City of Battle Ground

Washington

CAFR



Comprehensive Annual Financial Report

Fiscal Year Ending December 31, 2018

CITY OF BATTLE GROUND, WASHINGTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

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, 2018

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INTRODUCTORY SECTION

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City of Battle Ground

109 S.W. 1st Street, Suite 217 Battle Ground, WA. 98604
(360) 342-5000 Fax (360) 342-5029

May 29, 2019

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

We are pleased to submit the City of Battle Ground's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2018. The CAFR includes all city operations and activities for which the city is financially accountable. All of the funds in this report pertain to the operations of the City of Battle Ground.

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). State law requires an annual audit of the city's financial statements and records by the Office of the Washington State Auditor. The State Auditor conducts its audit in accordance with Generally Accepted Auditing Standards (GAAS) as established by the American Institute of Certified Public Accountants (AICPA) and provides an independent opinion on the city's financial position, results of operations, and the cash flows of its proprietary fund types. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Battle Ground for the fiscal year ended December 31, 2018 are free of material misstatement.

The finance 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.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The city's MD&A can be found immediately following the independent auditor's report.

Profile of the City

The City of Battle Ground is located just west of the Cascade Mountains in the center of Clark County, Washington. The predominant character of the city is residential but also serves as a significant commercial center for the surrounding area. The area was founded in 1855 and the city 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. Mike Dalesandro currently serves as the mayor of the city and Shane Bowman 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 fire services, 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.

City council is required to adopt a final budget for the fiscal year no later than December 31 preceding the beginning of the fiscal year on January 1. The budget serves as the foundation for the city's financial planning and control. The budget is prepared by fund and department.

Local Economy

The City of Battle Ground has evolved from a small town to a major retail trade area for north Clark County. As a result, sales tax is the city's largest single source of revenue within its governmental funds. The city has two major retail and professional centers, Millcreek Town Center and the Fred Meyer complex. Battle Ground's sales activity has been relatively strong in recent years. In 2018, the city experienced an increase of 5.7 percent in its sales tax receipts to $3.72 million after increases of 6.4 percent and 19 percent in 2017 and 2016, respectively.

The city's assessed valuation for its 2018 property tax levy was approximately $2.03 billion, an 11.5 percent increase over 2017. For 2019 tax collections, the assessed value is approximately $2.31 billion, an increase of 13.8 percent. This is due to overall assessed valuation increases as well as new construction added to property tax rolls of approximately $76.0 million. 2018 property tax revenue was $3.05 million.

Economic trends for the city and the Clark County region as a whole continued to be positive in 2018. Regional unemployment continued to decline from a high of 14.1 percent in 2010 to an average of 4.8 percent reported for 2018. Most sectors added jobs in the region. Major employers in the area include retail, public education and transportation, health services, and the construction industry.

The 2018 population of approximately 20,890 in the City of Battle Ground increased at an annual rate of 2.6 percent, as compared to 3.7 percent in 2017 and 2 percent in 2016. Currently, the residents of the city account for approximately 25 percent of its greater trade area of 82,600 and 4 percent of 479,500 residents county-wide. The City of Battle Ground is the third largest city in Clark County.

A 2018 demographic and economic trends analysis was completed for the Battle Ground Community Vision project. Other comparative demographic data from the analysis is below:

Demographic Indicator	City of Battle Ground	Battle Ground Greater Trade Area	Clark County
% Bachelor's Degree or Higher (Adult Age 25+)	22%	26%	27%
% 3+ Person Households	56%	50%	43%
Owner % of All Households	72%	82%	66%
Median Age of Population	32.1	33.0-42.0	38.5
Median Home	$272,000	$304,000-$395,500	$292,500

Long-term Financial Planning and Major Initiatives

Although growth has provided increased revenues to the general fund in recent years, the general fund is not immune from the impacts of what is commonly referred to as a "structural deficit" as revenues lag rising costs. Unfunded mandates from both the state and federal governments, ongoing impacts of voter initiatives, deferred maintenance, and increasing operational costs continue to contribute to this funding challenge.

Ongoing council initiatives include providing a high level of public safety, using city resources efficiently to ensure long-term fiscal sustainability, replacing and maintaining city assets and infrastructure, and adding technology and process efficiencies to improve workflow and sustain service delivery. The city continues to deliver customer services within existing revenues and current staffing levels until additional long-term revenue solutions are identified.

