



Comprehensive Annual Financial Report 2014

City of Battle Ground, Washington



CITY OF BATTLE GROUND, WASHINGTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014



**Prepared by the Department of Finance
109 SW 1st Street, Suite 217
Battle Ground, Washington 98604**

**City of Battle Ground
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2014**

TABLE OF CONTENTS

	<u>Page Number</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1-5
GFOA Certificate of Achievement	6
Organizational Chart	7
List of Principal Officials	8
 FINANCIAL SECTION	
Independent Auditor’s Report	11-13
Management’s Discussion and Analysis	15-25
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	28
Statement of Activities	29
Fund Financial Statements:	
Balance Sheet – Governmental Funds	30
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	31
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	32
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	33
Statement of Net Position – Proprietary Funds	34
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	35
Statement of Cash Flows – Proprietary Funds	36-37
Notes to the Financial Statements	38-67
Required Supplementary Information	
Other Post Employment Benefits Schedule of Funding Progress	68
Nonmajor Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds Defined	71
Combining Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	73
Combining Balance Sheet – Nonmajor Special Revenue Funds	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	75
Combining Balance Sheet – Nonmajor Capital Project Funds	76-77

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds	78-79
Schedules of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual:	
Budget and Actual-Street Fund	81
Budget and Actual-Drug Investigation Fund	82
Budget and Actual-Lodging Tax Reserve	83
Budget and Actual-Capital Projects Fund	84
Budget and Actual-Scotton Way Capital Projects Fund	85
Budget and Actual-Transportation Impact Fees Fund.....	86
Budget and Actual-Park Impact Fee Fund	87
Budget and Actual-Real Estate Excise Tax Fund	88
Budget and Actual-Fire Impact Fee Fund	89
Budget and Actual-Debt Service Fund.....	90
Internal Service Funds Define	91
Combining Statements:	
Combining Statement of Net Position – Internal Service Funds	92
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds.....	93
Combining Statement of Cash Flows – Internal Service Funds	94

STATISTICAL SECTION

Statistical Section Defined	97
Financial Trends	
Net Position by Component	100-101
Changes in Net Position	102-105
Fund Balances, Governmental Funds	106-107
Changes in Fund Balances, Governmental Funds	108-109
Schedules of Revenue Capacity	
Tax Revenues by Source, Governmental Funds	111
Assessed Value of Taxable Property	112
Direct and Overlapping Property Tax Rates	113
Principal Property Tax Payers.....	114
Property Tax Levies and Collections.....	115
Schedules of Debt Capacity Information	
Ratios of Outstanding Debt by Type	117
Ratios of General Bonded Debt Outstanding.....	118
Direct and Overlapping Governmental Activities Debt.....	119
Legal Debt Margin Information.....	120-121
Pledged Revenue Coverage.....	122-123
Schedules of Demographic and Economic Information	
Demographic and Economic Statistics	125
Principal Employers	126
Property Value and Construction	127
Schedules of Operating Information	
Full-time Equivalent City Government Employees by Function/Program	129
Operating Indictors by Function/Program	130-131
Capital Asset Statistics by Function/Program	132-133

This page is intentionally blank.

INTRODUCTORY SECTION

This page is intentionally blank.



City of Battle Ground

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

May 28, 2015

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

We are pleased to submit the city's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2014. 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).

The finance and information services department is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. 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 the cost of control does not exceed the benefit and 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 Washington State Auditor's Office. 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 ended December 31, 2014 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 city 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.

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 and Philip Johnson serves as deputy mayor.

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 council, managing the daily operations of the city, and appointing the directors of the city's departments.

The city provides a full range of municipal services including public safety (police protection, contracted services for fire protection, and court services), parks and recreation, utilities, community planning and development, zoning, and general administrative services. In the area of utilities, the city provides water, sewer collections, and storm water drainage for its citizens. The city participates in regional sewer treatment through the Discovery Clean Water Alliance.

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. 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 this comparison is presented in the basic financial statements for the governmental funds. For other governmental funds this comparison is presented in the section following the notes to the financial statements. Note ID in the notes to the financial statements following the basic financial statements also provides additional budget information.

The city structures its investments to provide necessary liquidity and to minimize risk, while achieving reasonable yields on its portfolio. The city invests temporarily idle cash in investments authorized by state law, including U.S. agency issues, the Washington State Local Government Investment Pool, and the Clark County Investment Pool. The average yield on investments for which the city received earnings was 0.7% for 2014.

Local Economy

Labor markets and housing sector activity in Clark County and the City of Battle Ground has continued to slowly expand in 2014.

Regional unemployment continued to decline from the high of 14.1% in 2010 to 7.2% as reported in 2014. Public education and retail businesses continue to be the largest employers in the city.

The 2014 population of 18,685 in the City of Battle Ground increased at an annual rate of 3.06 % as compared to 1.17% in 2013, 0.79% for 2012 and 1.19% growth in 2011. 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.

Housing growth in Battle Ground showed signs of improvement, but foreclosures are still an ongoing issue for the city. In 2014, the City of Battle Ground issued 83 new single and multi-family residential building permits as compared to 210 permits in 2013. The value of the permits totaled \$18,482,036 in 2014 as compared to \$33,018,389 the year before.

In addition, the City of Battle Ground issued 25 permits for commercial tenant improvements. Some of these tenant improvements were in new commercial space and some in existing buildings. The value of this work exceeded \$1.5 million.

Commercial development completed in 2013 is reflected in the collection of taxable retail sales, the city's second largest revenue source for the general fund. Taxable retail sales for 2014 increased 16.9% from the prior year.

Statistical tables located at the end of this report provide additional detail in employment, population, and other miscellaneous data.

Long-term Financial Planning

General governmental functions are made up of the general fund, special revenue funds, debt service funds, and capital projects funds. These funds account for the major portion of the city's operating revenues and expenditures. Although the economy is showing improvement from what has been termed the "great recession," the city continues to prioritize how scarce resources are allocated and to implement departmental and program efficiencies. As a result, the city operates with a "lean" structure. The city will continue this strategy of restraining costs within existing revenues until permanent solutions to shortfalls are found. The focus of the financial model for the 2015-2016 biennial budget is on providing core services and maintaining existing infrastructure.

The city has a policy to target an ending general fund balance of 15 percent of general fund budgeted revenues for the year. As of December 31, 2014, the city had a general fund balance of \$1.88 million, meeting the policy's goal of 15 percent of the 2014 general budgeted revenues of \$11.17 million.

Relevant Financial Policies

The city has established financial management policies to ensure the city maintains a financial foundation into the future. These policies include:

- A six year financial planning horizon to assess future potential challenges and opportunities
- Establishing reserves for contingencies, replacement of capital equipment and facilities, and other similar needs
- Maintaining manageable levels of debt while maintain quality bond ratings; debt is not used for current operations
- Use unexpected one-time revenues for one-time costs or reserves

Major Initiatives

Battle Ground Transportation Benefit District

A transportation benefit district (TBD) was established October 6, 2014. Funding will be generated from vehicle registration fees as of July 1, 2015 of approximately \$250,000 annually. Funds will be used for transportation improvements that construct, reconstruct, preserve, maintain and operate the existing transportation infrastructure of the City of Battle Ground consistent with RCW 36.73. The TBD will be reported as a blended component unit.

Discovery Clean Water Alliance (DCWA)

In 2014, the city continued its participation in the formation of a consortium of local governments including Clark County, Clark Regional Waste Water District, and the City of Ridgefield for sewer transmission and treatment. These entities formed a joint utility partnership called the Discovery

Clean Water Alliance (DCWA). The city will formally transfer its sewer Public Works Trust Funds Loans and sewer force main to DCWA in January 2015.

Water Meter Replacement Project

The city will be upgrading approximately 5400 residential and commercial water meters in 2015 with radio read meter technology at a cost of \$2.77 million. The city will utilize Washington’s Department of Enterprise Services’ Energy Performance Contracting Program. The city will issue a water revenue bond with energy and operational cost savings generated from the project to fund bond payments.

Financial Statement Award

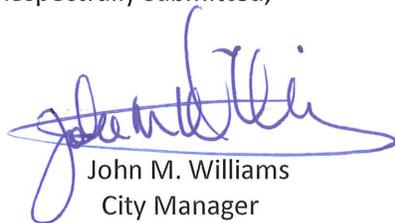
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Battle Ground for its *Comprehensive Annual Financial Report* of the fiscal year ended December 31, 2013. This was the city’s twelfth 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**

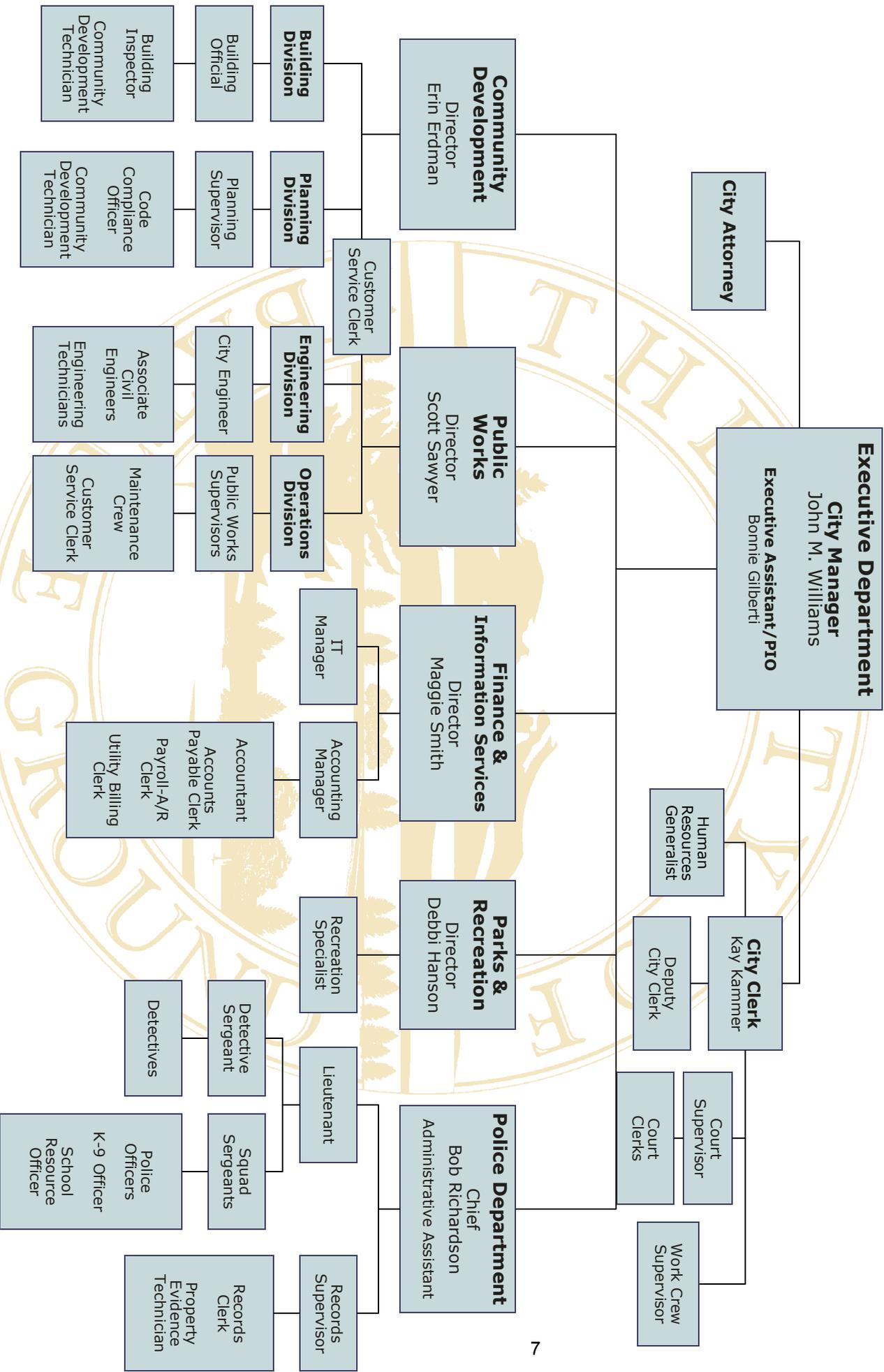
Presented to

**City of Battle Ground
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO



CITY OF BATTLE GROUND
List of Elected & Appointed Officials
December 31, 2014

ELECTED OFFICIALS
CITY COUNCIL



Mayor
Shane Bowman



Deputy Mayor
Philip Johnson



Councilmember
Adrian Cortes



Councilmember
Mike Dalesandro



Councilmember
Bill Ganley



Councilmember
Lyle Lamb



Councilmember
Chris Regan

APPOINTED OFFICIALS
CITY STAFF

City Manager
John M. Williams

Finance & Information Services Director
Maggie Smith

Chief of Police
Bob Richardson

Public Works Director/City Engineer
Scott Sawyer

Community Development Director
Erin Erdman

Parks & Recreation Director
Debbi Hanson

FINANCIAL SECTION

This page is intentionally blank.



Washington State Auditor

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

May 28, 2015

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Battle Ground, Clark County, Washington, as of and for the year ended December 31, 2014, 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, 2014, 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 25 and information on other post employment benefits schedule of funding progress on page 68 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 on pages 71 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 28, 2015, 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,



JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

This page is intentionally blank

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 ending December 31, 2014. The information presented here should be read in conjunction with the letter of transmittal, the financial statements, and the notes to the financial statements that follow.

FINANCIAL HIGHLIGHTS

- The city's overall financial position improved slightly in 2014 as compared to 2013 as evidenced by an increase of 1% in the change in net position. Government-wide net position increased by \$1.2 million, primarily due to the addition of capital contributions to business-type activities.
- The assets of the city exceeded its liabilities at December 31, 2014 by \$105.8 million. Of this net position amount, net investment in capital assets is \$85.6 million. Restricted net position is \$4.5 million and is earmarked for debt service and capital projects. Unrestricted net position is \$15.7 million and may be used to meet the city's ongoing obligations to citizens and creditors.
- As of December 31, 2014, the city's governmental funds reported combined ending fund balances of \$7,301,718. \$4,188,568 is restricted to specific purposes such as capital, drug investigation, and tourist promotion. \$3,113,150 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 was \$2,911,118 at December 31, 2014. This unrestricted fund balance decreased by \$240,867 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the city's basic financial statements and is intended to assist users in interpretation of the 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 includes supplementary information intended to furnish additional detail to support the basic financial statements.

Government-wide Financial Statements

Government-wide financial statements present the city's financial condition in a manner similar to private sector statements. The statements distinguish functions of the city that are primarily supported by taxes and intergovernmental revenues ("governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges ("business-type activities").

The governmental activities of the city 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. These activities are primarily supported by taxes, licenses and permits, fines and forfeitures, and charges for general governmental services.

Business-type activities of the city are mainly supported by user fees and charges. The business-type activities of the city include storm water drainage, water, and sewer utilities and internal services for fleet administration and technology.

Statement of Net Position

This statement presents financial information on all of the city's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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.

Statement of Activities

This statement provides information designed on how the city's net position changed during the fiscal year. This statement distinguishes revenue generated by specific functions from revenue provided by taxes and other sources not related to a specific function. The revenue generated by the specific functions (charges for services, grants, and contributions) is compared to the expenses for those functions to show the degree to which each function supports itself or relies on taxes and other general funding sources for support. All changes in net position are reported using the accrual basis of accounting, requiring that revenues are reported when they are earned and expenses are reported when they are incurred, regardless of the timing of related cash flows. Items such as (but not limited to) uncollected taxes, unpaid vendor invoices for goods or services received during the year, and earned but unused vacation leave are included in the statement of activities as revenue and expenses, even though no cash has changed hands.

Fund Financial Statements

A fund is a fiscal and accounting entity with a self-balancing set of accounts used to account for specific activities or meet certain objectives. Funds are often set up in accordance with special regulations, restrictions, or limitations. The city, like other state and local governments, uses fund accounting to ensure and show compliance with finance-related legal requirements. All of the city's funds are divided into two categories: governmental funds or proprietary funds.

Governmental Funds

The *Governmental Fund Balance Sheet* and the *Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances* present separate columns of financial data for the general fund. The general fund is considered a major fund. The general fund is the primary operating fund of the city through which all receipts and payments of ordinary city operations are processed, unless they are required to be accounted for in another fund. 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 year end. Such information is useful in evaluating a government's near-term financing requirements in comparison to resources available.

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

The city maintains budgetary controls over its operating funds through the adoption of a biennial budget. Budgets are adopted at the fund level for all funds in accordance with state law. All budgetary comparison schedules are included following the other governmental funds' combining statements in this report.

Proprietary Funds

Proprietary funds are used by the city to account for business-type activities. Business-type activities provide specific goods or services to a group of customers that are paid for by fees charged to those customers. The city has two types of proprietary fund: enterprise funds and internal service funds. Enterprise funds are used to account for goods and services provided to citizens and the community. Internal service funds are used to account for goods and services provided internally to various city departments. The same basis of accounting is used for proprietary funds in both the government-wide statements and the individual fund statements.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, with the fund statements providing more detail than is reported in the government-wide statements. The city uses enterprise funds to account for its storm water drainage, water, and sewer utilities.

Internal service funds are used to report activities that provide supplies and services for city programs. The internal service funds account for fleet administration and technology. Given that these services benefit governmental operations more than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are located immediately following the basic financial statements.

Other Information

This report also presents certain required supplementary information regarding lifetime medical benefits to uniformed personnel hired before October 1, 1977. Required supplementary information may be found immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

The *Statement of Net Position* can serve as a useful indicator of the city's financial position. The city's total net position was \$105.8 million at December 31, 2014 as compared to \$104.6 at December 31, 2013. The following is a condensed version of the *Government-wide Statement of Net Position*.

The largest portion (79%) of the city's net position 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 \$4,294,790 in net position restricted for capital or capital related debt. \$298,336 of these restricted assets are accounted for in the Sewer Fund for debt service. \$3,042,280 are accounted for in the Traffic Impact Fund, \$386,582 in the Park Impact Fund, \$438,533 in the Real Estate Tax Fund, and \$129,058 in the Fire Impact Fund and must be used for capital purposes in the respective funds. In addition, the city had \$61,756 for drug investigations and \$130,359 for tourist promotion in restricted funds. The remaining unrestricted balance of \$15,693,749 represents the amount that may be used to meet the city's ongoing obligations.

At December 31, 2014, the city 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	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 9,000,522	\$ 9,349,907	\$ 13,797,666	\$ 11,908,323	\$ 22,798,188	\$ 21,258,230
Capital assets (net of depr)	53,539,903	54,348,168	60,370,987	61,717,691	113,910,890	116,065,859
Total assets	62,540,425	63,698,075	74,168,653	73,626,014	136,709,078	137,324,089
Long-term liabilities	13,572,161	14,376,157	15,714,830	16,612,854	29,286,991	30,989,011
Other liabilities	1,431,051	1,409,662	202,614	312,453	1,633,665	1,722,115
Total Liabilities	15,003,212	15,785,819	15,917,444	16,925,307	30,920,656	32,711,126
Net investment in capital assets	40,834,702	40,562,231	44,773,066	45,207,967	85,607,768	85,770,198
Restricted for:						
Capital	3,996,454	4,054,713	0	2,400,355	3,996,454	6,455,068
Debt Services		-	298,336	-	298,336	-
Drug Investigations	61,756	110,819			61,756	110,819
Tourist Promotion	130,359	118,049			130,359	118,049
Unrestricted	2,513,942	3,066,444	13,179,807	9,092,385	15,693,749	12,158,829
Total net position	\$ 47,537,213	\$ 47,912,256	\$ 58,251,209	\$ 56,700,707	\$ 105,788,422	\$ 104,612,963

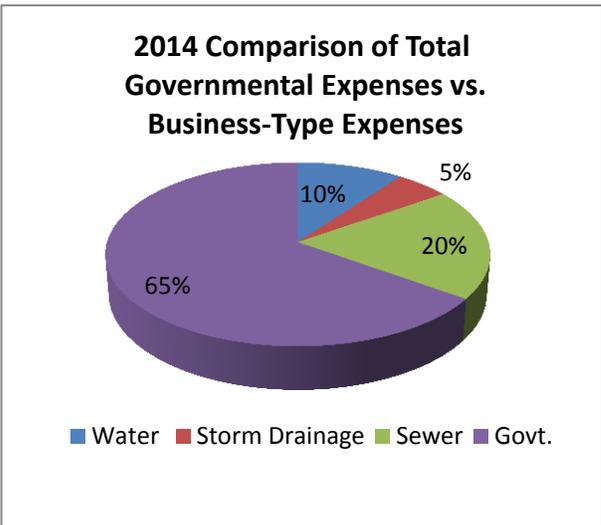
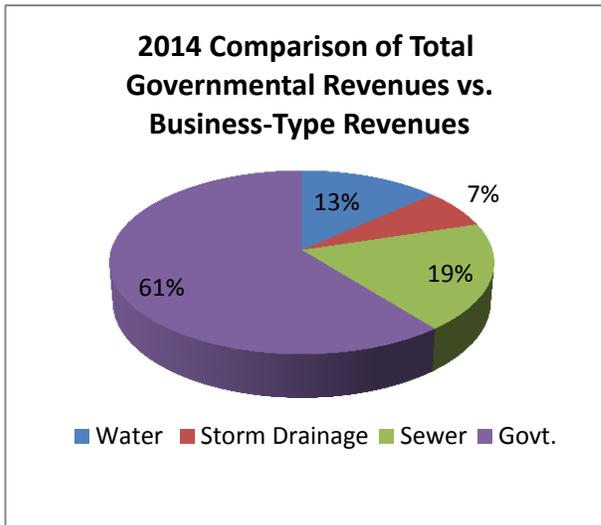
Analysis of Changes in Net Position

The *Statement of Activities* reports the change in net position for the fiscal year. At December 31, 2014 the city's total net position increased by \$1,175,459. The business-type funds increased by \$1,397,035 primarily due to revenues tied to construction. Net position decreased by \$221,576 in the governmental funds due to rising personnel costs such as healthcare and technology improvements.

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 2014.

City of Battle Ground Statement of Activities

<u>Revenues</u>	Governmental activities		Business-Type activities		Total	
	2014	2013	2014	2013	2014	2013
Program revenues						
Charges for services	\$ 2,074,052	\$ 3,679,543	\$ 6,255,970	\$ 5,781,096	\$ 8,330,022	\$ 9,460,639
Operating Grants and Contributions	742,824	771,126	51,915	18,536	794,739	789,662
Capital Grants and Contributions	1,129,275	932,403	2,153,715	2,024,856	3,282,990	2,957,259
General revenues:					-	-
Property taxes	2,601,477	2,532,873	-	-	2,601,477	2,532,873
Sales taxes	2,214,953	2,015,104	-	-	2,214,953	2,015,104
Other taxes	3,675,168	3,273,999	-	-	3,675,168	3,273,999
Interest income	57,522	18,265	60,640	33,565	118,162	51,830
Other revenues	204,787	89,750	117,810	135,943	322,597	225,693
Total Revenues	12,700,058	13,313,063	8,640,050	7,993,996	21,340,108	21,307,059
-						
<u>Expenses</u>						
General government	1,835,205	1,712,197	-	-	1,835,205	1,712,197
Judicial	518,954	470,139	-	-	518,954	470,139
Public Safety	3,995,788	4,026,694	-	-	3,995,788	4,026,694
Physical environment	2,038,449	1,826,061	-	-	2,038,449	1,826,061
Transportation	2,452,138	2,400,518	-	-	2,452,138	2,400,518
Economic environment	797,619	781,901	-	-	797,619	781,901
Culture and recreation	1,022,673	1,025,958	-	-	1,022,673	1,025,958
Storm Drainage	-	-	1,062,553	930,010	1,062,553	930,010
Water	-	-	2,103,010	2,235,333	2,103,010	2,235,333
Sewer	-	-	4,077,452	4,162,154	4,077,452	4,162,154
interest on long term debt	523,450	537,184	-	-	523,450	537,184
Total Expenses	13,184,276	12,780,652	7,243,015	7,327,497	20,427,291	20,108,149
Excess (deficiency) before contributions, and transfers.	(484,218)	532,411	1,397,035	666,499	912,817	1,198,910
Contributions	262,642	263,350	-	-	262,642	263,350
Special Item - Gain on Sale of Capital Asset	-	(4,482)	-	-	-	-4,482
Transfers	-	138,057	-	(138,057)	-	-
Changes in Net Position	(221,576)	929,336	1,397,035	528,442	1,175,459	1,457,778
Net Position - beginning	47,912,256	46,502,675	56,700,707	56,172,265	104,612,963	102,674,940
Prior Year Adjustment	(153,467)	480,245	153,467	-	-	480,245
Net Position - ending	\$ 47,537,213	\$ 47,912,256	\$ 58,251,209	\$ 56,700,707	\$ 105,788,422	\$ 104,612,963



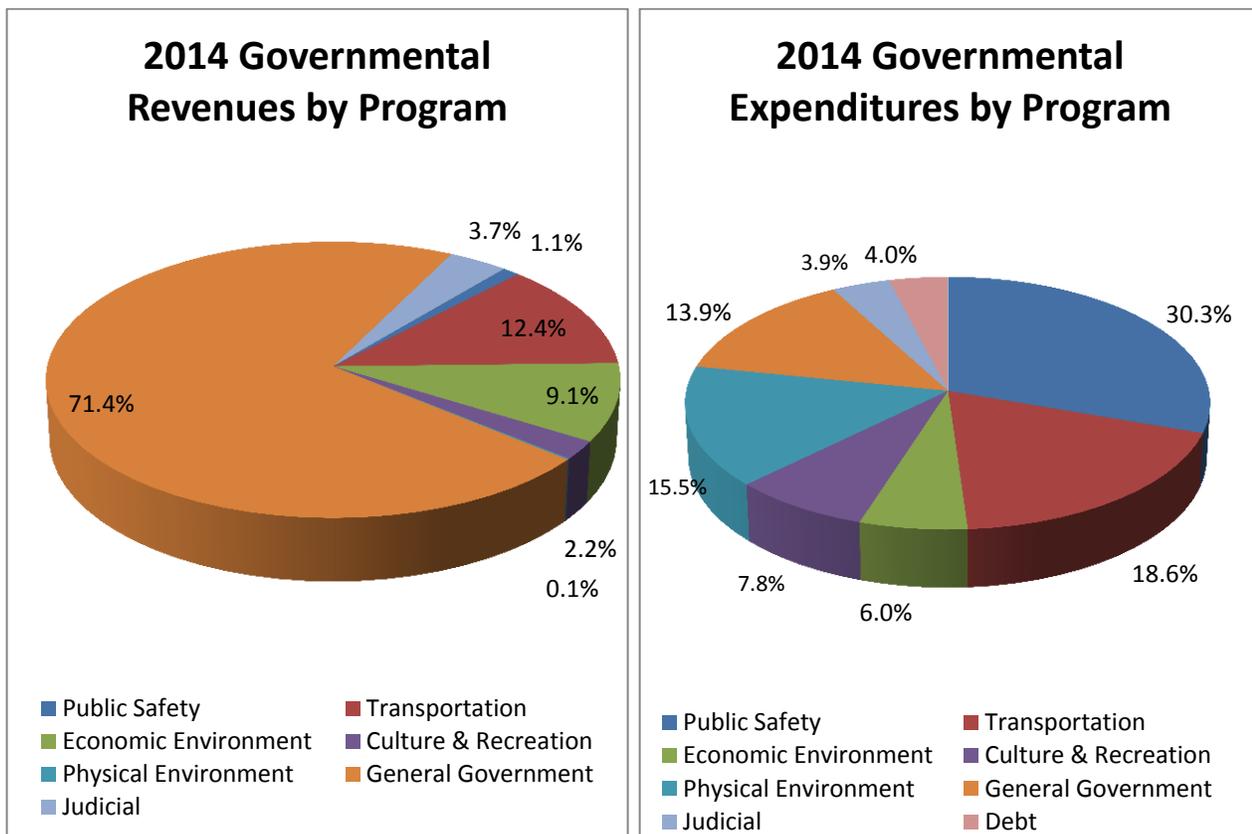
Governmental Activity Analysis

The City of Battle Ground’s property tax rate increased slightly due to the declining assessed valuations. Property taxes collected in fiscal year 2014 increased \$68,604 because of growth of new construction in commercial properties and annexations. Sales tax collected increased \$199,849 (9.9%) from the prior year due to a modest improvement in the local economy and the opening of a large retailer. Interest revenue increased by \$39,257 (115%) from the prior year due to increased interest rates.

