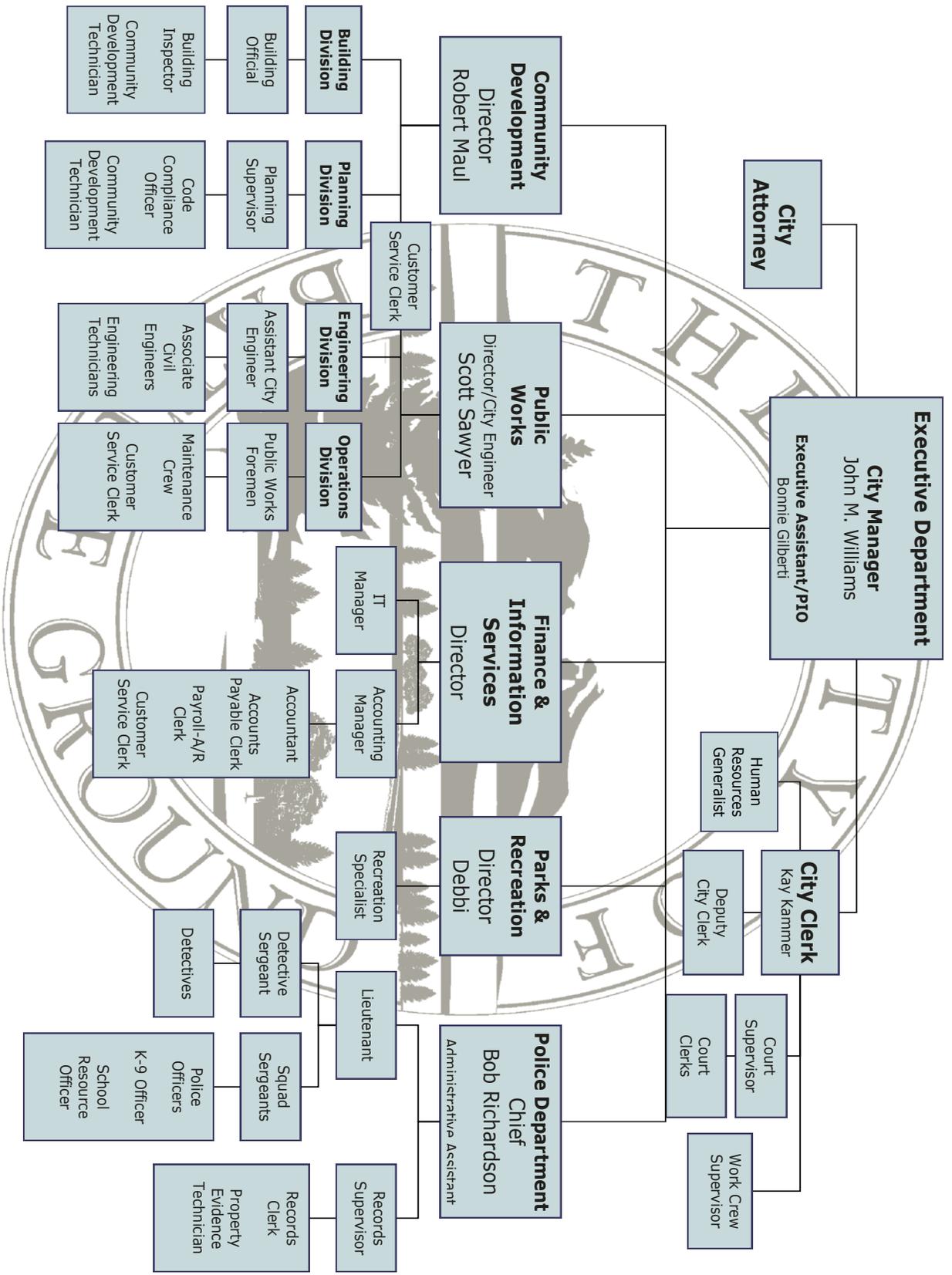
Presented to

**City of Battle Ground
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO



CITY OF BATTLE GROUND
List of Elected & Appointed Officials
December 31, 2013

ELECTED OFFICIALS
CITY COUNCIL



Mayor
Lisa Walters



Deputy Mayor
Shane Bowman



Councilmember
Michael Ciraulo



Councilmember
Adrian Cortes



Councilmember
Bill Ganley



Councilmember
Philip Johnson



Councilmember
Alex Reinhold

APPOINTED OFFICIALS
CITY STAFF

City Manager
John M. Williams

Finance & Information Services Director
Maggie Smith, CPA

Chief of Police
Bob Richardson

Public Works Director/City Engineer
Scott Sawyer, PE

Community Development Director
Robert Maul

Parks & Recreation Director
Debbi Hanson

FINANCIAL SECTION

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Washington State Auditor Troy Kelley

INDEPENDENT AUDITOR'S REPORT

May 6, 2014

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

REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Battle Ground, Clark County, Washington, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 26 and information on postemployment benefits other than pensions on page 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as nonmajor combining and individual fund statements and schedules, and other supporting statements and schedules on pages 74 through 94 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 Introductory and Statistical sections 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated May 6, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Battle Ground's (city) discussion and analysis is a narrative overview of the city's financial activities for the fiscal year ended December 31, 2013. The information presented here should be read in conjunction with our letter of transmittal, the financial statements, and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

Government-Wide

- City of Battle Ground assets exceeded its liabilities at December 31, 2013 by \$104.6 million. Of this amount \$85.8 million is invested in capital assets (net of depreciation and related debt), \$6.7 million is restricted for various purposes, and unrestricted net position is \$12.2 million. Unrestricted net position may be used to meet the city's ongoing obligations to citizens and creditors, without legal restriction.
- The city's total net position showed an increase of \$1,457,778, most of which was an increase in system development charges.

Fund Level

- As of December 31, 2013, the city's governmental funds reported combined ending fund balances of \$7,566,911. Of this amount, \$4,283,581 is restricted to specific purposes such as capital, drug investigation and tourist promotion. \$3,283,330 is unrestricted (includes committed, assigned, and unassigned). The unrestricted fund balance is available for spending at the city's discretion.
- Unrestricted fund balance in the general fund is \$3,151,985 at December 31, 2013. This unrestricted fund balance increased by \$881,338 over the prior year.

Long-Term Debt

- In 2013, the city entered into a capital lease in the amount of \$665,660 for the purchase of three police vehicles and a fire truck.

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. Other supplementary information is provided 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 the 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 the 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 include storm water management and control, water, and sewer.

The Statement of Net Position

This statement presents information on all of the 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 improved in 2013. This is primarily due to increased revenues tied to construction. 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 city's net position changed during 2013. 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 2012, 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 2013.

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 the city fall into two categories: governmental funds and proprietary funds. Governmental funds account for most, if not all, of a government's tax-supported activities. Proprietary funds account for government's business-type activities where all or part of the costs of activities are supported by fees and charges that are paid directly by those who benefit from the activities.

Governmental Funds

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

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

Because the 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 city's near-term financing decisions. 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

The city maintains two different types of proprietary funds. 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. Internal service funds are an accounting device used to accumulate and allocate costs internally among the city's various functions. The city uses internal service funds to account for the management of its fleet of equipment and technology.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for its storm drainage, water, and sewer utilities, all of which are considered to be major funds of the city. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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 improved over 2013. As noted earlier, changes in net position may serve as a useful indicator of a city's financial position. The City of Battle Ground's total net position was \$104,612,963 at December 31, 2013. The following is a condensed version of the *Government-Wide Statement of Net Position*.

The largest portion of the city's net position (82.0%) 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 \$6,455,068 in net position restricted for capital or capital related debt. \$708,266 of these restricted assets are in the Storm Drainage Fund, \$242,369 in the Water Fund, \$1,449,720 in the Sewer Fund, \$220,801 in the Scotton Way Fund, \$3,160,946 in the Traffic Impact Fund, \$434,953 in the Park Impact Fund, \$53,496 in the Real Estate Tax Fund, and \$184,517 in the Fire Impact Fund and must be used for capital purposes in the respective funds. In addition, the city had \$110,819 for Drug Investigations and \$118,049 for Tourist Promotion. The remaining balance of \$12,158,829 (unrestricted) represents the amount that may be used to meet the city's ongoing obligations.

At December 31, 2013, the 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	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 9,349,907	\$ 7,536,153	\$ 11,908,323	\$ 11,007,462	\$ 21,258,230	\$ 18,543,615
Capital assets (net of depr)	54,348,168	54,725,821	61,717,691	63,530,601	116,065,859	118,256,422
Total assets	63,698,075	62,261,974	73,626,014	74,538,063	137,324,089	136,800,037
Long-term liabilities	14,376,157	14,325,202	16,612,854	17,797,024	30,989,011	32,122,226
Other liabilities	1,409,662	1,434,097	312,453	568,774	1,722,115	2,002,871
Total Liabilities	15,785,819	15,759,299	16,925,307	18,365,798	32,711,126	34,125,097
Net Position:						
Net investment in capital assets	40,562,231	41,074,989	45,207,967	45,841,037	85,770,198	86,916,026
Restricted for:						
Capital	4,054,713	2,964,183	2,400,355	804,132	6,455,068	3,768,315
Debt Services	-	-	-	-	-	-
Drug Investigations	110,819	35,745	-	-	110,819	35,745
Tourist Promotion	118,049	114,327	-	-	118,049	114,327
Archeological Mitigation	-	100,000	-	-	-	100,000
Unrestricted	3,066,444	2,213,431	9,092,385	9,527,096	12,158,829	11,740,527
Total net position	\$ 47,912,256	\$ 46,502,675	\$ 56,700,707	\$ 56,172,265	\$ 104,612,963	\$ 102,674,940

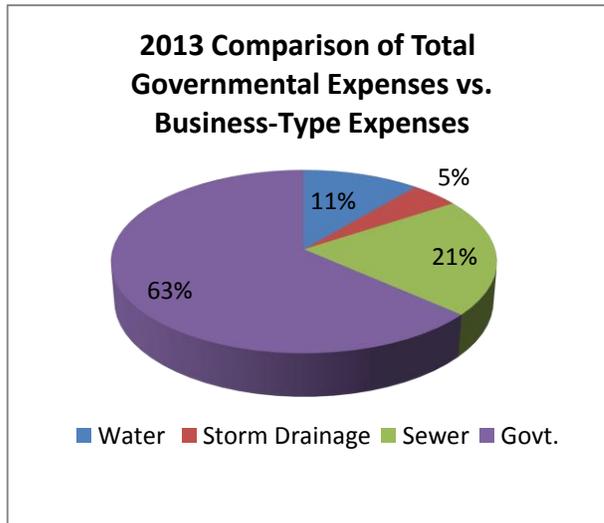
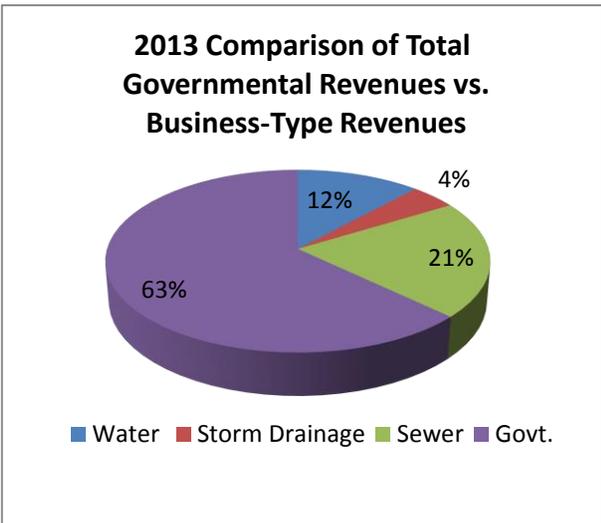
Statement of Activities

In 2013, the city's total net position increased by \$1,457,778. The business-type funds increased by \$528,442 due primarily to increases in capital contributions from developers. Net position increased \$929,336 in the governmental funds due largely to increases in transportation impact fees, building permit and planning review revenue.

A summary version of the *Statement of Activities* is shown in the following table including comparison data from 2012. 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 versus business type expenses for 2013.

City of Battle Ground Statement of Activities

	Governmental activities		Business-Type activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 3,679,543	\$ 1,646,901	\$ 5,781,096	\$ 5,413,016	\$ 9,460,639	\$ 7,059,917
Operating Grants and Contributions	771,126	445,149	18,536	34,519	789,662	479,668
Capital Grants and Contributions	932,403	4,299,828	2,024,856	477,273	2,957,259	4,777,101
General revenues:						
Property taxes	2,532,873	2,479,566	-	-	2,532,873	2,479,566
Sales taxes	2,015,104	1,910,787	-	-	2,015,104	1,910,787
Other taxes	3,273,999	2,885,852	-	-	3,273,999	2,885,852
Interest income	18,265	40,689	33,565	41,181	51,830	81,870
Other revenues	89,750	94,749	135,943	86,611	225,693	181,360
Total Revenues	13,313,063	13,803,521	7,993,996	6,052,600	21,307,059	19,856,121
Expenses:						
General government	1,712,197	2,634,653	-	-	1,712,197	2,634,653
Judicial	470,139	444,557	-	-	470,139	444,557
Public Safety	4,026,694	3,967,973	-	-	4,026,694	3,967,973
Physical environment	1,826,061	1,638,224	-	-	1,826,061	1,638,224
Transportation	2,400,518	1,967,127	-	-	2,400,518	1,967,127
Economic environment	781,901	722,507	-	-	781,901	722,507
Culture and recreation	1,025,958	998,656	-	-	1,025,958	998,656
Storm Drainage	-	-	930,010	712,377	930,010	712,377
Water	-	-	2,235,333	1,641,601	2,235,333	1,641,601
Sewer	-	-	4,162,154	3,439,502	4,162,154	3,439,502
interest on long term debt	537,184	536,751	-	-	537,184	536,751
Total Expenses	12,780,652	12,910,448	7,327,497	5,793,480	20,108,149	18,703,928
Excess (deficiency) before contributions, and transfers.						
	532,411	893,073	666,499	259,120	1,198,910	1,152,193
Contributions						
Special Item - Gain on Sale of Capital Asset	263,350	322,507	-	-	263,350	322,507
Transfers	(4,482)	-	-	171,492	(4,482)	171,492
Changes in Net Position	138,057	1,078,857	(138,057)	(1,078,857)	-	-
Changes in Net Position	929,336	2,294,437	528,442	(648,245)	1,457,778	1,646,192
Net Position-beginning	46,502,675	44,470,368	56,172,265	56,820,510	102,674,940	101,290,878
Prior Year Adjustment	480,245	(52,579)	-	-	480,245	(52,579)
Change in Accounting Principle	-	(209,551)	-	-	-	(209,551)
Net Position-ending	\$ 47,912,256	\$ 46,502,675	\$ 56,700,707	\$ 56,172,265	\$ 104,612,963	\$ 102,674,940

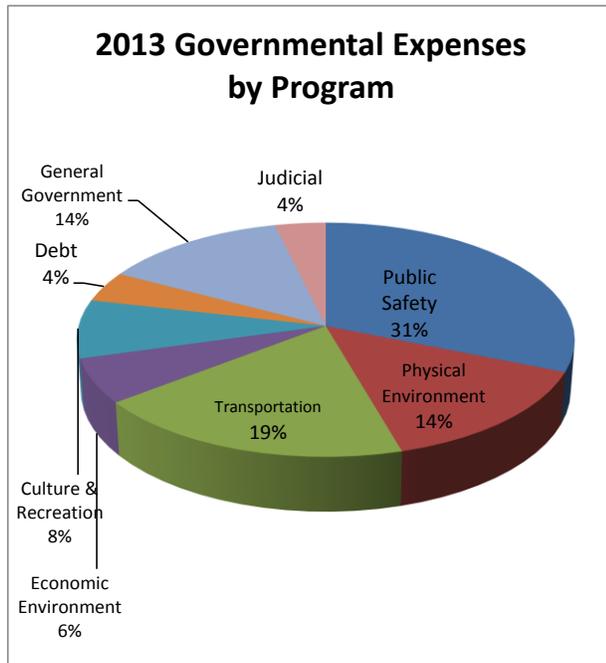
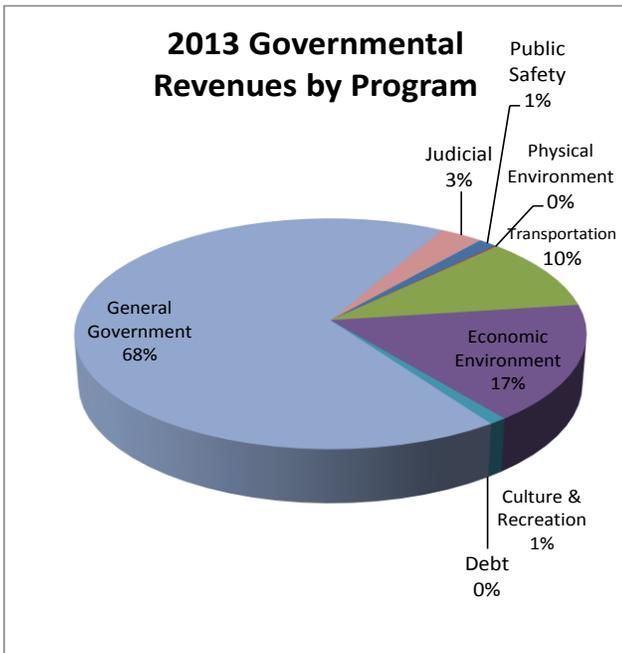


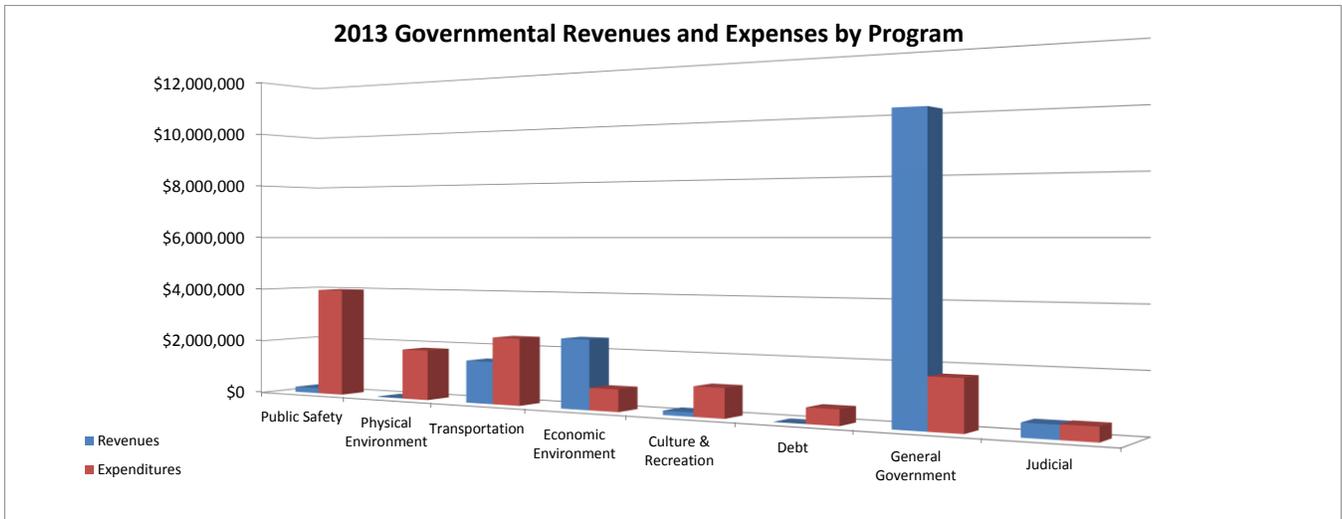
Governmental Activity Analysis

During the current fiscal year, net position for governmental activities increased by \$1,409,581 due to the increase in revenue and the city operating with a reduced budget to support essential services. Property taxes collected in fiscal year 2013 increased \$44,337 because of increased valuations, growth of new construction in residential properties, and annexations. Sales taxes collected increased \$104,317 or 5.5% from the prior year due to a modest improvement in the local economy. License and permit revenues increased by \$450,399 or 138.5% from the prior year due to increase in new construction.

The revenue which had the greatest variance over prior years was transportation impact fees (TIF). TIF revenue increased by \$768,785 from 2012 primarily due to one large commercial development. Without this one transaction, 2013 TIF revenue would have grown by \$293,620. The real estate excise tax continued its rebound from the historical lows of 2011 with an increase from 2012 of \$187,662 or 57.8%. Foreclosures and short sales following the national housing crisis continue to impact this revenue stream and may continue into the next few years.

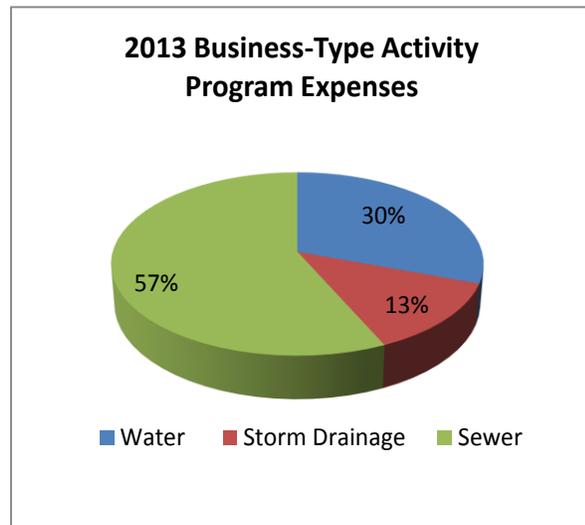
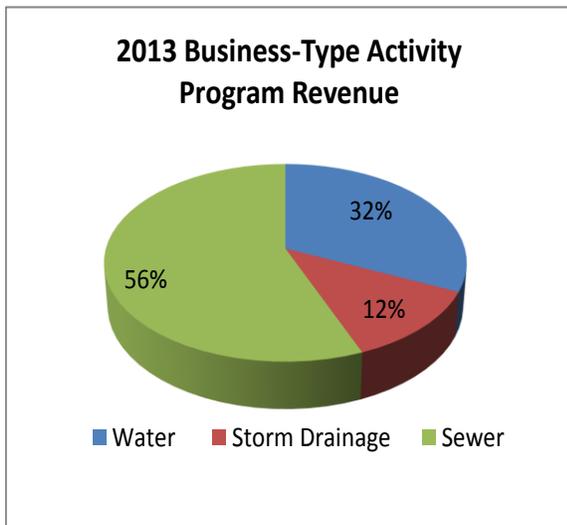
Governmental activities expenses decreased by \$129,796 or 1.0% from the prior year. The decrease is primarily due to changes a difference in reporting for direct and indirect costing. In 2013, the city reported general government expenses as the net of total general government expenses and indirect cost reimbursements. In the prior year, expense reimbursements of \$1,078,857 reported as transfers in from business-type activities. This initial year skews the year-to-year comparisons.





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 a decrease in expenses. The storm drainage fund had an overall increase in net position of \$4,097 or .04%. This slight increase was primarily due to an increase in service charge revenues. The sewer fund had an increase in revenues and expenses. The sewer fund had an overall increase in net position of \$227,892 or .9% due to an increase in capital contributions that offset increase operating costs. The water fund had an increase in revenues and expenses. The fund had an increase in net position of \$296,453 or 1.4% in the water fund this is also due to an increase in capital contributions. The following graphs illustrate the revenues and expenses of the City’s enterprise funds.



FINANCIAL ANALYSIS OF THE CITY’S FUNDS

Governmental Funds Analysis

As noted earlier, the City of Battle Ground uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the city's governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the city's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the city itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Battle Ground's council.

At December 31, 2013, the city's governmental funds reported combined fund balances of \$7,566,911, an increase of \$1,242,028 in comparison with the prior year. Approximately 7.2% of this amount (\$541,776) constitutes unassigned fund balance, which is available for spending at the city's discretion. The remainder of the fund balance is either restricted, committed, or assigned to indicate that it is 1) restricted for particular purposes (\$4,283,581), 2) committed for particular purposes (\$843,012), or 3) assigned for particular purposes (\$1,898,542).

The general fund is the chief operating fund of the City of Battle Ground. At the end of the current fiscal year, unassigned fund balance of the general fund was \$541,776, while total fund balance increased to \$3,151,985. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 5.5% of total general fund expenditures, while total fund balance represents approximately 32% of that same amount.

The fund balance of the general fund increased \$460,371 during the current fiscal year. As discussed earlier in connection with governmental activities, the increase was due to an increase in planning review and permitting revenues.

The capital projects fund, a major fund, had a \$156,339 decrease in fund balance during the current fiscal year which put the overall fund balance at zero. The decrease in fund balance was caused by the spending of resources obtained from grants and capital contributions for capital acquisition and construction.

Business-Type Funds Analysis

The city's proprietary fund financial statements provide the same type of information found in the government-wide financial statements for business-type activities, although in more detail. Internal services funds, although proprietary, are not included in the following section.

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 enterprise funds, all of which are considered major funds.