Community Vision and Engagement

In 2018, the City of Battle Ground and a group of community volunteers, *The Navigators*, embarked on a community-wide visioning process to chart the future of the city. Over 2,000 surveys were completed and returned to the city with community input on the desired future direction of the city. The visioning process continues in 2019 and 2020. Phase II includes the completion of a Land Use Management Plan and Transportation System Plan.

The city's website redesign was completed in 2018. The city continues to utilize "social media" for expanding community engagement and citizen communications.

Financial and Permitting Software

In 2018, the city converted to a new cloud-based enterprise resource planning (ERP) system that integrates accounting, personnel, project, utility, and budget applications throughout the city. Full integration will be completed in 2019 with the addition of permitting and community development applications.

Capital Program and Budget Forecasts

Since growth is projected to continue into 2019 and beyond, this growth requires extensive planning for infrastructure and services to support this anticipated growth. The city annually updates a six-year capital improvement program and six-year budget forecasts. The capital improvement planning document guides the ability to plan for capital needs and allocate short and long-term resources appropriately within the fiscal constraints of the six-year budget forecasts.

- Transportation: In 2018, intersection and street improvements for NW 5th Way were completed in the amount of $1.74 million. Funding was through Connect Washington and city transportation impact fees. Significant transportation projects scheduled for 2019-2020 include the addition of turn lanes on State Routes 502/503 and a pedestrian walkway at an estimated project cost of $3.9 million, NW 5th Street improvements at an estimated project cost of $1.4 million, and SW 1st Way improvements at an estimated cost of $1.2 million.

  Revenue of approximately $284,000 was generated in 2018, with estimated $290,000 of revenue in 2019, through a Transportation Benefit District (TBD) established on October 6, 2016. Revenue from the $20 vehicle registration fee is dedicated annually to improving the city's existing transportation system.

- Facilities: Deferred maintenance on city facilities is being addressed on a priority basis, contingent on funding through real estate excise taxes. The 2019 budget includes funding for roof replacements and security upgrades in the amount of $500,000.

- Fleet and Technology: Rental and Replacement Funds have been established for fleet and equipment as well as technology (e.g. computers, servers, etc.). Contributions from other funds to the R&R accounts are determined annually to support the recommended replacement cycle of assets.

Utility Services

The city continues to formulate strategies to support planned and environmentally responsive growth and the demand for new or expanded utility services. Growth continues through infills, new development, and annexations. External utility rate studies were recently completed for water, sewer, and storm drainage to determine the appropriate rate based on future capital needs as well as inflationary adjustments for operations.

A new water rate structure was implemented in 2019 with a monthly base meter charge plus a volume charge for actual monthly consumption. A two percent utility tax increase on city water, sewer, and storm drainage was approved in the 2019 budget to support public safety in the general fund.

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 and maintaining required reserves for contingencies
- Establishing and funding repair and replacement funds for vehicles and technology

- Maintaining manageable levels of debt while maintain quality bond ratings; debt is not used for current operations
- Unexpected one-time revenues are used for one-time costs or reserves

Awards and Acknowledgements

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* (CAFR) for the fiscal year ended December 31, 2017. The city has received a Certificate of Achievement for the last 16 years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the finance department. We wish to thank all city departments for their assistance in providing the data necessary to prepare this report. Further appreciation is extended to the mayor and the city council for their direction and support of sound fiscal management.