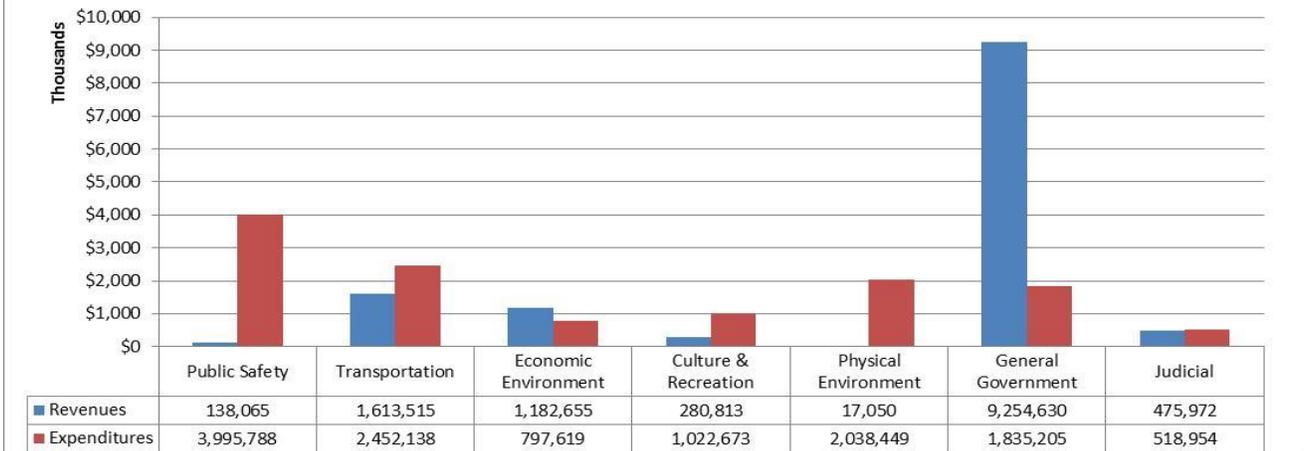
Revenues tied to construction continue to remain volatile. The transportation impact fees decreased from \$1,022,751 in 2013 to \$267,522 to 2014, primarily due to a 2013 “large box” retail construction. Real estate excise taxes increased by 103,859 (20.3%) from the prior year, primarily due to improvements in the residential housing sector.

Governmental activities expenses increased \$403,624 (3.2%) over the prior year. This increase is primarily due to changes in allocating direct and indirect costs. In 2012, the city implemented payroll allocation cost plans. Payroll costs are directly allocated to programs in which employees work. Support staff are allocated based on an indirect cost methodology. In subsequent years, these costs plans have been refined which skews year-to-year comparisons.

The net position associated with governmental activities decreased by \$221,576 due to increased personnel costs and technological investments.

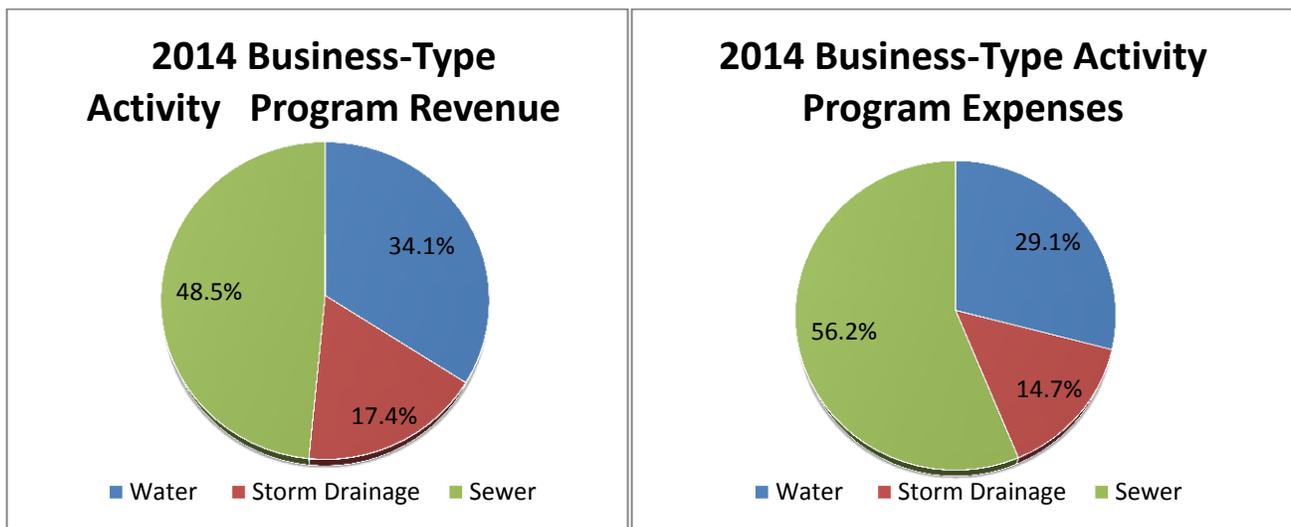


2014 Governmental Revenues and Expenditures by Program



Business-Type Activities Analysis

The financial position of the city’s business-type funds consists of the storm drainage, water and sewer funds. The storm drainage fund had an overall increase in net position of \$435,936 (4.6%) primarily due to capital contributions of \$558,331 as compared to \$146,013 in 2013. The sewer fund had an overall increase in net position of \$102,470 (0.4%) due to payment of debt service obligations with system development charges. The water fund had an increase in net position of \$832,352 (4%) due to capital contributions of \$677,646. 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. Unassigned fund balance may serve as a useful measure of the city’s net resources available for discretionary use as these resources represent the portion of fund balance which has not yet been limited as 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 specific purposes by city council.

At December 31, 2014, the city's governmental funds reported combined fund balances of \$7,301,718, a decrease of \$265,193 in comparison with the prior year. \$392,637 (5.4%) of this amount constitutes unassigned fund balance, which is available for spending at the city's discretion. The remainder of the fund balance is either 1) restricted for particular purposes (\$4,188,568), 2) committed for particular purposes (\$2,181,206), or 3) assigned for particular purposes (\$539,307).

The general fund is the chief operating fund of the City of Battle Ground. At the end of the fiscal year, unassigned fund balance of the general fund was \$392,637, while total fund balance declined to \$2,911,118. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to general fund expenditures. Unassigned fund balance represents approximately 3.7% of total general fund expenditures, while total fund balance represents approximately 27.6% of that same amount.

The fund balance of the general fund decreased by \$240,867 during the current fiscal year. The decrease was primarily due to technology improvements of \$136,388 and an increased street fund subsidy of \$149,714 from the prior year.

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 service funds, although proprietary, are not included within business-type activities.

Proprietary funds are those funds that account for government operations where the intent is for the costs to be primarily paid for by user charges. Enterprise funds are those funds that provide services primarily to external users, and internal service funds provide their services primarily within the city, or to other governmental units. The city has three business-type funds, all of which are enterprise funds.

The water fund and the sewer fund are the two largest enterprise funds of the city. The water fund accounts for 37%, the sewer fund 46%, and the storm drainage fund 17% of the total net position for enterprise funds. The water fund had total net position at year-end of \$21.7 million, the sewer fund \$26.5 million, and the storm drainage fund \$9.9 million. The sewer and storm drainage funds had an operating loss, while the water fund reported an operating profit. After capital contributions and interest earnings all enterprise funds reported an increase in net position.

Total water fund operating revenues for 2014 were \$2.2 million as compared to \$2.1 million in 2013. Total operating expenses were \$2.1 million as compared to \$2.2 million in 2013. Increases in personnel and equipment costs were offset by decreases in professional service costs and allocated expenses.

Total sewer fund operating revenues for 2014 were \$3.2 million as compared to \$3.0 million in 2013. Total operating expenses were \$3.8 million as compared to \$3.9 million in 2013. The decrease in operating expenses was primarily due to decreases in intergovernmental services for wastewater treatment. Through interlocal agreements, Clark Regional Wastewater District (CRWWD) pays the full operating costs of the treatment plant. All payments to CRWWD are classified as intergovernmental services. To mitigate the operating losses on the sewer utility, the city began a series of rate increases in 2013. The increasing number of utility customers is having a dual effect of increasing revenues and increasing the demands on the systems.

Total storm drainage operating revenues for 2014 were \$884,133 as compared to \$791,951 in 2013. Total operating expenses were \$1,071,547 as compared to \$930,010 in 2013. Revenue increase is primarily due to the increase in drainage rates. Operating expenses increased due to higher personnel and allocated expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

In 2014, the city appropriated funds through the re-adoption of the 2013-2014 biennial budget. 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 to 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)	\$ 15,202,664	\$ 121,756	101%
License and permits	1,146,997	1,148,850	1,853	1,281,279	132,429	112%
Intergovernmental	906,272	915,533	9,261	1,070,423	154,890	117%
Charges for services	3,900,548	3,517,271	(383,277)	3,066,017	(451,254)	87%
Other revenues	1,375,819	1,360,579	(15,240)	1,399,478	38,899	103%
Total revenues	<u>22,435,543</u>	<u>22,023,141</u>	<u>(412,402)</u>	<u>22,019,861</u>	<u>(3,280)</u>	<u>100%</u>
Expenditures:						
General government	5,649,159	5,620,933	28,226	5,328,588	292,345	95%
Security/Persons and property	7,575,678	7,763,940	(188,262)	7,512,070	251,870	97%
All other expenditures	7,595,732	7,800,765	(205,033)	7,571,880	228,885	97%
Total Expenditures	<u>20,820,569</u>	<u>21,185,638</u>	<u>(365,069)</u>	<u>20,412,538</u>	<u>773,100</u>	<u>96%</u>
Excess (Deficiency of Revenues)						
Over (under) expenditures	1,614,974	837,503	(777,471)	1,607,323	769,820	192%
Other financing sources	-	-	-	14,660	14,660	
Interfund transfers	(1,724,640)	(1,939,339)	(214,699)	(1,402,479)	536,860	72%
Net change in fund balance	(109,666)	(1,101,836)	(992,170)	219,504	1,321,340	-20%
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	<u>\$ 2,160,981</u>	<u>\$ 1,168,811</u>	<u>\$ (992,170)</u>	<u>\$ 2,911,118</u>	<u>\$ 1,742,307</u>	<u>249%</u>

Budgeted revenues decreased by \$412,402, mainly due to changes the city made in its method for allocating administrative overhead to benefiting funds. Actual revenues at 2014 year-end were 100% of the final budget.

The difference between the original general fund budget and the final amended budget was an increase of \$365,069. The budgeted general fund category of security/persons and property and other expenditures accounts for most of this difference. This change reflects an increase of \$188,262 in the police department budget and \$98,627 in the judicial budget.

The city had planned and budgeted to spend down general fund balances in 2013-2014. However, due to improving economic conditions and efforts of the city to control costs, the fund balance for the general fund was increased by \$1,321,340 more than anticipated. The budgeted ending fund balance for the general fund was projected to decrease by \$1,101,836. The actual general fund ending balance increased by \$219,504.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The city's investment in capital assets, including construction in progress, totals \$113,910,890 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, infrastructural improvements, intangible assets, machinery and equipment, park facilities, and construction in progress. This reflects a decrease in net capital assets of \$2,154,969 in 2014.

	Governmental Activities		Business-Type Activities		Total Activities	
	2014	2013	2014	2013	2014	2013
Land	\$ 15,992,391	\$ 15,595,263	\$ 2,823,126	\$ 2,657,465	\$ 18,815,517	\$ 18,252,728
Construction in progress	234,612	156,679	113,206	1,556,580	347,818	1,713,259
Buildings	11,019,931	11,395,751	1,023,106	1,033,005	12,043,037	12,428,756
Machinery and equipment	1,097,876	960,533	72,956	89,984	1,170,832	1,050,517
Infrastructure	24,675,093	25,679,942	39,506,909	38,458,943	64,182,002	64,138,885
Improvements other than buildings	520,000	560,000	-	-	520,000	560,000
Intangible assets	-	-	16,831,684	17,921,714	16,831,684	17,921,714
Total	<u>\$ 53,539,903</u>	<u>\$ 54,348,168</u>	<u>\$ 60,370,987</u>	<u>\$ 61,717,691</u>	<u>\$ 113,910,890</u>	<u>\$ 116,065,859</u>

Major capital assets events during the 2014 fiscal year included the following:

- Completion of the Clark Public Utilities (CPU) intertie project at a cost of \$1,481,280
- Developer contributions to city streets valued at \$929,356

Additional information on the city's capital assets can be found in Note 4 in the notes to the financial statement in this report.

Long-term Debt

At December 31, 2014 the city had total long-term debt outstanding of \$28,170,556. Of this amount, outstanding general obligation bonds are \$11,205,000. General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds are either non-voted or by a 3/5 majority vote of the people. The city's remaining capacity for non-voted long-term general obligation debt is approximately \$11.3 million. The remaining capacity for voter-approved debt is approximately \$82.6 million. Standard and Poor's affirmed the city's rating of "AA-" for its general obligation debt in September 2014 citing strong budgetary flexibility and management.

In 2014 the city entered into a capital lease in the amount of \$46,806 for technology storage equipment. 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. Outstanding capital lease obligations at December 31, 2014 are \$467,635.

At December 31, 2014 there were also outstanding government long-term loans made by the State of Washington under the Public Works Trust Fund Loan Program of \$900,000 and sewer revenues bonds of \$6,675,840.

The table below is a comparison of the summary for outstanding debt at December 31, 2013 and 2014.

	Governmental Activities		Business-Type Activities		Total Activities	
	2014	2013	2014	2013	2014	2013
General obligation bond	\$ 11,205,000	\$ 11,895,000	\$ -	\$ -	\$ 11,205,000	\$ 11,895,000
Capital leases	467,635	568,597	-	-	467,635	568,597
Government loans	900,000	1,000,000	8,922,081	9,738,533	9,822,081	10,738,533
Revenue bonds	-	-	6,675,840	6,771,191	6,675,840	6,771,191
Total	<u>\$ 12,572,635</u>	<u>\$ 13,463,597</u>	<u>\$ 15,597,921</u>	<u>\$ 16,509,724</u>	<u>\$ 28,170,556</u>	<u>\$ 29,973,321</u>

Additional information on the city's long-term debt can be found in Note 7 in the notes to the financial statement in this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The city serves as an economic and social hub for about 80,000 people living in and around Battle Ground. Although the "great recession" has been a challenge to the city's budget and level of services, the slow recovery

continued in 2014 with the opening of a Walmart and modest residential building activity. The broader regional economy shows decreasing unemployment and increasing economic development.

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 biennial budgets. The 2013-2014 mid-biennial review did not result in any significant changes to the 2014 budget.

The City adopted the 2015-2016 biennial budget December 15, 2014, an increase of 1.3% in appropriations from the 2013-2014 biennial budget. Projections show that revenues are anticipated to continue increasing at a slower pace than expenditures. The city continues to implement cost containment measure to address aspects of the ongoing structural deficit beyond this biennium, while focusing on core services identified by city council: public safety, improving city streets, maintaining contingency reserves, and continuing the existing level of service to its citizens. The following economic factors were considered during the preparation of the budget:

- Utility tax rate increase from 18% to 20%
- Water utility rate increase of 3%
- Sewer utility rate increase of 6%
- Storm water utility rate increase of 2.5%
- Residential construction and commercial development projected to continue at a slow pace
- A Transportation Benefit District was formed and a \$20 license fee approved to fund deferred street maintenance

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.

This page is intentionally blank.

BASIC FINANCIAL STATEMENTS

City of Battle Ground
Statement of Net Position
December 31, 2014

	Governmental Activities	Business-type Activities	Total Primary Government
Assets			
Cash and Cash Equivalents	\$ 3,294,124	\$ 5,547,272	\$ 8,841,396
Investments	4,003,481	6,762,274	10,765,755
Receivables	1,388,872	1,010,040	2,398,912
Internal Balances	(179,744)	179,744	-
Restricted Assets			
Cash and Cash Equivalents	493,789	298,336	792,125
Capital Assets (not being depreciated)			
Land	15,992,391	2,823,126	18,815,517
Construction Work in Progress	234,612	113,206	347,818
Capital Assets (net of accumulated depreciation)			
Buildings	11,019,931	1,023,106	12,043,037
Improvements Other than Buildings	520,000	-	520,000
Intangible Assets	-	16,831,684	16,831,684
Machinery and Equipment	1,097,876	72,956	1,170,832
Infrastructure	24,675,093	39,506,909	64,182,002
Total Assets	<u>62,540,425</u>	<u>74,168,653</u>	<u>136,709,078</u>
Liabilities			
Accounts Payable	448,865	64,820	513,685
Other Current Liabilities	135,148	26,504	161,652
Accrued Interest Payable	55,195	110,358	165,553
Unearned Revenue	122,563	932	123,495
Custodial Deposits	669,280	-	669,280
Noncurrent Liabilities			
Due within One Year	985,321	915,953	1,901,274
Due in More than One Year	12,586,840	14,798,877	27,385,717
Total Liabilities	<u>15,003,212</u>	<u>15,917,444</u>	<u>30,920,656</u>
Net Position			
Net Investment in Capital Assets	40,834,702	44,773,066	85,607,768
Restricted for			
Capital	3,996,454	-	3,996,454
Debt Service	-	298,336	298,336
Drug Investigation	61,756	-	61,756
Tourist Promotion	130,359	-	130,359
Unrestricted	2,513,942	13,179,807	15,693,749
Total Net Position	<u>\$ 47,537,213</u>	<u>\$ 58,251,209</u>	<u>\$ 105,788,422</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, 2014

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	\$ 2,924,052	\$(1,088,847)	\$ 223,657	\$ 7,424	\$ -	\$ (1,604,124)	\$ -	\$ (1,604,124)
Judicial	518,954	-	466,472	9,500	-	(42,982)	-	(42,982)
Public Safety	3,995,788	-	86,438	41,478	12,349	(3,855,523)	-	(3,855,523)
Physical Environment	2,038,449	-	21,850	-	-	(2,016,599)	-	(2,016,599)
Transportation	2,452,138	-	-	650,326	963,189	(838,623)	-	(838,623)
Economic Environment	797,619	-	1,182,655	-	-	385,036	-	385,036
Culture and Recreation	1,022,673	-	92,980	34,096	153,737	(741,860)	-	(741,860)
Interest Expense	523,450	-	-	-	-	(523,450)	-	(523,450)
TOTAL GOVERNMENTAL ACTIVITIES	14,273,123	(1,088,847)	2,074,052	742,824	1,129,275	(9,238,125)	-	(9,238,125)
Business Type Activities:								
Storm Drainage	724,759	337,794	883,677	51,915	558,331	-	431,370	431,370
Water	1,794,061	308,949	2,223,658	-	677,646	-	798,294	798,294
Sewer	3,635,348	442,104	3,148,635	-	917,738	-	(11,079)	(11,079)
TOTAL BUSINESS-TYPE ACTIVITIES	6,154,168	1,088,847	6,255,970	51,915	2,153,715	-	1,218,585	1,218,585
Total Primary Government	\$20,427,291	\$ -	\$8,330,022	\$ 794,739	\$ 3,282,990	\$ (9,238,125)	\$ 1,218,585	\$ (8,019,540)
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes						2,601,477	-	2,601,477
Sales and Use Taxes						2,214,953	-	2,214,953
Business and Occupation Taxes						3,050,051	-	3,050,051
Excise Taxes						625,117	-	625,117
Grants and Contributions not Restricted to Specific Programs						262,642	-	262,642
Unrestricted Investment Earnings						57,522	60,640	118,162
Miscellaneous						204,787	117,810	322,597
Total General Revenues and Transfers						9,016,549	178,450	9,194,999
Change in Net Position						(221,576)	1,397,035	1,175,459
Net Position - Beginning						47,912,256	56,700,707	104,612,963
Prior period adjustments						(153,467)	153,467	-
Net Position as of January 1 - restated						47,758,789	56,854,174	104,612,963
Net Position - Ending						\$ 47,537,213	\$58,251,209	\$ 105,788,422

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

City of Battle Ground
Governmental Funds
Balance Sheet
December 14, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 1,179,410	\$ 1,966,070	\$ 3,145,480
Investments	1,425,601	2,396,679	3,822,280
Restricted Cash and Cash Equivalents	-	493,789	493,789
Accounts Receivable	1,302,210	63,184	1,365,394
Interest Receivable	7,887	14,609	22,496
Total Assets	3,915,108	4,934,331	8,849,439
Liabilities			
Accounts Payable	406,476	42,226	448,702
Due to Other Governmental Units	5,928	-	5,928
Other Accrued Liabilities	121,504	7,716	129,220
Custodial Deposits	175,491	493,789	669,280
Total Liabilities	709,399	543,731	1,253,130
Deferred Inflows of Resources			
Unavailable revenue-property taxes	58,508	-	58,508
Unavailable revenue-municipal court	236,083	-	236,083
Total Deferred Inflows of Resources	294,591	-	294,591
Fund Balances			
Restricted for:			
Capital	-	3,996,453	3,996,453
Drug Investigation	-	61,756	61,756
Tourist Promotion	-	130,359	130,359
Committed to:			
Economic Stabilization	692,976	-	692,976
Revenue Stabilization	1,488,230	-	1,488,230
Assigned to:			
LEOFF 1	38,441	-	38,441
Parks	273,448	-	273,448
Insurance Reserve	25,386	-	25,386
Street	-	202,032	202,032
Unassigned	392,637	-	392,637
Total Fund Balances	2,911,118	4,390,600	\$ 7,301,718
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 3,915,108	\$ 4,934,331	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (excludes internal service funds)	52,483,737
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds (see note 2A)	172,028
Long-term liabilities that are not due and payable in the current period and are not reported in the funds (see note 2A)	(13,166,611)
Net position of internal service funds - governmental activities (see note 2A)	746,341
Net position of governmental activities	\$47,537,213

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, 2014

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Property Taxes	\$ 2,654,010	\$ -	\$ 2,654,010
Sales and Use Taxes	2,214,953	-	2,214,953
Other Taxes	3,031,366	643,801	3,675,167
License and Permits	505,827	-	505,827
Intergovernmental	550,693	441,356	992,049
Charges for Services	1,591,696	514,209	2,105,905
Fines and Forfeits	258,072	-	258,072
Interest Earnings	20,388	34,700	55,088
Rents and Royalties	267,868	-	267,868
Contributions/Donations	23,848	254,832	278,680
Miscellaneous	198,613	9,517	208,130
Total Revenues	<u>11,317,334</u>	<u>1,898,415</u>	<u>13,215,749</u>
Expenditures			
Current			
General Government	2,778,879	16,392	2,795,271
Judicial	518,954	-	518,954
Security/Persons and Property	3,832,007	12,780	3,844,787
Physical Environment	2,017,648	-	2,017,648
Transportation	-	866,029	866,029
Economic Environment	797,619	-	797,619
Culture and Recreation	592,725	-	592,725
Capital Expenditures			
Security/Persons and Property	12,349	49,003	61,352
Transportation	-	442,121	442,121
Debt Service			
Principal Retirement	11,358	790,000	801,358
Interest/Fiscal Charges	837	524,600	525,437
Total Expenditures	<u>10,562,376</u>	<u>2,700,925</u>	<u>13,263,301</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	754,958	(802,510)	(47,552)
Other Financing Sources (Uses)			
Transfers In	-	2,174,409	2,174,409
Transfers Out	(995,826)	(1,396,225)	(2,392,051)
Total Other Financing Sources and Uses	<u>(995,826)</u>	<u>778,184</u>	<u>(217,642)</u>
Net Change in Fund Balance	(240,867)	(24,326)	(265,193)
Fund Balance at Beginning of Year	<u>3,151,985</u>	<u>4,414,926</u>	<u>7,566,911</u>
Fund Balance at End of Year	<u>\$ 2,911,118</u>	<u>\$ 4,390,600</u>	<u>\$ 7,301,718</u>