The water fund and the sewer fund are the two largest enterprise funds in the city. The water fund accounts for 37% and the sewer fund 47% of the net position for the enterprise funds. The water fund had total net position at year-end of \$20.8 million and the sewer fund had total net position of \$26.4 million. The water fund, sewer fund, and the storm drainage fund had an operating loss. After capital contributions and interest earnings, all three enterprise funds experienced an increase in net position.

The water fund total operating revenues for 2013 were \$2.1 million compared to the same amount the year ago, while operating expenses were \$2.2 million compared to \$2.0 million in the prior year. Expenses increased in most categories including personnel, professional service, and allocated expenses.

The sewer fund total operating revenues for 2013 were \$3.0 million compared to \$2.7 million in the prior year, while operating expenses were \$3.9 million compared to \$3.6 million in the prior year. Through interlocal agreements, Clark Regional Wastewater District (CRWWD) pays full operating costs of the plant. All payments to CRWWD are classified as intergovernmental services. Beginning in 2013, to mitigate the operating losses on the sewer utility, the city began a series of rate increases to keep pace with costing changes and increase debt obligations. The increasing number of utility customers is having the dual effect of increasing revenues and increasing the demands on the systems.

The storm drainage total operating revenues for 2013 were \$791,951 compared to \$669,304 in the prior year, while operating expenses were \$930,010 compared to \$961,744 in the prior year. Increase in revenue is primarily due to an increase in drainage rates.

GENERAL FUND BUDGETARY HIGHLIGHTS

In 2013, the city appropriated funds through the adoption of the 2013-2014 biennial budgets. The following table shows the changes between the original and the final biennial general fund budget (includes reserve funds), and the variances between the final budget and the actual revenues and expenditures:

	Original 2013-2014 budget	Final 2013-2014 Budget	Change Positive/ Negative	Actual Biennium- To- Date	Variance Positive / (Negative)	Percentage of Actual to Budget
Revenues:						
Taxes	\$ 15,105,907	\$ 15,080,908	\$ (24,999)	\$ 7,302,335	\$ (7,778,573)	48%
License and permits	1,146,997	1,148,810	1,813	775,452	(373,358)	68%
Intergovernmental	906,272	903,206	(3,066)	519,730	(383,476)	58%
Charges for services	3,900,548	3,909,974	9,426	1,474,321	(2,435,653)	38%
Other revenues	1,375,819	1,354,078	(21,741)	630,689	(723,389)	47%
Total revenues	22,435,543	22,396,976	(38,567)	10,702,527	(11,694,449)	48%
Expenditures:						
General government	5,649,159	5,628,303	20,856	2,549,709	3,078,594	45%
Security/Persons and property	7,575,678	7,663,796	(88,118)	3,680,063	3,983,733	48%
All other expenditures	7,595,732	7,650,940	(55,208)	3,620,390	4,030,550	47%
Total Expenditures	20,820,569	20,943,039	(122,470)	9,850,162	11,092,877	47%
Excess (Deficiency of Revenues) Over (under) expenditures	1,614,974	1,453,937	(161,037)	852,365	(601,572)	59%
Other financing sources	-	-	-	14,660	14,660	
Interfund transfers	(1,724,640)	(1,724,810)	(170)	(406,654)	1,318,156	24%
Net change in fund balance	(109,666)	(270,873)	(161,207)	460,371	731,244	-170%
Fund balance as of January 1	2,270,647	2,270,647	-	2,270,647	-	100%
Prior period adjustment	-	-	-	420,967	420,967	
Fund balance as of December 31	\$ 2,160,981	\$ 1,999,774	\$ (161,207)	\$ 3,151,985	\$ 1,152,211	158%

Budgeted revenues decreased by \$38,567, with taxes and other revenues showing the largest decreases. Actual revenues ended the year at 48% of the final biennial budget.

The difference between the original general fund expenditure budget and the final amended budget was \$122,470. The budgeted general fund category of security/persons and property expenditures accounts for most of this difference. This is due to staffing changes and increased personnel costs.

The city had planned and budgeted to spend down general fund balances in 2013. However, due to stable revenue collections, the fund balance for the general fund was increased by \$731,244 more than anticipated.

The budgeted ending fund balance for the general fund was projected to decrease \$270,873. The actual general fund ending balance increased \$460,371, ending the year with a balance of \$3,151,985.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Battle Ground’s investment in capital assets including construction in progress totals \$116,065,859 (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. The total decrease in capital assets for the current fiscal year was approximately 1.9%.

	Governmental Activities		Business-Type Activities		Total Activities	
	2013	2012	2013	2012	2013	2012
Land	\$ 15,595,263	\$ 14,845,843	\$ 2,657,465	\$ 2,657,465	\$ 18,252,728	\$ 17,503,308
Construction in progress	156,679	8,787,044	1,556,580	1,658,213	1,713,259	10,445,257
Buildings	11,395,751	11,771,571	1,033,005	1,065,916	12,428,756	12,837,487
Machinery and equipment	960,533	381,159	89,984	219,094	1,050,517	600,253
Infrastructure	25,679,942	18,340,204	38,458,943	38,918,170	64,138,885	57,258,374
Improvements other than buildings	560,000	600,000	-	-	560,000	600,000
Intangible assets	-	-	17,921,714	19,011,743	17,921,714	19,011,743
Total	<u>\$ 54,348,168</u>	<u>\$ 54,725,821</u>	<u>\$ 61,717,691</u>	<u>\$ 63,530,601</u>	<u>\$ 116,065,859</u>	<u>\$ 118,256,422</u>

Major capital asset events during the current fiscal year included the following:

- Scotton Way construction project was completed at a cost of \$4,667,726 (includes street, water, and sewer infrastructure)
- Grace Avenue Phase I project was completed at a cost of \$5,600,315 (includes street, storm drainage, water, and sewer infrastructure)
- 4th Way pedestrian improvement project was completed at a cost of \$126,399
- Transferred business-type vehicles with a net value of \$138,057 to the vehicle rental and replacement fund (reported as government activities)

Additional information on the City of Battle Ground’s capital assets can be found in Note IV-C in the notes to the financial statements of this report.

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, 2013, the City of Battle Ground had total long-term debt outstanding of \$29,973,321. Of this amount, \$11,895,000 is general obligation bonds, \$568,597 in capital leases, and \$1,000,000 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 \$16,509,724 in government loans secured solely by specified revenue sources (i.e., revenue bonds).

In 2013, the City of Battle Ground entered into a capital lease in the amount of \$665,660 for the purchase of three police vehicles and a fire truck. In 2012, the city issued a sewer revenue bond which was purchased by the USDA for \$6.9 million with an interest rate of 3% over 40 years.

The city's remaining capacity for non-voted general obligation debt is approximately \$8.1 million. The remaining available legal debt limitation for debt, including voter-approved debt is approximately \$88.1 million.

The table below is a comparison of the summary information for the 2013 year-end and 2012 year-end outstanding debt.

City of Battle Ground's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total Activities	
	2013	2012	2013	2012	2013	2012
General obligation bond	\$ 11,895,000	\$ 12,335,000	\$ -	\$ -	\$ 11,895,000	\$ 12,335,000
Capital leases	568,597	51,808	-	-	568,597	51,808
Government loans	1,000,000	1,100,000	9,738,533	10,825,818	10,738,533	11,925,818
Revenue bonds	-	-	6,771,191	6,863,746	6,771,191	6,863,746
Total	<u>\$ 13,463,597</u>	<u>\$ 13,486,808</u>	<u>\$ 16,509,724</u>	<u>\$ 17,689,564</u>	<u>\$ 29,973,321</u>	<u>\$ 31,176,372</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The city serves as a commercial hub for about 80,000 people living in and around Battle Ground. The city serves as the economic and social hub of central and north Clark County. Although the prolonged recession has been a challenge to the city's budget and level of services, the city began to see signs of recovery in 2013.

The city's adopted financial policies continue to guide the financial operations and budget process. The city operates under a biennial budget. Pursuant to the Revised Code of Washington (RCW) 34A.34.130, city council provides for a mid-biennial review and modification of the 2013-2014 biennial budgets. The mid-biennial review did not result in any significant changes to the 2014 budget. The city continues to focus on core services identified by city council and to maintain the existing level of service to its citizens. These core services include public safety, transportation, parks and recreation, utilities and facilities, administration, and economic development.

The following are factors that were considered in the mid-biennial budget review.

- The local economy in the housing construction market in Battle Ground showed signs of improvement. Single family and multifamily residential units increased by 140 units in 2013 from 2012. Continued slow recovery is anticipated for 2014.
- Existing commercial square footage increased 0.7% from 2012 to 2013. New commercial permits in 2013 were valued at \$14.97 million from \$321,872 in 2012. A major retailer will open mid-year 2014.
- Annual population growth rate was 0.79 percent in 2012 and 1.17% in 2013. The annual population growth is expected to be approximately 2.0% in 2014.
- Assessed values of taxable real property increased approximately 10% in 2013. It is anticipated property valuations will continue to slowly increase in 2014.

- City council approved utility rate increases in the 2013-2014 biennial budget. Rate increases for 2014 include \$0.50 per month for storm drainage, \$1.00 per month for sewer utility rates, and \$1.00 per month for water utility rates.

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 1st Street, Suite 217, Battle Ground, WA, 98604.

BASIC FINANCIAL STATEMENTS

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CITY OF BATTLE GROUND
Statement of Net Position
December 31, 2013

Assets:	Governmental Activities	Business-type Activities	Total Primary Government
Cash and Cash Equivalents	\$ 3,786,714	\$ 4,720,730	\$ 8,507,444
Cash with Fiscal/Escrow Agent	4,500	-	4,500
Investments	4,364,498	6,360,794	10,725,292
Receivables (Net of Allowance for Uncollectible)	1,194,195	826,799	2,020,994
Capital Assets (Not being Depreciated)			
Land	15,595,263	2,657,465	18,252,728
Construction Work in Progress	156,679	1,556,580	1,713,259
Capital Assets (Net of Accumulated Depreciation)			
Buildings	11,395,751	1,033,005	12,428,756
Improvements Other than Buildings	560,000	-	560,000
Intangible Assets	-	17,921,714	17,921,714
Machinery and Equipment	960,533	89,984	1,050,517
Infrastructure	25,679,942	38,458,943	64,138,885
Total Assets	<u>63,698,075</u>	<u>73,626,014</u>	<u>137,324,089</u>
Liabilities:			
Accounts Payable	484,375	121,087	605,462
Other Current Liabilities	231,826	113,155	344,981
Accrued Interest Payable	59,002	77,279	136,281
Unearned Revenue	101,290	932	102,222
Custodial Deposits	563,169	-	563,169
Noncurrent Liabilities:			
Due within One Year	966,964	911,803	1,878,767
Due in More than One Year	13,379,193	15,701,051	29,080,244
Total Liabilities	<u>15,785,819</u>	<u>16,925,307</u>	<u>32,711,126</u>
Net Position:			
Net Investment in Capital Assets	40,562,231	45,207,967	85,770,198
Restricted for:			
Capital	4,054,713	2,400,355	6,455,068
Drug Investigation	110,819	-	110,819
Tourist Promotion	118,049	-	118,049
Unrestricted	3,066,444	9,092,385	12,158,829
Total Net Position	<u>\$ 47,912,256</u>	<u>\$ 56,700,707</u>	<u>\$ 104,612,963</u>

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, 2013

Functions/Programs	Expenses	Indirect Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business -type Activities	Total
PRIMARY GOVERNMENT								
Governmental Activities:								
General Government	\$ 2,864,216	(1,152,019)	\$ 573,328	\$ 8,258	\$ -	\$ (1,130,611)	\$ -	\$ (1,130,611)
Judicial	470,139	-	455,060	-	-	(15,079)	-	(15,079)
Public Safety	4,026,694	-	55,607	138,949	-	(3,832,138)	-	(3,832,138)
Physical Environment	1,826,061	-	19,136	-	-	(1,806,925)	-	(1,806,925)
Transportation	2,400,518	-	-	592,849	932,403	(875,266)	-	(875,266)
Economic Environment	781,901	-	2,457,298	-	-	1,675,397	-	1,675,397
Culture and Recreation	1,025,958	-	119,114	31,070	-	(875,774)	-	(875,774)
Interest Expense	537,184	-	-	-	-	(537,184)	-	(537,184)
TOTAL GOVERNMENTAL ACTIVITIES	13,932,671	(1,152,019)	3,679,543	771,126	932,403	(7,397,580)	-	(7,397,580)
Business Type Activities:								
Storm Drainage	642,647	287,363	777,144	18,536	146,013	-	11,683	11,683
Water	1,794,446	440,887	2,098,727	-	415,936	-	279,330	279,330
Sewer	3,738,385	423,769	2,905,225	-	1,462,907	-	205,978	205,978
TOTAL BUSINESS-TYPE ACTIVITIES	6,175,478	1,152,019	5,781,096	18,536	2,024,856	-	496,991	496,991
Total Primary Government	\$ 20,108,149	-	\$ 9,460,639	\$ 789,662	\$ 2,957,259	\$ (7,397,580)	\$ 496,991	\$ (6,900,589)
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes						2,532,873	-	2,532,873
Sales and Use Taxes						2,015,104	-	2,015,104
Business and Occupation Taxes						2,747,427	-	2,747,427
Excise Taxes						526,572	-	526,572
Grants and Contributions not Restricted to Specific Programs						263,350	-	263,350
Unrestricted Investment Earnings						18,265	33,565	51,830
Miscellaneous						89,750	135,943	225,693
Special Item - Gain or (loss) on Sale of Capital Asset						(4,482)	-	(4,482)
Transfers						138,057	(138,057)	-
Total General Revenues and Transfers						8,326,916	31,451	8,358,367
Change in Net Position						929,336	528,442	1,457,778
Net Position - Beginning						46,502,675	56,172,265	102,674,940
Prior year adjustments						480,245	-	480,245
Net Position as of January 1 - restated						46,982,920	56,172,265	103,155,185
Net Position - Ending						\$ 47,912,256	\$ 56,700,707	\$ 104,612,963

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

CITY OF BATTLE GROUND
Governmental Funds
Balance Sheet
December 31, 2013

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 1,311,402	\$ 18,803	\$ 2,389,541	\$ 3,719,746
Cash with Fiscal Agent	4,500	-	-	4,500
Investments	1,755,729	25,335	2,493,201	4,274,265
Accounts Receivable	1,113,925	-	64,265	1,178,190
Interest Receivable	5,565	-	10,336	15,901
Total Assets	4,191,121	44,138	4,957,343	9,192,602
Liabilities				
Accounts Payable	404,440	44,138	35,797	484,375
Due to Other Governmental Units	3,705	-	-	3,705
Other Accrued Liabilities	213,930	-	14,191	228,121
Custodial Deposits	70,740	-	492,429	563,169
Total Liabilities	692,815	44,138	542,417	1,279,370
Deferred Inflows of Resources				
Unavailable revenue-property taxes	111,041	-	-	111,041
Unavailable revenue-municipal court	235,280	-	-	235,280
Total Deferred Inflows of Resources	346,321	-	-	346,321
Fund Balances				
Restricted for:				
Capital	-	-	4,054,713	4,054,713
Drug Investigation	-	-	110,819	110,819
Tourist Promotion	-	-	118,049	118,049
Committed to:				
Economic Stabilization	843,012	-	-	843,012
Assigned to:				
LEOFF 1	70,020	-	-	70,020
Parks	72,902	-	-	72,902
Insurance Reserve	25,176	-	-	25,176
Street	-	-	131,345	131,345
Appr fund balance for future budget deficit	1,599,099	-	-	1,599,099
Unassigned	541,776	-	-	541,776
Total Fund Balances	3,151,985	-	4,414,926	\$ 7,566,911
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 4,191,121	\$ 44,138	\$ 4,957,343	

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	53,428,847
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds	245,031
Long-term liabilities that are not due and payable in the current period and are not reported in the funds	(13,852,978)
Net position of internal service funds	524,445
Net position of governmental activities	47,912,256

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, 2013

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$ 2,551,368	\$ -	\$ -	\$ 2,551,368
Sales and Use Taxes	2,015,104	-	-	2,015,104
Other Taxes	2,735,863	-	538,135	3,273,998
License and Permits	775,452	-	-	775,452
Intergovernmental	519,730	516,496	384,850	1,421,076
Charges for Services	1,474,321	-	1,661,700	3,136,021
Fines and Forfeits	267,847	-	-	267,847
Interest Earnings	5,251	-	13,185	18,436
Rents and Royalties	277,270	-	-	277,270
Contributions/Donations	15,456	-	203,644	219,100
Miscellaneous	64,865	-	124,750	189,615
Total Revenues	10,702,527	516,496	2,926,264	14,145,287
Expenditures				
Current				
General Government	2,549,709	-	23,685	2,573,394
Judicial	470,139	-	-	470,139
Security/Persons and Property	3,680,063	-	106,955	3,787,018
Physical Environment	1,761,171	-	-	1,761,171
Transportation	-	-	759,740	759,740
Economic Environment	781,901	-	-	781,901
Culture and Recreation	583,251	-	-	583,251
Capital Expenditures	-	1,012,133	84,994	1,097,127
Debt Service				
Principal Retirement	22,653	-	540,000	562,653
Interest/Fiscal Charges	1,275	-	540,250	541,525
Total Expenditures	9,850,162	1,012,133	2,055,624	12,917,919
Excess (Deficiency) of Revenues Over (Under) Expenditures	852,365	(495,637)	870,640	1,227,368
Other Financing Sources (Uses)				
Sale of Capital Assets	14,660	-	-	14,660
Transfers In	295	339,298	1,383,555	1,723,148
Transfers Out	(406,949)	-	(1,316,199)	(1,723,148)
Total Other Financing Sources and Uses	(391,994)	339,298	67,356	14,660
Net Change in Fund Balance	460,371	(156,339)	937,996	1,242,028
Fund Balance at Beginning of Year	2,270,647	156,339	3,417,652	5,844,638
Prior period adjustment	420,967	-	59,278	480,245
Fund Balance at End of Year	\$ 3,151,985	\$ -	\$ 4,414,926	\$ 7,566,911

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
 For the year ended December 31, 2013

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

Net changes in fund balance - total governmental funds:	\$	1,242,028
 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.		 (1,417,321)
 The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, trade-ins, and donations) is to increase net position.		 (306,797)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		 369,144
 The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of issuance 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.		 562,653
 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.		 (44,816)
 Internal service funds are used by management to charge the costs of vehicle and technology replacement to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		 524,445
 Change in Net Position of Governmental Activities	 \$	 <u>929,336</u>

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

CITY OF BATTLE GROUND
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended December 31, 2013

	Budget Amounts		Actual Year-To- Date Thru 12/31/13	Variance Thru 12/31/13
	Original 2013-2014 Biennium	Final 2013-2014 Biennium		
Revenues				
Property Taxes	\$ 5,162,824	\$ 5,162,824	\$ 2,551,368	\$ (2,611,456)
Sales and Use Taxes	4,210,239	4,210,239	2,015,104	(2,195,135)
Other Taxes	5,732,844	5,707,845	2,735,863	(2,971,982)
License and Permits	1,146,997	1,148,810	775,452	(373,358)
Intergovernmental	882,272	879,206	501,160	(378,046)
Charges for Services	4,280,903	4,294,240	1,602,732	(2,691,508)
Fines and Forfeits	641,166	641,166	267,847	(373,319)
Interest Earnings	40,603	30,603	1,701	(28,902)
Rents and Royalties	317,151	317,151	161,568	(155,583)
Contributions/Donations	-	-	2,956	2,956
Miscellaneous	50,252	50,252	44,909	(5,343)
Total Revenues	<u>22,465,251</u>	<u>22,442,336</u>	<u>10,660,660</u>	<u>(11,781,676)</u>
Expenditures				
Current				
General Government	5,579,159	5,558,303	2,501,147	3,057,156
Judicial	1,083,344	1,086,721	470,139	616,582
Security/Persons and Property	7,575,678	7,663,796	3,680,063	3,983,733
Physical Environment	3,741,076	3,751,576	1,761,171	1,990,405
Economic Environment	1,564,482	1,574,816	781,901	792,915
Debt Service				
Principal Retirement	-	-	22,653	(22,653)
Interest/Fiscal Charges	-	-	1,275	(1,275)
Total Expenditures	<u>19,543,739</u>	<u>19,635,212</u>	<u>9,218,349</u>	<u>10,416,863</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	2,921,512	2,807,124	1,442,311	(1,364,813)
Other Financing Sources (Uses)				
Transfers In	-	-	295	295
Transfers Out	<u>(2,967,318)</u>	<u>(3,003,712)</u>	<u>(994,831)</u>	<u>2,008,881</u>
Total Other Financing Sources and Uses	<u>(2,967,318)</u>	<u>(3,003,712)</u>	<u>(994,536)</u>	<u>2,009,176</u>
Net Change in Fund Balance	(45,806)	(196,588)	447,775	644,363
Fund Balance at Beginning of Year	1,272,133	1,272,133	1,272,133	-
Prior year adjustments	-	-	420,967	420,967
Fund Balance at End of Year	<u>\$ 1,226,327</u>	<u>\$ 1,075,545</u>	<u>\$ 2,140,875</u>	<u>\$ 1,065,330</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Parks Fund budgeted as separate fund			\$ 72,902	
Insurance Reserve Fund budgeted as separate fund			25,176	
LEOFF I Reserve Fund budgeted as separate fund			70,020	
Service Stabilization fund budgeted as separate fund			843,012	
Fund Balance GAAP basis:			<u>\$ 3,151,985</u>	

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, 2013

	Business-type Activities				Governmental Activities
	Storm Drainage	Water	Sewer	Total Enterprise Funds	Internal Service Funds
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 644,748	\$ 1,843,088	\$ 2,232,894	\$ 4,720,730	\$ 66,968
Investments	868,745	2,483,408	3,008,641	6,360,794	90,233
Receivables (net)					
Accounts	84,460	397,995	318,797	801,252	-
Interest	3,469	10,448	11,630	25,547	104
Total Current Assets	<u>1,601,422</u>	<u>4,734,939</u>	<u>5,571,962</u>	<u>11,908,323</u>	<u>157,305</u>
Noncurrent Assets					
Property, Plant and Equipment (Net)	7,930,573	16,259,451	37,527,667	61,717,691	919,321
Total Noncurrent Assets	<u>7,930,573</u>	<u>16,259,451</u>	<u>37,527,667</u>	<u>61,717,691</u>	<u>919,321</u>
Total Assets	<u>9,531,995</u>	<u>20,994,390</u>	<u>43,099,629</u>	<u>73,626,014</u>	<u>1,076,626</u>
Liabilities					
Current Liabilities					
Accounts Payable	21,200	70,943	28,944	121,087	-
Accrued Interest Payable	-		113,155	113,155	12,739
Other Accrued Liabilities	18,315	51,205	7,759	77,279	-
Unearned Revenues		932	-	932	-
Leases Payable	-	-	-	-	120,134
Bonds, Notes and Loans Payable	-	-	911,803	911,803	-
Total Current Liabilities	<u>39,515</u>	<u>123,080</u>	<u>1,061,661</u>	<u>1,224,256</u>	<u>132,873</u>
Noncurrent Liabilities					
Leases Payable	-	-	-	-	419,308
Bonds, Notes and Loan Payable	-	-	15,597,921	15,597,921	
Compensated absences	9,922	47,264	45,944	103,130	
Total Noncurrent Liabilities	<u>9,922</u>	<u>47,264</u>	<u>15,643,865</u>	<u>15,701,051</u>	<u>419,308</u>
Total Liabilities	<u>49,437</u>	<u>170,344</u>	<u>16,705,526</u>	<u>16,925,307</u>	<u>552,181</u>
Net Position					
Net Investment in Capital Assets	7,930,573	16,259,451	21,017,943	45,207,967	379,879
Restricted for Capital Purposes	708,266	242,369	1,449,720	2,400,355	-
Unrestricted	843,719	4,322,226	3,926,440	9,092,385	144,566
Total Net Position	<u>\$ 9,482,558</u>	<u>\$ 20,824,046</u>	<u>\$ 26,394,103</u>	<u>\$ 56,700,707</u>	<u>\$ 524,445</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 Net Position
For the Fiscal Year Ended December 31, 2013