Respectfully submitted,





Erin Erdman
City Manager

Maggie 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

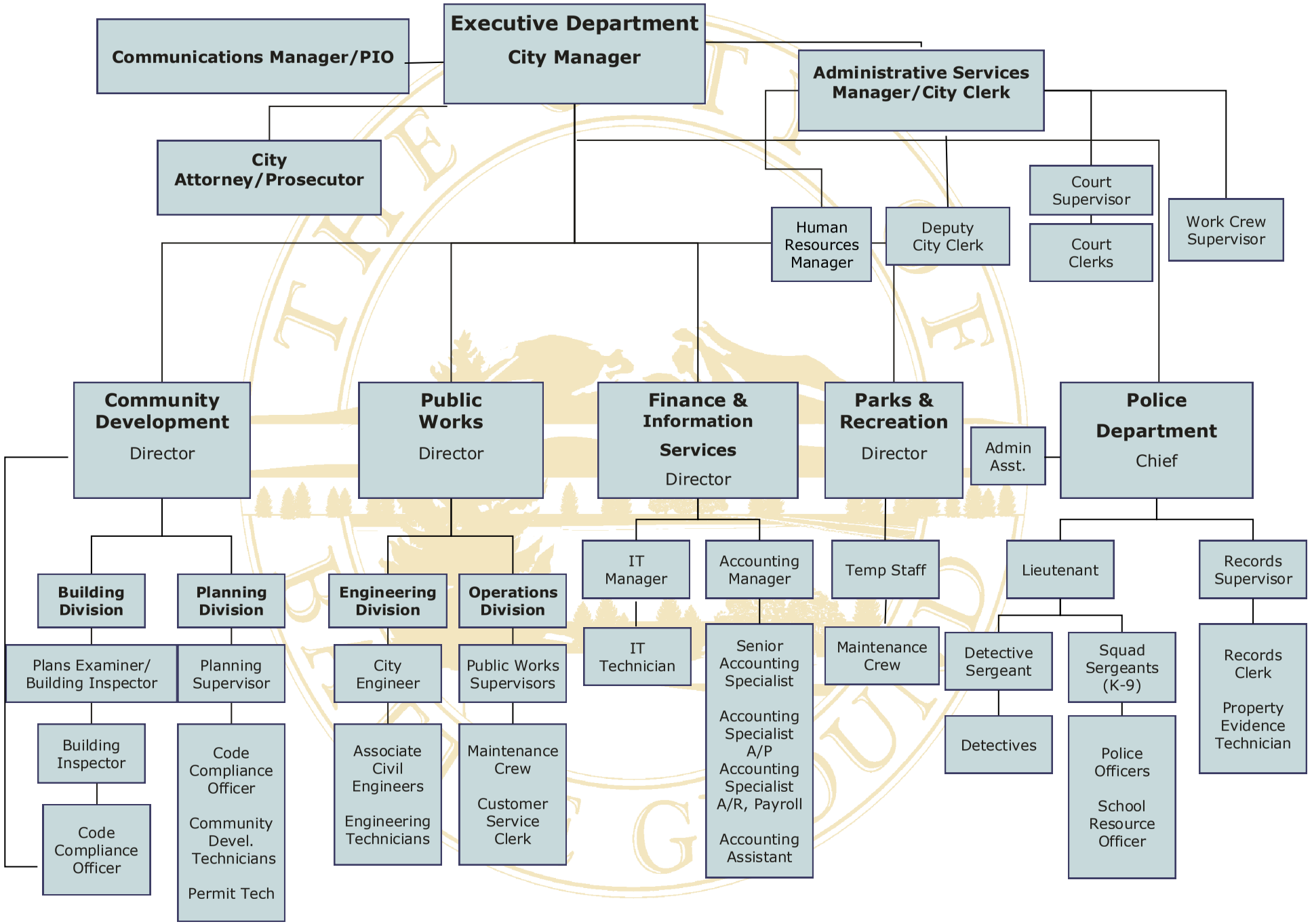
Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO


Executive Department
City Manager
Communications Manager/PIO
Administrative Services Manager/City Clerk
City Attorney/Prosecutor
Human Resources Manager
Deputy City Clerk
Court Supervisor
Court Clerks
Work Crew Supervisor
Community Development
Director
Public Works
Director
Finance & Information Services
Director
Parks & Recreation
Director
Admin Asst.
Police Department
Chief
Building Division
Planning Division
Engineering Division
Operations Division
IT Manager
Accounting Manager
Temp Staff
Lieutenant
Records Supervisor
Plans Examiner/ Building Inspector
Planning Supervisor
City Engineer
Public Works Supervisors
IT Technician
Senior Accounting Specialist
Accounting Specialist A/P
Accounting Specialist A/R, Payroll
Accounting Assistant
Maintenance Crew
Detective Sergeant
Squad Sergeants (K-9)
Records Clerk
Property Evidence Technician
Building Inspector
Code Compliance Officer
Code Compliance Officer
Community Devel. Technicians
Permit Tech
Associate Civil Engineers
Engineering Technicians
Maintenance Crew
Customer Service Clerk
Detectives
Police Officers
School Resource Officer