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

City of Battle Ground
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
 of Governmental funds to the Statement of Activities
 For the year ended December 31, 2014

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

Net changes in fund balance - total governmental funds:	\$	(265,193)
<p>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.</p>		
		(1,992,899)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, trade-ins, and donations) is to increase net position.</p>		
		(35,304)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		1,010,090
<p>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.</p>		
		801,358
<p>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.</p>		
		(114,991)
<p>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.</p>		
		375,363
Change in Net Position of Governmental Activities	\$	(221,576)

The notes to the financial statement 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, 2014

	Budget Amounts		Actual Year-To- Date Thru 12/31/14	Variance Thru 12/31/14
	Original 2013-2014 Biennium	Final 2013-2014 Biennium		
Revenues				
Property Taxes	\$ 5,162,824	\$ 5,162,824	\$ 5,205,378	\$ 42,554
Sales and Use Taxes	4,210,239	4,210,239	4,230,057	19,818
Other Taxes	5,732,844	5,707,845	5,767,229	59,384
License and Permits	1,146,997	1,148,850	1,281,279	132,429
Intergovernmental	882,272	891,533	1,040,105	148,572
Charges for Services	4,280,903	3,834,662	3,274,311	(560,351)
Fines and Forfeits	641,166	641,167	525,919	(115,248)
Interest Earnings	40,603	30,603	13,605	(16,998)
Rents and Royalties	317,151	317,151	340,077	22,926
Contributions/Donations	-	1,500	4,456	2,956
Miscellaneous	50,252	50,252	106,536	56,284
Total Revenues	<u>22,465,251</u>	<u>21,996,626</u>	<u>21,788,952</u>	<u>(207,674)</u>
Expenditures				
Current				
General Government	5,579,159	5,550,933	5,231,907	319,026
Judicial	1,083,344	1,181,971	989,093	192,878
Security/Persons and Property	7,575,678	7,763,940	7,512,070	251,870
Physical Environment	3,741,076	3,763,743	3,778,819	(15,076)
Economic Environment	1,564,482	1,619,590	1,579,520	40,070
Capitalized Expenditures	-	-	12,349	(12,349)
Debt Service				
Principal Retirement	-	-	34,011	(34,011)
Interest/Fiscal Charges	-	-	2,112	(2,112)
Total Expenditures	<u>19,543,739</u>	<u>19,880,177</u>	<u>19,139,881</u>	<u>740,296</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	2,921,512	2,116,449	2,649,071	532,622
Other Financing Sources (Uses)				
Transfers In	-	-	295	295
Transfers Out	(2,967,318)	(3,048,241)	(2,461,599)	586,642
Total Other Financing Sources and Uses	<u>(2,967,318)</u>	<u>(3,048,241)</u>	<u>(2,461,304)</u>	<u>586,937</u>
Net Change in Fund Balance	(45,806)	(931,792)	187,767	1,119,559
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>\$ 340,341</u>	<u>\$ 1,880,867</u>	<u>\$ 1,540,526</u>
Adjustment to generally accepted accounting principles (GAAP) basis:				
Parks Fund budgeted as separate fund			\$ 273,448	
Insurance Reserve Fund budgeted as separate fund			25,386	
LEOFF I Reserve Fund budgeted as separate fund			38,441	
Service Stabilization fund budgeted as separate fund			692,976	
Fund Balance GAAP basis:			<u>\$ 2,911,118</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, 2014

	Business-type Activities			Total Enterprise Funds	Governmental Activities
	Storm Drainage	Water	Sewer		Internal Service Funds
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 702,595	\$ 2,389,562	\$ 2,455,115	\$ 5,547,272	\$ 148,644
Investments	856,482	2,912,940	2,992,852	6,762,274	181,201
Receivables (net)					
Accounts	131,066	387,770	451,670	970,506	-
Interest	5,419	16,219	17,896	39,534	982
Total Current Assets	<u>1,695,561</u>	<u>5,706,491</u>	<u>5,917,533</u>	<u>13,319,586</u>	<u>330,827</u>
Noncurrent Assets					
Restricted Cash and Cash Equivalents	-	-	298,336	298,336	-
Property, Plant and Equipment (Net)	8,261,445	16,044,776	36,064,766	60,370,987	1,056,167
Total Noncurrent Assets	<u>8,261,445</u>	<u>16,044,776</u>	<u>36,363,102</u>	<u>60,669,323</u>	<u>1,056,167</u>
Total Assets	<u>9,957,007</u>	<u>21,751,267</u>	<u>42,280,636</u>	<u>73,988,909</u>	<u>1,386,993</u>
Liabilities					
Current Liabilities					
Accounts Payable	11,793	25,068	27,959	64,820	163
Accrued Interest Payable	-	-	110,358	110,358	10,908
Other Accrued Liabilities	10,107	10,595	5,802	26,504	-
Unearned Revenues	-	932	-	932	-
Compensated Absences	1,268	-	-	1,268	-
Lease Payable	-	-	-	-	138,980
Bonds, Notes and Loans Payable	-	-	914,685	914,685	-
Total Current Liabilities	<u>23,169</u>	<u>36,595</u>	<u>1,058,804</u>	<u>1,118,568</u>	<u>150,050</u>
Noncurrent Liabilities					
Lease Payable	-	-	-	-	310,858
Bonds, Notes and Loan Payable	-	-	14,683,236	14,683,236	-
Compensated Absences	15,344	58,275	42,022	115,641	-
Total Noncurrent Liabilities	<u>15,344</u>	<u>58,275</u>	<u>14,725,258</u>	<u>14,798,877</u>	<u>310,858</u>
Total Liabilities	<u>38,513</u>	<u>94,869</u>	<u>15,784,063</u>	<u>15,917,444</u>	<u>460,908</u>
Net Position					
Net Investment in Capital Assets	8,261,445	16,044,776	20,466,845	44,773,066	606,329
Restricted for Debt Service	-	-	298,336	298,336	-
Unrestricted	1,657,049	5,611,623	5,731,392	13,000,063	319,756
Total Net Position	<u>\$ 9,918,494</u>	<u>\$ 21,656,398</u>	<u>\$ 26,496,573</u>	<u>\$ 58,071,465</u>	<u>\$ 926,085</u>
Adjustment to report cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time (see note 2C)				179,744	
Net Position of business-type activities				<u>\$ 58,251,209</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, 2014

	Business-type Activities			Total Enterprise Funds	Governmental Activities
	Storm Drainage	Water	Sewer		Internal Service Funds
Operating Revenues					
Charge for Services	\$ 883,677	\$ 2,223,658	\$ 3,148,635	\$ 6,255,971	\$ 399,933
Miscellaneous	456	3,861	77,070	81,387	-
Total Operating Revenues	<u>884,133</u>	<u>2,227,519</u>	<u>3,225,705</u>	<u>6,337,358</u>	<u>399,933</u>
Operating Expenses					
Personnel Services	318,450	448,297	309,194	1,075,942	-
Equipment and Supplies	18,146	203,586	92,267	313,999	30,859
Professional Services	36,689	87,374	31,489	155,552	-
Utilities	-	150,682	65,533	216,215	-
Repairs and Maintenance	13,999	56,896	77,145	148,040	-
Taxes	13,102	101,265	59,954	174,321	-
Intergovernmental services	-	-	875,064	875,064	-
Insurance claims and expenses	10,799	22,044	29,128	61,971	-
Allocated expenses	337,794	308,949	442,104	1,088,847	-
Other	62,903	115,144	85,339	263,386	-
Depreciation	259,665	617,983	1,768,095	2,645,743	214,096
Total Operating Expenses	<u>1,071,547</u>	<u>2,112,220</u>	<u>3,835,313</u>	<u>7,019,079</u>	<u>244,955</u>
Operating Income (loss)	(187,413)	115,299	(609,608)	(681,721)	154,978
Nonoperating Revenues (Expenses)					
Interest Earnings	13,103	39,407	44,552	97,062	2,434
State and Federal Grants	51,915	-	-	51,915	-
Interest and Fiscal Charges	-	-	(250,212)	(250,212)	(15,718)
Gain/Loss on Sale of Capital Assets	-	-	-	-	7,000
Total Nonoperating Revenues (Expenses)	<u>65,018</u>	<u>39,407</u>	<u>(205,660)</u>	<u>(101,235)</u>	<u>(6,284)</u>
Income (Loss) before Contributions and Transfers	(122,395)	154,706	(815,268)	(782,956)	148,693
Capital Contributions	558,331	677,646	917,738	2,153,715	35,305
Transfers In	-	-	-	-	217,642
Increase (Decrease) in Net Position	<u>435,936</u>	<u>832,352</u>	<u>102,470</u>	<u>1,370,758</u>	<u>401,640</u>
Total Net Position at Beginning of Year	9,482,558	20,824,046	26,394,103		524,445
Total Net Position at End of Year	<u>\$ 9,918,494</u>	<u>\$ 21,656,398</u>	<u>\$ 26,496,573</u>		<u>\$ 926,085</u>

Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds

Changes in net position of business-type activities

26,277
\$ 1,397,035

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, 2014

	Business-type Activities			Total Enterprise Funds	Governmental Activities
	Storm Drainage	Water	Sewer		Internal Service Funds
Cash Flows from Operating Activities:					
Cash received from Customers	\$ 837,528	\$ 2,237,544	\$ 3,092,831	\$ 6,167,903	\$ -
Receipts from vehicle interfund charges					225,740
Receipts from technology interfund charges					174,193
Cash payments to Suppliers	(147,584)	(807,431)	(1,266,859)	(2,221,874)	(30,696)
Cash payments to Employees	(308,402)	(434,629)	(315,073)	(1,058,104)	
Cash payments for Interfund Services Received	(354,255)	(327,453)	(492,150)	(1,173,858)	
Net Cash Provided by Operating Activities	<u>27,287</u>	<u>668,031</u>	<u>1,018,749</u>	<u>1,714,068</u>	<u>369,237</u>
Cash Flows from Noncapital Financing Activities:					
Proceeds from Operating Grants	51,915	-	-	51,915	-
Payment for Wetland Maintenance	(12,566)	-	-	(12,566)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>39,349</u>	<u>-</u>	<u>-</u>	<u>39,349</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	(72,999)	31,707	(21,462)	(62,755)	(315,637)
Proceeds from Capital Lease	-	-	-	-	46,806
Proceeds from Other Financing (Transfers)	-	-	-	-	217,642
Principal Paid on Capital Lease	-	-	-	-	(136,410)
Interest Paid on Capital Lease	-	-	-	-	(17,548)
Principal Paid on Current Debt	-	-	(911,803)	(911,803)	-
Interest Paid on Revenue Bonds and Other Long Term Debt	-	-	(253,009)	(253,009)	-
Capital Contributed-Paid in cash	40,793	242,632	634,006	917,431	-
Gain (Loss) from disposal of property	-	-	-	-	7,000
Net Cash Provided for Capital and Related Financing Activities	<u>(32,206)</u>	<u>274,339</u>	<u>(552,269)</u>	<u>(310,136)</u>	<u>(198,147)</u>
Cash Flows from Investing Activities:					
Interest on Investments	11,154	33,636	38,288	83,078	1,554
Proceeds or Purchase of Investment Securities	12,263	(429,532)	15,788	(401,481)	(90,968)
Net Cash Used by Investing Activities	<u>23,417</u>	<u>(395,896)</u>	<u>54,076</u>	<u>(318,403)</u>	<u>(89,414)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	57,847	546,474	520,557	1,124,878	81,676
Cash and Cash Equivalents at Beginning of Year	644,748	1,843,088	2,232,894	4,720,730	66,968
Cash and Cash Equivalents at End of Year	<u>\$ 702,595</u>	<u>\$ 2,389,562</u>	<u>\$ 2,753,451</u>	<u>\$ 5,845,608</u>	<u>\$ 148,644</u>

(Continued on next page)

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, 2014

	Business-type Activities			Total Enterprise Funds	Governmental Activities
	Storm Drainage	Water	Sewer		Internal Service Funds
Reconciliation of Operating Income (Loss) to Net					
Cash Used by Operating Activities:					
Net Operating Income (Loss)	\$ (187,413)	\$ 115,299	\$ (609,608)	\$ (681,722)	\$ 154,978
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operations:					
Depreciation Expense	259,665	617,983	1,768,095	2,645,743	214,096
(Increase) Decrease in Receivables	(46,606)	10,225	(132,874)	(169,255)	
Increase (Decrease) in Current Payables	(8,407)	(88,943)	(985)	(98,335)	163
Increase (Decrease) in Accrued Employee Benefits	10,048	13,668	(5,879)	17,837	
Increase (Decrease) in customer deposits	-	(201)	-	(201)	
Total Adjustments	214,700	552,732	1,628,357	2,395,789	214,259
Net Cash Provided by Operating Activities	\$ 27,287	\$ 668,031	\$ 1,018,749	\$ 1,714,067	\$ 369,237
Noncash Investing, Financing and Capital Activities					
Capital Assets Contributed	517,538	435,014	283,732	1,236,284	35,305
Net Change in Fair Value of Investments	1,800	6,118	6,288	14,206	380

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

CITY OF BATTLE GROUND
Notes to Financial Statements
December 31, 2014

NOTE 1 - 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. It operates under the laws of the State of Washington applicable to non-charter code cities with a council/manager form of government. The city is a general-purpose government and provides public safety, street improvements, parks and recreation, judicial administration, planning, economic development, and general administrative services. The city owns and operates water, storm, and sewer utilities. The city contracts for fire services. As required by generally accepted accounting principles, the financial statements present the city and its primary government.

The city has one blended component unit, the *City of Battle Ground Transportation Benefit District* (TBD) established October 6, 2014. Funds generated from a \$20 vehicle registration fee will be used for transportation improvements that construct, reconstruct, preserve, maintain and operate the existing transportation infrastructure of the City of Battle Ground consistent with RCW 36.73. There was no financial information to report for the fiscal year ending December 31, 2014.

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 nonfiduciary activities of the primary government and its blended component unit. 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. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. 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 fund:

The **general** (or current expense) **fund** is the city'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 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 and report financial resources that are restricted, committed, or assigned to be used for payment of principal and interest on long-term debt.

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to finance specific activities or functions, as required by law or administrative regulations.

Capital project funds account for and report the resources that are restricted, committed, or assigned to be used for acquisition or construction of capital projects or other capital assets.

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

As a general rule the effect of interfund activity has been eliminated for 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. Balances between the funds included in governmental activities (i.e., the governmental and internal service

funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type column.

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 \$182,019 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.

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 and internal service 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 non-operating revenues and expenses.

D. Budgetary information

1. Scope of Budget

The city prepares a biennial budget for all funds in accordance with the provisions of the Revised Code of Washington (RCW) Chapter 35A.34. Biennial appropriated budgets are adopted for the general fund, special revenue funds, debt service funds not related to special assessments, and capital project funds on the modified accrual basis of accounting. Proprietary funds are budgeted on the full accrual basis for management purposes only.

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.

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. Year 2014 is the second year of the 2013-2014 biennial budget.

2. Amending the Budget

The city manager is authorized to transfer budgeted amounts between departments within any fund. 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.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year. The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the biennial budget.

E. Assets, Liabilities, Fund Balance and Net Position

1. Cash and Cash Equivalents - See Note 3

It is the city's policy to invest all temporary cash surpluses. At December 31, 2014, the treasurer was holding \$9,633,521 in short-term residual investments of surplus cash. This amount is classified on the

balance sheet as cash and cash equivalents in various funds. The interest on these investments is prorated to the various funds.

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.

2. Investments - See Note 3

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. The city's investment policy does not further limit its investment choices. 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.

3. Receivables

Taxes receivable consists of property taxes and related interest and penalties (See Property Taxes Note No.9). 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 including amounts owed for which billings have not been prepared. Uncollectible amounts are considered immaterial and the direct write-off method is used.

4. Amounts Due to and from Other Funds and Governments, Interfund Loans and Advances Receivable – See Note 5

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

5. Inventories and Prepaids

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

6. Restricted Assets and Liabilities

The restricted assets of the enterprise funds consist of \$298,336 which is cash and cash equivalents held for debt service reserve as required by bond indentures. The restricted assets of the capital projects fund consist of \$493,789 which is cash and cash equivalents held as a provision of a development agreement.

7. Capital Assets – See Note 4

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 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 recorded in *Construction in Progress* as they are constructed, and capitalized upon completion. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset 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	5-10

8. 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 the Washington State Retirement System) 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.

9. Other Accrued Liabilities

These accounts consist of accrued employee wages and benefits.

10. Custodial Deposits

Custodial deposits represent facility rental and developer deposits.

11. Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of net 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 reports only one type of item, unavailable revenue, which qualifies for reporting in this category under a modified accrual basis of accounting. Accordingly, unavailable revenue is recorded only in the governmental funds balance sheets. Unavailable revenue arises from property taxes and court fees. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

12. Long-Term Obligations - See Note 7

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.

13. Unearned Revenues

This account includes amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criteria have not been met. This account includes developer credits which the city uses to offset future impact fee revenues. The city levies impact fees on developers as a condition of issuance of a building permit or development approval. 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 2014, the city issued \$62,699 of traffic impact fee (TIF) credits and \$25,070 of sewer development credits. The amount of credits applied toward impact fees in 2014 was: TIF of \$36,426, park impact fees of \$5,000 and sewer development credits of \$25,070. As of December 31, 2014, the credits that may be applied toward future impact fees are: TIF \$122,563 and water fund of \$932.

14. Use of Estimates

These financial statements have been prepared in conformity with generally accepted accounting principles (GAAP). GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates and assumptions.

15. 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	Unavailable fund balance due to its form and legally or contractually required to remain intact.
Restricted	Fund balance is mandated for a specific purpose by external parties or imposed by law through a constitutional provision or enabling legislation
Committed	Fund balance can only be used for specific purposes as determined by formal action of the city council. The city council is the highest level of decision-making authority for the city that can, by adoption of an ordinance or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken to remove or revise the limitation.
Assigned	Fund balance that includes resources intended to be used by the city for specific purposes, but are neither restricted nor committed. The city has not established a policy regarding the assignment of funds, so this category of fund balance represents the residual amounts not otherwise reported as nonspendable, restricted, or committed.
Unassigned	The residual amount of the general fund that is not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

Flow assumption: When expenditure is incurred for purposes for which both restricted and unrestricted resources are available, it is the city’s policy to use restricted resources first. When expenditure is incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the city’s policy to spend committed resources first, then assigned, and unassigned, in that order. However, prior to the commencement of any project, the flow assumptions are reviewed to ensure that the proper resources are being used.

16. Revenue Stabilization

City council adopted Resolution 08-08 that targets an estimated ending fund balance of 15% of estimated annual revenues for general government funds. In the event that the fund balance drops below the established minimum level, the city’s governing body will develop a plan to replenish the fund balance to the established minimum level as economic conditions allow. This arrangement is disclosed as committed fund balance within the general fund.

17. Stabilization Fund

City council adopted Resolution 12-08 to establish an Economic Stabilization Fund. 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 targeted fund balance is five percent of the city’s total governmental budgeted revenues for the current year. One time revenues are placed in the fund and city council determines when to expend funds. This arrangement is disclosed as committed fund balance within the general fund.

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

A. Explanation of certain differences between the Governmental Fund Balance Sheet and the government-wide Statement of Net Position

The governmental fund balance sheet includes 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	\$ 294,591
Unearned revenue	<u>(122,563)</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 172,028</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	\$ (11,205,000)
Plus: Issuance premium (to be amortized as interest expense)	(132,566)
Accrued interest payable	(44,288)
Due to other governments	(900,000)
Capital lease payable	(17,797)
Net pension obligation	(388,471)
Compensated absences	<u>(478,489)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (13,166,611)</u>

Another element of that reconciliation explains that “internal service funds related to governmental activities.” The assets and liabilities of internal service funds are included in governmental activities in the statement of net position. The details of this \$746,341 difference are as follows:

Net position of the internal service funds	\$ 926,085
Less: Internal payable representing charges in excess of cost to business-type activities – prior years	(153,467)
Less: Internal payable representing charges in excess of cost to business-type activities – current year	<u>(26,277)</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 746,341</u>

B. Explanation of certain differences between the governmental funds 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 Balance* 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	\$ 503,473
Depreciation expense	<u>(2,496,372)</u>
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (1,992,899)</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	<u>\$ (35,304)</u>
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (35,304)</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	\$ 1,083,093
Unearned revenue	(21,273)
Municipal court revenue	803
Tax revenues - unavailable	<u>(52,533)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 1,010,090</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:

Principal repayments:	
General obligation debt	\$ 690,000
Governmental loans	100,000
Capital leases	<u>11,358</u>
Net adjustment to increase net changes in fund balance-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 801,358</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	\$ (66,194)
Net OPEB obligation	(66,501)
Accrued interest	1,975
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>\$ (114,991)</u>

Another element of the reconciliation states “internal service funds 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.” The details of the \$375,363 difference are as follows:

Change in net position of the internal service funds	\$ 401,640
Less: gain from charges to business-type activities	<u>(26,277)</u>
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 375,363</u>

C. Explanation of certain differences between the proprietary fund statement of net position and the government-wide statement of net position

The proprietary fund statement of net position includes reconciliation between net position – total enterprise funds and net position of business-type activities as reported in the government-wide statement of net position. The description of the sole element of that reconciliation is “adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.” The details of the \$179,744 difference are as follows:

Internal receivable representing charges in excess of cost to business-type activities – prior years	\$ 153,467
Internal receivable representing charges in excess of cost to business-type activities – current year	<u>26,277</u>
Net adjustment to increase net position – total enterprise funds to arrive at net position – business-type activities	<u>\$ 179,744</u>

NOTE 3 – DEPOSITS AND INVESTMENTS

The city maintains a cash and investment pool that is available for use by all funds. Cash and investments are presented on the balance sheet in the basic financial statements at fair value. The Local Government Investment Pool and the Clark County Investment Pool are reported on the balance sheet as cash and cash equivalents. In general, interest earned from pooled deposits and investments is allocated to each fund based on the average earnings and daily cash balance of each fund. Deposits and investments have no foreign currency risk.

Cash and Cash Equivalents	
Cash in Bank	\$ 1,024,281
Petty Cash	5,450
Reserve and Escrow Accounts	796,625
Local Government Investment Pool	215,840
Clark County Investment Pool	7,591,325
	<u>9,633,521</u>
Investments at Fair Value	
U.S. Government Agencies	<u>10,765,755</u>
Total Investments	<u>10,765,755</u>
Total Deposits and Investments	<u>\$ 20,399,276</u>

A. Deposits

The city's deposits at December 31, 2014 are entirely insured. The Federal Depository Insurance Commission (FDIC) insures the city's deposits up to \$250,000 and the Washington Public Deposit Protection Commission (PDPC) insures amounts over \$250,000. Cash on hand, demand deposits, and short-term investments with original maturity of three months or less are classified as cash and cash equivalents.

B. Investments

All city investments are eligible securities as authorized by RCW 35.39.030. Investments are stated at fair value as of December 31, 2014. The fair value of the position in the Local Government Investment Pool (LGIP) and Clark County Investment Pool is the same as the value of the pool shares.

The LGIP was created by the Washington State Legislature in 1986 and is administered by the state treasurer under Chapter 43.250 RCW. 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 fair value of the position in the pool is the same as the value of the pool shares. The LGIP is reported on the balance sheet as cash and cash equivalents.

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 county treasurer, the county auditor, and the chair of the Board of County Commissioners. The fair value of the position in the pool is the same as the value of the pool shares.

Custodial credit risk is the risk that in the event of a failure of the counterparty to an investment transaction the city would not be able to recover the value of the investment or collateral securities. All city deposits are covered by depository insurance. Investments in external investment pools are not exposed to custodial credit risk. All investment security transactions are conducted on a delivery-versus-payment (DVP) basis. Securities purchased by the city are held by a financial institution designated by the finance director as primary agent to serve as a custodian acting on the city's behalf. All transactions are evidenced by safekeeping receipts.

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. All debt securities in the city's investment portfolio are obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government and are not considered to have credit risk.

Concentration of credit risk - Safety of the principal is the foremost objective of the city's investment program. All investments securities of the city are undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The city's policy requires that the portfolio be structured to diversify investments to reduce the risk of loss by over-concentration of assets in a specific maturity, a specific issuer, or a specific type of security. 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 and external investment pools. Those securities and their percentage of the city's investment portfolio at fair value are disclosed below:

Issuer	Maturities	Fair Value (\$)	Percentage of Portfolio
Federal Home Loan Mortgage Corporation (FHLMC)	6/12/18	826,139	15.53%
	7/30/18	979,080	
	8/28/18	1,202,813	
Federal National Mortgage Association (FNMA)	2/21/17	1,993,308	15.53%
	6/1/17	1,014,754	
Financing Corporation (FICO)	5/11/2015	1,028,177	5.31%
Farmer MAC (FAMCA)	6/6/2016	747,977	3.86%
Federal Farm Credit Bank	11/21/2016	994,438	15.36%
	5/9/2017	988,351	
	5/16/2017	990,717	
Local Government Investment Pool	NAV of \$1.00	215,840	1.11%
Clark County Investment Pool	NAV of \$1.00	8,383,449	43.29%

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.

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 investment pools as investments for the purpose of calculating the maximum average maturity of investments.