	Business-type Activities				Governmental Activities
	Storm Drainage	Water	Sewer	Total Enterprise Funds	Internal Service Funds
Operating Revenues					
Charge for Services	\$ 777,144	\$ 2,098,727	\$ 2,905,225	\$ 5,781,096	\$ 367,115
Miscellaneous	14,807	23,354	97,782	135,943	-
Total Operating Revenues	<u>791,951</u>	<u>2,122,081</u>	<u>3,003,007</u>	<u>5,917,039</u>	<u>367,115</u>
Operating Expenses					
Personnel Services	250,702	362,618	360,587	973,907	-
Equipment and Supplies	15,548	116,008	68,657	200,213	49,781
Professional Services	32,249	192,074	21,634	245,957	-
Utilities	-	172,515	62,092	234,607	-
Repairs and Maintenance	7,089	63,070	29,768	99,927	-
Taxes	15,627	112,308	82,952	210,887	-
Intergovernmental services	-	-	970,064	970,064	-
Insurance claims and expenses	8,390	31,529	23,499	63,418	-
Allocated expenses	287,363	440,887	423,769	1,152,019	-
Other	57,349	121,298	94,070	272,717	-
Depreciation	255,693	623,026	1,767,597	2,646,316	205,692
Total Operating Expenses	<u>930,010</u>	<u>2,235,333</u>	<u>3,904,689</u>	<u>7,070,032</u>	<u>255,473</u>
Operating Income (loss)	(138,059)	(113,252)	(901,682)	(1,152,993)	111,642
Nonoperating Revenues (Expenses)					
Interest Earnings	4,482	14,699	14,384	33,565	(171)
State and Federal Grants	18,536	-	-	18,536	-
Interest and Fiscal Charges	-	-	(257,465)	(257,465)	(12,738)
Gain/Loss on Sale of Capital Assets	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>23,018</u>	<u>14,699</u>	<u>(243,081)</u>	<u>(205,364)</u>	<u>(12,909)</u>
Income (Loss) before Contributions and Transfers	(115,041)	(98,553)	(1,144,763)	(1,358,357)	98,733
Capital Contributions	146,013	415,936	1,462,907	2,024,856	287,655
Transfers In	-	-	-	-	138,057
Transfers Out	<u>(26,875)</u>	<u>(20,930)</u>	<u>(90,252)</u>	<u>(138,057)</u>	<u>-</u>
Increase (Decrease) in Net Position	4,097	296,453	227,892	528,442	524,445
Total Net Position at Beginning of Year	<u>9,478,461</u>	<u>20,527,593</u>	<u>26,166,211</u>	<u>56,172,265</u>	<u>-</u>
Total Net Position at End of Year	<u>\$ 9,482,558</u>	<u>\$ 20,824,046</u>	<u>\$ 26,394,103</u>	<u>\$ 56,700,707</u>	<u>\$ 524,445</u>

The notes to 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, 2013

	Business-type Activities			Total Enterprise Funds	Governmental Activities
	Storm Drainage	Water	Sewer		Internal Service Funds
Cash Flows from Operating Activities					
Cash received from Customers	\$ 788,484	\$ 2,075,636	\$ 2,961,389	\$ 5,825,509	\$ -
Receipts from interfund charges for vehicle rental services	-	-	-	-	311,522
Receipts from interfund charges for technology rental services	-	-	-	-	55,593
Cash payments to Suppliers	(100,624)	(678,671)	(1,613,297)	(2,392,592)	(49,781)
Cash payments to Employees	(255,924)	(363,915)	(357,913)	(977,752)	-
Cash payments for Interfund Services Received	(311,828)	(478,763)	(480,615)	(1,271,206)	-
Cash received for Interfund Services Provided	6,477	1,394	943	8,814	-
Net Cash Provided by Operating Activities	<u>126,585</u>	<u>555,681</u>	<u>510,507</u>	<u>1,192,773</u>	<u>317,334</u>
Cash Flows from Noncapital Financing Activities					
Proceeds from Operating Grants	18,536	-	-	18,536	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>18,536</u>	<u>-</u>	<u>-</u>	<u>18,536</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities					
Proceeds from Capital Grant	26,883	9,298	3,012	39,193	-
Proceeds from Capital Lease	-	-	-	-	665,660
Acquisition and Construction of Capital Assets	(79,545)	(888,907)	(3,012)	(971,464)	(699,300)
Principal Paid on Current Debt	-	-	(1,179,839)	(1,179,839)	(126,218)
Interest Paid on Revenue Bonds and Other Long Term Debt	-	-	(261,512)	(261,512)	-
Capital Contributed-Paid in cash	119,130	367,870	1,459,895	1,946,895	-
Net Cash Provided for Capital and Related Financing Activities	<u>66,468</u>	<u>(511,739)</u>	<u>18,544</u>	<u>(426,727)</u>	<u>(159,858)</u>
Cash Flows from Investing Activities					
Interest on Investments	3,086	10,913	10,701	24,700	(275)
Proceeds or Purchase of Investment Securities	413,274	1,732,984	1,632,329	3,778,587	(90,233)
Net Cash Used by Investing Activities	<u>416,360</u>	<u>1,743,897</u>	<u>1,643,030</u>	<u>3,803,287</u>	<u>(90,508)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	627,949	1,787,839	2,172,081	4,587,869	66,968
Cash and Cash Equivalents at Beginning of Year	16,799	55,249	60,813	132,861	-
Cash and Cash Equivalents at End of Year	<u>\$ 644,748</u>	<u>\$ 1,843,088</u>	<u>\$ 2,232,894</u>	<u>\$ 4,720,730</u>	<u>\$ 66,968</u>
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities:					
Net Operating Income (Loss)	\$ (138,059)	\$ (113,252)	\$ (901,682)	\$ (1,152,993)	\$ 111,642
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operations:					
Depreciation Expense	255,693	623,026	1,767,597	2,646,316	205,692
(Increase) Decrease in Receivables	3,010	(45,051)	(40,675)	(82,716)	-
Increase (Decrease) in Current Payables	11,163	92,254	(317,407)	(213,990)	-
Increase (Decrease) in Accrued Employee Benefits	(5,222)	(1,296)	2,674	(3,844)	-
Total Adjustments	<u>264,644</u>	<u>668,933</u>	<u>1,412,189</u>	<u>2,345,766</u>	<u>205,692</u>
Net Cash Provided by Operating Activities	<u>\$ 126,585</u>	<u>\$ 555,681</u>	<u>\$ 510,507</u>	<u>\$ 1,192,773</u>	<u>\$ 317,334</u>
Noncash Investing, Financing and Capital Activities					
Net Change in Fair Value of Investments	\$ (4,207)	\$ (12,024)	\$ (14,568)	\$ (30,799)	\$ (437)
Developer Credits	-	38,770	-	38,770	-
Transfer of vehicles (net)	(26,875)	(20,930)	(90,252)	(138,057)	138,057

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

CITY OF BATTLE GROUND
Notes to Financial Statements
December 31, 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Battle Ground, Washington (city) 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 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 generally accepted accounting principles, the financial statements present the city and its primary government. 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. The city's policy is to allocate indirect costs to a specific function or segment. Indirect costs within governmental activities are eliminated for government-wide reporting purposes. During the year, the general fund allocated \$152,943 of indirect costs to the street fund. These amounts reported in the governmental fund total column were not included in the corresponding government-wide presentation.

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.

Separate fund financial statements are 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.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. 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 are reported using 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 city considers revenues to be available if they are 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, 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.

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.

The *capital projects fund* accounts for the acquisition or development of capital facilities for governmental activities. Major sources of revenues are from proceeds from general obligation bonds, loans, real estate excise tax, impact fees, grants from other agencies, and contributions from other funds.

The city reports the following major proprietary funds:

The *storm drainage* fund accounts for the activities of the city's storm water operations and capital facilities. The fund is responsible for the maintenance and operation of the city's storm drainage facilities, which consist of ponds, swales, roadside ditches, and pipe and conveyance systems.

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 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 city reports the following fund types:

Debt service funds account for the resources accumulated and payments made for principal and interest on the general government, except those required to be accounted for in another fund.

Special revenue funds account for the proceeds of specific revenue sources to finance specific activities as required by law or administrative regulation. Their revenues are earmarked to finance certain activities or functions.

Scotton Way Capital Project Fund accounts for and reports the revenue sources to finance the construction of the specific capital project.

Internal service funds account for equipment and technology rental services provided to other departments of the city on a cost reimbursement basis.

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, 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. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. BUDGETARY INFORMATION

1. Scope of Budget

The City of Battle Ground adopted a biennial budget for 2013-2014. The biennial budget for the city is adopted in accordance with the provisions of the Revised Code of Washington (RCW) Chapter 35A.34 that is on a basis consistent with accounting principles generally accepted in the United States of America. Biennial appropriated budgets are adopted for the general fund, special revenue funds, debt service funds not related to special assessments, capital project funds and proprietary funds.

The city's LEOFF 1 medical reserve, economic stabilization reserve, parks and recreation, and insurance reserve are included in the general fund for reporting purposes. From the budgetary prospective, each of these funds has its own legally adopted budget. Proprietary funds are budgeted on the full accrual basis for management control purposes only.

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.

2. Amending the Budget

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 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 biennial budget.

E. ASSETS, LIABILITIES, FUND BALANCE, NET POSITION

1. Cash and Cash Equivalents - See Note IV-A

It is the city's policy to invest all temporary cash surpluses. For purposes of the statement of cash flows, the city considers the Washington State Local Government Investment Pool (LGIP), the Clark County Investment Pool, and all highly liquid investments from the date of acquisition with maturity of three months or less to be cash and cash equivalents, and therefore, the value is considered the same as the cost.

The LGIP was created by the Washington State Legislature in 1986 and is administered by the state treasurer. The LGIP is managed in a manner generally consistent with the Securities and Exchange Commission (SEC) regulated Rule 2a-7 money market funds. Additionally, the state finance committee adopts and administers appropriate rules relating to the LGIP.

The Clark County Investment Pool is not SEC registered. Authority to manage the investment pool is derived from the Revised Code of Washington (RCW) in 36.29.022. Regulatory oversight is provided by the finance committee, which by statute consists of the treasurer, the auditor, and the chair of the Board of County Commissioners.

At December 31, 2013 the city held cash and cash equivalents of \$8,507,444. \$215,625 was held in the Washington State Local Investment Pool, \$7,193,513 in the Clark County Investment Pool, and \$1,098,306 in bank accounts and petty cash. Interest accrues to the benefit of each individual fund based on the monthly average cash balance of each fund.

2. Investments - See Note IV-A

State statutes authorize the city to invest in obligations of the U.S. Treasury, commercial paper, banker's acceptances, certain other government agency obligations, and the state and county treasurer's investment pool. City policy dictates that all investment 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. The city's investment policy does not further limit its investment choices. Investments are stated at fair value.

3. Receivables - See Note IV-B

Taxes receivable consists of property taxes and related interest and penalties. Accrued interest receivable consists of amounts earned on investments at the end of the year. Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services.

4. Amounts Due to and from Other Funds and Governments, Interfund Loans and Advances Receivable
Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either *interfund loans receivable/payable* or *advances to/from other funds*. 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*. A separate schedule of interfund loans receivable and payable is furnished in Note IV.D, *Interfund Balances and Transfers*.

5. Inventories
Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories in the proprietary funds are not significant and not recorded.

6. Capital Assets – See Note IV-C
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 an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. The costs for normal maintenance and repairs are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

Asset Category	Useful Life (years)
Buildings	40
Infrastructure	20-40
Intangible Assets	20-40
Utility Improvements	40
Public Work Equipment	8
Vehicles	5-8
Office and Electronic Equipment	5

7. Compensated Absences
Compensated absences are absences for which employees will be paid, such as vacation, compensated 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, compensated 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. The general fund and street fund typically liquidate the governmental activities liability for compensated absences. The business-type activities liability is liquidated by all three of the city's utility funds.

8. Other Accrued Liabilities

These accounts consist of accrued wages and accrued employee benefits.

9. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This section represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The city has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and court payments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

10. Long-Term Obligations - See Note IV-G

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

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.

11. Unearned Revenues

This account includes developer credits which the city will offset future impact fee revenues. In order to ensure that adequate facilities are available to serve new growth, the city 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 2013, \$153,248 of transportation impact fee (TIF) credits was issued. The amount of credits applied toward impact fees in 2013, was: TIF of \$132,011 and water fund of \$38,770. As of December 31, 2013, the credits that may be applied against future impact fees are: TIF \$96,290, park impact fees of \$5,000, and water fund of \$932.

12. Fund Balance Classification

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.

Nonspendable 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 has 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 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.

13. Restricted Component of Net Position

These resources are set aside for specific uses and/or are restricted by law for specific purposes. The city's drainage, water, and sewer funds have a restricted net position of \$2,400,355 for capital acquisition and development of the utilities systems.

14. Minimum Fund Balance

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. City policy, adopted by city council, targets an estimated ending fund balance of 15%, for general government and enterprise funds, of actual annual revenues.

15. Stabilization Fund

It is the policy of the city, adopted by city council, to have a cumulative reserve fund for economic stabilization. The goal of the city is to maintain sufficient resources to provided continuing level of

service in years where projected revenue collection will fall below average. The fund balance goal is five percent of the city's total budgeted revenues for the current year. One time revenues are placed in the fund and city council determines when to expend funds. The balance of the fund at December 31, 2013 was \$842,720.

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 inflows of resources	\$ 346,321
Unearned revenue	<u>(101,290)</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 245,031</u>

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	\$ (11,895,000)
Plus: Issuance premium (to be amortized as interest expense)	(148,295)
Accrued interest payable	(46,263)
Due to other governments	(1,000,000)
Capital lease payable	(29,155)
Net pension obligation	(321,970)
Compensated absences	<u>(412,295)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (13,852,978)</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	\$ 1,097,127
Depreciation expense	<u>(2,514,448)</u>
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (1,417,321)</u>

Another element of that reconciliation that “the net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position.” The details of this difference are as follows:

Contribution revenue from governmental fund asset transfer to internal service funds	\$ (287,655)
Proceeds from sale of land	(14,660)
Loss on sale of land	<u>(4,482)</u>
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (306,797)</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:

Contribution from developers	\$ 429,144
Unearned revenue	(21,237)
Municipal court revenue	(20,268)
Tax revenues - unavailable	<u>(18,495)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 369,144</u>

Another element of that reconciliation states that the “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while 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. The details of these differences are as follows:

Debt issued or incurred	\$ 0
Principal repayments:	
General obligation debt	<u>562,653</u>
Net adjustment to increase net changes in fund balance-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 562,653</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	\$ 23,999
Net OPEB obligation	(85,894)
Accrued interest	1,350
Amortization of premium costs	<u>15,729</u>
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (44,816)</u>

NOTE III - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Deposits

The city’s deposits are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Cash on hand, demand deposits, and short-term investments with original maturity of three months or less are classified as cash and cash equivalents. As of December 31, 2013, the city was holding \$8,507,444 in cash and cash equivalents. The city has no exposure to custodian risk or foreign currency risk.

Investments

As of December 31, 2013, the city had the following investments:

Investment Type	Fair Value	Weighted Average (Maturity Years)*	Weighted Average (To Call)
U.S. Agencies	\$ 10,725,292	2.99	1.05 (380 days)

* The city’s investment policy states the maximum average maturity of the city’s portfolio will not exceed two years. However, the policy includes the state and local government investments pools as investments for the purpose of calculating the maximum average maturity of investments. This calculation is 1.77 years.

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. 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.

Credit rate risk

Credit rate 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, 2013 are:

Debt Security	Rating	Rating Agency
Federal National Mortgage Association	AA+	Standard and Poor's
Federal Farm Credit	AA+	Standard and Poor's
Farmer Mac	AA-	Fitch

Concentration risk

Concentration risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The city's policy requires that the portfolio be structure 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.

All of the city's investments are issued or explicitly guaranteed by the U.S. government. However, the city's investment policy states that no more than 90% of the total portfolio may be invested in U.S. treasuries or agencies. The state and local investment pools are not limited.

The city has investments in government sponsored agencies. Those securities that exceed five percent of the total portfolio fair value are disclosed below:

Issuer	Maturities	Fair Value (\$)	Percentage of Portfolio
Federal National Mortgage Association (FNMA)	5/26/2017 5/23/2016 2/21/2017 6/1/2017	5,996,694	55.9%
Financing Corporation (FICO)	5/11/2015	1,020,882	9.5%
Farmer MAC (FAMCA)	6/6/2016	748,018	7.0%
Federal Farm Credit Bank	11/21/2016 5/9/2017 5/16/2017	2,959,697	27.6%

B. RECEIVABLES

Amounts are aggregated into a single accounts receivable line for governmental activities on the *Statement of Net Position*. Below is the detail of receivables for the general, nonmajor governmental funds and internal service funds in the aggregate:

Receivables	General	Nonmajor Governmental	Internal Service	Total Governmental Activities
Accounts	17,344	488	-	17,832
Property taxes	112,740	-	-	112,740
Sales taxes	417,353	-	-	417,353
Motor Vehicle Fuel Tax	-	59,728	-	59,728
Other taxes	279,433	4,049	-	283,482
Municipal court	235,280	-	-	235,280
State	46,776	-	-	46,776
Grants	4,999	-	-	4,999
Investment interest	5,565	10,336	104	16,005
	<u>\$ 1,119,490</u>	<u>\$ 74,601</u>	<u>\$ 104</u>	<u>\$ 1,194,195</u>

C. CAPITAL ASSETS

A summary of capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance 01/01/13	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 14,845,843	\$ 768,562	\$ 19,142	\$ 15,595,263
Construction in progress	8,787,044	717,862	9,348,227	156,679
Total capital assets, not being depreciated	<u>23,632,887</u>	<u>1,486,424</u>	<u>9,367,369</u>	<u>15,751,942</u>
Capital assets, being depreciated/depleted:				
Buildings	15,047,394	-	-	15,047,394
Machinery & Equipment	2,455,017	1,765,196	37,000	4,183,213
Infrastructure	66,840,896	9,386,075	-	76,226,971
Improvements other than buildings	800,000	-	-	800,000
Total capital assets being depreciated	<u>85,143,307</u>	<u>11,151,271</u>	<u>37,000</u>	<u>96,257,578</u>
Less accumulated depreciation for:				
Buildings	3,275,823	375,820	-	3,651,643
Machinery & Equipment	2,073,858	1,185,822	37,000	3,222,680
Infrastructure	48,500,692	2,046,337	-	50,547,029
Improvements other than buildings	200,000	40,000	-	240,000
Total accumulated depreciation	<u>54,050,373</u>	<u>3,647,979</u>	<u>37,000</u>	<u>57,661,352</u>
				-
Total capital assets, being depreciated, net	<u>31,092,934</u>	<u>7,503,292</u>	<u>-</u>	<u>38,596,226</u>
Governmental activities capital assets, net	<u>\$ 54,725,821</u>	<u>\$ 8,989,716</u>	<u>\$ 9,367,369</u>	<u>\$ 54,348,168</u>

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

Governmental Activities:	
General Government	\$ 241,041
Public Safety	177,781
Physical Environment	64,890
Transportation	1,793,721
Culture and Recreation	<u>442,707</u>
Total Depreciation - Governmental Activities	<u>\$ 2,720,140</u>

	Beginning Balance 01/01/13	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 2,657,465	\$ -	\$ -	\$ 2,657,465
Construction in progress**	<u>1,658,213</u>	<u>1,036,063</u>	<u>1,137,696</u>	<u>1,556,580</u>
Total capital assets, not being depreciated	<u>4,315,678</u>	<u>1,036,063</u>	<u>1,137,696</u>	<u>4,214,045</u>
				-
Capital assets, being depreciated/depleted:				-
Buildings	1,332,688	-	-	1,332,688
Intangible assets	27,250,748	-	-	27,250,748
Infrastructure	58,669,396	1,046,213	-	59,715,609
Machinery and equipment*	<u>1,428,138</u>	<u>26,883</u>	<u>1,076,327</u>	<u>378,694</u>
Total capital assets being depreciated	<u>88,680,970</u>	<u>1,073,096</u>	<u>1,076,327</u>	<u>88,677,739</u>
				-
Less accumulated depreciation for:				-
Buildings	266,772	32,911		299,683
Intangible assets	8,239,005	1,090,029	-	9,329,034
Infrastructure	19,751,226	1,505,440	-	21,256,666
Machinery and equipment*	<u>1,209,044</u>	<u>17,936</u>	<u>938,270</u>	<u>288,710</u>
Total accumulated depreciation	<u>29,466,047</u>	<u>2,646,316</u>	<u>938,270</u>	<u>31,174,093</u>
				-
Total capital assets, being depreciated, net	<u>59,214,923</u>	<u>(1,573,220)</u>	<u>138,057</u>	<u>57,503,646</u>
Business-type activities capital assets, net	<u>\$ 63,530,601</u>	<u>\$ (537,157)</u>	<u>\$ 1,275,753</u>	<u>\$ 61,717,691</u>

* The City transferred vehicles with a historical cost of 1,065,896 and accumulated depreciation of \$927,839 to the vehicle rental and replacement fund.

**The City expensed \$91,483 of costs related to a water system plan that were included in 2012 construction in progress.

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

Business-type Activities:	
Storm Drainage	\$ 255,693
Water	623,026
Sewer	<u>1,767,597</u>
Total Depreciation -Business-Type Activities	<u>\$ 2,646,316</u>

Intangible assets

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 20% to 23%) which are expensed as incurred. More information about this agreement can be found in Note V.G. Long-term Inter-local agreement.

D. INTERFUND RECEIVABLES AND PAYABLES

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 pursuant to city council Resolution 13-02 which authorizes the city manager to approve the loan. During the year, the capital projects fund repaid its loan with the transportation impact fee fund in the amount of \$1,206,990.

E. INTERFUND TRANSFERS

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. During the year, transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due and 2) move general fund resources to provide an annual subsidy to the street fund.

The interfund transfer activity for the year is as follows:

		Transfer From					
Transfer To		<u>General</u>	<u>Nonmajor gov't funds</u>	<u>Drainage</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
	General	-	295	-	-	-	295
Capital Projects	-	339,298	-	-	-	339,298	
Nonmajor gov't funds	406,949	976,606	-	-	-	1,383,555	
Internal Service Funds	-	-	26,875	20,930	90,252	138,057	
Total	<u>\$ 406,949</u>	<u>\$ 1,316,199</u>	<u>\$ 26,875</u>	<u>\$ 20,930</u>	<u>\$ 90,252</u>	<u>\$ 1,861,205</u>	

Transfers totaling \$138,057 to the internal service funds represents the net book value of vehicles transferred from the city’s enterprise funds to the vehicle rental and replacement fund.

F. CAPITAL LEASES

The City of Battle Ground has entered into lease agreements as lessee for financing the acquisition of three police automobiles, a fire truck and phone server for general government usage. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Fire truck	488,598
Police vehicles	177,062
Phone server	56,570
Less: accumulated depreciation	(93,784)
Total	\$ <u>628,446</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2013, were as follows:

Year Ending December 31	Governmental Activities
2014	149,877
2015	149,878
2016	86,014
2017	79,916
2018	79,915
2019	79,915
Total Minimum Lease Payments	625,516
Less: Interest	(56,919)
Payments	<u>568,597</u>

G. LONG-TERM DEBT

GENERAL OBLIGATION BONDS

The city issues general obligation bonds to provide funds for the acquisition and construction of major governmental activity capital facilities. The city had \$11,895,000 in general obligation bonds outstanding on December 31, 2013.

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, 2013 are as follows:

Description	Amount Outstanding
\$5,265,000 – 2011 Limited Tax General Obligation Refunding Bonds Due in annual installments of \$284,693 to \$522,038 with final payment due June 1, 2026; interest rate from 2.0% to 3.3%. Bonds were issued to prepay the city’s outstanding 2006 Limited Tax General Obligation Bond used for construction of recreational and park facilities. Payment for outstanding debt provided by the general fund, real estate excise tax and park impact fees.	\$4,815,000
\$3,045,000 – 2010 Limited Tax General Obligation Refunding Bonds Due in annual installments of \$269,769 to \$301,688 with final payment due December 1, 2022; interest rate from 3.3% to 4.0%. Bonds were issued to defease and refund the city’s outstanding 2003 Limited Tax General Obligation Bonds used for acquisition of city hall. Payment for outstanding debt provided by the general fund and real estate excise tax.	\$2,225,000
\$757,000 – 2010A Limited Tax General Obligation Bonds Due in annual installments of \$16,882 to \$133,125 with final payment due December 1, 2018; interest rate from 3.0% to 3.5%. Used to construct improvements to Scotton Way. Payment for outstanding debt provided by transportation impact fees.	\$575,000
\$4,280,000 – 2010B Limited Tax General Obligation Bonds (Taxable Recovery Zone Economic Development Bonds – Direct Payment) Due in annual installments of \$266,806 to \$577,500 with final payment due December 1, 2030; interest rate of 6.25% to 7.0%. Used to construct improvements to Scotton Way. Payment for outstanding debt provided by developer contributions, transportation impact fees, and the federal interest subsidy.	\$4,280,000

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31	Governmental Activities		
	Principal	Interest	Total Requirements
2014	690,000	519,599	1,209,599
2015	720,000	498,601	1,218,601
2016	730,000	477,000	1,207,000
2017	750,000	455,176	1,205,176
2018	750,000	429,725	1,179,725
2019-2023	4,500,000	1,630,776	6,130,776
2024-2028	2,910,000	738,578	3,648,578
2029-2030	845,000	89,250	934,250
	<u>\$ 11,895,000</u>	<u>\$ 4,838,705</u>	<u>\$ 16,733,705</u>

GOVERNMENT LOANS

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

Description	Amount Outstanding
\$2,000,000 – 2003 Public Works Trust Fund Loan Annual interest rate of 0.5% with final payment due July 1, 2023. Proceeds to fund West Main Street. Payment for outstanding debt provided by transportation impact fees.	\$1,000,000
\$1,400,000 – 2000 Public Works Trust Fund Loan Annual interest rate of 1.0% with final payment due July 1, 2020. Proceeds used to fund the city’s sewer system lines. Payment for outstanding debt provided by the sewer fund.	\$377,990
\$10,000,000 – 2005 Public Works Trust Fund Loan Annual interest rate of 0.5% with final payment due July 1, 2025. Proceeds used to fund capacity expansion of the Salmon Creek Wastewater Treatment Plant. Payment for outstanding debt provided by the sewer fund.	\$6,616,099
\$4,000,000 – 2006 Public Works Trust Fund Loan Annual interest rate of 0.5% with final payment due July 1, 2026. Proceeds used to fund capacity expansion of the Salmon Creek Wastewater Treatment Plant. Payment for outstanding debt provided by the sewer fund.	\$2,744,444

Government loan debt service requirements to maturity are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2014	100,000	5,000	105,000	816,452	50,582	867,034
2015	100,000	4,500	104,500	816,451	46,231	862,682
2016	100,000	4,000	104,000	816,450	41,878	858,328
2017	100,000	3,500	103,500	816,451	37,526	853,977
2018	100,000	3,000	103,000	816,452	33,173	849,625
2019-2023	500,000	7,500	507,500	3,920,261	102,205	4,022,466
2024-2027	0	0	0	1,736,016	14,603	1,750,619
	<u>\$ 1,000,000</u>	<u>\$ 27,500</u>	<u>\$ 1,027,500</u>	<u>\$ 9,738,533</u>	<u>\$ 326,198</u>	<u>\$ 10,064,731</u>

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.