CITY OF BATTLE GROUND

List of Elected & Appointed Officials

As of December 31, 2018



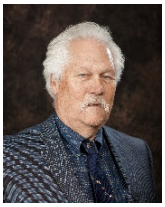
Mayor
Mike Dalesandro



Deputy Mayor
Shane Bowman



Councilmember
Philip Johnson



Councilmember
Steven Phelps



Councilmember
Cherish DesRochers



Councilmember
Brian Munson



Councilmember
Adrian Cortes

APPOINTED OFFICIALS

CITY STAFF

Acting City Manager
Erin Erdman

Finance & Information Services Director
Maggie Smith CPA

Chief of Police
Bob Richardson

Public Works Director
Scott Sawyer

Community Development Director
Erin Erdman

FINANCIAL SECTION

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Office of the Washington State Auditor
Pat McCarthy

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

May 29, 2019

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, as of and for the year ended December 31, 2018, 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, as of December 31, 2018, 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.

Matters of Emphasis

As discussed in Note 16 to the financial statements, in 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

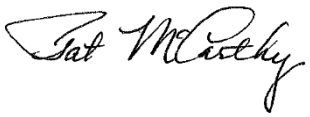
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Nonmajor Combining and Individual Fund Statements and Schedules are presented for the purposes of additional analysis and are not a required part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

Our audit was conducted for the sole purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory and Statistical Sections are presented for purposes of additional analysis and 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 29, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,



Pat McCarthy

State Auditor

Olympia, WA

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) is a narrative overview and analysis of the financial activities of the City of Battle Ground for the fiscal year ended December 31, 2018. This information should be read in conjunction with the basic financial statements and notes to the financial statements that follow. The discussion and analysis includes comparative data for 2017.

2018 FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the city exceeded its liabilities and deferred inflows by $131.5 million (*net position*). Of this amount, $26.8 million represents unrestricted net position of which $4.2 million is unrestricted net position of the governmental activities and $22.7 is unrestricted net position of the business-type activities. Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

- Net investment in capital assets accounts for 74.1 percent of total net position, with a value of $97.4 million, an increase of $2.8 million over 2017.

- The city's total governmental funds reported combined ending fund balances of $14.0 million, an increase of $2.1 million over 2017. Of a total $6.9 million of restricted fund balance, $6.7 million is restricted for capital purposes. Remaining fund balances include $238,127 committed to economic stabilization; $972,271 assigned to LEOFF 1, parks, insurance reserve and streets; and $5.8 million is unassigned to the general fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves 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 consist 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. These 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").

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. 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 presents 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. Revenue generated by the specific functions (charges for services, grants, and contributions) is compared to 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

Governmental funds represent most of the city's basic services such as public safety, parks, streets and many other general administrative type services. The city maintains sixteen individual governmental funds. The general fund is a major fund and, for reporting purposes, includes the general, parks, insurance reserve, LEOFF I, and economic stabilization funds. Financial data for the remaining governmental funds are combined into a single, aggregated presentation. These other nonmajor governmental funds include special revenue funds, debt service fund and capital project funds.

Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at 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 government activities in the government-wide financial statements. This give readers a better understanding of the long-term impact of the government's financing decisions. Both the governmental fund balance sheet and the government 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 council adoption of the budget. Budgets are adopted at the fund level for all funds in accordance with state law. Budgetary comparison schedules are presented in this report following the combining statements of other governmental funds.

Proprietary Funds

Proprietary funds account for business-type activities. Business-type activities provide specific goods or services to a group of customers paid for by fees charged to those customers. The city has two types of proprietary fund: enterprise funds and internal service funds. Enterprise funds account for goods and services provided to citizens and the community. Internal service funds 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 report the same functions presented as business-type activities in the government-wide financial statements. Fund statements provide more detail than is reported in the government-wide statements. The city uses enterprise funds to account for storm drainage, water, and sewer utilities.