Investment Type	Fair Value	Average Maturity in Years
U.S. Government Agencies	10,765,755	2.37
LGIP	215,840	0.00
Clark County Pool	7,591,325	0.00
Weighted average maturity of all investments		1.40

NOTE 4 - CAPITAL ASSETS, DEPRECIATION, AND AMORTIZATION

A. Capital assets activity for the year ended December 31, 2014 is as follows:

	Beginning Balance 01/01/14	Increases	Decreases	Ending Balance 12/31/14
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 15,595,263	\$ 397,128	\$ -	\$ 15,992,391
Construction in progress	156,679	77,933	-	234,612
Total capital assets, not being depreciated	<u>15,751,942</u>	<u>475,061</u>	<u>-</u>	<u>16,227,003</u>
Capital assets, being depreciated/depleted:				
Buildings	15,047,394	-	-	15,047,394
Machinery & Equipment	4,183,213	376,989	305,802	4,254,400
Infrastructure	76,226,971	1,050,153	148,617	77,128,507
Improvements other than buildings	800,000	-	-	800,000
Total capital assets being depreciated	<u>96,257,578</u>	<u>1,427,142</u>	<u>454,419</u>	<u>97,230,301</u>
Less accumulated depreciation for:				
Buildings	3,651,643	375,820	-	4,027,463
Machinery & Equipment	3,222,680	239,646	305,802	3,156,524
Infrastructure	50,547,029	2,055,002	148,617	52,453,414
Improvements other than buildings	240,000	40,000	-	280,000
Total accumulated depreciation	<u>57,661,352</u>	<u>2,710,468</u>	<u>454,419</u>	<u>59,917,401</u>
				-
Total capital assets, being depreciated, net	<u>38,596,226</u>	<u>(1,283,326)</u>	<u>-</u>	<u>37,312,900</u>
Governmental activities capital assets, net	<u>\$ 54,348,168</u>	<u>\$ (808,265)</u>	<u>\$ -</u>	<u>\$ 53,539,903</u>

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

Governmental Activities:	
General Government	\$ 231,089
Public Safety	180,962
Physical Environment	64,956
Transportation	1,787,212
Culture and Recreation	446,249
Total Depreciation - Governmental Activities	<u>\$ 2,710,468</u>

	Beginning Balance <u>01/01/14</u>	Increases	Decreases	Ending Balance <u>12/31/14</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 2,657,465	\$ 165,661	\$ -	\$ 2,823,126
Construction in progress	<u>1,556,580</u>	<u>37,906</u>	<u>1,481,280</u>	<u>113,206</u>
Total capital assets, not being depreciated	<u>4,214,045</u>	<u>203,567</u>	<u>1,481,280</u>	<u>2,936,332</u>
Capital assets, being depreciated/depleted:				
Buildings	1,332,686	24,850	-	1,357,536
Intangible assets	27,250,748	-	-	27,250,748
Infrastructure	59,715,609	2,551,902	271,184	61,996,327
Machinery and equipment	<u>378,695</u>	<u>-</u>	<u>-</u>	<u>378,695</u>
Total capital assets being depreciated	<u>88,677,738</u>	<u>2,576,752</u>	<u>271,184</u>	<u>90,983,306</u>
Less accumulated depreciation for:				
Buildings	299,680	34,750	-	334,430
Intangible assets	9,329,034	1,090,030	-	10,419,064
Infrastructure	21,256,666	1,503,936	271,184	22,489,418
Machinery and equipment	<u>288,712</u>	<u>17,027</u>	<u>-</u>	<u>305,739</u>
Total accumulated depreciation	<u>31,174,092</u>	<u>2,645,743</u>	<u>271,184</u>	<u>33,548,651</u>
Total capital assets, being depreciated, net	<u>57,503,646</u>	<u>(68,991)</u>	<u>0</u>	<u>57,434,655</u>
Business-type activities capital assets, net	<u>\$ 61,717,691</u>	<u>\$ 134,576</u>	<u>\$ 1,481,280</u>	<u>\$ 60,370,987</u>

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

Business-type Activities:	
Storm Drainage	\$ 259,665
Water	617,983
Sewer	<u>1,768,095</u>
Total Depreciation -Business-Type Activities	<u>\$ 2,645,743</u>

B. Intangible assets

The city has an interest in the Salmon Creek Wastewater Treatment Facility owned by Clark County 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 14.

NOTE 5 – INTERFUND BALANCES AND 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 and Parks and Recreation Fund.

The interfund transfer activity for the year is as follows:

Transfers Out					
Transfers In		General	Special	Capital	Total
		Fund	Revenue	Fund	Transfers
			Fund	Fund	In
	Special Revenue Funds	556,663			556,663
	Debt Service Fund	302,775		756,993	1,059,768
	Capital Projects Fund		4,722	553,256	557,978
	Internal Service Funds	136,388		81,254	217,642
	Total Transfers Out	\$ 995,826	\$ 4,722	\$ 1,391,503	\$ 2,392,051

NOTE 6 – LEASES

A. Capital Leases

The city entered into lease agreements as lessee for financing the acquisition of three police automobiles, a fire truck, a phone server, and additional storage area network for general government use. These lease agreements qualify as capital leases for accounting purposes and are 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 vehicle	\$ 488,598
Police vehicles	177,062
Phone server	56,570
IT storage area network	46,806
Less: accumulated depreciation	(174,301)
Total	<u>\$ 594,735</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2014, were as follows:

Year Ending December 31	Governmental Activities
2015	\$ 166,154
2016	102,289
2017	79,916
2018	79,916
2019	79,915
Total Minimum Lease Payments	<u>508,190</u>
Less: Interest	(40,555)
Payments	<u>\$ 467,635</u>

B. Operating Leases

Operating lease obligations are for business machines under contractual agreements. Lease expenditures for the year ended December 31, 2014 were approximately \$11,234.

The future minimum lease payments fore these leases are:

2015	\$	11,422
2016		10,267
2017		7,774
2018		1,887
	\$	<u>31,350</u>

NOTE 7 – LONG-TERM LIABILITIES

A. 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 \$11,205,000 in general obligation bonds outstanding on December 31, 2014.

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, 2014 are as follows:

Description	Amount Outstanding
\$3,045,000 – 2010 Limited Tax General Obligation Refunding Bonds Due in annual installments of \$295,037 to \$301,688 with final payment due December 1, 2022; interest rate from 3% to 4%. 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.	\$2,005,000
\$757,000 – 2010A Limited Tax General Obligation Bonds Due in annual installments of \$124,875 to \$133,125 with final payment due December 1, 2018; interest rate from 3% to 3.5%. Used to construct improvements to Scotton Way. Payment for outstanding debt provided by transportation impact fees.	\$475,000
\$4,280,000 – 2010B Limited Tax General Obligation Bonds (Taxable Recovery Zone Economic Development Bonds – Direct Payment) Due in annual installments of \$282,500 to \$577,500 with final payment due December 1, 2030; interest rate of 6.25% to 7%. Used to construct improvements to Scotton Way. Payment for outstanding debt provided by developer contributions, transportation impact fees, and a federal interest subsidy.	\$4,280,000
\$5,265,000 – 2011 Limited Tax General Obligation Refunding Bonds Due in annual installments of \$350,693 to \$516,187 with final payment due June 1, 2026; interest rate from 2.5% 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.	\$4,445,000

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

LTGO - Governmental Activities			
	Principal	Interest	Total Requirements
2015	720,000	498,600	1,218,600
2016	730,000	477,001	1,207,001
2017	750,000	455,176	1,205,176
2018	750,000	429,724	1,179,724
2019	930,000	405,724	1,335,724
2020-2024	4,270,000	1,437,201	5,707,201
2025-2029	2,625,000	585,578	3,210,578
2030	430,000	30,100	460,100
	<u>\$ 11,205,000</u>	<u>\$ 4,319,104</u>	<u>\$ 15,524,104</u>

B. 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
\$1,400,000 – 2000 Public Works Trust Fund Loan Annual interest rate of 1.0% with final payment due June 1, 2020. Proceeds used to fund the city’s sewer system lines. Payment for outstanding debt provided by the sewer fund.	\$323,991
\$2,000,000 – 2003 Public Works Trust Fund Loan Annual interest rate of 0.5% with final payment due June 1, 2023. Proceeds used to fund West Main Street. Payment for outstanding debt provided by transportation impact fees.	\$900,000
\$10,000,000 – 2005 Public Works Trust Fund Loan Annual interest rate of 0.5% with final payment due June 1, 2025. Proceeds used to fund capacity expansion of the Salmon Creek Wastewater Treatment Plant. Payment for outstanding debt provided by the sewer fund.	\$6,064,757
\$4,000,000 – 2006 Public Works Trust Fund Loan Annual interest rate of 0.5% with final payment due June 1, 2026. Proceeds used to fund capacity expansion of the Salmon Creek Wastewater Treatment Plant. Payment for outstanding debt provided by the sewer fund.	\$2,533,333

Government loan debt service requirements to maturity are as follows:

	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
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	816,450	37,525	853,975
2018	100,000	3,000	103,000	816,451	33,174	849,625
2019	100,000	2,500	102,500	816,451	28,821	845,272
2020-2024	400,000	5,000	405,000	3,866,264	82,063	3,948,327
2025-2027	-	-	-	973,564	5,924	979,488
	<u>\$ 900,000</u>	<u>\$ 22,500</u>	<u>\$ 922,500</u>	<u>\$ 8,922,081</u>	<u>\$ 275,616</u>	<u>\$ 9,197,697</u>

C. 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. Restricted assets in the sewer fund contain an amount equal to the sum of one annual installment of the bond as required by bond indentures.

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.	\$6,675,840

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

2012 Sewer Revenue Bonds				
	Principal	Interest Rate	Total Interest	Requirements
2015	98,234	3%	199,544	297,778
2016	101,203	3%	196,575	297,778
2017	104,262	3%	193,516	297,778
2018	107,413	3%	190,365	297,778
2019	110,660	3%	187,118	297,778
2020-2024	605,539	3%	883,351	1,488,890
2025-2029	702,752	3%	786,138	1,488,890
2030-2034	815,573	3%	673,317	1,488,890
2035-2039	946,506	3%	542,385	1,488,891
2040-2044	1,098,458	3%	390,432	1,488,890
2045-2049	1,274,806	3%	214,084	1,488,890
2050-2052	710,434	3%	32,234	742,668
	<u>\$ 6,675,840</u>		<u>\$ 4,489,059</u>	<u>\$ 11,164,899</u>

D. Changes in Long-Term Liabilities

Long-term liability activity of the city for the year ended December 31, 2014 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
General obligation bonds	\$ 11,895,000	\$ -	\$ (690,000)	\$ 11,205,000	\$ 720,000
Less deferred amounts					
For issuance premiums (discounts)	<u>148,295</u>	<u>-</u>	<u>(15,729)</u>	<u>132,566</u>	<u>-</u>
Total bonds payable	12,043,295	-	(705,729)	11,337,566	720,000
Capital leases	568,597	46,806	(147,768)	467,635	150,741
Government loans	1,000,000		(100,000)	900,000	100,000
Compensated absences	412,295	288,159	(221,965)	478,489	14,580
Net OPEB Obligation	<u>321,970</u>	<u>110,571</u>	<u>(44,070)</u>	<u>388,471</u>	<u>-</u>
Long-term liabilities	<u>\$ 14,346,157</u>	<u>\$ 445,536</u>	<u>\$ (1,219,532)</u>	<u>\$ 13,572,161</u>	<u>\$ 985,321</u>
<u>Business-type Activities</u>					
Revenue Bonds	6,771,191	-	(95,351)	6,675,840	98,234
Government loans payable	9,738,533	-	(816,452)	8,922,081	816,451
Compensated absences	<u>103,130</u>	<u>72,040</u>	<u>(58,261)</u>	<u>116,909</u>	<u>1,268</u>
Long-term liabilities	<u>\$ 16,612,854</u>	<u>\$ 72,040</u>	<u>\$ (970,064)</u>	<u>\$ 15,714,830</u>	<u>\$ 915,953</u>

NOTE 8 – 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 175 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, there have been no settlements that exceeded coverage.

HEALTH & WELFARE

The City of Battle Ground is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2014, 263 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical insurance through Regence BlueShield and Asuris Northwest Health, dental insurance through Delta Dental of Washington, and vision insurance through Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. The AWC Trust HCP purchases stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Group Health ISL at \$750,000 through Sun Life. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the HCP a minimum of 60 days prior to termination. A participating employer's termination

will not obligate that member to past debts, or further contributions to the HCP. Similarly, the terminating member forfeits all rights and interest to the HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and the AWC Board of Directors President and Vice President. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the Trust HCP are maintained in accordance with methods prescribed by the State Auditor’s office under the authority of Chapter 43.09 RCW. The Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board (“GASB”). Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor’s office.

NOTE 9 – 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, subject to limitations by the Washington State Constitution and the Revised Code of Washington 84.55.0410.

The city’s regular levy for 2014 was \$1.96 per \$1,000 on an assessed valuation of \$1,332,783,511 for a total regular levy of \$2,612,427.

NOTE 10 – PENSION PLANS

A. Employee Retirement Systems and Pension Plans

Substantially all city full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit 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.

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.

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, 2013:

Retirees and Beneficiaries Receiving Benefits	85,328
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	31,047
Active Plan Members Vested	150,706
Terminated Plan Members Nonvested	101,191
Total	368,272

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.

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, 2014, 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 0.18%
- ** 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 7.50% 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

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

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2014	\$0	\$219,775	\$83,115
2013	\$0	\$182,670	\$75,529
2012	\$0	\$169,476	\$60,460

Law Enforcement Officers’ and Fire Fighters’ Retirement System (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, 2013:

Retirees and Beneficiaries Receiving Benefits	10,511
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	699
Active Plan Members Vested	16,830
Terminated Plan Members Nonvested	1,600
Total	29,640

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 2014, the state contributed \$55.6 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, 2014, 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
2014	\$0	\$107,137
2013	\$0	\$101,741
2012	\$0	\$96,881

B. 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 for the city. In the year ended December 31, 2014, three retired officers received medical insurance at a cost to the city of \$44,070. 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, 2014 was \$38,441. The city was required to contribute \$44,070 in the 2014 year. The city made the full required annual contribution. This \$44,070 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, 2014, the amount actually contributed to the plan, and changes in the city's net OPEB obligation.

Annual required contribution	\$	126,651
Interest on net OPEB obligation		12,879
Adjustments to the annual required contribution		<u>(28,959)</u>
Annual OPEB cost		110,571
Contributions		<u>(44,070)</u>
Increase in net OPEB obligation		66,501
Net OPEB obligation, beginning of year		<u>321,970</u>
NET OPEB obligation, ending of year	\$	<u><u>388,471</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 2014 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
2014	\$ 110,571	\$ 44,070	39.9%	\$ 388,471
2013	129,440	45,546	35.2%	321,970
2012	91,847	55,123	60.0%	238,076

NOTE 11 – CONTINGENCIES AND LITIGATION

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.

NOTE 12 - RECEIVABLE BALANCES

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	28,856	-	-	28,856
Property taxes	86,719	-	-	86,719
Sales taxes	418,520	-	-	418,520
Motor Vehicle Fuel Tax	-	61,265	-	61,265
Other taxes	475,845	-	-	475,845
Municipal court	236,083	-	-	236,083
State	42,372	1,921	-	44,293
Grants	13,815	-	-	13,815
Investment interest	7,887	14,607	982	23,476
	<u>\$ 1,310,097</u>	<u>\$ 77,793</u>	<u>\$ 982</u>	<u>\$ 1,388,872</u>

NOTE 13 – BLENDED COMPONENT UNIT

The city has one blended component unit, the *City of Battle Ground Transportation Benefit District* (TBD). The TBD, established October 6, 2014, is a quasi-municipal organization created by City of Battle Ground Ordinance No. 14-15 under the authority of the Revised Code of Washington (RCW) 35.21.225. The TBD’s boundaries are the same as the corporate limits of the city and is governed by the seven member city council acting in an ex-officio and independent capacity. The city, through an interlocal agreement with the TBD, provides administrative services and financial management. Resolution 002-04, approved December 14, 2014, imposed a \$20 vehicle registration fee within the district’s boundaries, effective July 1, 2015. Funds generated will be used for transportation improvements that construct, reconstruct, preserve, maintain and operate the existing transportation infrastructure of the City of Battle Ground consistent with RCW 36.73. The TBD is reported as a special revenue fund in the city’s financial statements. However, there was no financial information to report for the fiscal year ending December 31, 2014.

Note 14 – SUBSEQUENT EVENTS

Discovery Clean Water Alliance

Study efforts conducted between 2008 and 2012 strove to identify a framework where all parties charged with owning, operating or using wastewater treatment services could collectively make decisions together on the delivery of those services to the public within Clark County. This opportunity to jointly own and manage regional infrastructure was an underlying theme that members came to support to manage both long-term costs and capacity needs.

In 2012, Clark County, Clark Regional Wastewater District (District) and the cities of Battle Ground and Ridgefield agreed on the structure for a regional wastewater transmission/treatment entity to provide services to the customers of the respective participating members. An Interlocal Formation Agreement (IFA), signed on September 27, 2012, provided the foundation to create a new regional utility entity, the Discovery Clean Water Alliance (Alliance). The Alliance was incorporated with the Washington Secretary of State on January 4, 2013 under RCW 39.106, the Joint Municipal Utility Services Act (JMUSA). The Alliance is governed by a four member board, one elected official from each entity.

Over the next two years, 2013 and 2014, work was ongoing to bring the Alliance operational as a regional wastewater transmission and treatment provider. Asset transfer agreements were signed in 2013 and 2014, resulting in the respective debt and assets of the treatment plants transferring to the Alliance as of January 1, 2015. The City of Battle Ground's asset transfer, the sewer force main, is recorded at \$1,441,155 (net of depreciation) as of December 31, 2014. The principal balance of Public Works Trust Fund Loans to be transferred is recorded at \$8,598,089 as of December 31, 2014. For the City of Battle Ground, the transfer of debt held on those assets as sole capacity right owners of the treatment plant falls under the guidance of GASB 62.

The Alliance will be receiving its first Washington State Auditor's Office audit 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/>.

Water Revenue Bonds

In May 2015, the city issued water revenue bonds in the amount of \$2,774,409. Bond proceeds will be used for the water meter replacement project.

NOTE 15 – PRIOR PERIOD ADJUSTMENT

For the fiscal year ending December 31, 2013, the city's internal service funds had a net position of \$153,467 related to business-type activities. This amount was reported under governmental activities during the prior year.

NOTE 16 – OTHER DISCLOSURES

- A. Adoption of GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Issued in 2013, the objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and received nonexchange financial guarantees. There is no material impact to the city for implementing the standard.
- B. Adoption of GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. Issued in 2013, the objective of this Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. There is no material impact to the city for implementing the standard.
- C. Adoption of GASB Statement No. 67, *Financial Reporting for Pension Plans-an Amendment of GASB Statement No. 25*. Issued in 2012, this Statement replaces the requirements of Statements No. 25 and No. 50 as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. There is no material impact to the city for implementing the standard.

Required Supplementary Information
Other Post Employment Benefits Schedule of Funding Progress
For the City of Battle Ground
Year Ended December 31, 2014

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)
12/31/2014	0	1,408,153	1,408,153	0	n/a	n/a
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

NOTE 1 - Alternative method used for valuation

NONMAJOR GOVERNMENTAL FUNDS

This page is intentionally blank

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.

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.

Capital Project Funds

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.

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.

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.

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.

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, 2014

	Combined Special Revenue Funds	Combined Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 165,447	\$ 1,800,623	\$ -	\$ 1,966,070
Investments	201,681	2,194,998	-	2,396,679
Restricted Cash and Cash Equivalents:	-	493,789	-	493,789
Accounts Receivable	63,184	-	-	63,184
Interest Receivable	1,184	13,425	-	14,609
Total Assets	431,496	4,502,835	-	4,934,331
 Liabilities				
Accounts Payable	30,197	12,029	-	42,226
Other Accrued Liabilities	7,152	564	-	7,716
Custodial Deposits	-	493,789	-	493,789
Total Liabilities	37,349	506,382	-	543,731
 Fund Balances				
Restricted for:				
Capital	-	3,996,453	-	3,996,453
Drug Investigation	61,756	-	-	61,756
Tourist Promotion	130,359	-	-	130,359
Assigned to:				
Street	202,032	-	-	202,032
Total Fund Balances	394,147	3,996,453	-	4,390,600
Total Liabilities and Fund Balance	\$ 431,496	\$ 4,502,835	\$ -	\$ 4,934,331

City of Battle Ground
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
Changes in Fund Balances
For the fiscal year ended December 31, 2014

	Combined Special Revenue Funds	Combined Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues				
Other Taxes	\$ 27,675	\$ 616,126	\$ -	\$ 643,801
Intergovernmental	386,250	55,106	-	441,356
Charges for Services	-	514,209	-	514,209
Interest Earnings	2,755	31,945	-	34,700
Contributions/Donations	-	-	254,832	254,832
Miscellaneous	9,517	-	-	9,517
Total Revenues	<u>426,197</u>	<u>1,217,386</u>	<u>254,832</u>	<u>1,898,415</u>
Expenditures				
Current:				
General Government	16,392	-	-	16,392
Security/Persons and Property	12,780	-	-	12,780
Transportation	866,029	-	-	866,029
Capitalized Expenditures				
Security/Persons and Property	49,003	-	-	49,003
Transportation	-	442,121	-	442,121
Debt Service				
Principal Retirement	-	-	790,000	790,000
Interest/Fiscal Charges	-	-	524,600	524,600
Total Expenditures	<u>944,204</u>	<u>442,121</u>	<u>1,314,600</u>	<u>2,700,925</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(518,007)	775,265	(1,059,768)	(802,510)
Other Financing Sources (Uses)				
Transfers In	556,663	557,978	1,059,768	2,174,409
Transfers Out	(4,722)	(1,391,503)	-	(1,396,225)
Total Other Financing Sources and Uses	<u>551,941</u>	<u>(833,525)</u>	<u>1,059,768</u>	<u>778,184</u>
Net Change in Fund Balance	33,934	(58,260)	-	(24,326)
Fund Balance at Beginning of Year	<u>360,213</u>	<u>4,054,713</u>	<u>-</u>	<u>4,414,926</u>
Fund Balance at End of Year	<u>\$ 394,147</u>	<u>\$ 3,996,453</u>	<u>\$ -</u>	<u>\$ 4,390,600</u>

City of Battle Ground
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2014

	<u>Street Fund</u>	<u>Drug Investigation Fund</u>	<u>Lodging Tax Reserve</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets				
Cash and Cash Equivalents	\$ 80,033	\$ 27,724	\$ 57,690	\$ 165,447
Investments	97,562	33,795	70,324	201,681
Accounts Receivable (net)	61,265	-	1,919	63,184
Interest Receivable	<u>521</u>	<u>237</u>	<u>426</u>	<u>1,184</u>
Total Assets	<u>239,381</u>	<u>61,756</u>	<u>130,359</u>	<u>431,496</u>
Liabilities				
Accounts Payable	30,197	-	-	30,197
Other Accrued Liabilities	<u>7,152</u>	<u>-</u>	<u>-</u>	<u>7,152</u>
Total Liabilities	<u>37,349</u>	<u>-</u>	<u>-</u>	<u>37,349</u>
Fund Balances				
Restricted for:				
Drug Investigation	-	61,756	-	61,756
Tourist Promotion	-	-	130,359	130,359
Assigned to:				
Street	<u>202,032</u>	<u>-</u>	<u>-</u>	<u>202,032</u>
Total Fund Balances	<u>202,032</u>	<u>61,756</u>	<u>130,359</u>	<u>394,147</u>
Total Liabilities and Fund Balances	<u>\$ 239,381</u>	<u>\$ 61,756</u>	<u>\$ 130,359</u>	<u>\$ 431,496</u>

City of Battle Ground
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the fiscal year ended December 31, 2014

	City Street Fund	Drug Investigation Reserve	Lodging Tax Reserve	Total Nonmajor Special Revenue Funds
Revenues				
Other Taxes	\$ -	\$ -	\$ 27,675	\$ 27,675
Intergovernmental	377,439	8,811	-	386,250
Charges for Services	-	-	-	-
Interest Earnings	1,161	567	1,027	2,755
Miscellaneous	6,175	3,342	-	9,517
Total Revenues	<u>384,775</u>	<u>12,720</u>	<u>28,702</u>	<u>426,197</u>
Expenditures				
Current:				
General Government	-	-	16,392	16,392
Security/Persons and Property	-	12,780	-	12,780
Transportation	866,029	-	-	866,029
Capital Outlay				
Security/Persons and Property	-	49,003	-	49,003
Total Expenditures	<u>866,029</u>	<u>61,783</u>	<u>16,392</u>	<u>944,204</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(481,254)	(49,063)	12,310	(518,007)
Other Financing Sources (Uses)				
Transfers In	556,663	-	-	556,663
Transfers Out	(4,722)	-	-	(4,722)
Total Other Financing Sources (Uses)	<u>551,941</u>	<u>-</u>	<u>-</u>	<u>551,941</u>
Net Change in Fund Balance	70,687	(49,063)	12,310	33,934
Fund Balance at Beginning of Year	<u>131,345</u>	<u>110,819</u>	<u>118,049</u>	<u>360,213</u>
Fund Balance at End of Year	<u>\$ 202,032</u>	<u>\$ 61,756</u>	<u>\$ 130,359</u>	<u>\$ 394,147</u>

City of Battle Ground
 Nonmajor Capital Projects Funds
 Combining Balance Sheet
 December 31, 2014