Revenue bonds outstanding at year-end are as follows:

Description	Amount Outstanding
\$ 6,909,000 - 2012 Sewer Revenue Bonds (United States Department of Agriculture) Annual interest rate of 3.0% with final payment due in 2052. Proceeds used for the improvement of sewer facility. Payment for outstanding debt provided by the sewer fund.	\$6,771,191

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

2012 Sewer Revenue Bonds			
	Principal	Total Interest	Requirements
2014	95,352	202,426	297,778
2015	98,234	199,544	297,778
2016	101,203	196,575	297,778
2017	104,262	193,516	297,778
2018	107,413	190,365	297,778
2019-2023	587,773	901,117	1,488,890
2024-2028	682,135	806,755	1,488,890
2029-2033	791,645	697,245	1,488,890
2034-2038	918,737	570,153	1,488,890
2039-2043	1,066,231	422,659	1,488,890
2044-2048	1,237,405	251,485	1,488,890
2049-2052	980,801	61,422	1,042,223
	\$ 6,771,191	\$ 4,693,262	\$ 11,464,453

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity of the city for the year ended December 31, 2013 is as follows:

	<u>Beginning</u>			<u>Ending</u>	<u>Due Within</u>
Governmental activities	Balance	Additions	Reductions	Balance	One Year
Bonds payable:					
General obligation bonds	\$ 12,335,000	\$ -	\$ (440,000)	\$ 11,895,000	\$ 690,000
Less deferred amounts					
For issuance premiums (discounts)	164,024	-	(15,729)	148,295	15,729
Total bonds payable	\$ 12,499,024	-	(455,729)	12,043,295	705,729
Capital leases	51,808	665,660	(148,871)	568,597	161,235
Government loans	1,100,000	-	(100,000)	1,000,000	100,000
Compensated absences	436,294	270,229	(294,228)	412,295	-
Net OPEB Obligation	238,076	129,440	(45,546)	321,970	-
Long-term liabilities	\$ 14,325,202	\$ 1,065,329	\$ (1,044,374)	\$ 14,346,157	\$ 966,964
Business-type activities					
Revenue Bonds	6,863,746	-	(92,555)	6,771,191	95,352
Government loans payable	10,825,818	-	(1,087,285)	9,738,533	816,451
Compensated absences	107,460	67,557	(71,887)	103,130	-
Long-term liabilities	\$ 17,797,024	\$ 67,557	\$ (1,251,727)	\$ 16,612,854	\$ 911,803

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 162 Members.

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

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, 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 sublimits 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 are self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

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.

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.

In the past three years, no settlement has exceeded the City's insurance coverage.

B. PROPERTY TAXES

The Clark County Treasurer acts as an agent to collect property tax levied in the county for all taxing authorities.

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

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

The city may levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services.

The city's regular levy for 2013 was \$2.0932 per \$1,000 on an assessed valuation of \$1,214,798,042 for a total regular levy of \$2,542,871.

Washington State Constitution and Washington State law, RCW 84.55.010 limit the rate.

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. 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; employees of legislative committees; employees of district and municipal courts; and employees of local governments. Membership also includes higher education employees not participating in higher education retirement programs. Approximately 49 percent of PERS salaries are accounted for by state employment. 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 exercised an option to transfer their membership to Plan 3. PERS members 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 Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to Plan 3.

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members, and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total

employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service.

PERS Plan 1 members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with 25 years of service, or at age 60 with at least 5 years of service. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits.

The monthly benefit is 2 percent of the average final compensation (AFC) per year of service, but the benefit may not exceed 60 percent of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

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 percent 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. The benefit 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, at which time the benefit is converted to the member's service retirement amount.

A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

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 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. 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 percent annually.

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, if hired prior to May 1, 2013:

With a benefit that is reduced by 3 percent for each year before age 65; or
With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5 percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service.

PERS Plan 2 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65.

For DRS' Fiscal Year 2013, PERS Plan 3 employee contributions were \$99.0 million, and plan refunds paid out were \$69.4 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

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

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, and were hired before May 1, 2013, they have the choice of a benefit that is reduced by 3 percent 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.

If they have 30 service credit years, are at least 55 years old, and were hired after May 1, 2013, they have the option to retire early by accepting a reduction of 5 percent for each year before age 65.

PERS Plan 3 benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

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 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 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 percent annually.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a PERS member who dies 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 the member’s covered employment, if found eligible by the Department of Labor and Industries.

From January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of AFC. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of AFC.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program.

There are 1,176 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2012:

Retirees and Beneficiaries Receiving Benefits	82,242
Terminated Plan Members Entitled to but Not Yet Receiving Benefits	30,515
Active Plan Members Vested	106,317
Active Plan members Nonvested	44,273
Total	263,347

Funding Policy:

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS 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 the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. Under PERS 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.

As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program

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 payroll, as of December 31, 2013, are as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	9.21%**	9.21%**	9.21%***
Employee	6.00%****	4.92%****	*****

- *The employer rates include the employer administrative expense fee currently set at .18%.
- **The employer rate for state elected officials is 13.73% for Plan 1, and 9.21% 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 4.92% 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:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2013	0	\$182,670	\$75,529
2012	0	\$169,476	\$60,460
2011	0	\$159,546	\$45,578

LAW ENFORCEMENT OFFICERS’ AND FIREFIGHTERS’ (LEOFF) PLANS 1 AND 2

Plan Description

LEOFF was established in 1970 by the Legislature. Membership 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 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 members 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.

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.

LEOFF 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. Employee contributions to the LEOFF Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS’ Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in LEOFF Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest earnings, in lieu of any retirement benefit, upon separation from LEOFF-covered employment.

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 calculated as a percent of final average salary (FAS) is as follows:

Term of Service	Percent of Final Average Salary
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 there is an eligible spouse, 50 percent of the FAS, plus 5 percent of the FAS for each eligible surviving child, with a limitation on the combined benefit of 60 percent of the FAS; or (2) If there is no eligible spouse, eligible children receive 30 percent of the FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of the FAS, divided equally.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

The LEOFF Plan 1 disability benefit is 50 percent of the FAS plus 5 percent for each child up to a maximum of 60 percent. 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 benefit or service retirement benefit.

LEOFF Plan 2 members are vested after the completion of five years of eligible service.

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

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 benefit amount is 2 percent of the FAS for each year of service. Benefits are reduced to reflect the choice of survivor option and for each year that the member's age is less than 53, unless the disability is duty-related. 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 disability benefit equal to 70 percent 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 catastrophically 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 percent 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 benefit of at least 10 percent of FAS and 2 percent per year of service beyond five years. The first 10 percent 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.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member’s covered employment, if found eligible by the Department of Labor and Industries.

Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of eligible health care insurance premiums.

Legislation passed in 2009 provides to the Washington state registered domestic partners of LEOFF Plan 2 members the same treatment as married spouses, to the extent that the treatment is not in conflict with federal laws.

LEOFF members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

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, 2012:

Retirees and Beneficiaries Receiving Benefits	10,189
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	689
Active Plan Members Vested	14,273
Active Plan Members Nonvested	2,633
Total	27,784

Funding Policy

Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plans. Starting on July 1, 2000, Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. 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, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For DRS’ Fiscal Year 2013, the state contributed \$54.2 million to LEOFF Plan 2.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.26 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2013, are as follows:

	LEOFF Plan 1	LEOFF Plan 2
Employer*	0.18%	5.23%**
Employee	0.00%	8.41%
State	N/A	3.36%

*The employer rates include the employer administrative expense fee currently set at 0.18%.

** The employer rate for ports and universities is 8.59%.

Both City and the employees made the required contributions. The City’s required contributions for the years ended December 31 were as follows:

	LEOFF Plan 1	LEOFF Plan 2
2013	0	101,741
2012	0	96,881
2011	0	102,456

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. 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.

There are no LEOFF 1 employees currently working at the city. In the year ended December 31, 2013, three retired officers received medical insurance at a cost to the City of \$45,546. 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, 2013 was \$70,020. The City was required to contribute \$45,546 in the 2013 year. The City made the full required annual contribution. This \$45,546 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 City of Battle Ground used the alternative measurement method permitted under GASB Statement No. 45. A single retirement age of 56.24 was assumed for all active members for the purpose of determining the actuarial accrued liability (AAL) and normal cost. Retirement, disablement, termination, and mortality rates were assumed to follow the LEOFF 1 rates used in the June 30, 2011 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 2013. The results were based on grouped data with 4 active groupings and 4 inactive groupings. The actuarial cost method used to determine the AAL was Projected Unit Credit. The AAL and net OPEB obligation (NOO) are amortized on an open basis as a level dollar over 15 years. These assumptions are individually and collectively reasonable for the purposes of this valuation.

The following table shows the components of the City’s annual OPEB cost for the fiscal year ending December 31, 2013, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation.

Annual required contribution	\$	141,330
Interest on net OPEB obligation		9,523
Adjustments to the annual required contribution		(21,413)
Annual OPEB cost		<u>129,440</u>
Contributions		<u>(45,546)</u>
Increase in net OPEB obligation		83,894
Net OPEB obligation, beginning of year		<u>238,076</u>
NET OPEB obligation, ending of year	\$	<u><u>321,970</u></u>

The City’s annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

Fiscal Year ending 12/31	Annual OPEB Cost	Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 129,440	\$ 45,546	35.2%	\$ 321,970
2012	91,847	55,123	60.0%	238,076
2011	95,690	54,013	56.4%	201,352

E. CONTINGENT LIABILITIES

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

At the end of 2013, the city does not have any large capital commitments.

F. PRIOR PERIOD ADJUSTMENT

The city identified revenues reported in the prior year that were earned in 2012. These corrections are reflected on the Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balance; as well as on the Statement of Activities within governmental activities.

Revenue	General	Street	Lodging tax
Sales tax	331,564	-	-
Utility tax	53,915	-	-
Motor vehicle fuel tax	-	57,819	-
Local lodging tax	-	-	1,459
State revenues	35,488	-	-
Total	<u>\$ 420,967</u>	<u>\$ 57,819</u>	<u>\$ 1,459</u>

G. OTHER DISCLOSURES - 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 23% percentage of the treatment capacity in the upsized sewage treatment facility. The City has fully paid its portion of the Phase IV project.

Discovery Clean Water Alliance (Alliance) – In 2012, Clark County, Clark Regional Wastewater District (District) and the Cities of Battle Ground and Ridgefield reached agreement on the optimum form of a regional wastewater partnership to meet the needs of the agencies and community for the next generation. The Interlocal Formation Agreement (IFA), signed on September 27, 2012, represents the culmination of five years of

study and provided the foundation to create a new regional utility entity, the Alliance, under the empowerment of RCW 39.106 – the Joint Municipal Utility Services Act. The Alliance was incorporated with the Washington Secretary of State on January 4, 2013. The Alliance is governed by a four member board, one from each entity, and was established to provide sewage treatment services to the citizenry of the respective participating entities.

As the managing partner or “Administrative Lead” for the Alliance, the task of implementing the vision of the partner agencies falls largely to the District. A two year transition work program was initiated in 2013 and will continue through 2014. A series of initial resolutions and agreements were approved by the Alliance Board at its first official meeting on January 18, 2013, to establish the legal framework for the Alliance. District staff has registered the Alliance with a series of state and federal regulatory agencies and has registered the new Alliance logo. A checking account has been established, regional services charges are being billed to the partners and invoices are being paid for Administrative Lead and legal counsel services.

The District will continue to develop and implement the transition work program. Activities planned for the future include development of operator, franchise and asset transfer agreements; transfer of operating and access permits; adoption of a capital planning framework; and development of administrative code. These activities will be completed prior to and in support of the January 1, 2015, full operational date for the Alliance. During 2013 the City paid \$92,712 to the Alliance for regional service charges, as supported through the Alliance budgeted amounts. The Alliance will be receiving its first Washington State Auditor’s Office in 2015, covering financial activities of fiscal years 2013 and 2014. More information about the alliance can be found on their website at <http://discoverycwa.org/>.

REQUIRED SUPPLEMENTARY INFORMATION

**Required Supplementary Information
Other Post Employment Benefits Schedule of Funding Progress
For the City of Battle Ground
Year Ended December 31, 2013**

LEOFF 1 Retiree Healthcare Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability AAL Entry Age (b)	(UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2013	0	1,571,363	1,571,363	0	n/a	n/a
12/31/2012	0	1,090,433	1,090,433	0	n/a	n/a
12/31/2011	0	1,110,392	1,110,392	0	n/a	n/a

NOTE 1 - Alternative method used for valuation

NONMAJOR GOVERNMENTAL FUNDS

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Nonmajor Governmental Funds

Special Revenue Funds

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.

Capital Project Funds

Scotton Way 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.

Debt Service Fund

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.

CITY OF BATTLE GROUND
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2013

	Combined Special Revenue Funds	Scotton Way Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 1,776,213	\$ 613,328	\$ -	\$ 2,389,541
Investments	2,393,299	99,902	-	2,493,201
Accounts Receivable	64,265	-	-	64,265
Interest Receivable	10,336	-	-	10,336
Total Assets	<u>4,244,113</u>	<u>713,230</u>	<u>-</u>	<u>4,957,343</u>
Liabilities:				
Accounts Payable	35,797	-	-	35,797
Other Accrued Liabilities	14,191	-	-	14,191
Custodial Deposits	-	492,429	-	492,429
Total Liabilities	<u>49,988</u>	<u>492,429</u>	<u>-</u>	<u>542,417</u>
Fund Balances:				
Restricted for:				
Capital	3,833,912	220,801	-	4,054,713
Drug Investigation	110,819	-	-	110,819
Tourist Promotion	118,049	-	-	118,049
Assigned to:				
Street	131,345	-	-	131,345
Total Fund Balances	<u>4,194,125</u>	<u>220,801</u>	<u>-</u>	<u>4,414,926</u>
Total Liabilities and Fund Balance	<u>\$ 4,244,113</u>	<u>\$ 713,230</u>	<u>\$ -</u>	<u>\$ 4,957,343</u>

CITY OF BATTLE GROUND
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the fiscal year ended December 31, 2013

	Combined Special Revenue Funds	Scotton Way Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:				
Other Taxes	\$ 538,135	\$ -	\$ -	538,135
Intergovernmental	384,850	-	-	384,850
Charges for Services	1,661,700	-	-	1,661,700
Interest Earnings	13,034	151	-	13,185
Contributions/Donations	-	-	203,644	203,644
Miscellaneous	116,750	8,000	-	124,750
Total Revenues	<u>2,714,469</u>	<u>8,151</u>	<u>203,644</u>	<u>2,926,264</u>
Expenditures:				
Current:				
General Government	23,685		-	23,685
Security/Persons and Property	106,955		-	106,955
Transportation	759,691	49	-	759,740
Capitalized Expenditures	-	84,994	-	84,994
Debt Service				
Principal Retirement	-	-	540,000	540,000
Interest/Fiscal Charges	-	-	540,250	540,250
Total Expenditures	<u>890,331</u>	<u>85,043</u>	<u>1,080,250</u>	<u>2,055,624</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,824,138	(76,892)	(876,606)	870,640
Other Financing Sources (Uses):				
Transfers In	406,949	100,000	876,606	1,383,555
Transfers Out	(1,316,199)	-	-	(1,316,199)
Total Other Financing Sources and Uses	<u>(909,250)</u>	<u>100,000</u>	<u>876,606</u>	<u>67,356</u>
Net Change in Fund Balances	914,888	23,108	-	937,996
Fund Balances at Beginning of Year	3,219,959	197,693	-	3,417,652
Prior Period Adjustment	59,278	-	-	59,278
Fund Balances as of January 1 - Restated	<u>3,279,237</u>	<u>-</u>	<u>-</u>	<u>3,476,930</u>
Fund Balances at End of Year	<u>\$ 4,194,125</u>	<u>\$ 220,801</u>	<u>\$ -</u>	<u>\$ 4,414,926</u>

CITY OF BATTLE GROUND
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 December 31, 2013

Page 1 of 2

	Street Fund	Transportation Impact Fees	Drug Investigation Reserve	Lodging Tax Reserve
Assets				
Cash and Cash Equivalents	\$ 46,080	\$ 1,343,302	\$ 52,431	\$ 48,448
Investments	62,088	1,809,988	70,647	65,280
Accounts Receivable (net)	60,217	-	-	4,048
Interest Receivable	474	7,656	215	273
Total Assets	168,859	3,160,946	123,293	118,049
Liabilities:				
Accounts Payable	26,365	-	9,432	-
Other Accrued Liabilities	11,149	-	3,042	-
Total Liabilities	37,514	-	12,474	-
Fund Balances:				
Restricted for:				
Capital	-	3,160,946	-	-
Drug Investigation	-	-	110,819	-
Tourist Promotion	-	-	-	118,049
Assigned to:				
Street	131,345	-	-	-
Total Fund Balances	131,345	3,160,946	110,819	118,049
Total Liabilities and Fund Balances	\$ 168,859	\$ 3,160,946	\$ 123,293	\$ 118,049

CITY OF BATTLE GROUND
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 December 31, 2013

Page 2 of 2

	Park Impact Fee	Real Estate Excise Tax	Fire Impact Fee	Total Nonmajor Special Revenue Funds
Assets				
Cash and Cash Equivalents	\$ 185,006	\$ 22,584	\$ 78,362	\$ 1,776,213
Investments	249,280	30,430	105,586	2,393,299
Accounts Receivable (net)	-	-	-	64,265
Interest Receivable	667	482	569	10,336
Total Assets	434,953	53,496	184,517	4,244,113
Liabilities:				
Accounts Payable	-	-	-	35,797
Other Accrued Liabilities	-	-	-	14,191
Total Liabilities	-	-	-	49,988
Fund Balances:				
Capital	434,953	53,496	184,517	3,833,912
Drug Investigation	-	-	-	110,819
Tourist Promotion	-	-	-	118,049
Committed to:				
Assigned to:				
Street	-	-	-	131,345
Total Fund Balances	434,953	53,496	184,517	4,194,125
Total Liabilities and Fund Balances	\$ 434,953	\$ 53,496	\$ 184,517	\$ 4,244,113

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, 2013

Page 1 of 2

	City Street Fund	Transportation Impact Fees Fund	Drug Investigation Reserve	Lodging Tax Reserve
Revenues:				
Other Taxes	\$ -	\$ -	\$ -	\$ 25,868
Intergovernmental	372,605	-	12,245	-
Charges for Services	328	1,022,751	-	-
Interest Earnings	889	9,733	114	375
Miscellaneous	21,929	-	94,821	-
Total Revenues	395,751	1,032,484	107,180	26,243
Expenditures:				
Current:				
General Government	-	-	-	23,685
Security/Persons and Property	-	-	32,106	-
Transportation	759,691	-	-	-
Total Expenditures	759,691	-	32,106	23,685
Excess (Deficiency) of Revenues Over (Under) Expenditures	(363,940)	1,032,484	75,074	2,558
Other Financing Sources (Uses)				
Transfers In	406,949	-	-	-
Transfers Out	(103,185)	(538,344)	-	(295)
Total Other Financing Sources (Uses)	303,764	(538,344)	-	(295)
Net Change in Fund Balances	(60,176)	494,140	75,074	2,263
Fund Balances at Beginning of Year	133,702	2,666,806	35,745	114,327
Prior period adjustment	57,819	-	-	1,459
Fund Balances as of January 1 - restated	191,521	2,666,806	35,745	115,786
Fund Balances at End of Year	\$ 131,345	\$ 3,160,946	\$ 110,819	\$ 118,049

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, 2013

Page 2 of 2

	Park Impact Fee	Real Estate Excise Tax	Fire Impact Fee	Total Nonmajor Special Revenue Funds
Revenues:				
Other Taxes	\$ -	\$ 512,267	\$ -	\$ 538,135
Intergovernmental	-	-	-	384,850
Charges for Services	557,020	-	81,601	1,661,700
Interest Earnings	127	911	885	13,034
Miscellaneous	-	-	-	116,750
Total Revenues	557,147	513,178	82,486	2,714,469
Expenditures:				
Current:				
General Government	-	-	-	23,685
Security/Persons and Property	-	-	74,849	106,955
Transportation	-	-	-	759,691
Total Expenditures	-	-	74,849	890,331
Excess (Deficiency) of Revenues Over (Under) Expenditures	557,147	513,178	7,637	1,824,138
Other Financing Sources (Uses)				
Transfers In	-	-	-	406,949
Transfers Out	(128,086)	(546,289)	-	(1,316,199)
Total Other Financing Sources (Uses)	(128,086)	(546,289)	-	(909,250)
Net Change in Fund Balances	429,061	(33,111)	7,637	914,888
Fund Balances at Beginning of Year	5,892	86,607	176,880	3,219,959
Prior period adjustment	-	-	-	59,278
Fund Balances as of January 1 - restated	5,892	86,607	176,880	3,279,237
Fund Balances at End of Year	\$ 434,953	\$ 53,496	\$ 184,517	\$ 4,194,125

CITY OF BATTLE GROUND
Street Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the fiscal year ended December 31, 2013

	Budget Amounts		Actual Year-To- Date Thru 12/31/13	Variance Thru 12/31/13
	Original 2013-2014 Biennium	Final 2013-2014 Biennium		
Revenues				
Intergovernmental	\$ 748,064	\$ 748,064	\$ 372,605	\$ (375,459)
Charges for Services	-	-	328	328
Interest Earnings	8,350	8,350	889	(7,461)
Miscellaneous	5,000	5,000	21,929	16,929
Total Revenues	<u>761,414</u>	<u>761,414</u>	<u>395,751</u>	<u>(365,663)</u>
Expenditures				
Current:				
Transportation	<u>1,880,798</u>	<u>1,895,798</u>	<u>759,691</u>	<u>1,136,107</u>
Total Expenditures	<u>1,880,798</u>	<u>1,895,798</u>	<u>759,691</u>	<u>1,136,107</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	(1,119,384)	(1,134,384)	(363,940)	770,444
Other Financing Sources (Uses)				
Transfers In	1,083,465	1,083,465	406,949	(676,516)
Transfers Out	<u>(18,000)</u>	<u>(18,000)</u>	<u>(103,185)</u>	<u>(85,185)</u>
Total Other Financing Sources and Uses	<u>1,083,465</u>	<u>1,065,465</u>	<u>303,764</u>	<u>(761,701)</u>
Net Change in Fund Balance	(35,919)	(68,919)	(60,176)	8,743
Fund balance at beginning of year	133,702	133,702	133,702	-
Prior year adjustments	-	-	57,819	57,819
Fund balance as of January 1 - restated	<u>133,702</u>	<u>133,702</u>	<u>191,521</u>	<u>57,819</u>
Fund balance at end of year	<u>\$ 97,783</u>	<u>\$ 64,783</u>	<u>\$ 131,345</u>	<u>\$ 66,562</u>

CITY OF BATTLE GROUND
Transportation Impact Fees Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the fiscal year ended December 31, 2013

	Budget Amounts		Actual Year-To- Date Thru 12/31/13	Variance Thru 12/31/13
	Original 2013-2014 Biennium	Final 2013-2014 Biennium		
Revenues				
Charges for Services	\$ 1,515,186	\$ 1,515,186	\$ 1,022,751	\$ (492,435)
Interest Earnings	85,732	85,732	9,733	(75,999)
Total Revenues	<u>1,600,918</u>	<u>1,600,918</u>	<u>1,032,484</u>	<u>(568,434)</u>
Expenditures				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	1,600,918	1,600,918	1,032,484	(568,434)
Transfers Out	<u>(1,353,750)</u>	<u>(2,097,932)</u>	<u>(538,344)</u>	<u>1,559,588</u>
Total Other Financing Sources and Uses	<u>(1,353,750)</u>	<u>(2,097,932)</u>	<u>(538,344)</u>	<u>1,559,588</u>
Net Change in Fund Balance	247,168	(497,014)	494,140	991,154
Fund Balance at Beginning of Year	<u>2,666,806</u>	<u>2,666,806</u>	<u>2,666,806</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 2,913,974</u>	<u>\$ 2,169,792</u>	<u>\$ 3,160,946</u>	<u>\$ 991,154</u>

CITY OF BATTLE GROUND
Drug Investigation Reserve
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the fiscal year ended December 31, 2013

	Budget Amounts		Actual Year-To- Date Thru 12/31/13	Variance Thru 12/31/13
	Original 2013-2014 Biennium	Final 2013-2014 Biennium		
Revenues				
Intergovernmental	\$ 20,200	\$ 20,200	\$ 12,245	\$ (7,955)
Miscellaneous	-	-	94,821	94,821
Interest Earnings	-	-	114	114
Total Revenues	<u>20,200</u>	<u>20,200</u>	<u>107,180</u>	<u>86,980</u>
Expenditures				
Security/Persons and Property	<u>20,000</u>	<u>20,000</u>	<u>32,106</u>	<u>(12,106)</u>
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>32,106</u>	<u>(12,106)</u>
Excess (Deficiency) of Revenues				
Over (under) Expenditures	200	200	75,074	74,874
Net Change in Fund Balance	200	200	75,074	74,874
Fund Balance at Beginning of Year	<u>35,745</u>	<u>35,745</u>	<u>35,745</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 35,945</u>	<u>\$ 35,945</u>	<u>\$ 110,819</u>	<u>\$ 74,874</u>

CITY OF BATTLE GROUND
Lodging Tax Reserve
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the fiscal year ended December 31, 2013

	Budget Amounts		Actual Year-To- Date Thru 12/31/13	Variance Thru 12/31/13
	Original 2013-2014 Biennium	Final 2013-2014 Biennium		
Revenues				
Other Taxes	\$ 39,500	\$ 39,500	\$ 25,868	\$ (13,632)
Interest Earnings	-	-	375	375
Total Revenues	<u>39,500</u>	<u>39,500</u>	<u>26,243</u>	<u>(13,257)</u>
Expenditures				
General Government	<u>60,700</u>	<u>60,700</u>	<u>23,685</u>	<u>37,015</u>
Total Expenditures	<u>60,700</u>	<u>60,700</u>	<u>23,685</u>	<u>37,015</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	(21,200)	(21,200)	2,558	23,758
Other Financing Sources (Uses)				
Transfers Out	-	(10,000)	(295)	9,705
Total Other Financing Sources and Uses	<u>-</u>	<u>(10,000)</u>	<u>(295)</u>	<u>9,705</u>
Net Change in Fund Balance	(21,200)	(31,200)	2,263	33,463
Fund Balance at Beginning of Year	114,327	114,327	114,327	-
Prior year adjustments	-	-	1,459	1,459
Fund Balance as of January 1 - restated	<u>114,327</u>	<u>114,327</u>	<u>115,786</u>	<u>1,459</u>
Fund Balance at End of Year	\$ <u>93,127</u>	\$ <u>83,127</u>	\$ <u>118,049</u>	\$ <u>34,922</u>

CITY OF BATTLE GROUND
Park Impact Fee
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the fiscal year ended December 31, 2013

	Budget Amounts		Actual Year-To- Date Thru 12/31/13	Variance Thru 12/31/13
	Original 2013-2014 Biennium	Final 2013-2014 Biennium		
Revenues				
Charges for Services	\$ 500,412	\$ 500,412	\$ 557,020	\$ 56,608
Interest Earnings	260	260	127	(133)
Total Revenues	<u>500,672</u>	<u>500,672</u>	<u>557,147</u>	<u>56,475</u>
Expenditures				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	500,672	500,672	557,147	56,475
Other Financing Sources (Uses)				
Transfers Out	<u>(509,888)</u>	<u>(566,661)</u>	<u>(128,086)</u>	<u>438,575</u>
Total Other Financing Sources and Uses	<u>(509,888)</u>	<u>(566,661)</u>	<u>(128,086)</u>	<u>438,575</u>
Net Change in Fund Balance	(9,216)	(65,989)	429,061	495,050
Fund Balance at Beginning of Year	<u>5,892</u>	<u>5,892</u>	<u>5,892</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ (3,324)</u>	<u>\$ (60,097)</u>	<u>\$ 434,953</u>	<u>\$ 495,050</u>

CITY OF BATTLE GROUND
Real Estate Excise Tax
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the fiscal year ended December 31, 2013

	Budget Amounts		Actual Year-To- Date Thru 12/31/13	Variance Thru 12/31/13
	Original 2013-2014 Biennium	Final 2013-2014 Biennium		
Revenues				
Other Taxes	\$ 511,018	\$ 511,018	\$ 512,267	\$ 1,249
Interest Earnings	769	769	911	142
Total Revenues	<u>511,787</u>	<u>511,787</u>	<u>513,178</u>	<u>1,391</u>
Expenditures				
Capital Expenditures	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	511,787	511,787	513,178	1,391
Other Financing Sources (Uses)				
Transfers Out	<u>(511,091)</u>	<u>(718,652)</u>	<u>(546,289)</u>	<u>172,363</u>
Total Other Financing Sources and Uses	<u>(511,091)</u>	<u>(718,652)</u>	<u>(546,289)</u>	<u>172,363</u>
Net Change in Fund Balance	696	(206,865)	(33,111)	173,754
Fund Balance at Beginning of Year	<u>86,607</u>	<u>86,607</u>	<u>86,607</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 87,303</u>	<u>\$ (120,258)</u>	<u>\$ 53,496</u>	<u>\$ 173,754</u>

CITY OF BATTLE GROUND
 Fire Impact Fee
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget (GAAP Basis) and Actual
 For the fiscal year ended December 31, 2013

	Budget Amounts		Actual Year-To- Date Thru 12/31/13	Variance Thru 12/31/13
	Original 2013-2014 Biennium	Final 2013-2014 Biennium		
Revenues				
Charges for Services	\$ 26,000	\$ 26,000	\$ 81,601	\$ 55,601
Interest Earnings	-	-	885	885
Total Revenues	<u>26,000</u>	<u>26,000</u>	<u>82,486</u>	<u>56,486</u>
Expenditures				
Security/Persons and Property	-	-	74,849	(74,849)
Total Expenditures	<u>-</u>	<u>-</u>	<u>74,849</u>	<u>(74,849)</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	26,000	26,000	7,637	(18,363)
Other Financing Sources (Uses)				
Transfers Out	-	(74,490)	-	74,490
Total Other Financing Sources and Uses	<u>-</u>	<u>(74,490)</u>	<u>-</u>	<u>74,490</u>
Net Change in Fund Balance	26,000	(48,490)	7,637	56,127
Fund Balance at Beginning of Year	<u>176,880</u>	<u>176,880</u>	<u>176,880</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 202,880</u>	<u>\$ 128,390</u>	<u>\$ 184,517</u>	<u>\$ 56,127</u>

CITY OF BATTLE GROUND
 Scotton Way Capital Project Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget (GAAP Basis) and Actual
 For the fiscal year ended December 31, 2013

	Budget Amounts		Actual Year-To- Date Thru 12/31/13	Variance Thru 12/31/13
	Original 2013-2014 Biennium	Final 2013-2014 Biennium		
Revenues				
Interest Earnings	\$ -	\$ -	\$ 151	\$ 151
Miscellaneous	-	-	8,000	8,000
Total Revenues	<u>-</u>	<u>-</u>	<u>8,151</u>	<u>8,151</u>
Expenditures				
Transportation	-	-	49	(49)
Capitalized Expenditures	-	85,050	84,994	56
Total Expenditures	<u>-</u>	<u>85,050</u>	<u>85,043</u>	<u>7</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	-	(85,050)	(76,892)	8,158
Other Financing Sources (Uses)				
Transfers In	-	-	100,000	100,000
Transfers Out	-	120,711	-	(120,711)
Total Other Financing Sources and Uses	<u>-</u>	<u>120,711</u>	<u>100,000</u>	<u>(20,711)</u>
Net Change in Fund Balance	-	35,661	23,108	(12,553)
Fund Balance at Beginning of Year	197,693	197,693	197,693	-
Fund Balance at End of Year	<u>\$ 197,693</u>	<u>\$ 233,354</u>	<u>\$ 220,801</u>	<u>\$ (12,553)</u>

CITY OF BATTLE GROUND
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the fiscal year ended December 31, 2013

	Budget Amounts		Actual Year-To- Date Thru 12/31/13	Variance Thru 12/31/13
	Original 2013-2014 Biennium	Final 2013-2014 Biennium		
Revenues				
Contributions/Donations	\$ 477,500	\$ 466,440	\$ 203,644	\$ (262,796)
Total Revenues	<u>477,500</u>	<u>466,440</u>	<u>203,644</u>	<u>(262,796)</u>
Expenditures				
Debt service:				
Principal Retirement	1,330,000	1,330,000	540,000	790,000
Interest/Fiscal Charges	<u>1,064,852</u>	<u>1,064,852</u>	<u>540,250</u>	<u>524,602</u>
Total Expenditures	<u>2,394,852</u>	<u>2,394,852</u>	<u>1,080,250</u>	<u>1,314,602</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	(1,917,352)	(1,928,412)	(876,606)	1,051,806
Other Financing Sources (Uses)				
Transfers In	<u>1,917,352</u>	<u>2,358,980</u>	<u>876,606</u>	<u>(1,482,374)</u>
Total Other Financing Sources and Uses	<u>1,917,352</u>	<u>2,358,980</u>	<u>876,606</u>	<u>(1,482,374)</u>
Net Change in Fund Balance	-	430,568	-	(430,568)
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 430,568</u>	<u>\$ -</u>	<u>\$ (430,568)</u>

Internal Service Funds

Vehicle Rental and Replacement Fund – A fund to finance vehicles used by City departments.

Technology Rental and Replacement Fund – A fund to finance information technology such as computers, servers and storage.

CITY OF BATTLE GROUND
Internal Service Funds
Combining Statement of Net Position
December 31, 2013

	<u>Vehicle Rental and Replacement</u>	<u>Technology Rental and Replacement</u>	<u>Total Internal Service Funds</u>
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 64,437	\$ 2,531	\$ 66,968
Investments	86,823	3,410	90,233
Interest Receivable	-	104	104
Total Current Assets	<u>151,260</u>	<u>6,045</u>	<u>157,305</u>
Noncurrent Assets			
Property, Plant and Equipment (Net)	<u>919,321</u>	<u>-</u>	<u>919,321</u>
Total Noncurrent Assets	<u>919,321</u>	<u>-</u>	<u>919,321</u>
Total Assets	<u>1,070,581</u>	<u>6,045</u>	<u>1,076,626</u>
Liabilities			
Current Liabilities			
Accrued Interest Payable	12,739	-	12,739
Leases Payable	120,134	-	120,134
Total Current Liabilities	<u>132,873</u>	<u>-</u>	<u>132,873</u>
Noncurrent Liabilities			
Leases Payable	<u>419,308</u>	<u>-</u>	<u>419,308</u>
Total Noncurrent Liabilities	<u>419,308</u>	<u>-</u>	<u>419,308</u>
Total Liabilities	<u>552,181</u>	<u>-</u>	<u>552,181</u>
Net Position			
Net Investment in Capital Assets	379,879		379,879
Unrestricted	<u>138,521</u>	<u>6,045</u>	<u>144,566</u>
Total Net Position	<u>\$ 518,400</u>	<u>\$ 6,045</u>	<u>\$ 524,445</u>

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

CITY OF BATTLE GROUND
Internal Service Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
For the fiscal year ended December 31, 2013

	<u>Vehicle Rental and Replacement</u>	<u>Technology Rental and Replacement</u>	<u>Total Internal Service Funds</u>
Operating Revenues			
Charge for Services			
Vehicle Rental	\$ 311,522	\$ -	\$ 311,522
Technology Rental	-	55,593	55,593
Total Operating Revenues	<u>311,522</u>	<u>55,593</u>	<u>367,115</u>
Operating Expenses			
Equipment and Supplies	-	49,781	49,781
Depreciation	205,692	-	205,692
Total Operating Expenses	<u>205,692</u>	<u>49,781</u>	<u>255,473</u>
Operating Income (loss)	105,830	5,812	111,642
Nonoperating Revenues (Expenses)			
Interest Earnings	(404)	233	(171)
Interest and Fiscal Charges	(12,738)	-	(12,738)
Total Nonoperating Revenues (Expenses)	<u>(13,142)</u>	<u>233</u>	<u>(12,909)</u>
Income (Loss) before Contributions and Transfers	92,688	6,045	98,733
Capital Contributions	287,655	-	287,655
Transfers In	138,057	-	138,057
Increase (Decrease) in Net Position	<u>518,400</u>	<u>6,045</u>	<u>524,445</u>
Total Net Position at Beginning of Year	-	-	-
Total Net Position at End of Year	<u>\$ 518,400</u>	<u>\$ 6,045</u>	<u>\$ 524,445</u>

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

CITY OF BATTLE GROUND
Internal Service Funds
Combining Statement of Cash Flows
For the fiscal year ended December 31, 2013

	<u>Vehicle Rental and Replacement</u>	<u>Technology Rental and Replacement</u>	<u>Total Internal Service Funds</u>
Cash Flows from Operating Activities			
Receipts from interfund charges for vehicle rental services	\$ 311,522	\$ -	\$ 311,522
Receipts from interfund charges for technology rental services	-	55,593	55,593
Cash payments to Suppliers	-	(49,781)	(49,781)
Net Cash Provided by Operating Activities	<u>311,522</u>	<u>5,812</u>	<u>317,334</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	(699,300)	-	(699,300)
Proceeds from capital lease	665,660	-	665,660
Principal paid on capital lease	(126,218)	-	(126,218)
Net Cash Provided for Capital and Related Financing Activities	<u>(159,858)</u>	<u>-</u>	<u>(159,858)</u>
Cash Flows from Investing Activities			
Interest on Investments	(404)	129	(275)
Purchase of Investment Securities	(86,823)	(3,410)	(90,233)
Net Cash Used by Investing Activities	<u>(87,227)</u>	<u>(3,281)</u>	<u>(90,508)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	64,437	2,531	66,968
Cash and Cash Equivalents at Beginning of Year	-	-	-
Cash and Cash Equivalents at End of Year	<u>\$ 64,437</u>	<u>\$ 2,531</u>	<u>\$ 66,968</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Net Operating Income (Loss)	\$ 105,830	\$ 5,812	\$ 111,642
Adjustments to reconcile net operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation Expense	205,692	-	205,692
	<u>205,692</u>	<u>-</u>	<u>205,692</u>
Net Cash Provided by Operating Activities	<u>\$ 311,522</u>	<u>\$ 5,812</u>	<u>\$ 317,334</u>
Noncash Investing, Financing and Capital Activities			
Capital Assets contributed (net)	\$ 287,655	\$ -	\$ 287,655
Net Change in Fair Value of Investments	(421)	(17)	(438)

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

OTHER SUPPORTING SCHEDULES

CITY OF BATTLE GROUND
 Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 For the fiscal year ended December 31, 2013

	Budget Amounts		Actual Year-To- Date Thru 12/31/13	Variance Thru 12/31/13
	Original 2013-2014 Biennium	Final 2013-2014 Biennium		
Revenues				
Intergovernmental	\$ 151,200	\$ 651,806	\$ 516,496	\$ (135,310)
Interest Earnings	-	-	-	-
Total Revenues	<u>151,200</u>	<u>651,806</u>	<u>516,496</u>	<u>(135,310)</u>
Expenditures				
Capitalized Expenditures	1,071,200	2,472,459	1,012,133	1,460,326
Debt service:				
Interest/Fiscal Charges	-	-	-	-
Total Expenditures	<u>1,071,200</u>	<u>2,472,459</u>	<u>1,012,133</u>	<u>1,460,326</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	(920,000)	(1,820,653)	(495,637)	1,325,016
Other Financing Sources (Uses)				
Transfers In	920,000	1,676,653	339,298	(1,337,355)
Total Other Financing Sources and Uses	<u>920,000</u>	<u>1,676,653</u>	<u>339,298</u>	<u>(1,337,355)</u>
Net Change in Fund Balance	-	(144,000)	(156,339)	(12,339)
Fund Balance at Beginning of Year	<u>156,339</u>	<u>156,339</u>	<u>156,339</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>156,339</u>	\$ <u>12,339</u>	\$ <u>-</u>	\$ <u>(12,339)</u>

STATISTICAL SECTION

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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 city's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	99-112
Revenue Capacity These schedules contain formation to help the reader asses the city's most significant local revenue source, the property tax.	113-117
Debt Capacity 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.	119-127
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.	129-132
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 government provides and the activities it performs.	133-139

Sources: Unless otherwise noted, the information in these schedules is derived from the *Comprehensive Annual Financial Report* for the relevant year.

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Financial Trends

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

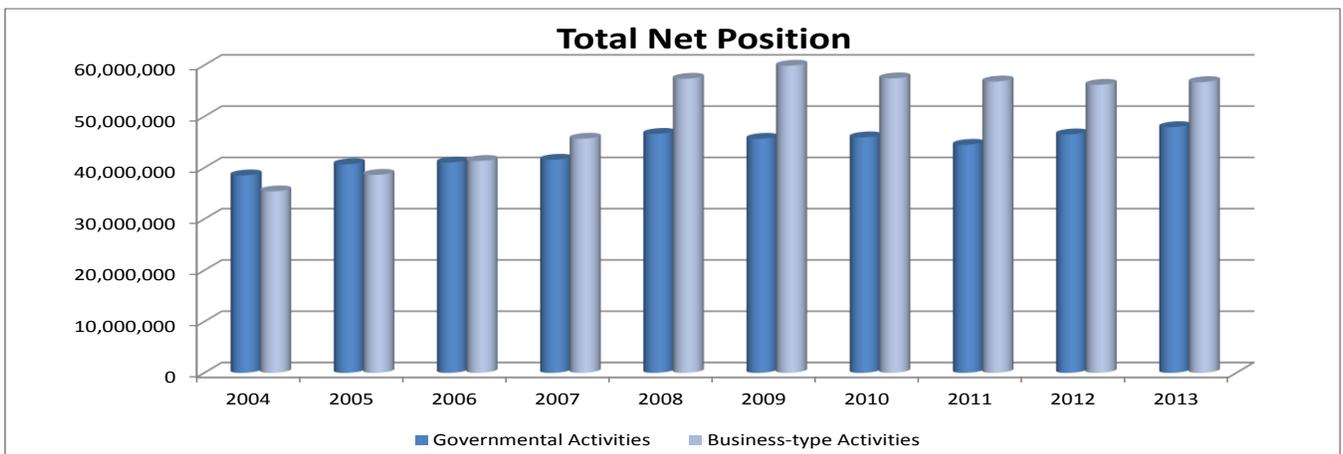
Net Position by Component	Page 100-101
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Fund Balances, Governmental Funds	Page 106-107
Tax Revenues by Source, Governmental Funds	Page 108
Changes in Fund Balance, Governmental Fund	Page 110-112

CITY OF BATTLE GROUND
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008
Governmental activities					
Invested in capital assets, net of related debt	\$ 28,775,142	\$ 31,584,586	\$ 27,294,399	\$ 31,541,308	\$ 38,790,058
Restricted for:					
Capital			3,915,990	3,174,390	591,735
Debt	29,647	8,662	64	-	4,436
Drug Investigation					
Tourist Promotion					
Archeological Mitigation					
Unrestricted	9,699,485	9,099,755	9,810,841	6,843,215	7,215,072
Total governmental activities net position	\$ 38,504,274	\$ 40,693,003	\$ 41,021,294	\$ 41,558,913	\$ 46,601,301
Business-type activities					
Invested in capital assets, net of related debt	\$ 25,603,563	\$ 27,140,910	\$ 30,243,777	\$ 44,447,674	\$ 48,389,267
Restricted	3,059,652	3,555,812	2,861,880	2,235,704	1,260,004
Unrestricted	6,728,411	7,915,203	8,222,463	4,905,442	7,700,506
Total business-type activities net position	\$ 35,391,626	\$ 38,611,925	\$ 41,328,120	\$ 51,588,820	\$ 57,349,777
Primary government					
Invested in capital assets, net of related debt	\$ 54,378,705	\$ 58,725,496	\$ 57,538,176	\$ 75,988,982	\$ 87,179,325
Restricted for:					
Capital	3,059,652	3,555,812	6,777,870	5,410,094	1,851,739
Debt	29,647	8,662	64	-	4,436
Drug Investigation					
Tourist Promotion					
Archeological Mitigation					
Unrestricted	16,427,896	17,014,958	18,033,304	11,748,657	14,915,578
Total primary government net position	\$ 73,895,900	\$ 79,304,928	\$ 82,349,414	\$ 93,147,733	\$ 103,951,078

CITY OF BATTLE GROUND
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2009	2010	2011	2012	2013
Governmental activities					
Invested in capital assets, net of related debt	\$ 39,221,113	\$ 34,991,915	\$ 38,725,543	\$ 41,074,989	\$ 40,562,231
Restricted for:					
Capital	3,662,720	8,032,082	3,137,767	2,964,183	4,054,713
Debt	631	-	6,669	-	-
Drug Investigation			32,056	35,745	110,819
Tourist Promotion			94,414	114,327	118,049
Archeological Mitigation				100,000	-
Unrestricted	2,760,980	2,899,625	2,473,919	2,392,860	3,066,444
Total governmental activities net position	\$ 45,645,444	\$ 45,923,622	\$ 44,470,368	\$ 46,682,104	\$ 47,912,256
Business-type activities					
Invested in capital assets, net of related debt	\$ 49,502,387	\$ 48,256,296	\$ 46,867,261	\$ 45,841,037	\$ 45,207,967
Restricted	880,096	750,446	781,084	804,132	2,400,355
Unrestricted	9,507,721	8,415,098	9,172,165	9,527,096	9,092,385
Total business-type activities net position	\$ 59,890,204	\$ 57,421,840	\$ 56,820,510	\$ 56,172,265	\$ 56,700,707
Primary government					
Invested in capital assets, net of related debt	\$ 88,723,500	\$ 83,248,211	\$ 85,592,804	\$ 86,916,026	\$ 85,770,198
Restricted for:					
Capital	4,542,816	8,782,528	3,918,851	3,768,315	6,455,068
Debt	631	-	6,669	-	-
Drug Investigation			32,056	35,745	110,819
Tourist Promotion			94,414	114,327	118,049
Archeological Mitigation				100,000	-
Unrestricted	12,268,701	11,314,723	11,646,084	11,919,956	12,158,829
Total primary government net position	\$ 105,535,648	\$ 103,345,462	\$ 101,290,878	\$ 102,854,369	\$ 104,612,963



CITY OF BATTLE GROUND
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Page 1 of 4

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses					
Governmental activities:					
General government	\$ 1,556,980	\$ 1,855,612	\$ 2,056,875	\$ 1,928,916	\$ 2,223,307
Judicial	241,768	311,123	319,404	464,643	492,181
Public Safety	2,162,353	2,722,283	3,475,292	3,644,428	4,395,318
Physical Environment	408,224	500,592	591,277	676,741	906,190
Transportation	3,173,743	3,185,576	3,469,566	3,625,195	3,869,457
Economic Environment	784,499	725,400	715,830	727,745	816,796
Culture and Recreation	182,845	175,563	297,928	361,531	963,339
Interest on long-term debt	<u>157,885</u>	<u>156,311</u>	<u>278,001</u>	<u>442,304</u>	<u>422,864</u>
Total governmental activities expenses	8,668,297	9,632,460	11,204,173	11,871,503	14,089,452
Business-type activities:					
Storm Drainage	426,601	470,472	607,708	642,607	817,139
Street Lighting	-	-	-	-	-
Water	1,611,213	1,664,812	1,789,896	1,838,669	1,980,810
Sewer	<u>1,485,999</u>	<u>1,921,834</u>	<u>1,993,349</u>	<u>2,128,709</u>	<u>3,354,080</u>
Total business-type activities expenses	<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>
Total primary government expenses	\$ <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>
Program Revenues					
Governmental activities:					
Charge for services:					
General Government	\$ 245,380	\$ 267,236	\$ 243,942	\$ 245,484	\$ 248,274
Judicial	294,238	173,392	199,151	350,618	365,985
Economic Environment	2,350,123	1,893,889	1,668,400	1,401,037	1,253,868
Other activities	36,660	38,571	45,036	26,273	71,921
Operating grants and contributions	363,796	344,024	381,654	420,621	425,667
Capital grant and contributions	<u>1,274,064</u>	<u>1,519,555</u>	<u>1,150,241</u>	<u>1,886,280</u>	<u>4,867,932</u>
Total governmental activities program revenues	<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>
Business-type activities:					
Charges for services:					
Storm Drainage	328,414	366,488	402,260	457,726	471,429
Water	1,590,321	1,714,535	1,910,340	1,983,061	2,027,589
Sewer	2,276,129	2,402,202	2,480,307	2,522,255	2,526,144
Operating grants and contributions	<u>2,335,532</u>	<u>2,984,591</u>	<u>2,147,931</u>	<u>3,867,383</u>	<u>6,665,414</u>
Total business-type activities program revenues	<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>
Total primary government program revenues	\$ <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>