	Capital Projects Fund	Scotton Way Fund	Transportation Impact Fees	Park Impact Fee
Assets				
Cash and Cash Equivalents	\$ 5,675	\$ -	\$ 1,366,099	\$ 173,660
Investments	6,918	-	1,665,310	211,694
Restricted: Cash and Cash Equivalents	-	493,789	-	-
Interest Receivable	-	-	10,871	1,228
Total Assets	12,593	493,789	3,042,280	386,582
Liabilities				
Accounts Payable	12,029	-	-	-
Other Accrued Liabilities	564	-	-	-
Custodial Deposits	-	493,789	-	-
Total Liabilities	12,593	493,789	-	-
Fund Balances				
Restricted for:				
Capital	-	-	3,042,280	386,582
Total Fund Balances	-	-	3,042,280	386,582
Total Liabilities and Fund Balances	\$ 12,593	\$ 493,789	\$ 3,042,280	\$ 386,582

(Continued on next page)

City of Battle Ground
Nonmajor Capital Projects Funds
Combining Balance Sheet
December 31, 2014

	Real Estate Excise Tax	Fire Impact Fee	Total Nonmajor Capital Projects Funds
Assets			
Cash and Cash Equivalents	\$ 197,280	\$ 57,908	\$ 1,800,623
Investments	240,487	70,589	2,194,998
Restricted: Cash and Cash Equivalents	-	-	493,789
Interest Receivable	766	561	13,425
Total Assets	438,533	129,058	4,502,835
Liabilities			
Accounts Payable	-	-	12,029
Other Accrued Liabilities	-	-	564
Custodial Deposits	-	-	493,789
Total Liabilities	-	-	506,382
Fund Balances			
Restricted for:			
Capital	438,533	129,058	3,996,453
Total Fund Balances	438,533	129,058	3,996,453
Total Liabilities and Fund Balances	\$ 438,533	\$ 129,058	\$ 4,502,835

City of Battle Ground
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the fiscal year ended December 31, 2014

	<u>Capital Projects Fund</u>	<u>Scotton Way Fund</u>	<u>Transportation Impact Fees</u>	<u>Park Impact Fee</u>
Revenues				
Other Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	55,106	-	-	-
Charges for Services	-	-	267,522	222,178
Interest Earnings	-	73	25,774	3,205
Total Revenues	<u>55,106</u>	<u>73</u>	<u>293,296</u>	<u>225,383</u>
Expenditures				
Current:				
Capital Expenditures				
Transportation	<u>442,121</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>442,121</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(387,015)	73	293,296	225,383
Other Financing Sources (Uses)				
Transfers In	387,015		170,963	-
Transfers Out	-	<u>(220,874)</u>	<u>(582,925)</u>	<u>(273,754)</u>
Total Other Financing Sources (Uses)	<u>387,015</u>	<u>(220,874)</u>	<u>(411,962)</u>	<u>(273,754)</u>
Net Change in Fund Balance	-	(220,801)	(118,666)	(48,371)
Fund Balance at Beginning of Year	<u>-</u>	<u>220,801</u>	<u>3,160,946</u>	<u>434,953</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,042,280</u>	<u>\$ 386,582</u>

(Continued on next page)

City of Battle Ground
 Nonmajor Capital Projects Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 For the fiscal year ended December 31, 2014

	Real Estate Excise Tax	Fire Impact Fee	Total Nonmajor Capital Project Funds
Revenues			
Other Taxes	\$ 616,126	\$ -	\$ 616,126
Intergovernmental	-	-	55,106
Charges for Services	-	24,509	514,209
Interest Earnings	<u>1,607</u>	<u>1,286</u>	<u>31,945</u>
Total Revenues	<u>617,733</u>	<u>25,795</u>	<u>1,217,386</u>
Expenditures			
Current:			
Capital Expenditures			-
Transportation	<u>-</u>	<u>-</u>	<u>442,121</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>442,121</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	617,733	25,795	775,265
Other Financing Sources (Uses)			
Transfers In	-	-	557,978
Transfers Out	<u>(232,696)</u>	<u>(81,254)</u>	<u>(1,391,503)</u>
Total Other Financing Sources (Uses)	<u>(232,696)</u>	<u>(81,254)</u>	<u>(833,525)</u>
Net Change in Fund Balance	385,037	(55,459)	(58,260)
Fund Balance at Beginning of Year	<u>53,496</u>	<u>184,517</u>	<u>4,054,713</u>
Fund Balance at End of Year	<u>\$ 438,533</u>	<u>\$ 129,058</u>	<u>\$ 3,996,453</u>

GOVERNMENTAL BUDGET AND ACTUAL SCHEDULES

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, 2014

	Budget Amounts		Actual Year-To- Date Thru 12/31/14	Variance Thru 12/31/14
	Original 2013-2014 Biennium	Final 2013-2014 Biennium		
Revenues				
Intergovernmental	\$ 748,064	\$ 748,064	\$ 750,044	\$ 1,980
Charges for Services	-	-	328	328
Interest Earnings	8350	8,350	2,050	(6,300)
Miscellaneous	5000	5,000	28,104	23,104
Total Revenues	<u>761,414</u>	<u>761,414</u>	<u>780,526</u>	<u>19,112</u>
Expenditures				
Current:				
Transportation	<u>1,880,798</u>	<u>1,792,269</u>	<u>1,625,720</u>	<u>166,549</u>
Total Expenditures	<u>1,880,798</u>	<u>1,792,269</u>	<u>1,625,720</u>	<u>166,549</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	(1,119,384)	(1,030,855)	(845,194)	185,661
Other Financing Sources (Uses)				
Transfers In	1,083,465	1,103,465	963,612	(139,853)
Transfers Out	<u>(24,300)</u>	<u>(24,300)</u>	<u>(107,907)</u>	<u>(83,607)</u>
Total Other Financing Sources and Uses	<u>1,083,465</u>	<u>1,079,165</u>	<u>855,705</u>	<u>(223,460)</u>
Net Change in Fund Balance	(35,919)	48,310	10,511	(37,799)
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>\$ 182,012</u>	<u>\$ 202,032</u>	<u>\$ 20,020</u>

City of Battle Ground
Drug Investigation Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the fiscal year ended December 31, 2014

	Budget Amounts		Actual Year-To- Date Thru 12/31/14	Variance Thru 12/31/14
	Original 2013-2014 Biennium	Final 2013-2014 Biennium		
Revenues				
Intergovernmental	\$ 20,200	\$ 20,200	\$ 21,056	\$ 856
Miscellaneous	-	94,321	98,163	3,842
Interest Earnings	-	-	681	681
Total Revenues	<u>20,200</u>	<u>114,521</u>	<u>119,900</u>	<u>5,379</u>
Expenditures				
Current:				
Security/Persons and Property	20,000	20,000	44,886	(24,886)
Capitalized Expenditures	-	-	-	-
Security/Persons and Property	-	70,000	49,003	20,997
Total Expenditures	<u>20,000</u>	<u>90,000</u>	<u>93,889</u>	<u>(3,889)</u>
Excess (Deficiency) of Revenues				
Over (under) Expenditures	200	24,521	26,011	1,490
Net Change in Fund Balance	200	24,521	26,011	1,490
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><u>35,945</u></u>	\$ <u><u>60,266</u></u>	\$ <u><u>61,756</u></u>	\$ <u><u>1,490</u></u>

City of Battle Ground
Lodging Tax Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the fiscal year ended December 31, 2014

	Budget Amounts		Actual Year-To- Date Thru 12/31/14	Variance Thru 12/31/14
	Original 2013-2014 Biennium	Final 2013-2014 Biennium		
Revenues				
Other Taxes	\$ 39,500	\$ 39,500	\$ 53,543	\$ 14,043
Interest Earnings	-	-	1,402	1,402
Total Revenues	<u>39,500</u>	<u>39,500</u>	<u>54,945</u>	<u>15,445</u>
Expenditures				
General Government	<u>60,700</u>	<u>60,700</u>	<u>40,077</u>	<u>20,623</u>
Total Expenditures	<u>60,700</u>	<u>60,700</u>	<u>40,077</u>	<u>20,623</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	(21,200)	(21,200)	14,868	36,068
Other Financing Sources (Uses)				
Transfers Out	-	(10,000)	(295)	9,705
Total Other Financing Sources and Uses	-	(10,000)	(295)	9,705
Net Change in Fund Balance	(21,200)	(31,200)	14,573	45,773
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><u>93,127</u></u>	\$ <u><u>83,127</u></u>	\$ <u><u>130,359</u></u>	\$ <u><u>47,232</u></u>

City of Battle Ground
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the fiscal year ended December 31, 2014

	Budget Amounts		Actual Year-To- Date Thru 12/31/14	Variance Thru 12/31/14
	Original 2013-2014 Biennium	Final 2013-2014 Biennium		
Revenues				
Intergovernmental	\$ 151,200	\$ 926,806	\$ 571,602	\$ (355,204)
Total Revenues	<u>151,200</u>	<u>926,806</u>	<u>571,602</u>	<u>(355,204)</u>
Expenditures				
Capitalized Expenditures	<u>1,071,200</u>	<u>2,734,243</u>	<u>1,454,254</u>	<u>1,279,989</u>
Total Expenditures	<u>1,071,200</u>	<u>2,734,243</u>	<u>1,454,254</u>	<u>1,279,989</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	(920,000)	(1,807,437)	(882,652)	924,785
Other Financing Sources (Uses)				
Transfers In	<u>920,000</u>	<u>1,682,953</u>	<u>726,313</u>	<u>(956,640)</u>
Total Other Financing Sources and Uses	<u>920,000</u>	<u>1,682,953</u>	<u>726,313</u>	<u>(956,640)</u>
Net Change in Fund Balance	-	(124,484)	(156,339)	(31,855)
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><u>156,339</u></u>	\$ <u><u>31,855</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(31,855)</u></u>

City of Battle Ground
 Scotton Way Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget (GAAP Basis) and Actual
 For the fiscal year ended December 31, 2014

	Budget Amounts		Actual Year-To- Date Thru 12/31/14	Variance Thru 12/31/14
	Original 2013-2014 Biennium	Final 2013-2014 Biennium		
Revenues				
Interest Earnings	\$ -	\$ -	\$ 224	\$ 224
Miscellaneous	-	-	8,000	8,000
Total Revenues	<u>-</u>	<u>-</u>	<u>8,224</u>	<u>8,224</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)	(76,819)	8,231
Other Financing Sources (Uses)				
Transfers In	-	-	100,000	100,000
Transfers Out	-	120,711	(220,874)	(341,585)
Total Other Financing Sources and Uses	<u>-</u>	<u>120,711</u>	<u>(120,874)</u>	<u>(241,585)</u>
Net Change in Fund Balance	-	35,661	(197,693)	(233,354)
Fund Balance at Beginning of Year	<u>197,693</u>	<u>197,693</u>	<u>197,693</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 197,693</u>	<u>\$ 233,354</u>	<u>\$ -</u>	<u>\$ (233,354)</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, 2014

	Budget Amounts		Actual Year-To- Date Thru 12/31/14	Variance Thru 12/31/14
	Original 2013-2014 Biennium	Final 2013-2014 Biennium		
Revenues				
Charges for Services	\$ 1,515,186	\$ 1,515,186	\$ 1,290,273	\$ (224,913)
Interest Earnings	85,732	85,732	35,507	(50,225)
Total Revenues	<u>1,600,918</u>	<u>1,600,918</u>	<u>1,325,780</u>	<u>(275,138)</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	1,325,780	(275,138)
Other Financing Sources (Uses):				
Transfers In	-	-	170,963	170,963
Transfers Out	<u>(1,353,750)</u>	<u>(2,097,932)</u>	<u>(1,121,269)</u>	<u>976,663</u>
Total Other Financing Sources and Uses	<u>(1,353,750)</u>	<u>(2,097,932)</u>	<u>(950,306)</u>	<u>1,147,626</u>
Net Change in Fund Balance	247,168	(497,014)	375,474	872,488
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>\$ 3,042,280</u>	<u>\$ 872,488</u>

City of Battle Ground
Park Impact Fees Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the fiscal year ended December 31, 2014

	Budget Amounts		Actual Year-To- Date Thru 12/31/14	Variance Thru 12/31/14
	Original 2013-2014 Biennium	Final 2013-2014 Biennium		
Revenues				
Charges for Services	\$ 500,412	\$ 500,412	\$ 779,198	\$ 278,786
Interest Earnings	260	260	3,332	3,072
Total Revenues	<u>500,672</u>	<u>500,672</u>	<u>782,530</u>	<u>281,858</u>
Expenditures				
Capital Expenditures	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	500,672	500,672	782,530	281,858
Other Financing Sources (Uses)				
Transfers Out	<u>(509,888)</u>	<u>(566,661)</u>	<u>(401,840)</u>	<u>164,821</u>
Total Other Financing Sources and Uses	<u>(509,888)</u>	<u>(566,661)</u>	<u>(401,840)</u>	<u>164,821</u>
Net Change in Fund Balance	(9,216)	(65,989)	380,690	446,679
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><u>(3,324)</u></u>	\$ <u><u>(60,097)</u></u>	\$ <u><u>386,582</u></u>	\$ <u><u>446,679</u></u>

City of Battle Ground
Real Estate Excise Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the fiscal year ended December 31, 2014

	Budget Amounts		Actual Year- To-Date Thru 12/31/14	Variance Thru 12/31/14
	Original 2013-2014 Biennium	Final 2013-2014 Biennium		
Revenues				
Other Taxes	\$ 511,018	\$ 511,018	\$ 1,128,393	\$ 617,375
Interest Earnings	769	769	2,518	1,749
Total Revenues	<u>511,787</u>	<u>511,787</u>	<u>1,130,911</u>	<u>619,124</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	1,130,911	619,124
Other Financing Sources (Uses)				
Transfers Out	(511,091)	(718,652)	(778,985)	(60,333)
Total Other Financing Sources and Uses	<u>(511,091)</u>	<u>(718,652)</u>	<u>(778,985)</u>	<u>(60,333)</u>
Net Change in Fund Balance	696	(206,865)	351,926	558,791
Fund Balance at Beginning of Year	86,607	86,607	86,607	-
Fund Balance at End of Year	<u>\$ 87,303</u>	<u>\$ (120,258)</u>	<u>\$ 438,533</u>	<u>\$ 558,791</u>

City of Battle Ground
Fire Impact Fees Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the fiscal year ended December 31, 2014

	Budget Amounts		Actual Year-To- Date Thru 12/31/14	Variance Thru 12/31/14
	Original 2013-2014 Biennium	Final 2013-2014 Biennium		
Revenues				
Charges for Services	\$ 26,000	\$ 26,000	\$ 106,110	\$ 80,110
Interest Earnings	-	-	2,171	2,171
Total Revenues	<u>26,000</u>	<u>26,000</u>	<u>108,281</u>	<u>82,281</u>
Expenditures				
Current:				
Security/Persons and Property	-	-	74,849	(74,849)
Total Expenditures	-	-	<u>74,849</u>	<u>(74,849)</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	26,000	26,000	33,432	7,432
Other Financing Sources (Uses)				
Transfers Out	-	(154,406)	(81,254)	73,152
Total Other Financing Sources and Uses	-	<u>(154,406)</u>	<u>(81,254)</u>	<u>73,152</u>
Net Change in Fund Balance	26,000	(128,406)	(47,822)	80,584
Fund Balance at Beginning of Year	<u>176,880</u>	<u>176,880</u>	<u>176,880</u>	-
Fund Balance at End of Year	\$ <u><u>202,880</u></u>	\$ <u><u>48,474</u></u>	\$ <u><u>129,058</u></u>	\$ <u><u>80,584</u></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, 2014

	Budget Amounts		Actual Year-To- Date Thru 12/31/14	Variance Thru 12/31/14
	Original 2013-2014 Biennium	Final 2013-2014 Biennium		
Revenues				
Contributions/Donations	\$ 477,500	\$ 466,440	\$ 458,476	\$ (7,964)
Total Revenues	<u>477,500</u>	<u>466,440</u>	<u>458,476</u>	<u>(7,964)</u>
Expenditures				
Debt service:				
Principal Retirement	1,330,000	1,330,000	1,330,000	-
Interest/Fiscal Charges	<u>1,064,852</u>	<u>1,064,852</u>	<u>1,064,850</u>	<u>2</u>
Total Expenditures	<u>2,394,852</u>	<u>2,394,852</u>	<u>2,394,850</u>	<u>2</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	(1,917,352)	(1,928,412)	(1,936,374)	(7,962)
Other Financing Sources (Uses)				
Transfers In	<u>1,917,352</u>	<u>2,358,980</u>	<u>1,936,374</u>	<u>(422,606)</u>
Total Other Financing Sources and Uses	<u>1,917,352</u>	<u>2,358,980</u>	<u>1,936,374</u>	<u>(422,606)</u>
Net Change in Fund Balance	-	430,568	-	(430,568)
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	\$ <u><u>-</u></u>	\$ <u><u>430,568</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(430,568)</u></u>

INTERNAL SERVICE FUNDS

The internal service funds in the City of Battle Ground are service funds for the departments within the city. The services provided are reimbursed by transfers from the budget appropriations of the departments served. An internal service fund must recover its complete cost of operations without producing any significant profit.

Though the operations of the internal service funds do not theoretically require budgeting, budgets are prepared to assure proper expense control. The city has the following 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, 2014

	Vehicle Rental and Replacement	Technology Rental and Replacement	Total Internal Service Funds
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 147,599	\$ 1,045	\$ 148,644
Investments	179,927	1,274	181,201
Receivables (net)	776	206	982
Total Current Assets	328,303	2,524	330,827
Noncurrent Assets			
Property, Plant and Equipment (Net)	791,088	265,078	1,056,166
Total Noncurrent Assets	791,088	265,078	1,056,166
Total Assets	1,119,391	267,602	1,386,993
Liabilities			
Current Liabilities			
Accounts Payable	-	163	163
Accrued Interest Payable	9,903	1,005	10,908
Leases Payable	124,042	14,937	138,980
Total Current Liabilities	133,945	16,105	150,050
Noncurrent Liabilities			
Leases Payable	295,266	15,592	310,858
Total Noncurrent Liabilities	295,266	15,592	310,858
Total Liabilities	429,211	31,697	460,908
Net Position			
Net Investment in Capital Assets	371,780	234,548	606,329
Unrestricted	318,400	1,357	319,756
Total Net Position	\$ 690,180	\$ 235,905	\$ 926,085

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, 2014

	Vehicle Rental and Replacement	Technology Rental and Replacement	Total Internal Service Funds
	<u> </u>	<u> </u>	<u> </u>
Operating Revenues			
Charge for Services			
Vehicle Rental	\$ 225,740	\$ -	\$ 225,740
Technology Rental	-	174,193	174,193
Total Operating Revenues	<u>225,740</u>	<u>174,193</u>	<u>399,933</u>
Operating Expenses			
Equipment and Supplies	-	30,859	30,859
Depreciation	164,875	49,221	214,096
Total Operating Expenses	<u>164,875</u>	<u>80,080</u>	<u>244,955</u>
Operating Income (loss)	60,865	94,113	154,978
Nonoperating Revenues (Expenses)			
Interest Earnings	2,069	365	2,434
Interest and Fiscal Charges	(14,712)	(1,006)	(15,718)
Gain/Loss on Sale of Capital Assets	7,000		7,000
Total Nonoperating Revenues (Expenses)	<u>(5,644)</u>	<u>(641)</u>	<u>(6,284)</u>
Income (Loss) before Contributions and Transfers	55,222	93,472	148,693
Capital Contributions	35,305	-	35,305
Transfers In	81,254	136,388	217,642
Increase (Decrease) in Net Position	<u>171,780</u>	<u>229,860</u>	<u>401,640</u>
Total Net Position at Beginning of Year	518,400	6,045	524,445
Total Net Position at End of Year	<u>\$ 690,180</u>	<u>\$ 235,905</u>	<u>\$ 926,085</u>

City of Battle Ground
Internal Service Funds
Combining Statement of Cash Flows
For the fiscal year ended December 31, 2014

	Vehicle Rental and Replacement	Technology Rental and Replacement	Total Internal Service Funds
Cash Flows from Operating Activities			
Receipts from interfund charges for vehicle rental services	\$ 225,740	\$ -	\$ 225,740
Receipts from interfund charges for technology rental services	-	174,193	174,193
Cash payments to Suppliers	<u>(30,696)</u>	<u>(30,696)</u>	<u>(30,696)</u>
Net Cash Provided by Operating Activities	<u>225,740</u>	<u>143,497</u>	<u>369,237</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	(1,338)	(314,299)	(315,637)
Proceeds from Other Financing (Transfers)	81,254	136,388	217,642
Gain (loss) from disposal of property	7,000		7,000
Proceeds from capital lease		46,806	46,806
Principal paid on capital lease	(120,134)	(16,276)	(136,410)
Interest Paid on capital lease	<u>(17,548)</u>	<u>-</u>	<u>(17,548)</u>
Net Cash Provided for Capital and Related Financing Activities	<u>(50,766)</u>	<u>(147,381)</u>	<u>(198,147)</u>
Cash Flows from Investing Activities			
Interest on Investments	1,292	262	1,554
Sale (purchase) of Investment Securities	<u>(93,104)</u>	<u>2,136</u>	<u>(90,968)</u>
Net Cash Used by Investing Activities	<u>(91,812)</u>	<u>2,398</u>	<u>(89,414)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	83,162	(1,486)	81,676
Cash and Cash Equivalents at Beginning of Year	<u>64,437</u>	<u>2,531</u>	<u>66,968</u>
Cash and Cash Equivalents at End of Year	<u>\$ 147,599</u>	<u>\$ 1,045</u>	<u>\$ 148,644</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Net Operating Income (Loss)	\$ 60,865	\$ 94,113	\$ 154,978
Adjustments to reconcile net operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation Expense	164,875	49,221	214,096
Increase (Decrease) in Current Payables	-	163	163
	<u>164,875</u>	<u>49,384</u>	<u>214,259</u>
Net Cash Provided by Operating Activities	<u>\$ 225,740</u>	<u>\$ 143,497</u>	<u>\$ 369,237</u>
Noncash Investing, Financing and Capital Activities			
Capital Assets contributed (net)	\$ 35,304	\$ -	\$ 35,304
Net Change in Fair Value of Investments	378	3	380

STATISTICAL SECTION

This page is intentionally blank

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

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.

- Schedule 1 – Net Position by Component
- Schedule 2 – Changes in Net Position by Component
- Schedule 3 – Fund Balances, Governmental Funds
- Schedule 4 – Changes in Fund Balances, Governmental Funds

REVENUE CAPACITY

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

- Schedule 5 – Tax Revenues by Source, Governmental Funds
- Schedule 6 – Assessed Value and Actual Value of Taxable Property
- Schedule 7 – Direct and Overlapping Property Tax Rates
- Schedule 8 – Principal Property Tax Payers
- Schedule 9 – Property Tax Levies and Collections

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.

- Schedule 10 – Ratios of Outstanding Debt by Type
- Schedule 11 – Ratios of General Bonded Debt Outstanding
- Schedule 12 – Direct and Overlapping Governmental Activities Debt
- Schedule 13 – Legal Debt Margin Information
- Schedule 14 – Pledged Revenue Coverage

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.

- Schedule 15 – Demographic and Economic Statistics
- Schedule 16 – Principal Employers
- Schedule 17 – Property Values and Construction

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.

- Schedule 18 – Full-time Equivalent City Government Employees
- Schedule 19 – Operating Indicators by Function/Program
- Schedule 20 – Capital Asset Statistics by Function/Program

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

This page is intentionally blank

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.