CITY OF BATTLE GROUND
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Page 2 of 4

	2004	2005	2006	2007	2008
Net(Expenses)Revenue					
Government activities	\$ (4,104,036)	\$ (5,395,793)	\$ (7,515,749)	\$ (7,541,190)	\$ (6,855,805)
Business activities	3,006,583	3,410,698	2,549,885	4,220,440	5,538,547
Total primary government net expense	\$ (1,097,453)	\$ (1,985,095)	\$ (4,965,864)	\$ (3,320,750)	\$ (1,317,258)
 General Revenues and Other Changes in Net Position					
Government activities:					
Taxes					
Property taxes	\$ 1,477,803	\$ 1,743,039	\$ 1,935,544	\$ 1,963,609	\$ 2,248,345
Sales and use taxes	2,033,908	1,944,247	1,981,244	2,126,690	2,073,033
Business and occupation taxes	960,703	1,498,052	1,758,718	1,920,231	2,078,241
Excise taxes	827,334	1,118,008	785,638	600,298	407,773
Unrestricted grants and contributions	192,351	215,654	221,538	251,300	256,270
Investment earnings	120,102	343,722	589,648	740,979	340,242
Miscellaneous	42,801	8,165	21,121	50,373	41,636
Gain on sale of capital assets	-	135,310	-	-	-
Insurance recoveries	197,273	58,762	8,110	-	-
Transfers	450,529	519,563	383,199	425,329	445,520
Total governmental activities	6,302,804	7,584,522	7,684,760	8,078,809	7,891,060
 Business-type activities:					
Investment earnings	169,584	328,218	542,121	534,877	249,882
Miscellaneous	-	946	7,388	4,395	6,656
Special Item	-	-	-	-	(217,472)
Gain(loss) on sale of capital assets	(1,839,000)	-	-	-	-
Transfers	(450,529)	(519,563)	(383,199)	(425,329)	(445,520)
Total business-type activities	(2,119,945)	(190,399)	166,310	113,943	(406,454)
Total primary government	\$ 4,182,859	\$ 7,394,123	\$ 7,851,070	\$ 8,192,752	\$ 7,484,606
 Changes in Net Position					
Governmental activities	\$ 2,198,768	\$ 2,188,729	\$ 169,011	\$ 537,619	\$ 1,035,255
Business-type activities	886,638	3,220,299	2,716,195	4,334,383	5,132,093
Total primary government	\$ 3,085,406	\$ 5,409,028	\$ 2,885,206	\$ 4,872,002	\$ 6,167,348

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 Position
Last Ten Fiscal Years
(accrual basis of accounting)

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	2009	2010	2011	2012	2013
Expenses					
Governmental activities:					
General government	\$ 2,087,110	\$ 1,951,977	\$ 1,919,617	\$ 2,634,653	\$ 1,712,197
Judicial	534,501	546,638	485,617	444,557	470,139
Public Safety	4,431,964	4,299,652	4,045,762	3,967,973	4,026,694
Physical Environment	1,021,647	1,201,402	1,452,521	1,638,224	1,826,061
Transportation	3,761,290	2,287,683	2,029,831	1,967,127	2,400,518
Economic Environment	699,000	664,250	605,272	722,507	781,901
Culture and Recreation	1,056,249	979,695	920,610	998,656	1,025,958
interest on long-term debt	405,440	450,067	651,322	536,751	537,184
Total governmental activities expenses	<u>13,997,201</u>	<u>12,381,364</u>	<u>12,110,552</u>	<u>12,910,448</u>	<u>12,780,652</u>
Business-type activities:					
Storm Drainage	717,290	728,791	1,038,963	712,377	930,010
Street Lighting	-	-	-	-	-
Water	1,935,359	1,946,956	1,879,765	1,641,601	2,235,333
Sewer	3,609,859	5,216,956	3,583,364	3,439,502	4,162,154
Total business-type activities expenses	<u>6,262,508</u>	<u>7,892,703</u>	<u>6,502,092</u>	<u>5,793,480</u>	<u>7,327,497</u>
Total primary government expenses	<u>\$ 20,259,709</u>	<u>\$ 20,274,067</u>	<u>\$ 18,612,644</u>	<u>\$ 18,703,928</u>	<u>\$ 20,108,149</u>
Program Revenues					
Governmental activities:					
Charge for services:					
General Government	\$ 240,017	\$ 219,213	\$ 255,179	\$ 193,077	\$ 573,328
Judicial	471,307	453,286	415,588	405,806	455,060
Economic Environment	1,078,533	603,642	398,342	844,558	2,457,298
Other activities	166,081	208,273	233,995	203,460	193,857
Operating grants and contributions	508,966	517,828	555,855	445,149	771,126
Capital grant and contributions	1,936,672	2,787,065	1,042,734	4,299,828	932,403
Total government activities program revenues	<u>4,401,576</u>	<u>4,789,307</u>	<u>2,901,693</u>	<u>6,391,878</u>	<u>5,383,072</u>
Business-type activities:					
Charges for services:					
Storm Drainage	612,177	631,727	633,997	667,903	777,144
Water	2,232,671	2,037,375	2,037,242	2,115,314	2,098,727
Sewer	2,569,896	2,609,015	2,606,290	2,629,799	2,905,225
Operating grants and contributions	1,918,901	702,738	774,915	511,792	2,043,392
Total business-type activities program revenues	<u>7,333,645</u>	<u>5,980,855</u>	<u>6,052,444</u>	<u>5,924,808</u>	<u>7,824,488</u>
Total primary government program revenues	<u>\$ 11,735,221</u>	<u>\$ 10,770,162</u>	<u>\$ 8,954,137</u>	<u>\$ 12,316,686</u>	<u>\$ 13,207,560</u>

CITY OF BATTLE GROUND
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Page 4 of 4

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net(Expenses)Revenue					
Government activities	\$ (9,595,625)	\$ (7,592,057)	\$ (9,208,859)	\$ (6,518,570)	\$ (7,397,580)
Business activities	<u>1,071,137</u>	<u>(1,911,848)</u>	<u>(449,648)</u>	<u>131,328</u>	<u>496,991</u>
Total primary government net expense	<u>\$ (8,524,488)</u>	<u>\$ (9,503,905)</u>	<u>\$ (9,658,507)</u>	<u>\$ (6,387,242)</u>	<u>\$ (6,900,589)</u>
General Revenues and Other Changes in Net Position					
Government activities:					
Taxes					
Property taxes	\$ 2,281,329	\$ 2,366,078	\$ 2,428,025	\$ 2,479,566	\$ 2,532,873
Sales and use taxes	1,739,060	1,852,960	1,807,821	1,910,787	2,015,104
Business and occupation taxes	2,394,946	2,502,990	2,411,111	2,554,267	2,747,427
Excise taxes	329,070	335,169	227,223	331,585	526,572
Unrestricted grants and contributions	267,743	288,902	276,367	322,507	263,350
Investment earnings	94,380	70,378	138,859	40,689	18,265
Miscellaneous	45,564	45,738	43,082	94,749	89,750
Gain on sale of capital assets	-	-	-	-	(4,482)
Insurance recoveries	-	-	-	-	-
Transfers	<u>350,327</u>	<u>408,020</u>	<u>423,117</u>	<u>1,078,857</u>	<u>138,057</u>
Total governmental activities	<u>7,502,419</u>	<u>7,870,235</u>	<u>7,755,605</u>	<u>8,813,007</u>	<u>8,326,916</u>
Business-type activities:					
Investment earnings	111,595	69,427	135,669	41,181	33,565
Miscellaneous	63,827	59,594	135,766	86,611	135,943
Special Item	-	-	-	-	-
Gain(loss) on sale of capital assets	-	-	-	171,492	-
Transfers	<u>(350,327)</u>	<u>(408,020)</u>	<u>(423,117)</u>	<u>(1,078,857)</u>	<u>(138,057)</u>
Total business-type activities	<u>(174,905)</u>	<u>(278,999)</u>	<u>(151,682)</u>	<u>(779,573)</u>	<u>31,451</u>
Total primary government	<u>\$ 7,327,514</u>	<u>\$ 7,591,236</u>	<u>\$ 7,603,923</u>	<u>\$ 8,033,434</u>	<u>\$ 8,358,367</u>
Changes in Net Position					
Governmental activities	\$ (2,093,206)	\$ 278,178	\$ (1,453,254)	\$ 2,294,437	\$ 929,336
Business-type activities	<u>896,232</u>	<u>(2,190,847)</u>	<u>(601,330)</u>	<u>(648,245)</u>	<u>528,442</u>
Total primary government	<u>\$ (1,196,974)</u>	<u>\$ (1,912,669)</u>	<u>\$ (2,054,584)</u>	<u>\$ 1,646,192</u>	<u>\$ 1,457,778</u>

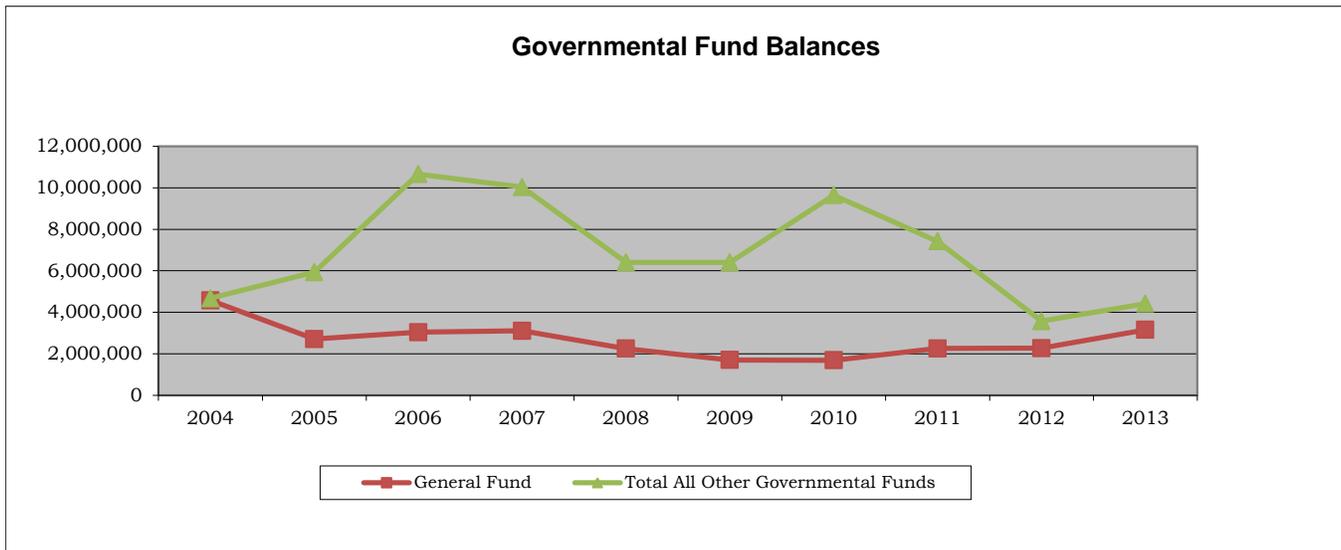
Note: The City implemented Statement 44 in 2006 and has reported the information above retroactively from Statement 34 implementation in 2003.

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

	2004	2005	2006	2007	2008
General Fund					
Nonspendable	\$	\$	-	-	-
Committed					
Assigned		-	-	-	-
Unassigned	<u>4,577,798</u>	<u>2,706,235</u>	<u>3,041,155</u>	<u>3,106,344</u>	<u>2,250,975</u>
Total general fund	<u>4,577,798</u>	<u>2,706,235</u>	<u>3,041,155</u>	<u>3,106,344</u>	<u>2,250,975</u>
All Other Governmental Funds					
Restricted					
Assigned					
Special revenue funds	4,476,676	5,817,237	6,746,271	6,865,956	5,812,371
Capital projects funds	162,644	106,721	3,915,990	3,174,390	591,735
Debt service funds	<u>29,647</u>	<u>8,662</u>	<u>64</u>	<u>-</u>	<u>4,436</u>
Total all other governmental funds	\$ <u>4,668,967</u>	\$ <u>5,932,620</u>	\$ <u>10,662,325</u>	\$ <u>10,040,346</u>	\$ <u>6,408,542</u>

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

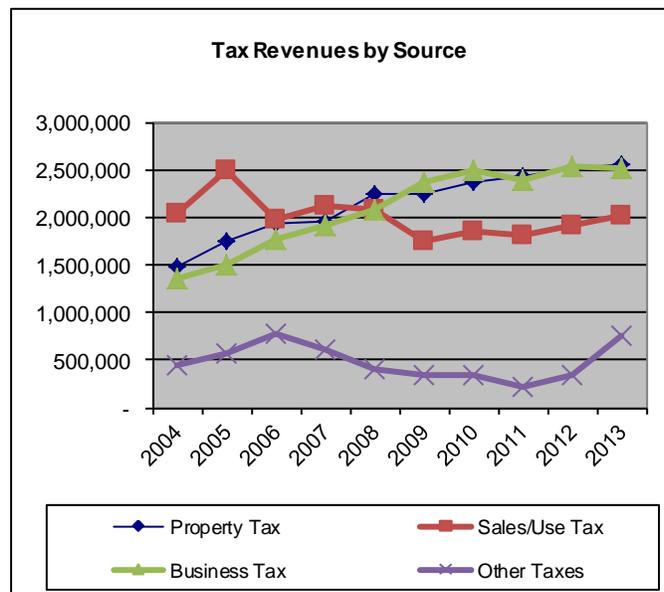
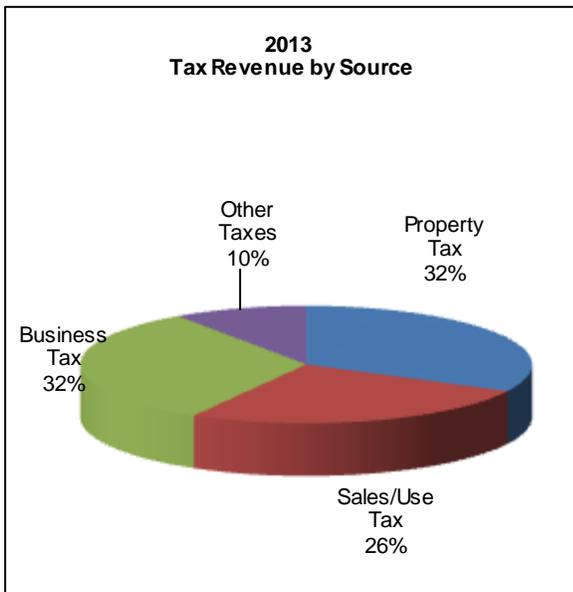
	2009	2010	2011	2012	2013
General Fund					
Nonspendable	\$ -	\$ -	\$ 7,805	\$ -	\$ -
Committed			836,927	840,256	843,012
Assigned	-	-	469,781	422,310	1,767,197
Unassigned	1,698,322	1,686,312	940,764	1,008,081	541,776
Total general fund	<u>1,698,322</u>	<u>1,686,312</u>	<u>2,255,277</u>	<u>2,270,647</u>	<u>3,151,985</u>
All Other Governmental Funds					
Restricted			7,126,517	3,214,255	4,283,581
Assigned					
Special revenue funds	5,586,037	4,794,253	294,046	203,397	131,345
Capital projects funds	6,903	4,852,868	984	156,339	-
Debt service funds	631	-	-	-	-
Total all other governmental funds	<u>\$ 5,593,571</u>	<u>\$ 9,647,121</u>	<u>\$ 7,421,547</u>	<u>\$ 3,573,991</u>	<u>\$ 4,414,926</u>



Note: In 2011, the city implemented GASB 54

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
2013	\$ 2,551,368	\$ 2,015,104	\$ 2,518,789	\$ 755,209	\$ 7,840,470
2012	2,507,031	1,910,787	2,534,798	331,585	7,284,201
2011	2,428,374	1,807,821	2,390,116	227,223	6,853,534
2010	2,366,078	1,852,960	2,502,990	335,169	7,057,197
2009	2,551,368	2,015,104	2,518,789	755,209	7,840,470
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



Note: Sales tax is affected by economic conditions, including changes in new housing starts.

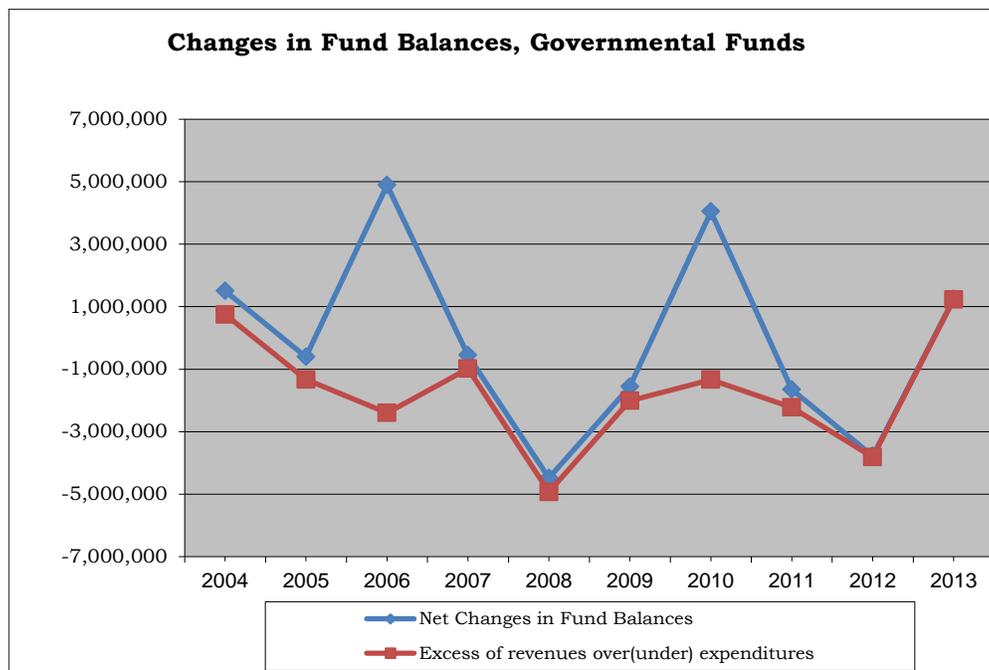
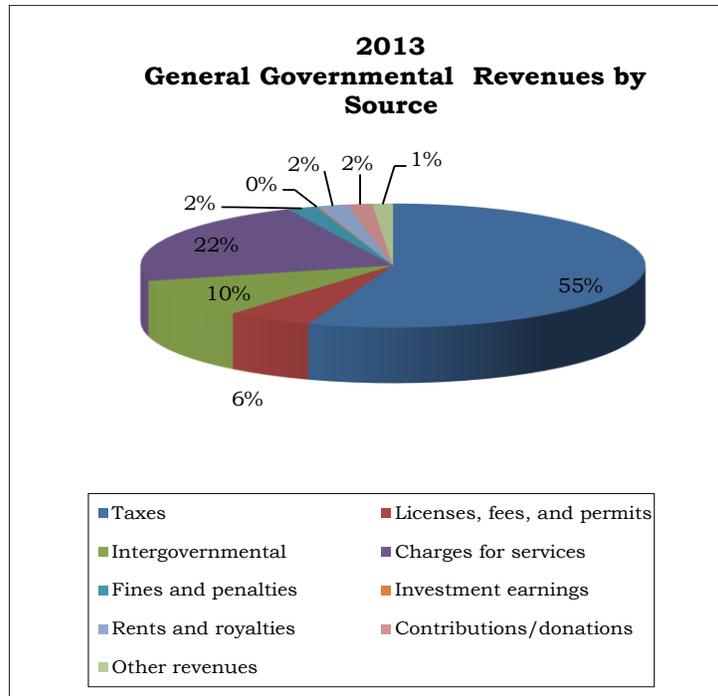
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CITY OF BATTLE GROUND
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008
Revenues					
Taxes	\$ 5,305,360	\$ 6,307,392	\$ 6,454,180	\$ 6,612,507	\$ 6,782,966
Licenses, fees, and permits	1,075,416	820,234	578,438	499,057	430,549
Intergovernmental	856,064	662,171	861,751	835,157	1,383,622
Charges for services	1,344,221	1,154,943	1,168,767	973,700	937,398
Fines and penalties	180,550	150,458	156,933	238,830	273,636
Investment earnings	120,102	343,722	589,648	740,979	340,242
Rents and royalties	210,750	219,912	206,391	201,784	205,992
Contributions/donations	46,927	105,639	86,168	49,654	32,072
Other revenues	48,711	12,086	25,043	54,294	45,557
Total governmental funds	<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>
Expenditures					
General Government	1,401,905	1,691,326	1,834,492	1,762,848	2,040,566
Judicial	241,768	311,123	319,404	456,721	489,290
Security/persons and property	2,029,928	2,565,594	3,138,811	3,344,891	4,072,812
Physical environment	408,224	500,592	591,277	676,741	853,784
Transportation	398,160	431,765	549,530	593,004	668,964
Economic environment	776,860	717,760	708,191	720,106	812,004
Culture and recreation	157,716	149,489	191,498	247,676	435,343
Capital outlay	2,693,116	4,295,205	4,674,797	2,330,057	4,949,673
Debt service					
Principal	175,000	290,000	270,000	615,000	620,000
Interest	151,073	153,910	250,128	441,037	422,291
Total expenditures	<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>
Excess of revenues over (under) expenditures	754,351	(1,330,207)	(2,400,809)	(982,119)	(4,932,693)
Other Financing Sources (Uses)					
Sale of capital assets	296,822	143,972	-	-	-
Long-term debt proceeds	-	-	6,900,000	-	-
Premiums on Bonds Issued	-	-	-	-	-
Refunding Bonds Issued	-	-	-	-	-
Payments to Refunding Escrow	-	-	-	-	-
Insurance recoveries	-	58,762	8,110	-	-
Transfers in	1,896,482	5,192,145	2,417,281	3,178,996	4,059,761
Transfers out	<u>(1,445,953)</u>	<u>(4,672,582)</u>	<u>(2,034,082)</u>	<u>(2,753,667)</u>	<u>(3,614,241)</u>
Total other financing sources (uses)	747,351	722,297	7,291,309	425,329	445,520
Net changes in fund balances	<u>\$ 1,501,702</u>	<u>\$ (607,910)</u>	<u>\$ 4,890,500</u>	<u>\$ (556,790)</u>	<u>\$ (4,487,173)</u>
Debt service as a percentage of noncapital expenditures	5.68%	6.52%	6.62%	11.92%	10.93%

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

	2009	2010	2011	2012	2013
Revenues					
Taxes	\$ 6,713,185	\$ 7,031,327	\$ 6,874,529	\$ 7,303,670	\$ 7,840,470
Licenses, fees, and permits	321,421	346,496	222,229	325,113	775,452
Intergovernmental	1,395,500	2,855,454	1,021,680	4,702,012	1,421,076
Charges for services	887,928	396,549	385,647	2,009,709	3,136,021
Fines and penalties	302,006	309,622	280,958	284,160	267,847
Investment earnings	94,380	70,378	138,859	40,689	18,436
Rents and royalties	277,054	286,989	283,266	256,760	277,270
Contributions/donations	22,054	7,317	211,467	221,914	219,100
Other revenues	49,485	45,738	43,082	95,509	189,615
Total governmental funds	<u>10,063,013</u>	<u>11,349,870</u>	<u>9,461,717</u>	<u>15,239,536</u>	<u>14,145,287</u>
Expenditures					
General Government	1,882,022	1,777,820	1,713,088	2,456,744	2,573,394
Judicial	532,846	543,079	489,005	444,557	470,139
Security/persons and property	4,145,628	4,039,761	3,836,220	3,547,893	3,787,018
Physical environment	969,240	1,160,942	1,412,061	1,594,245	1,761,171
Transportation	663,008	995,300	701,400	907,265	759,740
Economic environment	700,670	658,932	604,940	722,507	781,901
Culture and recreation	604,904	523,406	472,690	554,861	583,251
Capital outlay	1,514,618	1,820,330	1,070,221	7,741,594	1,097,127
Debt service					
Principal	655,415	695,484	693,621	532,951	562,653
Interest	403,643	471,116	693,287	552,983	541,525
Total expenditures	<u>12,071,994</u>	<u>12,686,170</u>	<u>11,686,533</u>	<u>19,055,600</u>	<u>12,917,919</u>
Excess of revenues over (under) expenditures	(2,008,981)	(1,336,300)	(2,224,816)	(3,816,064)	1,227,368
Other Financing Sources (Uses)					
Sale of capital assets	-	-	-	36,457	14,660
Long-term debt proceeds	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	-				
Transfers in	3,396,729	2,828,845	2,072,990	1,640,198	1,723,148
Transfers out	(3,046,402)	(2,420,825)	(1,649,873)	(1,640,198)	(1,723,148)
Total other financing sources (uses)	448,838	5,377,840	568,207	36,457	14,660
Net changes in fund balances	<u>\$ (1,560,143)</u>	<u>\$ 4,041,540</u>	<u>\$ (1,656,609)</u>	<u>\$ (3,779,607)</u>	<u>\$ 1,242,028</u>
Debt service as a percentage of noncapital expenditures	10.03%	10.74%	13.06%	9.60%	9.34%



Notes: In 2006 the city constructed major capital improvements, including the Kiwanis and Fairgrounds parks. The fund balance increased as a result of the city borrowing \$6.9 million 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 the Scotton Way capital project.