Schedule 1 – Net Position by Component	Page 100-101
Schedule 2 – Changes in Net Position	Page 102-105
Schedule 3 – Fund Balances, Governmental Funds	Page 106-107
Schedule 4 – Changes in Fund Balance, Governmental Fund	Page 110-112

City of Battle Ground
Schedule 1
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities					
Net investment in capital assets	\$31,584,586	\$27,294,399	\$31,541,308	\$ 38,790,058	\$ 39,221,113
Restricted for:					
Capital	-	3,915,990	3,174,390	591,735	3,662,720
Debt	8,662	64	-	4,436	631
Drug Investigation	-	-	-	-	-
Tourist Promotion	-	-	-	-	-
Archeological Mitigation	-	-	-	-	-
Unrestricted	9,099,755	9,810,841	6,843,215	7,215,072	2,760,980
Total governmental activities net position	<u>\$40,693,003</u>	<u>\$41,021,294</u>	<u>\$41,558,913</u>	<u>\$ 46,601,301</u>	<u>\$ 45,645,444</u>
Business-type Activities					
Net investment in capital assets	\$27,140,910	\$30,243,777	\$44,447,674	\$ 48,389,267	\$ 49,502,387
Restricted	3,555,812	2,861,880	2,235,704	1,260,004	880,096
Unrestricted	7,915,203	8,222,463	4,905,442	7,700,506	9,507,721
Total business-type activities net position	<u>\$38,611,925</u>	<u>\$41,328,120</u>	<u>\$51,588,820</u>	<u>\$ 57,349,777</u>	<u>\$ 59,890,204</u>
Primary Government					
Net investment in capital assets	\$58,725,496	\$57,538,176	\$75,988,982	\$ 87,179,325	\$ 88,723,500
Restricted for:					
Capital	3,555,812	6,777,870	5,410,094	1,851,739	4,542,816
Debt	8,662	64	-	4,436	631
Drug Investigation	-	-	-	-	-
Tourist Promotion	-	-	-	-	-
Archeological Mitigation	-	-	-	-	-
Unrestricted	17,014,958	18,033,304	11,748,657	14,915,578	12,268,701
Total primary government net position	<u>\$79,304,928</u>	<u>\$82,349,414</u>	<u>\$93,147,733</u>	<u>\$103,951,078</u>	<u>\$105,535,648</u>

(Continued on next page)

City of Battle Ground
Schedule 1
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental Activities					
Net investment in capital assets	\$ 34,991,915	\$ 38,725,543	\$ 41,074,989	\$ 40,562,231	\$ 40,834,702
Restricted for:					
Capital	8,032,082	3,137,767	2,964,183	4,054,713	3,996,454
Debt	-	6,669	-	-	-
Drug Investigation		32,056	35,745	110,819	61,756
Tourist Promotion		94,414	114,327	118,049	130,359
Archeological Mitigation			100,000	-	-
Unrestricted	2,899,625	2,473,919	2,392,860	3,066,444	2,513,942
Total governmental activities net position	<u>\$ 45,923,622</u>	<u>\$ 44,470,368</u>	<u>\$ 46,682,104</u>	<u>\$ 47,912,256</u>	<u>\$ 47,537,213</u>
Business-type Activities					
Net investment in capital assets	\$ 48,256,296	\$ 46,867,261	\$ 45,841,037	\$ 45,207,967	\$ 44,773,066
Restricted	750,446	781,084	804,132	2,400,355	298,336
Unrestricted	8,415,098	9,172,165	9,527,096	9,092,385	13,179,807
Total business-type activities net position	<u>\$ 57,421,840</u>	<u>\$ 56,820,510</u>	<u>\$ 56,172,265</u>	<u>\$ 56,700,707</u>	<u>\$ 58,251,209</u>
Primary Government					
Net investment in capital assets	\$ 83,248,211	\$ 85,592,804	\$ 86,916,026	\$ 85,770,198	\$ 85,607,768
Restricted for:					
Capital	8,782,528	3,918,851	3,768,315	6,455,068	3,996,454
Debt	-	6,669	-	-	298,336
Drug Investigation		32,056	35,745	110,819	61,756
Tourist Promotion		94,414	114,327	118,049	130,359
Archeological Mitigation			100,000	-	-
Unrestricted	11,314,723	11,646,084	11,919,956	12,158,829	15,693,749
Total primary government net position	<u>\$103,345,462</u>	<u>\$101,290,878</u>	<u>\$102,854,369</u>	<u>\$104,612,963</u>	<u>\$105,788,422</u>

City of Battle Ground
Schedule 2
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses					
Governmental activities					
General government	\$ 1,855,612	\$ 2,056,875	\$ 1,928,916	\$ 2,223,307	\$ 2,087,110
Judicial	311,123	319,404	464,643	492,181	534,501
Public Safety	2,722,283	3,475,292	3,644,428	4,395,318	4,431,964
Physical Environment	500,592	591,277	676,741	906,190	1,021,647
Transportation	3,185,576	3,469,566	3,625,195	3,869,457	3,761,290
Economic Environment	725,400	715,830	727,745	816,796	699,000
Culture and Recreation	175,563	297,928	361,531	963,339	1,056,249
Interest on long-term debt	156,311	278,001	442,304	422,864	405,440
Total governmental activities expenses	<u>9,632,460</u>	<u>11,204,173</u>	<u>11,871,503</u>	<u>14,089,452</u>	<u>13,997,201</u>
Business-type activities					
Storm Drainage	470,472	607,708	642,607	817,139	717,290
Street Lighting	-	-	-	-	-
Water	1,664,812	1,789,896	1,838,669	1,980,810	1,935,359
Sewer	1,921,834	1,993,349	2,128,709	3,354,080	3,609,859
Total business-type activities expenses	<u>4,057,118</u>	<u>4,390,953</u>	<u>4,609,985</u>	<u>6,152,029</u>	<u>6,262,508</u>
Total primary government expenses	<u>\$13,689,578</u>	<u>\$15,595,126</u>	<u>\$16,481,488</u>	<u>\$20,241,481</u>	<u>\$20,259,709</u>
Program Revenues					
Governmental activities					
Charge for services					
General Government	\$ 267,236	\$ 243,942	\$ 245,484	\$ 248,274	\$ 240,017
Judicial	173,392	199,151	350,618	365,985	471,307
Economic Environment	1,893,889	1,668,400	1,401,037	1,253,868	1,078,533
Other activities	38,571	45,036	26,273	71,921	166,081
Operating grants and contributions	344,024	381,654	420,621	425,667	508,966
Capital grant and contributions	1,519,555	1,150,241	1,886,280	4,867,932	1,936,672
Total government activities program revenues	<u>4,236,667</u>	<u>3,688,424</u>	<u>4,330,313</u>	<u>7,233,647</u>	<u>4,401,576</u>
Business-type activities					
Charges for services					
Storm Drainage	366,488	402,260	457,726	471,429	612,177
Water	1,714,535	1,910,340	1,983,061	2,027,589	2,232,671
Sewer	2,402,202	2,480,307	2,522,255	2,526,144	2,569,896
Operating grants and contributions	2,984,591	2,147,931	3,867,383	6,665,414	1,918,901
Total business-type activities program revenues	<u>7,467,816</u>	<u>6,940,838</u>	<u>8,830,425</u>	<u>11,690,576</u>	<u>7,333,645</u>
Total primary government program revenues	<u>\$11,704,483</u>	<u>\$10,629,262</u>	<u>\$13,160,738</u>	<u>\$18,924,223</u>	<u>\$11,735,221</u>

(Continued on next page)

City of Battle Ground
Schedule 2
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Net(Expenses)Revenue					
Government activities	(5,395,793) \$	(7,515,749) \$	(7,541,190) \$	(6,855,805) \$	(9,595,625)
Business activities	<u>3,410,698</u>	<u>2,549,885</u>	<u>4,220,440</u>	<u>5,538,547</u>	<u>1,071,137</u>
Total primary government net expense	<u>(1,985,095) \$</u>	<u>(4,965,864) \$</u>	<u>(3,320,750) \$</u>	<u>(1,317,258) \$</u>	<u>(8,524,488)</u>
General Revenues and Other Changes in Net Position					
Government activities:					
Taxes					
Property taxes	1,743,039 \$	1,935,544 \$	1,963,609 \$	2,248,345 \$	2,281,329
Sales and use taxes	1,944,247	1,981,244	2,126,690	2,073,033	1,739,060
Business and occupation taxes	1,498,052	1,758,718	1,920,231	2,078,241	2,394,946
Excise taxes	1,118,008	785,638	600,298	407,773	329,070
Unrestricted grants and contributions	215,654	221,538	251,300	256,270	267,743
Investment earnings	343,722	589,648	740,979	340,242	94,380
Miscellaneous	8,165	21,121	50,373	41,636	45,564
Gain on sale of capital assets	135,310	-	-	-	-
Insurance recoveries	58,762	8,110	-	-	-
Transfers	<u>519,563</u>	<u>383,199</u>	<u>425,329</u>	<u>445,520</u>	<u>350,327</u>
Total governmental activities	<u>7,584,522</u>	<u>7,684,760</u>	<u>8,078,809</u>	<u>7,891,060</u>	<u>7,502,419</u>
Business-type activities:					
Investment earnings	328,218	542,121	534,877	249,882	111,595
Miscellaneous	946	7,388	4,395	6,656	63,827
Special Item	-	-	-	(217,472)	-
Gain(loss) on sale of capital assets	-	-	-	-	-
Transfers	<u>(519,563)</u>	<u>(383,199)</u>	<u>(425,329)</u>	<u>(445,520)</u>	<u>(350,327)</u>
Total business-type activities	<u>(190,399)</u>	<u>166,310</u>	<u>113,943</u>	<u>(406,454)</u>	<u>(174,905)</u>
Total primary government	<u>7,394,123</u> \$	<u>7,851,070</u> \$	<u>8,192,752</u> \$	<u>7,484,606</u> \$	<u>7,327,514</u>
Changes in Net Position					
Governmental activities	2,188,729 \$	169,011 \$	537,619 \$	1,035,255 \$	(2,093,206)
Business-type activities	<u>3,220,299</u>	<u>2,716,195</u>	<u>4,334,383</u>	<u>5,132,093</u>	<u>896,232</u>
Total primary government	<u>5,409,028</u> \$	<u>2,885,206</u> \$	<u>4,872,002</u> \$	<u>6,167,348</u> \$	<u>(1,196,974)</u>

(Continued on next page)

City of Battle Ground
Schedule 2
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Expenses					
Governmental activities					
General government	\$ 1,951,977	\$ 1,919,617	\$ 2,634,653	\$ 1,712,197	\$ 1,835,205
Judicial	546,638	485,617	444,557	470,139	518,954
Public Safety	4,299,652	4,045,762	3,967,973	4,026,694	3,995,788
Physical Environment	1,201,402	1,452,521	1,638,224	1,826,061	2,038,449
Transportation	2,287,683	2,029,831	1,967,127	2,400,518	2,452,138
Economic Environment	664,250	605,272	722,507	781,901	797,619
Culture and Recreation	979,695	920,610	998,656	1,025,958	1,022,673
Interest on long-term debt	450,067	651,322	536,751	537,184	523,450
Total governmental activities expenses	<u>12,381,364</u>	<u>12,110,552</u>	<u>12,910,448</u>	<u>12,780,652</u>	<u>13,184,276</u>
Business-type activities					
Storm Drainage	728,791	1,038,963	712,377	930,010	1,062,553
Street Lighting	-	-	-	-	-
Water	1,946,956	1,879,765	1,641,601	2,235,333	2,103,010
Sewer	5,216,956	3,583,364	3,439,502	4,162,154	4,077,452
Total business-type activities expenses	<u>7,892,703</u>	<u>6,502,092</u>	<u>5,793,480</u>	<u>7,327,497</u>	<u>7,243,015</u>
Total primary government expenses	<u>\$20,274,067</u>	<u>\$18,612,644</u>	<u>\$18,703,928</u>	<u>\$20,108,149</u>	<u>\$20,427,291</u>
Program Revenues					
Governmental activities					
Charge for services					
General Government	\$ 219,213	\$ 255,179	\$ 193,077	\$ 573,328	\$ 223,657
Judicial	453,286	415,588	405,806	455,060	466,472
Economic Environment	603,642	398,342	844,558	2,457,298	1,182,655
Other activities	208,273	233,995	203,460	193,857	201,268
Operating grants and contributions	517,828	555,855	445,149	771,126	742,824
Capital grant and contributions	2,787,065	1,042,734	4,299,828	932,403	1,129,275
Total governmental activities program revenues	<u>4,789,307</u>	<u>2,901,693</u>	<u>6,391,878</u>	<u>5,383,072</u>	<u>3,946,151</u>
Business-type activities					
Charges for services					
Storm Drainage	631,727	633,997	667,903	777,144	883,677
Water	2,037,375	2,037,242	2,115,314	2,098,727	2,223,658
Sewer	2,609,015	2,606,290	2,629,799	2,905,225	3,148,635
Operating grants and contributions	702,738	774,915	511,792	2,043,392	2,205,630
Total business-type activities program revenues	<u>5,980,855</u>	<u>6,052,444</u>	<u>5,924,808</u>	<u>7,824,488</u>	<u>8,461,600</u>
Total primary government program revenues	<u>\$10,770,162</u>	<u>\$ 8,954,137</u>	<u>\$12,316,686</u>	<u>\$13,207,560</u>	<u>\$12,407,751</u>

(Continued on next page)

City of Battle Ground
Schedule 2
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Net(Expenses)Revenue					
Government activities	(7,592,057) \$	(9,208,859) \$	(6,518,570) \$	(7,397,580)	(9,238,125)
Business activities	<u>(1,911,848)</u>	<u>(449,648)</u>	<u>131,328</u>	<u>496,991</u>	<u>1,218,585</u>
Total primary government net expense	<u>(9,503,905) \$</u>	<u>(9,658,507) \$</u>	<u>(6,387,242) \$</u>	<u>(6,900,589)</u>	<u>(8,019,540)</u>
General Revenues and Other Changes in Net Position					
Government activities:					
Taxes					
Property taxes	2,366,078 \$	2,428,025 \$	2,479,566 \$	2,532,873	2,601,477
Sales and use taxes	1,852,960	1,807,821	1,910,787	2,015,104	2,214,953
Business and occupation taxes	2,502,990	2,411,111	2,554,267	2,747,427	3,050,051
Excise taxes	335,169	227,223	331,585	526,572	625,117
Unrestricted grants and contributions	288,902	276,367	322,507	263,350	262,642
Investment earnings	70,378	138,859	40,689	18,265	57,522
Miscellaneous	45,738	43,082	94,749	89,750	204,787
Gain on sale of capital assets	-	-	-	(4,482)	-
Insurance recoveries	-	-	-	-	-
Transfers	<u>408,020</u>	<u>423,117</u>	<u>1,078,857</u>	<u>138,057</u>	<u>-</u>
Total governmental activities	<u>7,870,235</u>	<u>7,755,605</u>	<u>8,813,007</u>	<u>8,326,916</u>	<u>9,016,549</u>
Business-type activities:					
Investment earnings	69,427	135,669	41,181	33,565	60,640
Miscellaneous	59,594	135,766	86,611	135,943	117,810
Special Item	-	-	-	-	-
Gain(loss) on sale of capital assets	-	-	171,492	-	-
Transfers	<u>(408,020)</u>	<u>(423,117)</u>	<u>(1,078,857)</u>	<u>(138,057)</u>	<u>-</u>
Total business-type activities	<u>(278,999)</u>	<u>(151,682)</u>	<u>(779,573)</u>	<u>31,451</u>	<u>178,450</u>
Total primary government	<u>7,591,236</u> \$	<u>7,603,923</u> \$	<u>8,033,434</u> \$	<u>8,358,367</u>	<u>9,194,999</u>
Changes in Net Position					
Governmental activities	278,178 \$	(1,453,254) \$	2,294,437 \$	929,336	(221,576)
Business-type activities	<u>(2,190,847)</u>	<u>(601,330)</u>	<u>(648,245)</u>	<u>528,442</u>	<u>1,397,035</u>
Total primary government	<u>(1,912,669) \$</u>	<u>(2,054,584) \$</u>	<u>1,646,192</u> \$	<u>1,457,778</u>	<u>1,175,459</u>

City of Battle Ground
Schedule 3
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	<u>2,706,235</u>	<u>3,041,155</u>	<u>3,106,344</u>	<u>2,250,975</u>	<u>1,698,322</u>
Total general fund	<u>2,706,235</u>	<u>3,041,155</u>	<u>3,106,344</u>	<u>2,250,975</u>	<u>1,698,322</u>
All Other Governmental Funds					
Restricted					
Assigned					
Special revenue funds	5,817,237	6,746,271	6,865,956	5,812,371	5,586,037
Capital projects funds	106,721	3,915,990	3,174,390	591,735	6,903
Debt service funds	<u>8,662</u>	<u>64</u>	-	<u>4,436</u>	<u>631</u>
Total all other governmental funds	<u>\$ 5,932,620</u>	<u>\$10,662,325</u>	<u>\$10,040,346</u>	<u>\$ 6,408,542</u>	<u>\$ 5,593,571</u>

(Continued on next page)

City of Battle Ground
Schedule 3
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund					
Nonspendable	\$ -	\$ 7,805	\$ -	\$ -	\$ -
Committed		836,927	840,256	843,012	2,181,206
Assigned	-	469,781	422,310	1,767,197	337,275
Unassigned	1,686,312	940,764	1,008,081	541,776	392,637
Total general fund	<u>1,686,312</u>	<u>2,255,277</u>	<u>2,270,647</u>	<u>3,151,985</u>	<u>2,911,118</u>
All Other Governmental Funds					
Restricted		7,126,517	3,214,255	4,283,581	4,188,568
Assigned					
Special revenue funds	4,794,253	294,046	203,397	131,345	202,032
Capital projects funds	4,852,868	984	156,339	-	-
Debt service funds	-	-	-	-	-
Total all other governmental funds	<u>\$ 9,647,121</u>	<u>\$ 7,421,547</u>	<u>\$ 3,573,991</u>	<u>\$ 4,414,926</u>	<u>\$ 4,390,600</u>

Note: In 2011, the city implemented GASB 54

City of Battle Ground
Schedule 4
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Revenues</u>					
Taxes	\$ 6,307,392	\$ 6,454,180	\$ 6,612,507	\$ 6,782,966	\$ 6,713,185
Licenses, fees, and permits	820,234	578,438	499,057	430,549	321,421
Intergovernmental	662,171	861,751	835,157	1,383,622	1,395,500
Charges for services	1,154,943	1,168,767	973,700	937,398	887,928
Fines and penalties	150,458	156,933	238,830	273,636	302,006
Investment earnings	343,722	589,648	740,979	340,242	94,380
Rents and royalties	219,912	206,391	201,784	205,992	277,054
Contributions/donations	105,639	86,168	49,654	32,072	22,054
Other revenues	12,086	25,043	54,294	45,557	49,485
Total governmental funds	<u>9,776,557</u>	<u>10,127,319</u>	<u>10,205,962</u>	<u>10,432,034</u>	<u>10,063,013</u>
<u>Expenditures</u>					
General Government	1,691,326	1,834,492	1,762,848	2,040,566	1,882,022
Judicial	311,123	319,404	456,721	489,290	532,846
Security/persons and property	2,565,594	3,138,811	3,344,891	4,072,812	4,145,628
Physical environment	500,592	591,277	676,741	853,784	969,240
Transportation	431,765	549,530	593,004	668,964	663,008
Economic environment	717,760	708,191	720,106	812,004	700,670
Culture and recreation	149,489	191,498	247,676	435,343	604,904
Capital outlay	4,295,205	4,674,797	2,330,057	4,949,673	1,514,618
Debt service					
Principal	290,000	270,000	615,000	620,000	655,415
Interest	153,910	250,128	441,037	422,291	403,643
Total expenditures	<u>11,106,764</u>	<u>12,528,128</u>	<u>11,188,081</u>	<u>15,364,727</u>	<u>12,071,994</u>
Excess of revenues over (under) expenditures	(1,330,207)	(2,400,809)	(982,119)	(4,932,693)	(2,008,981)
<u>Other Financing Sources (Uses)</u>					
Sale of capital assets	143,972	-	-	-	-
Long-term debt proceeds	-	6,900,000	-	-	98,511
Premiums on Bonds Issued	-	-	-	-	-
Refunding Bonds Issued	-	-	-	-	-
Payments to Refunding Escrow	-	-	-	-	-
Insurance recoveries	58,762	8,110	-	-	-
Transfers in	5,192,145	2,417,281	3,178,996	4,059,761	3,396,729
Transfers out	(4,672,582)	(2,034,082)	(2,753,667)	(3,614,241)	(3,046,402)
Total other financing sources (uses)	<u>722,297</u>	<u>7,291,309</u>	<u>425,329</u>	<u>445,520</u>	<u>448,838</u>
Net changes in fund balances	\$ <u>(607,910)</u>	\$ <u>4,890,500</u>	\$ <u>(556,790)</u>	\$ <u>(4,487,173)</u>	\$ <u>(1,560,143)</u>
Debt service as a percentage of noncapital expenditures	6.52%	6.62%	11.92%	10.93%	10.03%

(Continued on next page)

City of Battle Ground
Schedule 4
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Revenues</u>					
Taxes	\$ 7,031,327	\$ 6,874,529	\$ 7,303,670	\$ 7,840,470	8,544,130
Licenses, fees, and permits	346,496	222,229	325,113	775,452	505,827
Intergovernmental	2,855,454	1,021,680	4,702,012	1,421,076	992,049
Charges for services	396,549	385,647	2,009,709	3,136,021	2,105,905
Fines and penalties	309,622	280,958	284,160	267,847	258,072
Investment earnings	70,378	138,859	40,689	18,436	55,088
Rents and royalties	286,989	283,266	256,760	277,270	267,868
Contributions/donations	7,317	211,467	221,914	219,100	278,680
Other revenues	45,738	43,082	95,509	189,615	208,130
Total governmental funds	<u>11,349,870</u>	<u>9,461,717</u>	<u>15,239,536</u>	<u>14,145,287</u>	<u>13,215,749</u>
<u>Expenditures</u>					
General Government	1,777,820	1,713,088	2,456,744	2,573,394	2,795,271
Judicial	543,079	489,005	444,557	470,139	518,954
Security/persons and property	4,039,761	3,836,220	3,547,893	3,787,018	3,844,787
Physical environment	1,160,942	1,412,061	1,594,245	1,761,171	2,017,648
Transportation	995,300	701,400	907,265	759,740	866,029
Economic environment	658,932	604,940	722,507	781,901	797,619
Culture and recreation	523,406	472,690	554,861	583,251	592,725
Capital outlay	1,820,330	1,070,221	7,741,594	1,097,127	503,473
Debt service					
Principal	695,484	693,621	532,951	562,653	801,358
Interest	471,116	693,287	552,983	541,525	525,437
Total expenditures	<u>12,686,170</u>	<u>11,686,533</u>	<u>19,055,600</u>	<u>12,917,919</u>	<u>13,263,301</u>
Excess of revenues over (under) expenditures	(1,336,300)	(2,224,816)	(3,816,064)	1,227,368	(47,552)
<u>Other Financing Sources (Uses)</u>					
Sale of capital assets	-	-	36,457	14,660	-
Long-term debt proceeds	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	2,828,845	2,072,990	1,640,198	1,723,148	2,174,409
Transfers out	(2,420,825)	(1,649,873)	(1,640,198)	(1,723,148)	(2,392,050)
Total other financing sources (uses)	<u>5,377,840</u>	<u>568,207</u>	<u>36,457</u>	<u>14,660</u>	<u>(217,641)</u>
Net changes in fund balances	\$ <u>4,041,540</u>	\$ <u>(1,656,609)</u>	\$ <u>(3,779,607)</u>	\$ <u>1,242,028</u>	\$ <u>(265,193)</u>
Debt service as a percentage of noncapital expenditures	10.74%	13.06%	9.60%	9.34%	10.40%

REVENUE CAPACITY

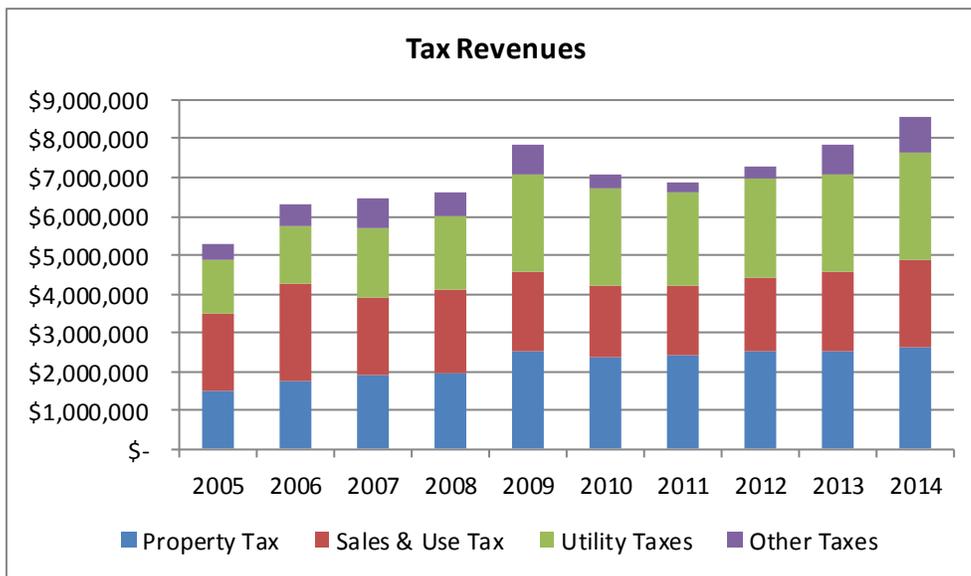
These schedules contain information to help the reader assess the city's most significant local revenue source, property taxes.

Schedule 5 – Tax Revenues by Source, Governmental Funds	Page 111
Schedule 6 – Assessed Value of Taxable Property	Page 112
Schedule 7 – Direct and Overlapping Property Tax Rates	Page 113
Schedule 8 – Principal Property Tax Payers	Page 114
Schedule 9 – Property Tax Levies and Collections	Page 115

City of Battle Ground
 Schedule 5
 Tax Revenues by Source, Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Fiscal Year	Property Tax	Sales & Use Tax	Utility Taxes	Other Taxes	Totals
2005	\$ 1,483,415	\$ 2,033,908	\$ 1,350,267	\$ 437,770	\$ 5,305,360
2006	1,747,085	2,494,877	1,490,214	575,216	6,307,392
2007	1,928,580	1,981,244	1,764,507	779,849	6,454,180
2008	1,965,288	2,126,690	1,920,231	600,298	6,612,507
2009	2,551,368	2,015,104	2,518,789	755,209	7,840,470
2010	2,366,078	1,852,960	2,502,990	335,169	7,057,197
2011	2,428,374	1,807,821	2,390,116	227,223	6,853,534
2012	2,507,031	1,910,787	2,534,798	331,585	7,284,201
2013	2,551,368	2,015,104	2,518,789	755,209	7,840,470
2014	2,654,010	2,214,953	2,790,599	884,568	8,544,130

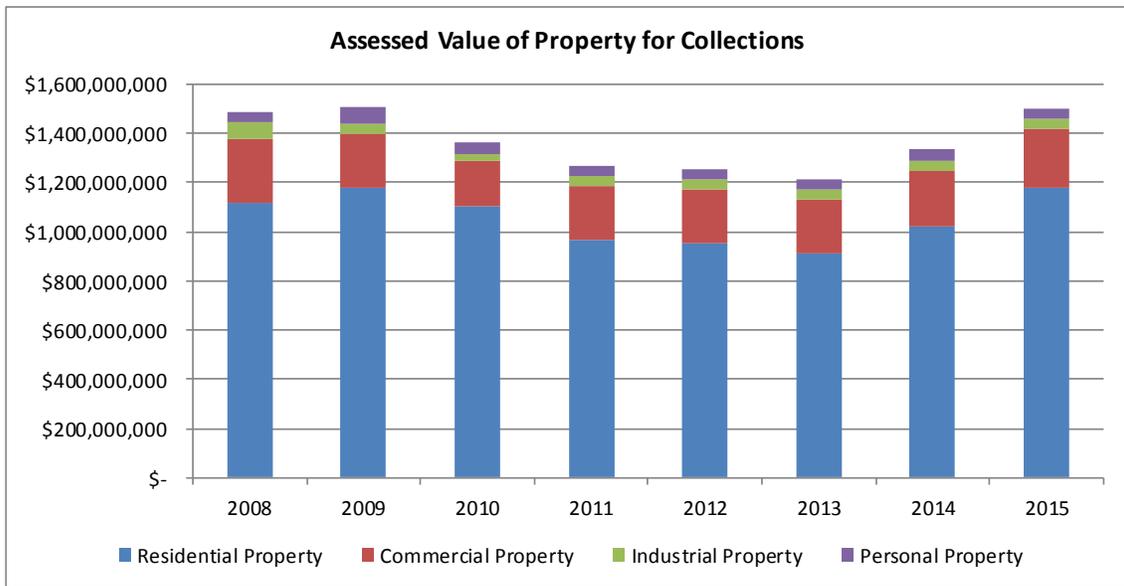
Change					
2005-2014	78.91%	8.90%	106.67%	102.06%	61.05%



Source: City of Battle Ground financial records

City of Battle Ground
 Schedule 6
 Assessed Value of Taxable Property
 Last Ten Fiscal Years

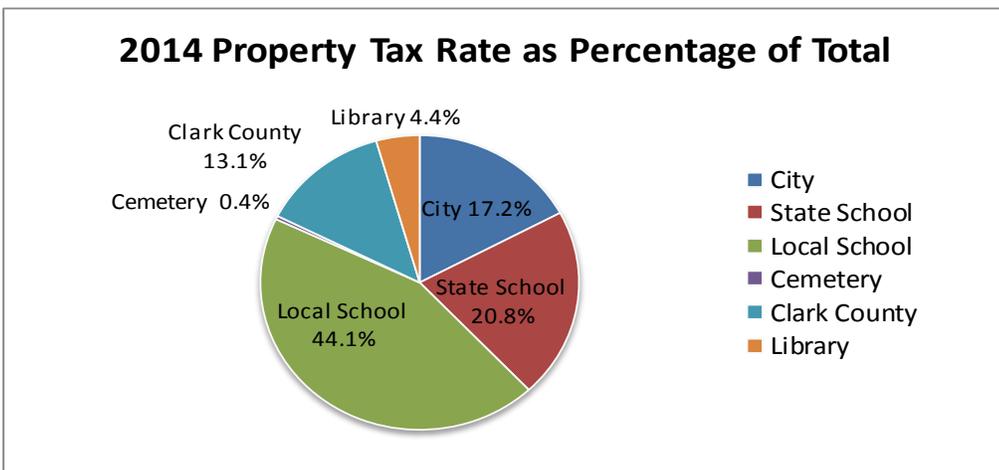
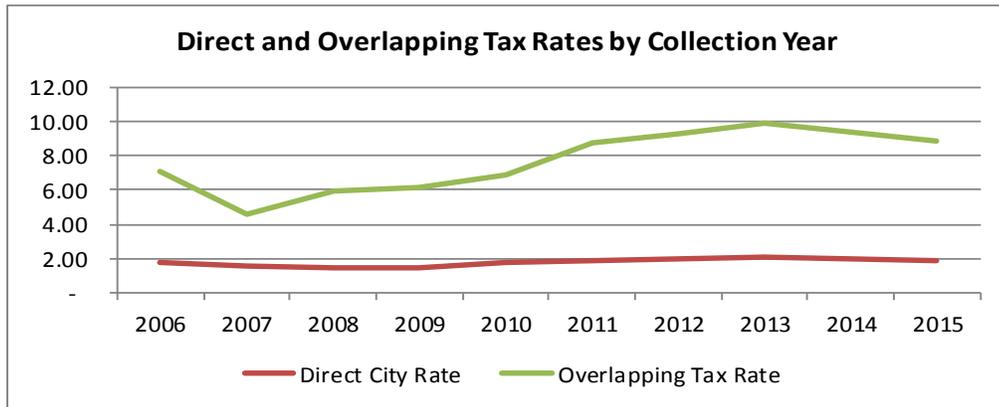
Assessed Year	Collection Year	Real Property Assessed Value				Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate
		Residential Property	Commercial Property	Industrial Property				
2005	2006					\$ 1,047,879,785	1.80	
2006	2007					1,309,867,889	1.51	
2007	2008	1,113,801,218	260,190,360	70,134,810	40,921,383	1,485,047,771	1.43	
2008	2009	1,179,052,850	221,265,200	36,205,380	70,393,028	1,506,916,458	1.50	
2009	2010	1,106,651,762	183,435,710	27,189,730	43,159,058	1,360,436,260	1.73	
2010	2011	966,016,624	218,892,345	40,194,037	40,083,610	1,265,186,616	1.92	
2011	2012	956,419,669	216,235,256	40,516,460	42,630,712	1,255,802,097	1.98	
2012	2013	910,595,226	217,850,315	44,230,062	42,122,439	1,214,798,042	2.09	
2013	2014	1,023,444,568	221,344,978	45,728,146	42,265,819	1,332,783,511	1.96	
2014	2015	1,177,732,209	236,690,037	45,430,231	41,545,617	1,501,398,094	1.83	



Source: Clark County Department of Assessment and GIS
 Note: The breakdown of real and personal property values are not available until after 2006
 Real and personal property has been assessed at 100% of the estimated value
 Tax rates are per \$1,000 of assessed value

City of Battle Ground
 Schedule 7
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years

Assessed Year	Collection Year	Direct City Rate	Overlapping Rates					Total Average Levy Rate
			State School	Local School	Clark County	Public Library	Cemetery	
2005	2006	1.80	2.47	2.73	1.45	0.42	0.04	8.91
2006	2007	1.51	2.18	0.81	1.22	0.36	0.03	6.11
2007	2008	1.43	1.92	2.50	1.13	0.33	0.03	7.34
2008	2009	1.50	1.89	2.71	1.18	0.34	0.03	7.65
2009	2010	1.73	2.02	3.06	1.37	0.38	0.03	8.60
2010	2011	1.92	2.26	4.49	1.51	0.50	0.04	10.72
2011	2012	1.98	2.36	4.82	1.55	0.50	0.04	11.25
2012	2013	2.09	2.49	5.21	1.64	0.50	0.04	11.97
2013	2014	1.96	2.35	4.99	1.52	0.50	0.04	11.36
2014	2015	1.83	2.22	4.70	1.40	0.47	0.04	10.66



Source: Clark County Department of Assessment and GIS

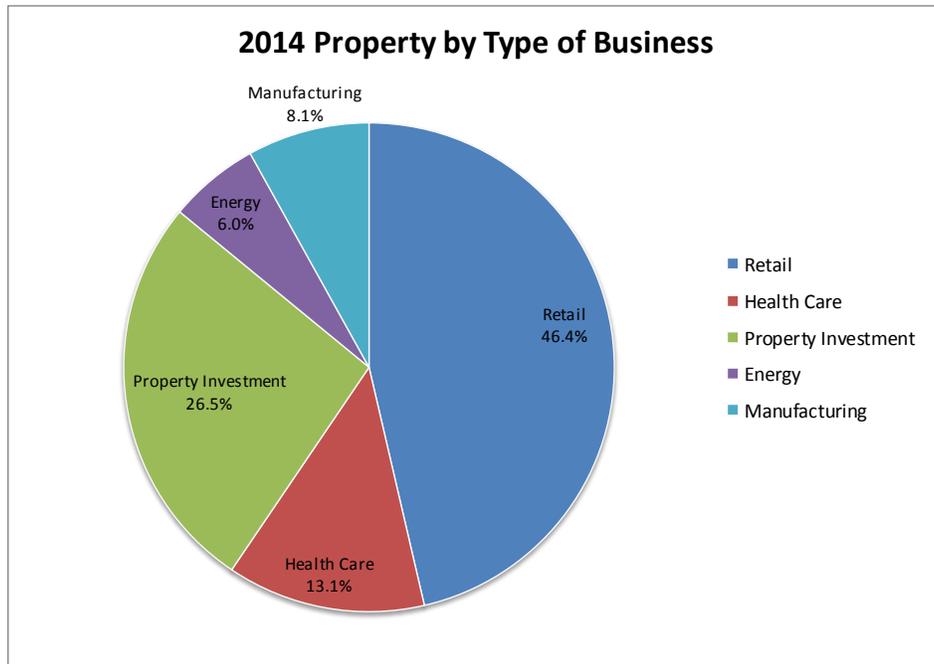
Notes: All levies expressed in dollars per \$1,000

County levy includes Conservation Futures

Overlapping rates are those of local and county governments that apply to property owners with the City of Battle Ground. Not all overlapping rates apply to all Battle Ground property owners.

City of Battle Ground
Schedule 8
Principal Property Tax Payers
Current Year and Ten Years Ago

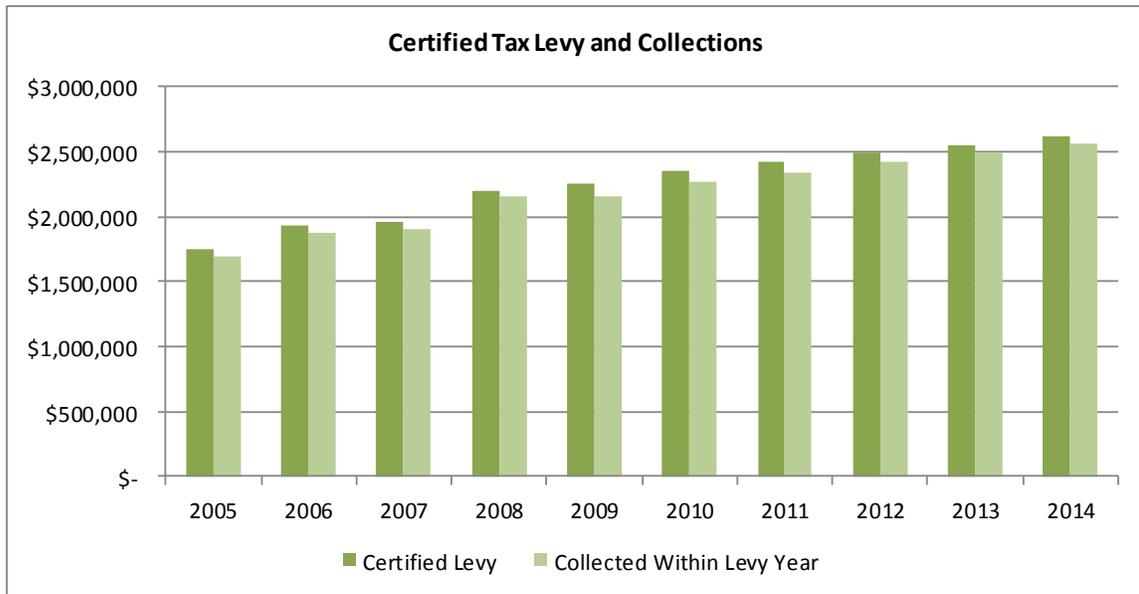
Taxpayer	Type of Business	2014			2005		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Fred Meyer Jewelers	Retail	\$ 16,775,723	1	1.12%	\$ 16,636,845	1	1.59%
Walmart Real Estate Trust	Retail	15,588,500	2	1.04%			
Battle Ground Market Center	Retail	15,466,900	3	1.03%	14,060,200	2	1.34%
Vancouver Clinic	Health Care	13,527,988	4	0.90%			
Walker, Samuel & Shelley	Property Investment	8,354,400	5	0.56%			
Oldcastle Glass Inc.	Manufacturing	8,323,475	6	0.55%	5,842,850	5	0.56%
Hi-School Properties LLC	Property Investment	7,088,000	7	0.47%	4,298,800	10	0.41%
NW Natural Gas Company	Energy	6,174,367	8	0.41%			
SOP 1 Apartments LLC	Property Investment	5,950,700	9	0.40%			
Guyer Trustees	Property Investment	5,910,800	10	0.39%			
The Gardner Center LLC	Property Investment				8,099,200	3	0.77%
Hahn, Charles	Property Investment				6,434,100	4	0.61%
Harder Development	Property Investment				5,383,900	6	0.51%
Anderson, Ronald A.	Property Investment				5,201,400	7	0.50%
Tapani Underground Co.	Construction				4,817,355	8	0.46%
Jessen, Irwin	Property Investment				4,420,700	9	0.42%
Total Principal Property Tax Payers		103,160,853		6.87%	75,195,350		7.18%
All Other City Taxpayers		1,398,237,241		93.13%	972,684,435		92.82%
Total City Taxpayers		\$ 1,501,398,094		100.00%	\$ 1,047,879,785		100.00%



Source: Clark County Department of Assessment and GIS

City of Battle Ground
 Schedule 9
 Property Tax Levies and Collections
 Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date Tax * Percentage of Levy		Outstanding Delinquent Taxes
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2005	\$1,743,039	\$ 1,694,722	97.23%	\$ 46,453	\$ 1,741,175	99.89%	\$ 1,864
2006	1,935,544	1,869,836	96.61%	65,656	1,935,492	100.00%	52
2007	1,963,609	1,901,329	96.83%	62,264	1,963,593	100.00%	16
2008	2,198,937	2,148,932	97.73%	49,953	2,198,885	100.00%	52
2009	2,253,991	2,157,153	95.70%	96,727	2,253,880	100.00%	111
2010	2,351,617	2,271,552	96.60%	79,623	2,351,175	99.98%	442
2011	2,428,816	2,343,915	96.50%	84,481	2,428,396	99.98%	420
2012	2,486,187	2,423,459	97.48%	54,250	2,477,710	99.66%	8,477
2013	2,542,871	2,491,852	97.99%	23,658	2,515,510	98.92%	27,361
2014	2,612,427	2,564,034	98.15%	-	2,564,034	98.15%	47,785



Source: Clark County Department of Assessment and GIS; Clark County Treasurer's Office

Note: Current levy and outstanding noncurrent taxes are net of adjustments

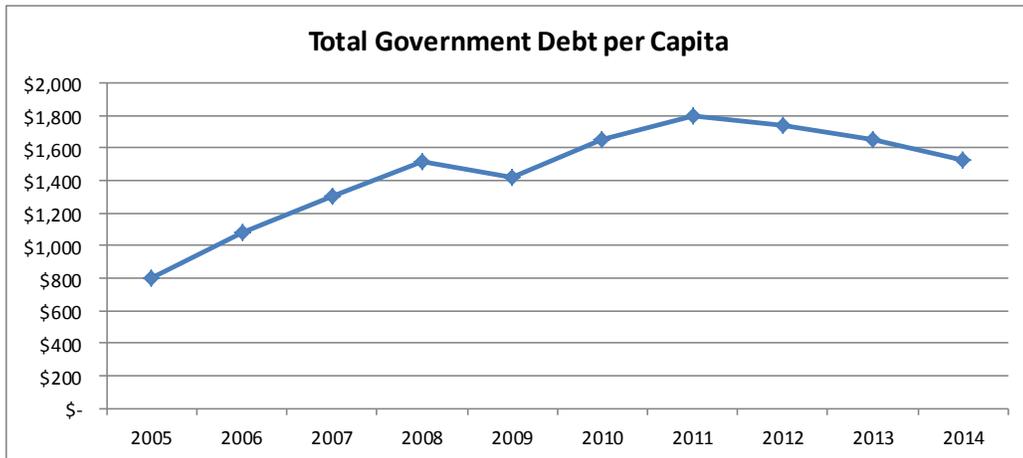
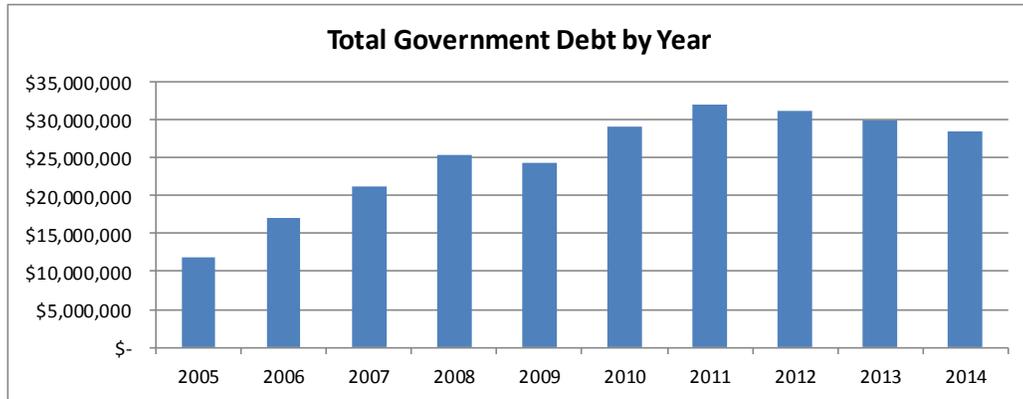
DEBT CAPACITY

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 117
Ratios of General Bonded Debt Outstanding	Page 118
Direct and Overlapping Governmental Activities Debt	Page 119
Legal Debt Margin Information	Page 120-121
Pledged-Revenue Coverage	Page 122-123

City of Battle Ground
 Schedule 10
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Population	Per Capita
	General Obligation Bonds	Public Works Trust Fund Loans	Capital Leases	Revenue Bonds	Public Works Trust Fund Loans				
	2005	\$ 3,740,000	\$ 1,800,000	\$ -	\$ 700,821				
2006	10,470,000	1,700,000	-	405,717	4,486,300	17,062,017	3.15%	15,810	1,079
2007	9,955,000	1,600,000	-	98,061	9,507,342	21,160,403	3.62%	16,240	1,303
2008	9,435,000	1,500,000	-	-	14,374,969	25,309,969	3.95%	16,710	1,515
2009	8,910,000	1,400,000	68,096	-	14,031,428	24,409,524	4.01%	17,150	1,423
2010	13,200,000	1,300,000	37,612	-	14,558,566	29,096,178	4.51%	17,571	1,656
2011	12,655,000	1,200,000	56,576	-	18,117,104	32,028,680	4.78%	17,780	1,801
2012	12,335,000	1,100,000	51,808	6,863,746	10,825,818	31,176,372	6.24%	17,893	1,742
2013	11,895,000	1,000,000	568,597	6,771,191	9,738,533	29,973,321	5.92%	18,130	1,653
2014	11,205,000	900,000	467,635	6,675,840	9,197,698	28,446,173	5.45%	18,685	1,522



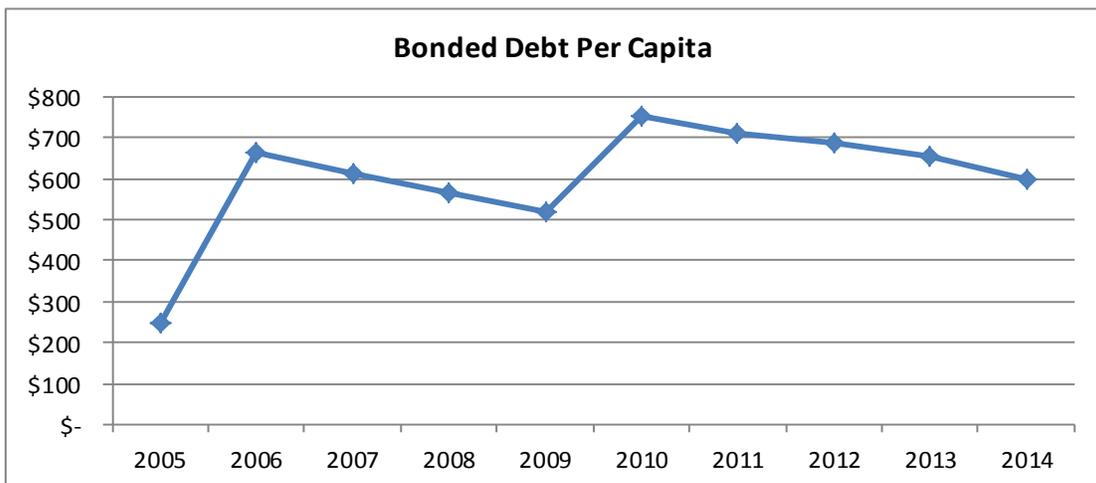
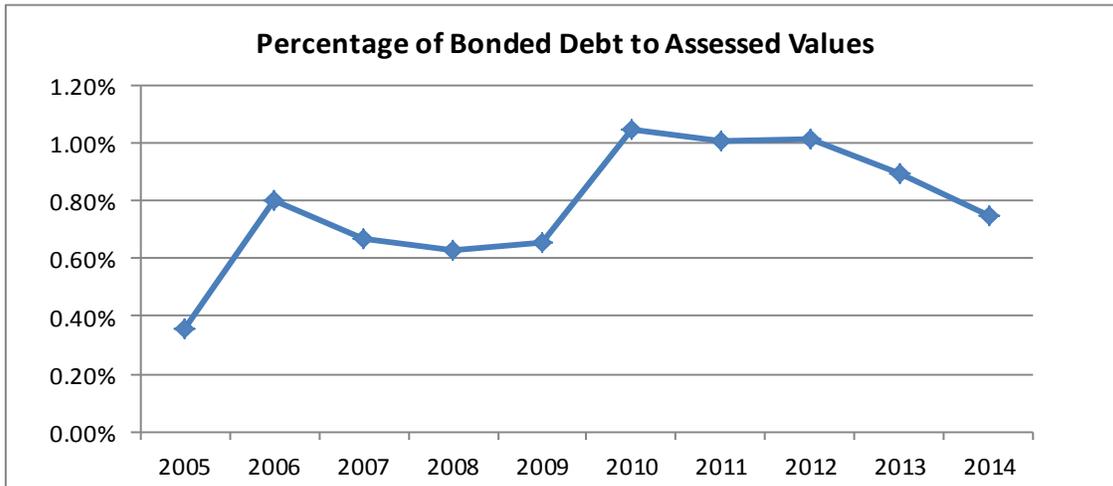
Source: Personal income data is from the State of Washington Office of Financial Management

Note: See Schedule 15 for personal income and population data

Details regarding the city's outstanding debt can be found in the notes to the financial statements

City of Battle Ground
 Schedule 11
 Ratios of General Bonded Debt Outstanding
 Last Ten Fiscal Years

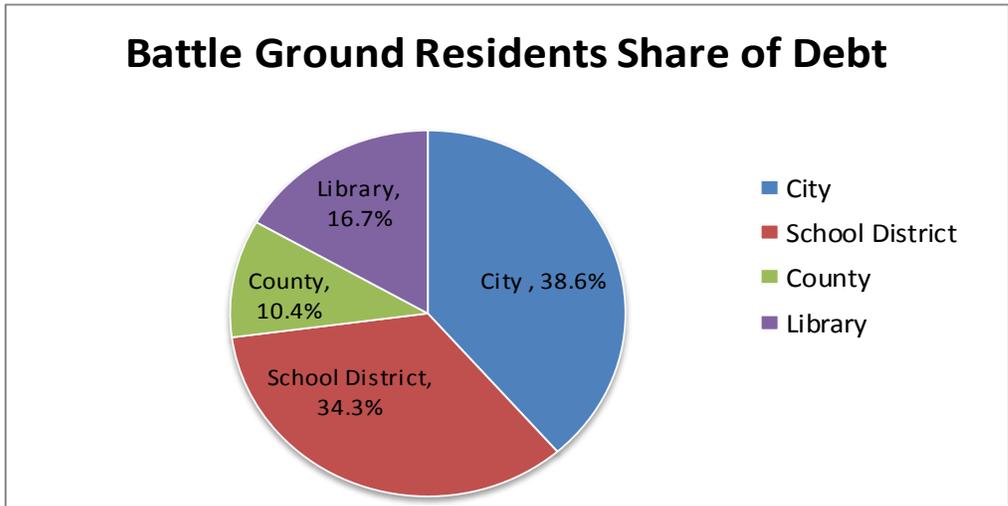
Fiscal Year	General Obligation Bonded Debt	Assessed Valuation	Percentage of Bonded Debt to Assessed Values	Population	Per Capita
2005	3,740,000	1,047,879,785	0.36%	14,960	250
2006	10,470,000	1,309,867,889	0.80%	15,810	662
2007	9,955,000	1,485,047,771	0.67%	16,240	613
2008	9,435,000	1,506,916,458	0.63%	16,710	565
2009	8,910,000	1,360,436,260	0.65%	17,150	520
2010	13,200,000	1,265,186,616	1.04%	17,571	751
2011	12,655,000	1,255,802,097	1.01%	17,780	712
2012	12,335,000	1,214,798,042	1.02%	17,893	689
2013	11,895,000	1,332,783,511	0.89%	18,130	656
2014	11,205,000	1,501,398,094	0.75%	18,685	600



Source: Personal income data is from the State of Washington Office of Financial Management
 Note: See notes to the financial statements for details of general obligation bonds

City of Battle Ground
Schedule 12
Direct and Overlapping Governmental Activities Debt

Government Unit	General Obligation Bonded Debt Outstanding	Percentage Applicable to Battle Ground Residents*	Battle Ground Residents share of Debt
Direct:			
City of Battle Ground	\$ 13,463,597	100.00%	\$ 13,463,597
Total Direct	13,463,597		13,463,597
Overlapping:			
Battle Ground School District	52,065,994	23.01%	11,980,709
Clark County	104,117,672	3.47%	3,611,636
Fort Vancouver Regional Library	35,985,000	16.22%	5,837,029
Total Overlapping	\$ 192,168,666		\$ 21,429,374
Total direct and overlapping debt	\$ 205,632,263		\$ 34,892,971
City Assessed Valuation	\$ 1,501,398,094		
School Assessed Valuation	\$ 6,524,804,626		
County Assessed Valuation	\$ 43,282,896,530		
Fort Vancouver Regional Library	\$ 40,225,103,718		



Source: Clark County Treasurer's Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of 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 of each overlapping government.

* For debt repaid with property taxes, 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.