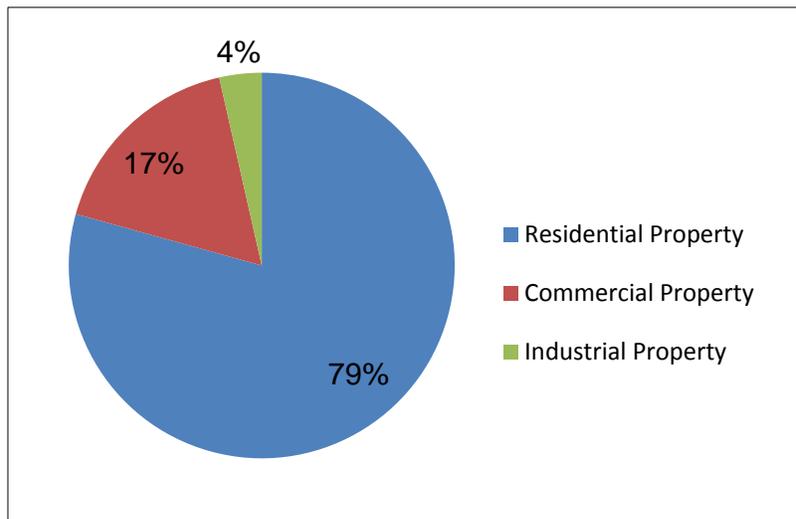
Revenue Capacity

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	Page 114
Direct and Overlapping Property Tax Rates	Page 115
Principal Property Tax Payers	Page 116
Property Tax Levies and Collections	Page 117

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

Fiscal Year Ended December 31,	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Tax Rate
2013/2014	\$ 1,023,444,568	\$ 221,344,978	\$ 45,728,146	\$ (183,910,674)	\$ 1,332,783,511	1.96013
2012/2013	910,595,226	217,850,315	44,230,062	(178,784,234)	1,214,798,042	2.09325
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



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

Notes: 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 assessed value.

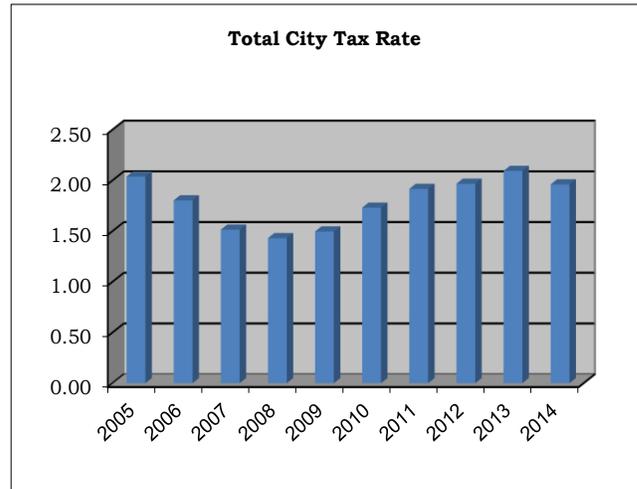
Property taxes are based on the prior year’s assessed value (e.g., 2013 property taxes are based upon 2012 assessed values.) Only major property types are included and will not foot to assess values.

The city implemented GASB 44 in 2006. The breakdown of real property became available in 2006 and prior period information is not available.

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

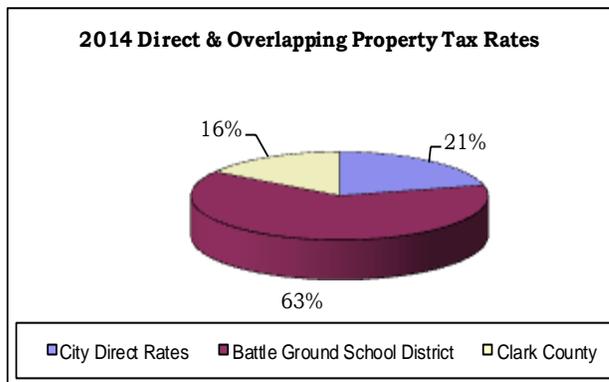
City Direct Rates

Fiscal Year	Basic Rate	General Obligation Debt	Total Direct*
2014	\$ 1.96013	\$ 0.00000	\$ 1.96013
2013	2.09325	0.00000	2.09325
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	1.80301
2007	1.51406	0.00000	2.03749
2006	1.80301	0.00000	2.09258
2005	2.03749	0.00000	2.08952



Overlapping Rates**

Fiscal Year	Battle Ground School District			Clark County		
	Basic Rate	General Obligation Debt	Total Overlapping	Basic Rate	General Obligation Debt	Total Overlapping
2014	\$ 4.99345	\$ 0.85308	\$ 5.84653	\$ 1.46498	\$ 0.00000	\$ 1.46498
2013	4.25092	0.95945	5.21037	1.54083	0.00000	1.54083
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



Source: Clark County Assessor's Office

Notes: *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 Ten Years Ago**

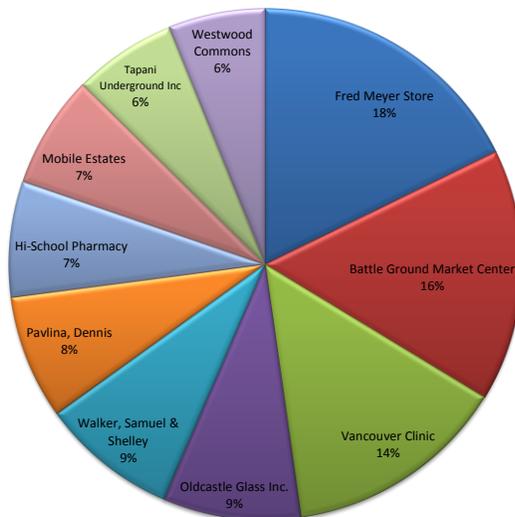
Taxpayer	2013				2004			
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Type of Business	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	
Fred Meyer Store	17,195,885	1	1.29%	Retail	15,010,465	1	2.04%	
Battle Ground Market Center	15,466,900	2	1.16%	Retail	\$ 11,130,500	2	1.51%	
Vancouver Clinic	13,604,800	3	1.02%	Commercial				
Oldcastle Glass Inc.	8,432,985	4	0.63%	Light Industrial	5,519,110	3		
Walker, Samuel & Shelley	8,354,400	5	0.63%	Private Individual				
Pavlina, Dennis	7,596,483	6	0.57%	Private Individual				
Hi-School Pharmacy	7,088,000	7	0.53%	Industrial				
Mobile Estates	6,925,300	8	0.52%	Land Developer				
Tapani Underground Inc	6,300,519	9	0.47%	Service				
Westwood Commons	5,910,800	10	0.44%	Commercial				
Hahn, Charles				Private Individual	5,259,600	4	0.71%	
Harder Development				Land Developer	4,476,900	5		
Jessen Irwin & Ray Douglas				Private Individual	4,114,500	6	0.56%	
Helms Inc				Private Individual	4,113,000	7		
Qwest				Telecommunications	4,105,490	8	0.56%	
Deshirlia, F.J. & Suzanne				Private Individual	3,991,500	9	0.54%	
Anderson, Ronald				Private Individual	3,925,600	10	0.53%	
TOTAL	\$ 96,876,072		7.27%		\$ 61,646,665		8.36%	

2013 Assessed Value City of Battle Ground

1,332,783,511

2004 Assessed Value City of Battle Ground

\$ 737,146,433

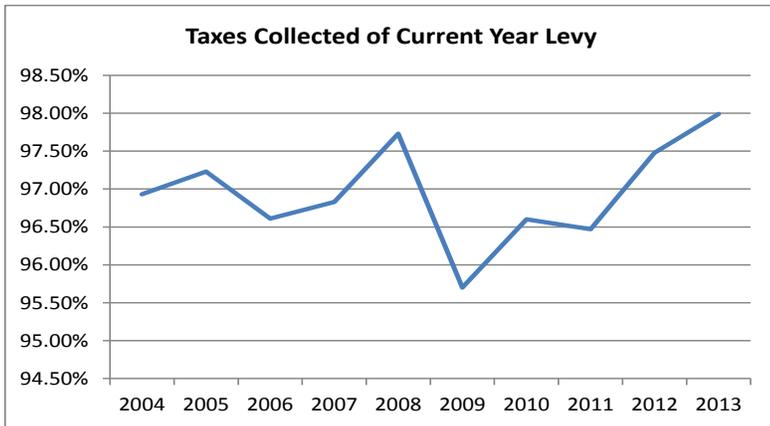


*Note the top ten tax payers represent only 7% of the City's Tax base

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

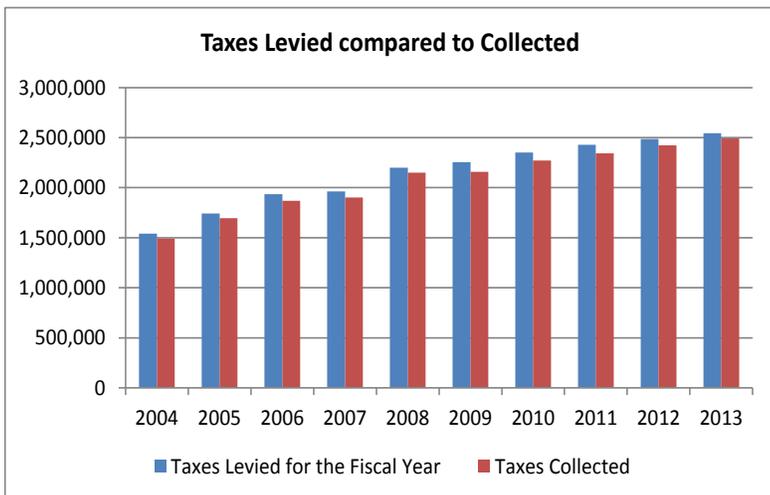
**CITY OF BATTLE GROUND
Property Tax Levies and Collections
Last Ten Fiscal Years**

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		Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
		Amount	Percentage of Levy		Tax * Collections	Percentage of Levy		
2013	\$ 2,542,871	\$ 2,491,852	97.99%	\$ 0	\$ 2,491,852	97.99%	\$ 51,019	2.01%
2012	2,486,121	2,423,459	97.48%	33,661	2,457,120	98.83%	29,001	1.17%
2011	2,429,589	2,343,915	96.47%	62,126	2,406,041	99.03%	23,548	0.97%
2010	2,351,617	2,271,552	96.60%	78,161	2,349,713	99.92%	1,904	0.08%
2009	2,253,991	2,157,153	95.70%	96,646	2,253,799	99.99%	192	0.01%
2008	2,198,937	2,148,932	97.73%	49,938	2,198,870	100.00%	67	0.00%
2007	1,963,609	1,901,329	96.83%	62,264	1,963,593	100.00%	16	0.00%
2006	1,935,544	1,869,836	96.61%	65,656	1,935,492	100.00%	52	0.00%
2005	1,743,039	1,694,722	97.23%	48,131	1,742,853	99.99%	186	0.01%
2004	1,539,744	1,492,485	96.93%	45,582	1,538,067	99.89%	1,677	0.11%



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

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 does 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.

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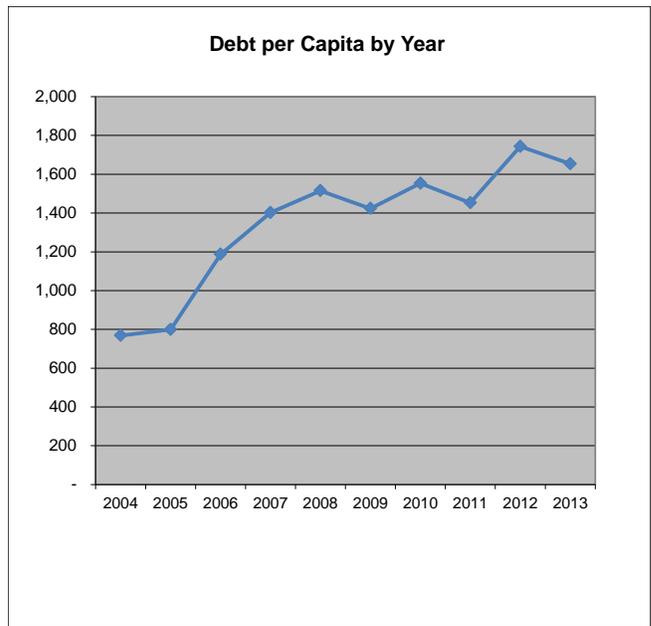
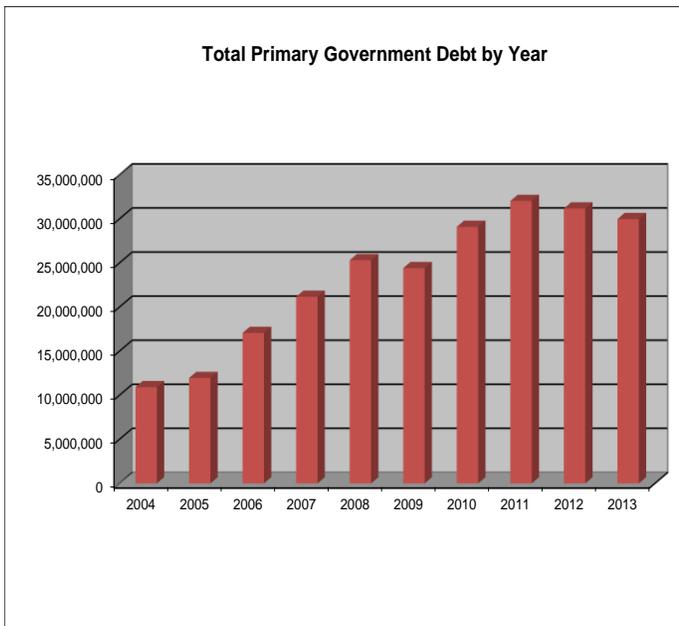
Debt Capacity

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	Page 120
Ratios of General Bonded Debt Outstanding	Page 121
Direct and Overlapping Governmental Activities Debt	Page 122
Legal Debt Margin Information	Page 124-125
Pledged-Revenue Coverage	Page 126-127

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	Revenue Bonds	Term Loan Payable				
2013	\$ 11,895,000	\$ 1,000,000	\$ -	\$ 568,597	\$ 6,771,191	\$ 9,738,533	\$ 29,973,321	5.92%	18,130	\$ 1,653
2012	12,335,000	\$ 1,100,000	-	51,808	6,863,746	10,825,818	31,176,372	6.24%	17,893	1,742
2011	12,655,000	1,200,000	-	56,576	-	18,117,104	32,028,680	4.78%	17,780	1,801
2010	13,200,000	1,300,000	-	37,612	-	14,558,566	29,096,178	4.51%	17,571	1,656
2009	8,910,000	1,400,000	-	68,096	-	14,031,428	24,409,524	4.01%	17,150	1,423
2008	9,435,000	1,500,000	-	-	-	14,374,969	25,309,969	3.95%	16,710	1,515
2007	9,955,000	1,600,000	-	-	98,061	9,507,342	21,160,403	3.62%	16,240	1,303
2006	10,470,000	1,700,000	-	-	405,717	4,486,300	17,062,017	3.15%	15,810	1,079
2005	3,740,000	1,800,000	-	-	700,821	5,709,996	11,950,817	2.45%	14,960	799
2004	3,905,000	1,900,000	25,000	-	1,183,699	3,900,358	10,914,057	2.50%	14,220	768

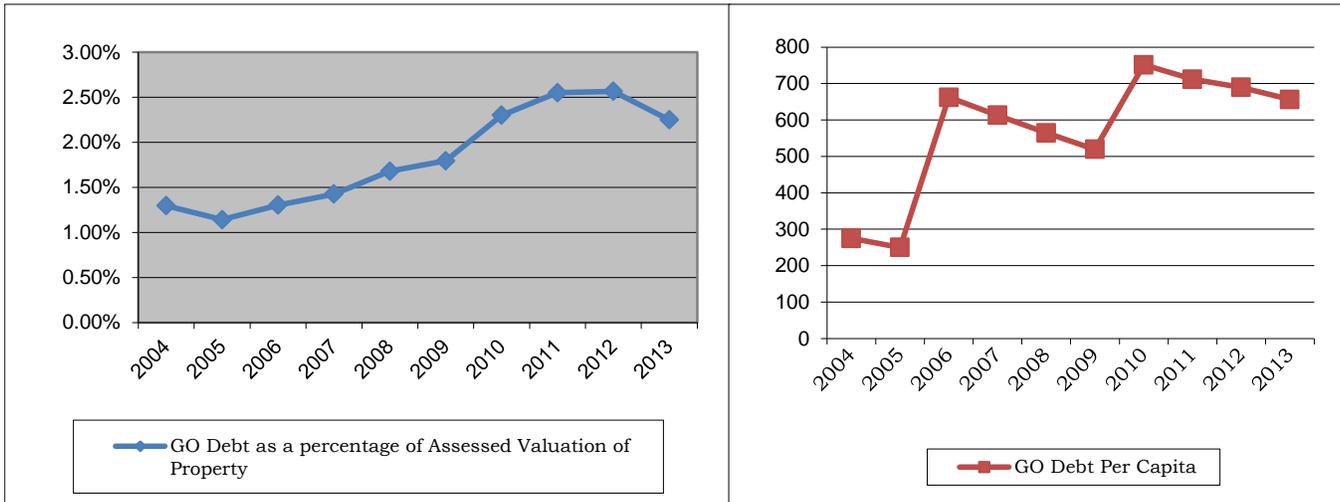


Source: City of Battle Ground Finance Department

Notes: In 2000 the city issued debt to purchase Remy Park
 In 2003 the city issued debt for the city hall building
 In 2006 the city issued parks bond debt
 In 2010 the city issued debt for Scotton Way
 In 2012 the city issued debt for the equalization basin
 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
2013	\$ 11,895,000	\$ 1,332,783,511	0.89%	18,130	\$ 656
2012	12,335,000	1,214,798,042	1.02%	17,893	689
2011	12,655,000	1,255,802,097	1.01%	17,780	712
2010	13,200,000	1,265,186,616	1.04%	17,571	751
2009	8,910,000	1,360,436,260	0.65%	17,150	520
2008	9,435,000	1,506,916,458	0.63%	16,710	565
2007	9,955,000	1,485,047,771	0.67%	16,240	613
2006	10,470,000	1,309,867,889	0.80%	15,810	662
2005	3,740,000	1,047,879,785	0.36%	14,960	250
2004	3,905,000	841,963,178	0.46%	14,220	275



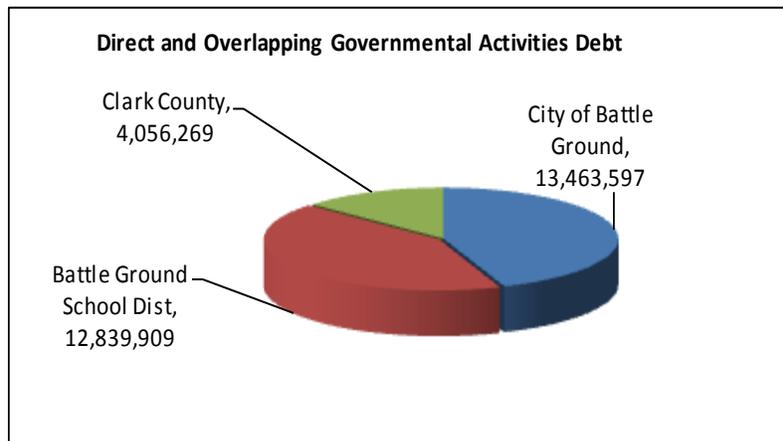
Source: City of Battle Ground Finance Department

Notes: In 2006 the city issued parks bond debt
 In 2010 the city issued debt to finance Scotton Way Street Improvement
 Details regarding the city's outstanding debt can be found in the notes to the financial statements.

*2012 Assessed value for 2013 revenue.

CITY OF BATTLE GROUND
Direct and Overlapping Governmental Activities Debt

<u>Government Unit</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable to Battle Ground</u>	<u>Estimated Share of Overlapping Debt Applicable to Battle Ground</u>
Overlapping			
Battle Ground School District	\$ 55,990,681	22.93%	\$ 12,839,909
Clark County	<u>118,746,080</u>	3.42%	<u>4,056,269</u>
Subtotal, overlapping debt	\$ <u>174,736,761</u> \$		\$ <u>16,896,179</u>
Direct:			
City of Battle Ground direct debt	\$ <u>13,463,597</u> \$	100.00%	\$ <u>13,463,597</u>
Total direct and overlapping debt			\$ <u><u>30,359,776</u></u>
City Assessed Valuation	\$ 1,332,783,511		
School Assessed Valuation	5,811,837,059		
County Assessed Valuation	39,016,841,558		



Source: Clark County Treasurer’s Office

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.

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Assessed Valuation	\$ 841,963,178	\$ 1,047,879,785	\$ 1,309,867,889	\$ 1,495,069,025	\$ 1,506,916,458
Debt limit 1 1/2 % of taxable property	12,629,448	15,718,197	19,648,018	22,426,035	22,603,747
Total net debt applicable to limit	3,905,000	3,740,000	10,470,000	9,955,000	9,435,000
Available Non-voted debt capacity	8,724,448	11,978,197	9,178,018	12,471,035	13,168,747
Total Debt Ceiling for General Municipal Purposes, Voted and Non-voted:					
2.5% of value of taxable property	21,049,079	26,196,995	32,746,697	37,376,726	37,672,911
Less: Voted debt outstanding:	-	-	-	-	-
Total voted debt outstanding	-	-	-	-	-
Total non-voted debt outstanding	3,905,000	3,740,000	10,470,000	9,955,000	9,435,000
Available unused debt capacity:	17,144,079	22,456,995	22,276,697	27,421,726	28,237,911
Additional voted indebtedness for supplying; water, artificial light, and sewers. 2.5% of value of taxable property					
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	21,049,079	26,196,995	32,746,697	37,376,726	37,672,911
Less: Voted debt outstanding:	-	-	-	-	-
Total Available unused debt capacity including additional authorities:	\$ 59,242,237	\$ 74,850,983	\$ 87,770,091	\$ 102,175,178	\$ 103,583,735
Total net debt applicable to the limit as a percentage of debt limit	30.92%	23.79%	53.29%	44.39%	41.74%

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Assessed Valuation	\$ 1,360,436,260	\$ 1,265,186,616	\$ 1,255,802,097	\$ 1,214,798,042	\$ 1,332,783,511
Debt limit 1 1/2 % of taxable property	20,406,544	18,977,799	18,837,031	18,221,971	19,991,753
Total net debt applicable to limit	<u>8,910,000</u>	<u>13,200,000</u>	<u>12,745,000</u>	<u>12,335,000</u>	<u>11,895,000</u>
Available Non-voted debt capacity	<u>11,496,544</u>	<u>5,777,799</u>	<u>6,092,031</u>	<u>5,886,971</u>	<u>8,096,753</u>
Total Debt Ceiling for General Municipal Purposes, Voted and Non-voted:					
2.5% of value of taxable property	34,010,907	31,629,665	31,395,052	30,369,951	33,319,588
Less: Voted debt outstanding:	-	-	-	-	-
Total voted debt outstanding	-	-	-	-	-
Total non-voted debt outstanding	<u>8,910,000</u>	<u>13,200,000</u>	<u>12,745,000</u>	<u>12,335,000</u>	<u>11,895,000</u>
Available unused debt capacity:	<u>25,100,907</u>	<u>18,429,665</u>	<u>18,650,052</u>	<u>18,034,951</u>	<u>21,424,588</u>
Additional voted indebtedness for supplying; water, artificial light, and sewers. 2.5% of value of taxable property					
	34,010,907	31,629,665	31,395,052	30,369,951	33,319,588
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	34,010,907	31,629,665	31,395,052	30,369,951	33,319,588
Less: Voted debt outstanding:	-	-	-	-	-
Total Available unused debt capacity including additional authorities:	\$ 93,122,721	\$ 81,688,997	\$ 81,440,156	\$ 78,774,852	\$ 88,063,763
Total net debt applicable to the limit as a percentage of debt limit	43.66%	69.55%	67.66%	67.69%	59.50%

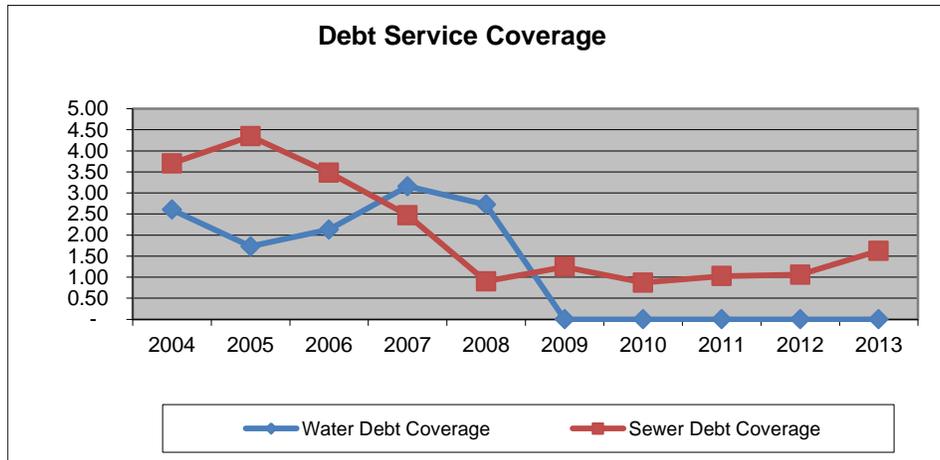
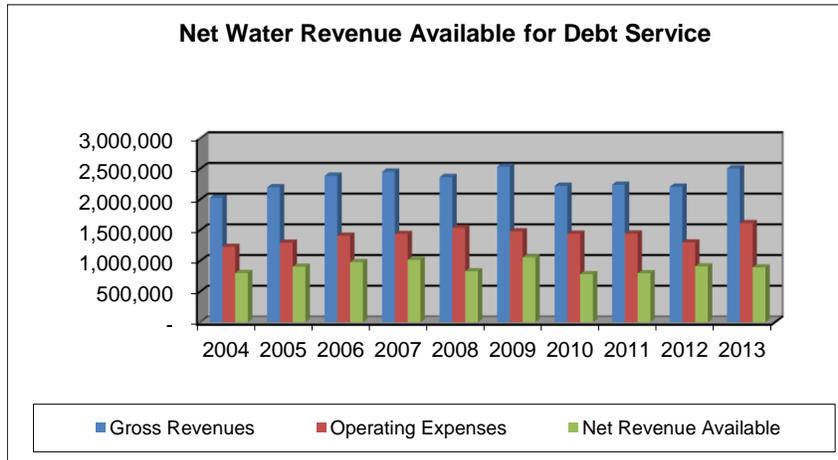
Source: City of Battle Ground Finance Department

Notes: In 2000 the city issued debt to purchase Remy Park
In 2003 the city issued debt for the city hall building
In 2006 the city issued parks bond debt
Details regarding the city's outstanding debt can be found in the notes to the financial statements.