City of Battle Ground
Schedule 13
Legal Debt Margin Information
Last Ten Fiscal Years

Legal General Debt Margin Calculation for Fiscal Year 2014

Assessed value (2014 assessment for 2015 revenue) \$1,501,398,094

Debt limit:

General purpose debt limit without a vote (1.5%)	22,520,971
General purpose debt limit with a vote (1.0%)	15,013,981
Utility purpose debt limit with a vote (2.5%)	30,027,962
Open space, park, capital facilities debt limit with a vote (2.5%)	37,534,952

Total debt limit \$ 105,097,867

Debt applicable to limit:

General purpose debt limit without a vote (1.5%)	11,205,000
General purpose debt limit with a vote (1.0%)	-
Utility purpose debt limit with a vote (2.5%)	-
Open space, park, capital facilities debt limit with a vote (2.5%)	-
Less: assets available for repayment of debt	-

Total debt applicable to limit 11,205,000

Legal debt margin \$ 93,892,867

	2005	2006	2007	2008	2009
Assessed Valuation	\$1,047,879,785	\$1,309,867,889	\$1,485,047,771	\$1,506,916,458	\$1,360,436,260
General purpose debt limit (1.5%)	15,718,197	19,648,018	22,275,717	22,603,747	20,406,544
Total net debt applicable to limit	3,740,000	10,470,000	9,955,000	9,435,000	8,910,000
Available non-voted debt capacity	11,978,197	9,178,018	12,320,717	13,168,747	11,496,544
Total net debt applicable to the limit as a percentage of debt limit	23.79%	53.29%	44.69%	41.74%	43.66%

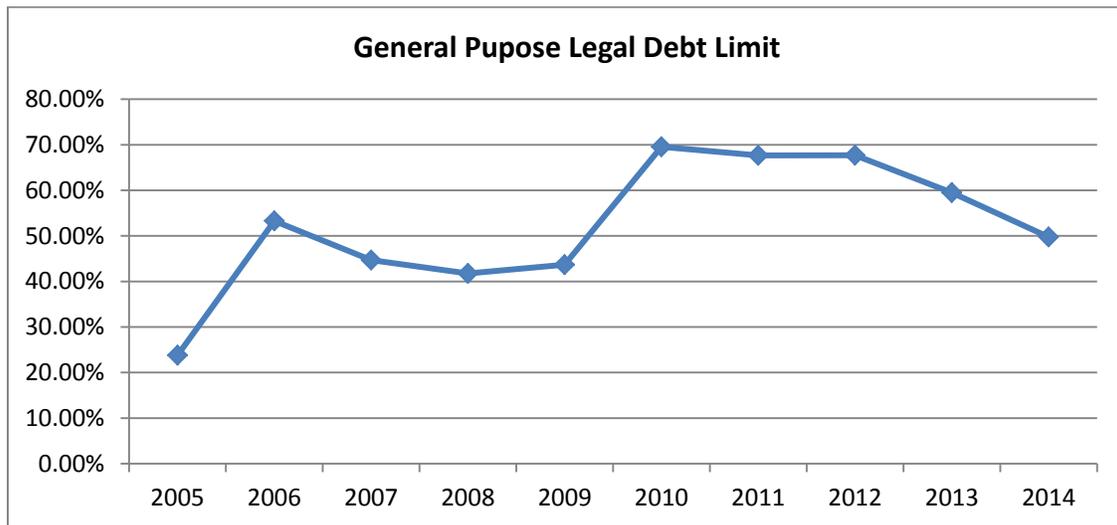
(Continued on next page)

City of Battle Ground
 Schedule 13
 Legal Debt Margin Information
 Last Ten Fiscal Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Assessed Valuation	\$1,265,186,616	\$1,255,802,097	\$1,214,798,042	\$1,332,783,511	\$1,501,398,094
General purpose debt limit (1.5%)	18,977,799	18,837,031	18,221,971	19,991,753	22,520,971
Total net debt applicable to limit	<u>13,200,000</u>	<u>12,745,000</u>	<u>12,335,000</u>	<u>11,895,000</u>	<u>11,205,000</u>
Available non-voted debt capacity	<u>5,777,799</u>	<u>6,092,031</u>	<u>5,886,971</u>	<u>8,096,753</u>	<u>11,315,971</u>
Total net debt applicable to the limit as a percentage of debt limit	69.55%	67.66%	67.69%	59.50%	49.75%

Source: Assessed valuation data is obtained from Clark County Department of Assessment and GIS

Note: The legal general purpose debt limit of 2.5% is authorized by RCW 39.36.020. The city only has nonvoted general purpose debt.



City of Battle Ground
Schedule 14
Pledged Revenue Coverage
Last Ten Fiscal Years

Water Fund

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Revenue Available	Debt Service		Total	Coverage
				Principal	Interest		
2005	\$ 2,196,771	\$ 1,294,290	\$ 902,481	\$ 482,878	\$ 39,130	\$ 522,008	1.73
2006	2,385,508	1,407,851	977,657	423,695	34,978	458,673	2.13
2007	2,451,795	1,436,722	1,015,073	307,697	14,047	321,744	3.15
2008	2,363,274	1,534,768	828,506	298,061	6,164	304,225	2.72
2009	2,532,433	1,477,699	1,054,734	-	-	-	0.00
2010	2,221,870	1,475,576	746,294	-	-	-	0.00
2011	2,239,511	1,442,538	796,973	-	-	-	0.00
2012	2,206,060	1,835,102	370,958	-	-	-	0.00
2013	2,504,650	1,612,307	892,343	-	-	-	0.00
2014	2,509,558	1,494,237	1,015,321	-	-	-	0.00

(Continued on next page)

City of Battle Ground
Schedule 14
Pledged Revenue Coverage
Last Ten Fiscal Years

Sewer Fund

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Revenue Available	Debt Service		Total	Coverage
				Principal	Interest		
2005	\$ 3,323,089	\$ 1,753,609	\$ 1,569,480	\$ 340,362	\$ 20,732	\$ 361,094	4.35
2006	3,303,951	1,731,226	1,572,725	423,695	28,188	451,883	3.48
2007	3,795,485	1,803,422	1,992,063	778,959	27,406	806,365	2.47
2008	3,379,714	2,127,543	1,252,171	1,332,373	57,298	1,389,671	0.90
2009	3,811,504	2,127,169	1,684,335	1,281,041	72,772	1,353,813	1.24
2010	3,064,495	2,193,332	871,163	1,103,951	72,772	1,176,723	0.74
2011	3,180,504	2,002,328	1,178,176	1,087,285	64,067	1,151,352	1.02
2012	2,967,278	1,595,504	1,371,774	1,132,539	165,630	1,298,169	1.06
2013	4,477,286	2,137,092	2,340,194	1,179,840	261,512	1,441,352	1.62
2014	3,904,263	2,067,218	1,837,045	911,803	250,212	1,162,015	1.58

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

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.

Schedule 15 - Demographic and Economic Statistics

Page 125

Schedule 16 - Principal Employers

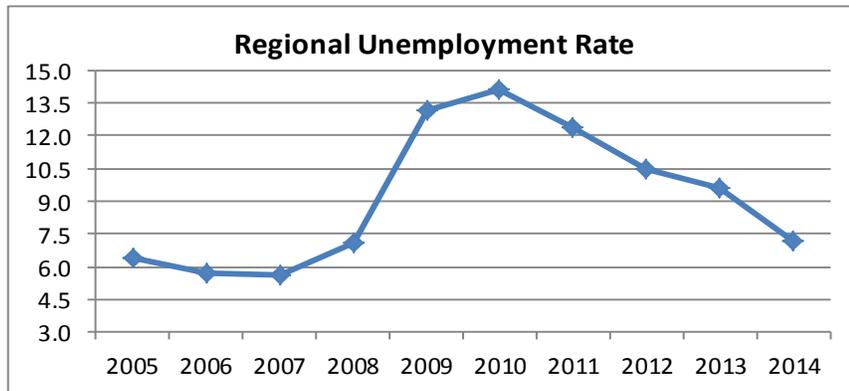
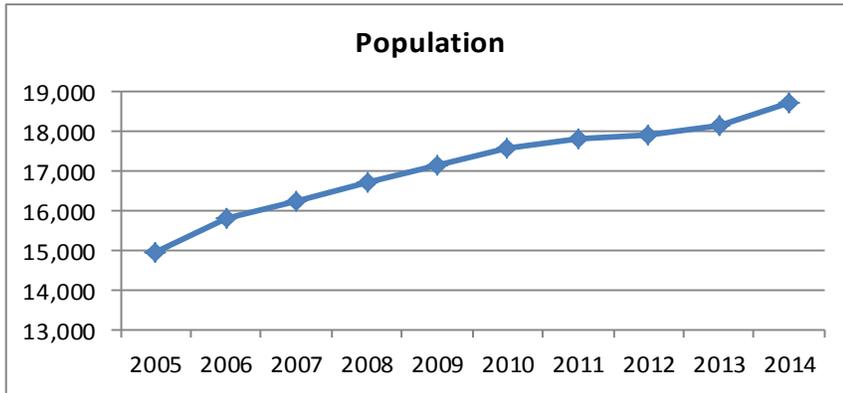
Page 126

Schedule 17 - Property Value and Construction

Page 127

City of Battle Ground
 Schedule 15
 Demographic and Economic Statistics
 Last Ten Fiscal Years

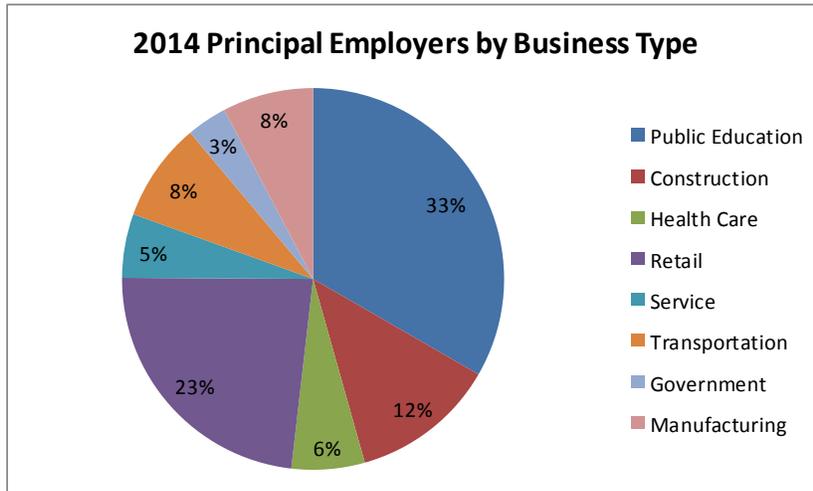
Fiscal Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Regional Unemployment Rate %
2005	14,960	495,370,480	33,113	1,013,189	6.4
2006	15,810	547,041,810	34,601	1,026,682	5.7
2007	16,240	593,523,280	36,547	1,031,846	5.6
2008	16,710	635,949,180	38,058	1,038,345	7.1
2009	17,150	618,360,400	36,056	1,036,135	13.2
2010	17,571	633,539,976	36,056	1,041,892	14.1
2011	17,780	665,558,740	37,433	1,043,536	12.4
2012	17,893	710,262,635	39,695	1,050,900	10.5
2013	18,130	735,479,710	40,567	1,056,809	9.6
2014	18,685	NA	NA	1,055,517	7.2



Source: Population - State of Washington Office of Financial Management
 Per capita income listed for Clark County, WA - U.S. Bureau of Economic Analysis
 School Enrollment - Office of Superintendent of Public Instruction, Washington State Report Card - October student count: 2014 May student count
 Unemployment - U.S. Department of Labor, Bureau of Labor Statistics

City of Battle Ground
Schedule 16
Principal Employers
Current Year and Nine Years Prior

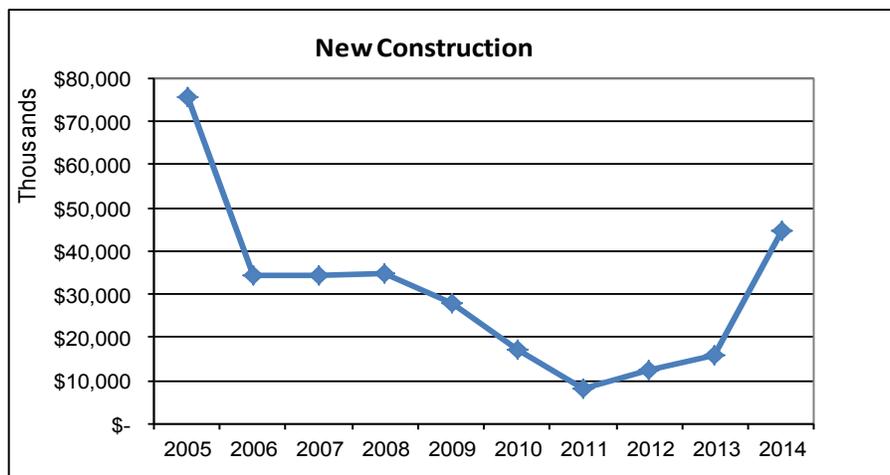
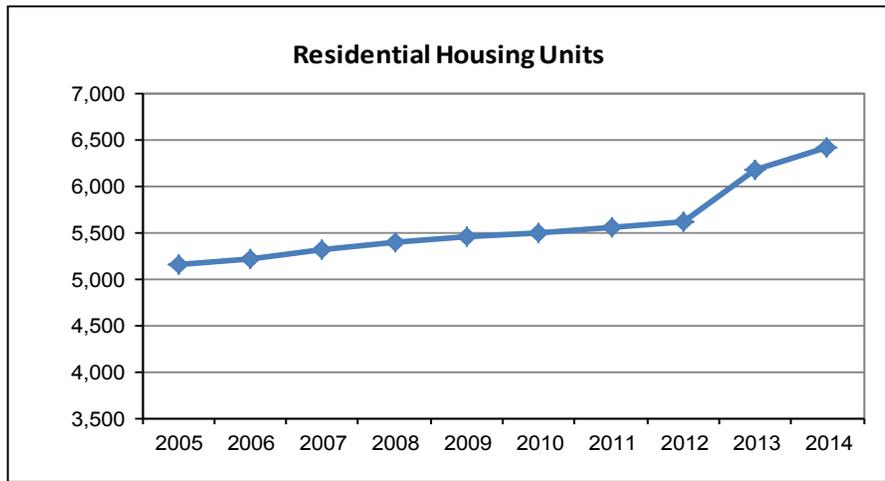
Employer	Type of Business	2014			% of Labor Force	2005	
		Employees	Rank	Employees		Rank	
Battle Ground School District	Public Education	732	1	8.8%	412	1	
Tapani Underground Inc.	Construction	270	2	3.3%	125	3	
Fred Meyer	Retail	237	3	2.9%	138	2	
Cascade Student Transportation	Transportation	184	4	2.2%			
Walmart	Retail	183	5	2.2%			
Anderson Plastics/Anderson Dairy	Manufacturing	169	6	2.0%	107	4	
Vancouver Clinic	Health Care	136	7	1.6%			
JRT Mechanical	Service	119	8	1.4%			
Safeway	Retail	91	9	1.1%	90	5	
City of Battle Ground	Government	75	10	0.9%	49	10	
Albertson's	Retail				85	6	
United Tempering Systems	Service				74	8	
Parkway North Care Center	Health Care				70	9	
Laidlaw Transit	Transportation				85	6	



Source: City of Battle Ground Finance Department

City of Battle Ground
 Schedule 17
 Property Value and Construction
 Last Ten Fiscal Years

<u>Year</u>	<u>Population</u>	<u>Residential Housing Units**</u>	<u>New Construction*</u>	<u>Assessed Property Value*</u>	<u>Percentage of New Construction/ Total Assess Value</u>
2005	14,960	5,155	\$ 75,469,100	\$ 1,047,879,785	7.2%
2006	15,810	5,207	34,197,700	1,309,867,889	2.6%
2007	16,240	5,308	34,289,700	1,485,047,771	2.3%
2008	16,710	5,402	34,762,200	1,506,916,458	2.3%
2009	17,150	5,444	27,715,606	1,360,436,260	2.0%
2010	17,571	5,502	16,926,836	1,265,186,616	1.3%
2011	17,780	5,553	8,098,959	1,255,802,097	0.6%
2012	17,893	5,605	12,203,275	1,214,798,042	1.0%
2013	18,130	6,169	15,635,245	1,332,783,511	1.2%
2014	18,685	6,404	44,808,642	1,501,398,094	3.0%



Source: *Clark County Department of Assessment and GIS

**City of Battle Ground Planning Department

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.

Schedule 18 - Full-time Equivalent City Government Employees

Page 129

Schedule 19 - Operating Indicators by Function/Program

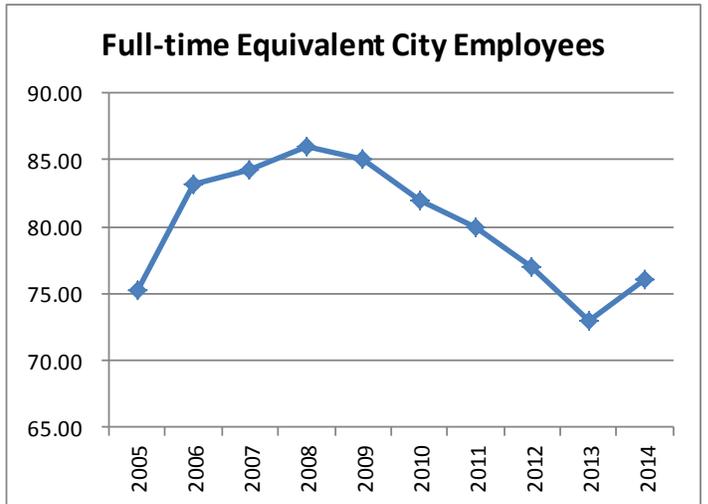
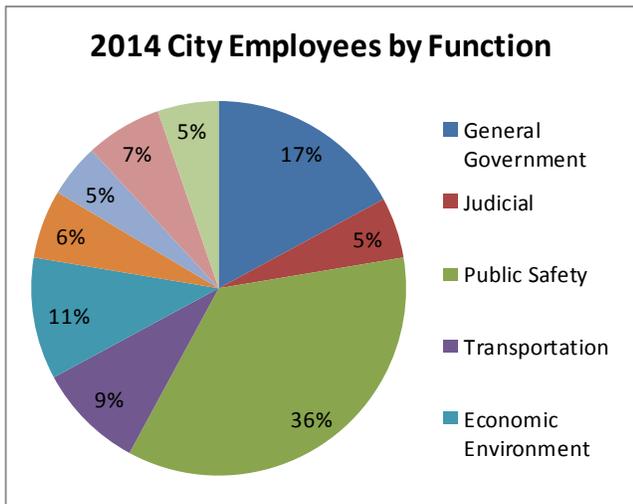
Page 130-131

Schedule 20 - Capital Asset Statistics by Function/Program

Page 132-133

City of Battle Ground
 Schedule 18
 Full-time Equivalent City Government Employees by Function/Program
 Last Ten Fiscal Years

Function/Program	2005	2006	2007	2008	2009	2010	2011*	2012*	2013	2014
General Government										
General Government	8.03	8.53	8.63	9.00	9.00	9.00	12.00	12.00	12.00	13.00
Judicial	2.85	2.85	2.55	3.00	3.00	3.00	3.00	3.00	4.00	4.00
Public Safety	26.75	30.75	30.90	30.00	31.00	29.00	30.00	27.00	25.00	27.00
Transportation	3.57	4.37	4.72	4.00	4.00	4.00	7.00	4.00	5.00	7.00
Economic Environment	9.46	9.46	9.46	9.00	7.50	7.50	8.00	8.00	8.00	8.00
Culture and Recreation	1.84	1.89	2.39	6.00	5.25	5.25	3.00	4.00	4.00	4.50
							6.00	5.00	1.00	-
Utilities/Public Works										
Storm Drainage	3.91	4.56	5.01	5.50	6.00	6.75	3.00	3.00	4.00	3.50
Water	9.02	10.32	10.22	9.50	8.25	8.25	4.00	6.00	6.00	5.00
Sewer	9.77	10.47	10.32	10.00	11.00	9.25	4.00	5.00	4.00	4.00
Totals	75.20	83.20	84.20	86.00	85.00	82.00	80.00	77.00	73.00	76.00



Source: Department of Human Resources City of Battle Ground

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

*2011-2012 the City reallocated staff for direct costing

City of Battle Ground
Schedule 19
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2005	2006	2007	2008	2009
General Government					
Population	14,960	15,810	16,240	16,710	17,150
Housing Units	5,155	5,294	5,395	5,402	5,444
Judicial					
Total number of cases filed	2,507	2,847	4,850	4,705	4,613
Total hearings scheduled	5,845	7,510	10,469	11,746	11,497
Total warrants issued	469	752	1,154	952	1,086
Public Safety (Law Enforcement)					
Citations issued	1,867	2,106	4,025	3,644	3,464
Reports written	2,600	2,688	2,821	2,775	2,722
Number of calls for service	*	6,032	6,565	6,617	6,549
Arrests	1,011	1,183	1,736	1,749	1,703
Transportation					
Right of way permits	292	44	116	96	54
Hours street sweeping	895	1,500	1,550	1,850	1,279
Curb painting (hours)	86	100	110	72	152
Crack sealing (hours)	176	351	406	452	493
Culture and Recreation					
Hours park mowing	1,000	1,120	1,500	2,033	978
Trash pick-up	460	520	600	1,091	540
Weed spraying	100	120	150	160	53
Water					
Number of water accounts	4,944	4,950	5,099	5,169	5,176
Average daily production (gallons)	1,341,186	1,471,667	1,440,981	1,420,968	1,426,047
Storm Drainage					
Number of drainage accounts	5,095	5,099	5,231	5,331	5,390
Ditch maintenance (Hours)	700	1,200	1,250	1,250	1,222
Clean catch basins	100	100	100	100	4
Sewer					
Number of sewer accounts	5,079	5,083	5,215	5,182	5,281
Clean sewer lines (feet)	20,000	12,000	11,000	25,000	27,116
Treatment capacity (MG)	2	2	2	2	2

(Continued on next page)

City of Battle Ground
Schedule 19
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014
General Government					
Population	17,571	17,780	17,780	18,130	18,237
Housing Units	5,502	5,553	6,078	6,169	6,371
Judicial					
Total number of cases filed	4,458	4,116	4,379	3,565	3,626
Total hearings scheduled	10,907	9,630	8,859	7,701	7,601
Total warrants issued	1,003	924	796	639	508
Public Safety (Law Enforcement)					
Citations issued	3,718	3,253	3,060	2,618	2,692
Reports written	2,969	2,635	2,583	2,599	2,697
Number of calls for service	6,096	15,734	13,022	13,063	14,141
Arrests	1,769	1,638	1,449	1,260	1,450
Transportation					
Right of way permits	73	51	66	109	72
Hours street sweeping	1,345	1,084	858	867	1,010
Curb painting (hours)	122	32	21	4	52
Crack sealing (hours)	429	95	-	-	-
Culture and Recreation					
Hours park mowing	1,111	921	747	900	945
Trash pick-up	992	907	826	678	902
Weed spraying	67	-	-	10	18
Water					
Number of water accounts	5,276	5,296	5,318	5,420	5,498
Average daily production (gallons)	1,299,850	1,270,000	1,376,000	1,341,026	1,394,995
Storm Drainage					
Number of drainage accounts	5,510	5,553	5,604	5,733	5,862
Ditch maintenance (Hours)	331	763	422	422	2,660
Clean catch basins	122	657	800	330	302
Sewer					
Number of sewer accounts	5,412	5,433	5,452	5,546	5,626
Clean sewer lines (feet)	4,182	16,744	16,744	19,010	50,000
Treatment capacity (MG)	2	3	3	3	3

Source: City of Battle Ground - various departments

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

City of Battle Ground
Schedule 20
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2005	2006	2007	2008	2009
General government					
Square feet of administrative space *	31,110	31,110	31,110	31,110	31,110
Public Safety					
Police					
Police vehicles	22	20	22	23	27
Square feet of administrative space	2,250	18,277	18,277	18,277	18,277
Physical Environment					
Fire trucks	3	3	3	3	3
Square feet for fire facilities	4,515	9,029	9,029	9,029	9,029
Transportation					
Miles of road	55	57	59	71	75
Number of street lights	1,625	1,627	1,721	1,815	1,835
Culture and Recreation					
Acreage	132	126	127	134	242
Park facilities	6	6	6	6	6
Water					
Supply and distribution mains (miles)	59	61	64	68	69
Number of hydrants	549	567	607	647	662
Storage	6	6	6	6	6
Wells	7	7	7	7	7
Storm Drainage					
Miles of storm drains (miles)	18	19	20	22	28
Storm water facilities (acres)	25	27	27	27	29
Wetlands/open space (acres)	54	54	78	80	81
Sewer					
Capacity (MGD)	2	2	2	2	2
Miles of sewage mains	45	46	47	50	58
Square feet of administrative space	1,400	4,051	4,051	4,051	4,051

(Continued on next page)

City of Battle Ground
Schedule 20
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014
General government					
Square feet of administrative space *	31,110	31,110	31,110	31,110	31,110
Public Safety					
Police					
Police vehicles	27	20	20	23	23
Square feet of administrative space	18,277	18,277	18,277	18,277	18,277
Physical Environment					
Fire trucks	3	3	3	3	2
Square feet for fire facilities	9,029	9,029	9,029	9,029	9,029
Transportation					
Miles of road	76	77	78	79	80
Number of street lights	1,841	1,846	1,868	1,902	1,947
Culture and Recreation					
Acreage	242	242	277	276	276
Park facilities	6	6	6	6	6
Water					
Supply and distribution mains (miles)	69	69	70	70	72
Number of hydrants	662	665	672	682	701
Storage	6	6	6	6	6
Wells	7	7	7	7	7
Storm Drainage					
Miles of storm drains (miles)	28	28	29	30	31
Storm water facilities (acres)	29	29	32	34	35
Wetlands/open space (acres)	83	85	85	85	85
Sewer					
Capacity (MGD)	2	2	3	3	3
Miles of sewage mains	58	58	58	59	60
Square feet of administrative space	4,051	4,051	4,051	4,051	4,051