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

Water Fund

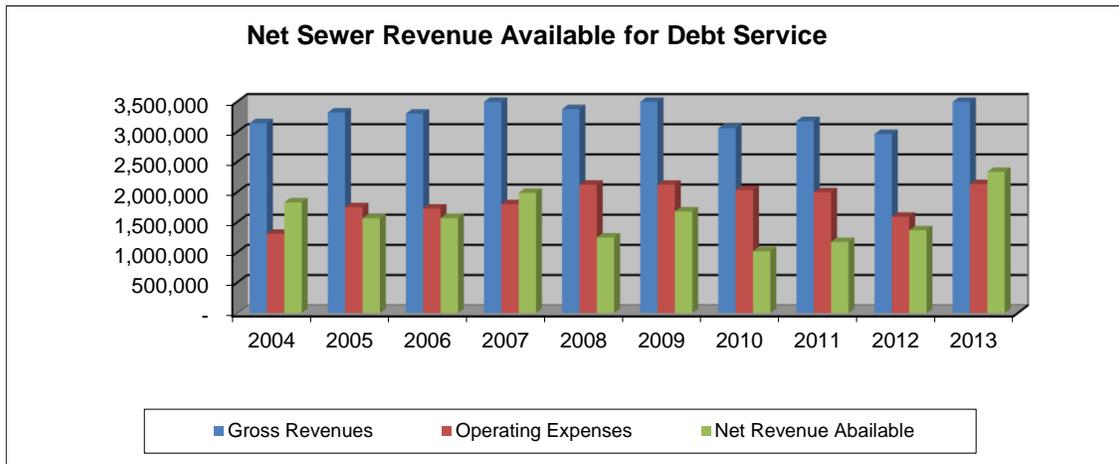
Fiscal Year	Gross Revenues	Less:	Net Revenue Available	Debt Service		Total	Coverage
		Operating Expenses		Principal	Interest		
2013	\$ 2,504,650	\$ 1,612,307	\$ 892,343	-	-	-	-
2012	2,206,060	1,835,102	370,958	-	-	-	-
2011	2,239,511	1,442,538	796,973	-	-	-	-
2010	2,221,870	1,475,576	746,294	-	-	-	-
2009	2,532,433	1,477,699	1,054,734	-	-	-	-
2008	2,363,274	1,534,768	828,506	298,061	6,164	304,225	2.72
2007	2,451,795	1,436,722	1,015,073	307,697	14,047	321,744	3.15
2006	2,385,508	1,407,851	977,657	423,695	34,978	458,673	2.13
2005	2,196,771	1,294,290	902,481	482,878	39,130	522,008	1.73
2004	2,026,353	1,226,155	800,198	259,564	48,118	307,682	2.60



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

Sewer Fund

Gross Revenues	Less: Operating Expenses	Net Revenue Available	Debt Service		Total	Coverage
			Principal	Interest		
4,477,286	\$ 2,137,092	\$ 2,340,194	\$ 1,179,840	\$ 261,512	\$ 1,441,352	1.62
2,967,278	1,595,504	1,371,774	1,132,539	165,630	1,298,169	1.06
3,180,504	2,002,328	1,178,176	1,087,285	64,067	1,151,352	1.02
3,064,495	2,193,332	871,163	1,103,951	72,772	1,176,723	0.74
3,811,504	2,127,169	1,684,335	1,281,041	72,772	1,353,813	1.24
3,379,714	2,127,543	1,252,171	1,332,373	57,298	1,389,671	0.90
3,795,485	1,803,422	1,992,063	778,959	27,406	806,365	2.47
3,303,951	1,731,226	1,572,725	423,695	28,188	451,883	3.48
3,323,089	1,753,609	1,569,480	340,362	20,732	361,094	4.35
3,147,226	1,312,514	1,834,712	472,781	22,967	495,748	3.70



Notes: 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.

In 1999 the city established separate funds for Water and Sewer Operations. No outstanding water revenue bonds after 2008.

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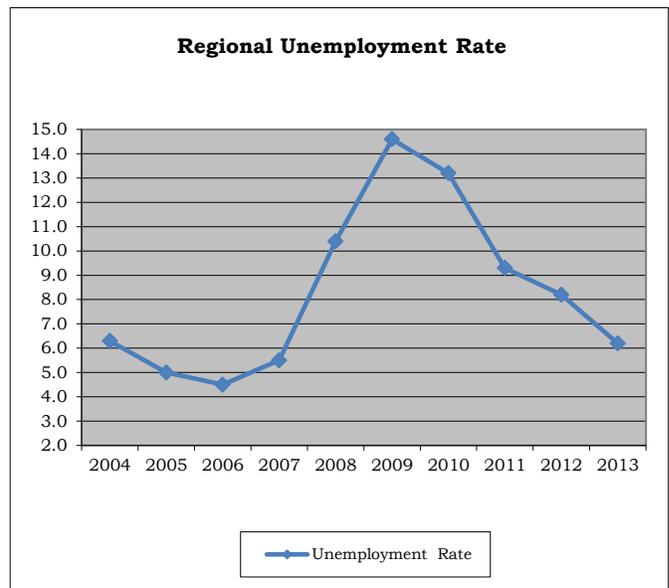
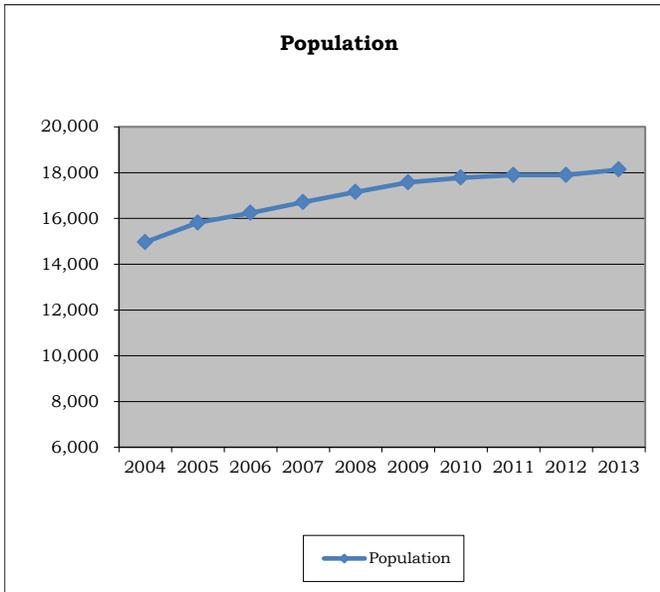
Demographic and Economic Information

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	Page 130
Principal Employers	Page 131
Property Value and Construction	Page 132

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

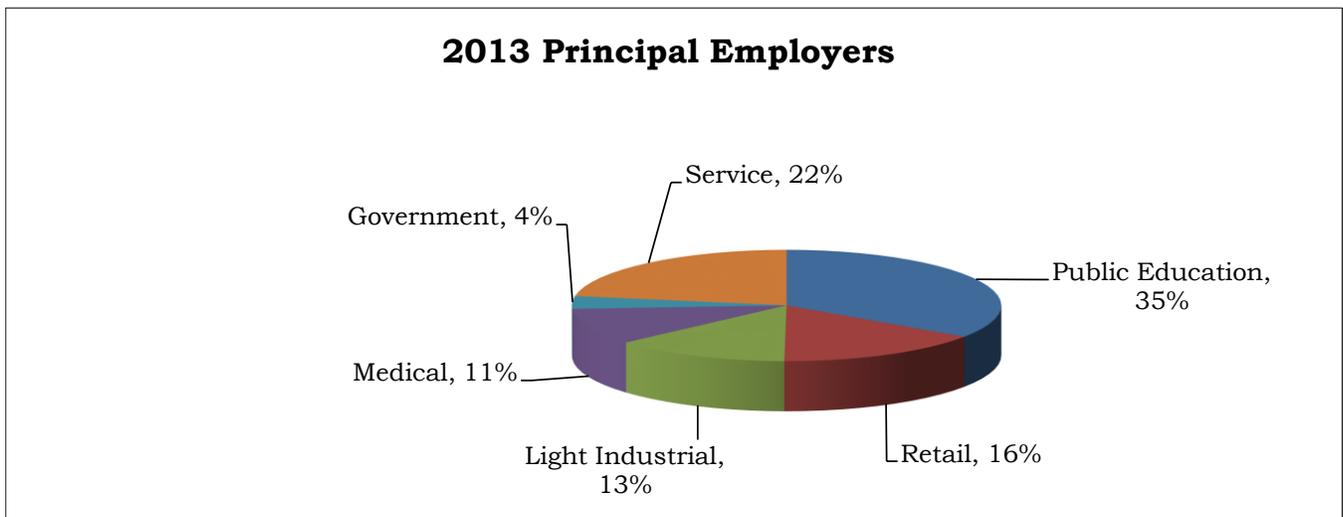
<u>Year</u>	<u>Population</u>	<u>Personal income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2013	18,130	NA	NA	6.2
2012	17,893	711,389,894	39,758	8.2
2011	17,780	670,217,100	37,695	9.3
2010	17,571	645,119,265	36,715	13.2
2009	17,150	609,099,400	35,516	14.6
2008	16,710	640,494,300	38,330	10.4
2007	16,240	585,257,120	36,038	5.5
2006	15,810	541,192,110	34,231	4.5
2005	14,960	486,918,080	32,548	5.0
2004	14,220	436,781,520	30,716	6.3



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 Prior**

Employer	Type of Business	2013			% of Labor Force	2004	
		Employees	Rank			Employees	Rank
Battle Ground School District (In Battle Ground)	Public Education	714	1		8.6%	412	1
Tapani Underground Inc.	Service	270	2		3.3%	125	3
Fred Meyer	Retail	237	3		2.9%	138	2
Laidlaw Transit	Service	192	4		2.3%	85	6
Anderson Plastics/Anderson Dairy	Manufacturing	155	5		1.9%	107	4
Vancouver Clinic	Health Care	131	6		1.6%		
JRT Mechanical	Manufacturing	119	7		1.4%		
Victory Healthcare	Health Care	88	8		1.1%		
Safeway	Retail	87	9		1.0%	90	5
City of Battle Ground	Government	76	10		0.9%	49	10
Albertson's	Retail					85	6
United Tempering Systems	Service					74	8
Parkway North Care Center	Health Care					70	9

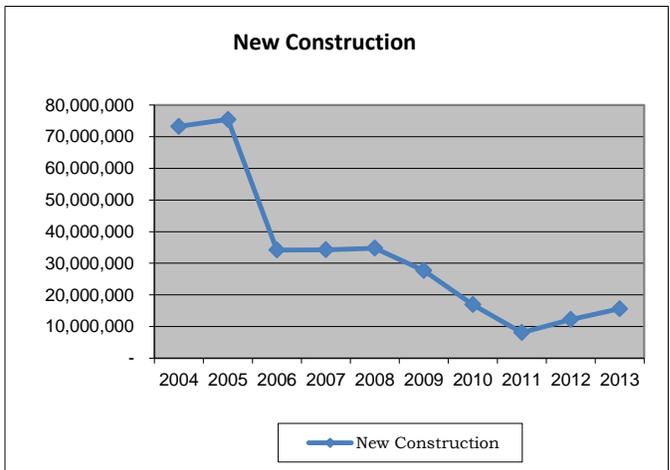
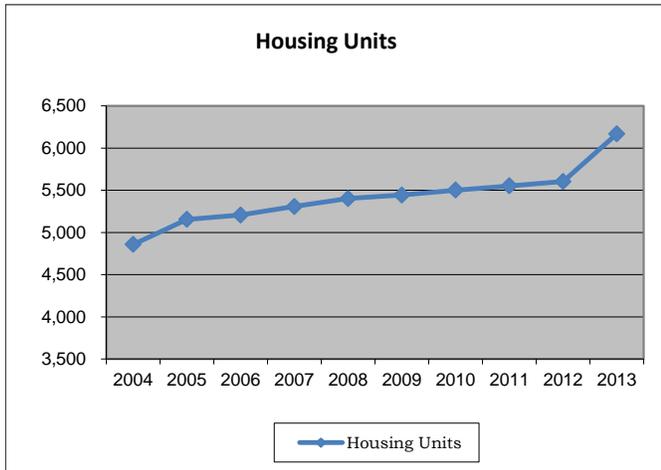


Source: City of Battle Ground Finance Department.

Notes: The City implemented GASB 44 in 2006
Information for the total labor force for 2004 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
2013	18,130	6,169	\$ 15,635,245	\$ 1,332,783,511	1.2%
2012	17,893	5,605	12,203,275	1,226,758,004	1.0%
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	27,715,606	1,360,436,260	2.0%
2008	16,710	5,402	34,762,200	1,506,916,458	2.3%
2007	16,240	5,308	34,289,700	1,485,047,771	2.3%
2006	15,810	5,207	34,197,700	1,309,867,889	2.6%
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%



Source: Housing units and new construction provided by the city’s building department.
 Assessed property value provided by Clark County Assessor’s office.

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

Operating Information

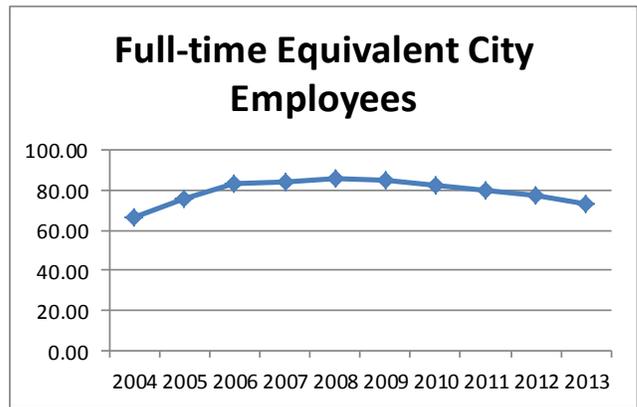
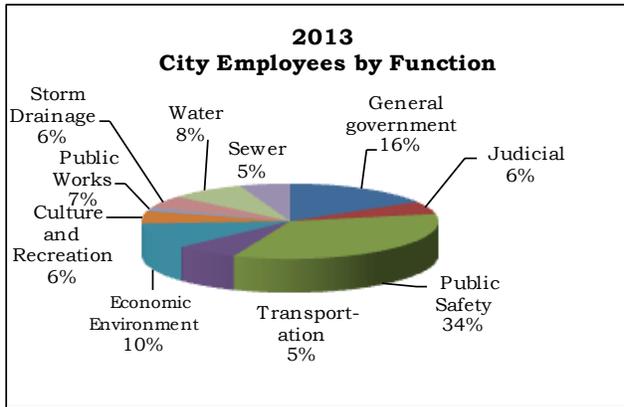
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

Full-time Equivalent City Government Employees	Page 135
Operating Indicators by Function/Program	Page 136-137
Capital Asset Statistics by Function/Program	Page 138-139

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011**	2012**	2013
General government										
General government	6.53	8.03	8.53	8.63	9.00	9.00	9.00	12.00	12.00	12.00
Judicial	2.45	2.85	2.85	2.55	3.00	3.00	3.00	3.00	3.00	4.00
Public Safety	23.25	26.75	30.75	30.90	30.00	31.00	29.00	30.00	27.00	25.00
Physical Environment*	-	-	-	-	-	-	-	-	-	-
Transportation	3.22	3.57	4.37	4.72	4.00	4.00	4.00	7.00	4.00	5.00
Economic Environment	9.20	9.46	9.46	9.46	9.00	7.50	7.50	8.00	8.00	8.00
Culture and Recreation	1.69	1.84	1.89	2.39	6.00	5.25	5.25	3.00	4.00	4.00
Utilities/Public Works								6.00	5.00	1.00
Storm Drainage	3.81	3.91	4.56	5.01	5.50	6.00	6.75	3.00	3.00	4.00
Water	8.40	9.02	10.32	10.22	9.50	8.25	8.25	4.00	6.00	6.00
Sewer	8.15	9.77	10.47	10.32	10.00	11.00	9.25	4.00	5.00	4.00
Totals	66.70	75.20	83.20	84.20	86.00	85.00	82.00	80.00	77.00	73.00



Source: Department of Human Resources, City of Battle Ground

Notes: *Fire protection services are contracted with Clark County Fire and Rescue #11
 ** 2011-2012 the city reallocated staff for direct costing

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 Ten Fiscal Years

Page 1 of 2

Function/Program	2004	2005	2006	2007	2008
General Government					
Population	14,220	14,960	15,810	16,240	16,710
Housing Units	4,859	5,155	5,294	5,395	5,402
Judicial					
Total number of cases filed	2,551	2,507	2,847	4,850	4,705
Total hearings scheduled	6,377	5,845	7,510	10,469	11,746
Total warrants issued	548	469	752	1,154	952
Public Safety					
Police					
Citations issued	1,768	1,867	2,106	4,025	3,644
Reports written	2,169	2,600	2,688	2,821	2,775
Number of calls for service	*	*	6,032	6,565	6,617
Arrests	908	1,011	1,183	1,736	1,749
Transportation					
Right of way permits	320	292	44	116	96
Hours street sweeping	*	895	1,500	1,550	1,850
Curb painting (hours)	100	86	100	110	72
Crack sealing (hours)	487	176	351	406	452
Culture and Recreation					
Hours park mowing	800	1,000	1,120	1,500	2,033
Trash pick-up	420	460	520	600	1,091
Weed spraying	80	100	120	150	160
Water					
Number of water accounts	4,911	4,944	4,950	5,099	5,169
Average daily production (gallons)	1,249,363	1,341,186	1,471,667	1,440,981	1,420,968
Storm Drainage					
Number of drainage accounts	5,087	5,095	5,099	5,231	5,331
Ditch maintenance (Hours)	1,200	700	1,200	1,250	1,250
Clean catch basins	100	100	100	100	100
Sewer					
Number of sewer accounts	5,071	5,079	5,083	5,215	5,182
Clean sewer lines (feet)	20,000	20,000	12,000	11,000	25,000
Treatment capacity (MG)	2	2	2	2	2

CITY OF BATTLE GROUND
Operating Indicators by Function/Program
Last Ten Fiscal Years

Page 2 of 2

Function/Program	2009	2010	2011	2012	2013
General Government					
Population	17,150	17,571	17,780	17,780	18,130
Housing Units	5,444	5,502	5,553	6,078	6,169
Judicial					
Total number of cases filed	4,613	4,458	4,116	4,379	3,565
Total hearings scheduled	11,497	10,907	9,630	8,859	7,701
Total warrants issued	1,086	1,003	924	796	639
Public Safety					
Police					
Citations issued	3,464	3,718	3,253	3,060	2,618
Reports written	2,722	2,969	2,635	2,583	2,599
Number of calls for service	6,549	6,096	15,734	13,022	13,063
Arrests	1,703	1,769	1,638	1,449	1,260
Transportation					
Right of way permits	54	73	51	66	109
Hours street sweeping	1,279	1,345	1,084	858	867
Curb painting (hours)	152	122	32	21	4
Crack sealing (hours)	493	429	95	-	-
Culture and Recreation					
Hours park mowing	978	1,111	921	747	900
Trash pick-up	540	992	907	826	678
Weed spraying	53	67	-	-	10
Water					
Number of water accounts	5,176	5,276	5,296	5,318	5,420
Average daily production (gallons)	1,426,047	1,299,850	1,270,000	1,376,000	1,341,026
Storm Drainage					
Number of drainage accounts	5,390	5,510	5,553	5,604	5,733
Ditch maintenance (Hours)	1,222	331	763	422	422
Clean catch basins	4	122	657	800	330
Sewer					
Number of sewer accounts	5,281	5,412	5,433	5,452	5,546
Clean sewer lines (feet)	27,116	4,182	16,744	16,744	19,010
Treatment capacity (MG)	2	2	3	3	3

Source: Various department of the City of Battle Ground

Notes: Indicators are not available for the general government function.
The city implemented BASB 44 in 2006.

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

Page 1 of 2

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General government					
Square feet of administrative space *	31,110	31,110	31,110	31,110	31,110
Public Safety					
Police					
Police vehicles	20	22	20	22	23
Square feet of administrative space	2,250	2,250	18,277	18,277	18,277
Physical Environment					
Fire trucks	2	3	3	3	3
Square feet for fire facilities	4,515	4,515	9,029	9,029	9,029
Transportation					
Miles of road	51	55	57	59	71
Number of street lights	1,625	1,625	1,627	1,721	1,815
Culture and Recreation					
Acreage	129	132	126	127	134
Park facilities	6	6	6	6	6
Water					
Supply and distribution mains (miles)	56	59	61	64	68
Number of hydrants	512	549	567	607	647
Storage	6	6	6	6	6
Wells	7	7	7	7	7
Storm Drainage					
Miles of storm drains (miles)	18	18	19	20	22
Storm water facilities (acres)	24	25	27	27	27
Wetlands/open space (acres)	52	54	54	78	80
Sewer					
Capacity (MGD)	2	2	2	2	2
Miles of sewage mains	42	45	46	47	50
Square feet of administrative space	1,400	1,400	4,051	4,051	4,051

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

Page 2 of 2

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government					
Square feet of administrative space *	31,110	31,110	31,110	31,110	31,110
Public Safety					
Police					
Police vehicles	27	27	20	20	23
Square feet of administrative space	18,277	18,277	18,277	18,277	18,277
Physical Environment					
Fire trucks	3	3	3	3	3
Square feet for fire facilities	9,029	9,029	9,029	9,029	9,029
Transportation					
Miles of road	75	76	77	78	79
Number of street lights	1,835	1,841	1,846	1,868	1,902
Culture and Recreation					
Acreage	242	242	242	277	276
Park facilities	6	6	6	6	6
Water					
Supply and distribution mains (miles)	69	69	69	70	70
Number of hydrants	662	662	665	672	682
Storage	6	6	6	6	6
Wells	7	7	7	7	7
Storm Drainage					
Miles of storm drains (miles)	28	28	28	29	30
Storm water facilities (acres)	29	29	29	32	34
Wetlands/open space (acres)	81	83	85	85	85
Sewer					
Capacity (MGD)	2	2	2	3	3
Miles of sewage mains	58	58	58	58	59
Square feet of administrative space	4,051	4,051	4,051	4,051	4,051

Source: Various departments of the City of Battle Ground

Notes: The city implemented GASB 44 in 2006.
The city currently occupies approximately 60% of the city hall building. The balance of the building is leased to other businesses.