Internal service funds report activities that provide supplies and services for city programs. Internal service funds account for fleet administration and technology. Given that these services benefit governmental operations more than business-type functions, internal service funds are 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 pension related data and postemployment medical benefits to uniformed personnel hired before October 1, 1977. Required supplementary information is located immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

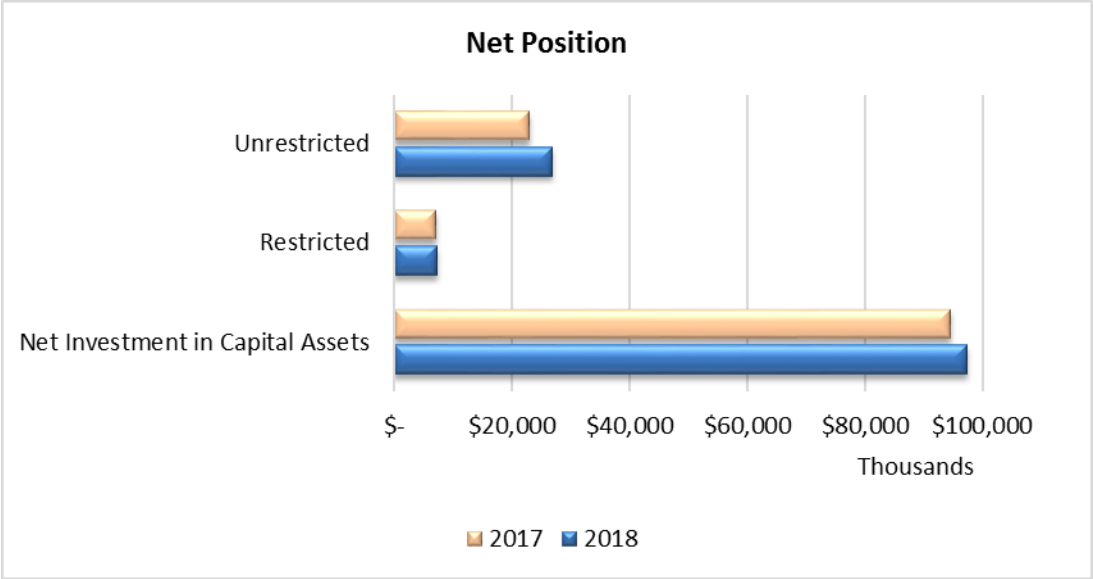
The *Statement of Net Position* can serve as a useful indicator of the city's financial position. The city's total net position was $131.5 million at December 31, 2018 as compared to $124.6 million at December 31, 2017. The following is a condensed version of the *Government-wide Statement of Net Position*.

Net position						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	$ 17,282,537	$ 15,328,753	$ 23,936,536	$ 21,218,973	$ 41,219,073	$ 36,547,726
Capital assets (net of depr)	56,517,949	54,939,744	59,052,589	59,284,856	115,570,538	114,224,600
Total assets	73,800,486	70,268,497	82,989,125	80,503,829	156,789,611	150,772,326
Deferred Outflow of Resources	471,960	453,846	85,567	98,829	557,527	552,675
Liabilities						
Current	1,670,063	1,503,210	256,535	267,622	1,926,598	1,770,832
Noncurrent	13,217,753	14,323,030	9,425,922	9,861,434	22,643,675	24,184,464
Total liabilities	14,887,816	15,826,240	9,682,457	10,129,056	24,570,273	25,955,296
Deferred Inflow of Resources	1,093,438	615,729	179,161	110,315	1,272,599	726,044
Net position						
Net investment in capital assets	47,192,935	44,439,495	50,237,762	50,173,640	97,430,697	94,613,135
Restricted	6,938,802	6,801,503	297,778	297,778	7,236,580	7,099,281
Unrestricted	4,159,455	3,039,376	22,677,534	19,891,869	26,836,989	22,931,245
Total net position	$ 58,291,192	$ 54,280,374	$ 73,213,074	$ 70,363,287	$ 131,504,266	$ 124,643,661

The largest portion of the city's net position is its net investment in capital assets. This category makes up 74.1 percent of the city's total net position and though the city uses these capital assets to provide services to its citizens, these assets are not available for future spending.
Restricted net position makes up 5.5 percent of the total net position and represents the resources that are subject to external restrictions on how they may be used. These restrictions include debt covenants, enabling legislation, grant requirements, or other legal or contractual reason which imposes a limit on the use of the assets which is outside the control of the city.

The remaining balance of $26.8 million is unrestricted and may be used to meet the city's ongoing obligations to its citizens and creditors. Although this amount is unrestricted, a significant portion has been reserved or set aside for various purposes.

At the end of the current fiscal year, the city is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

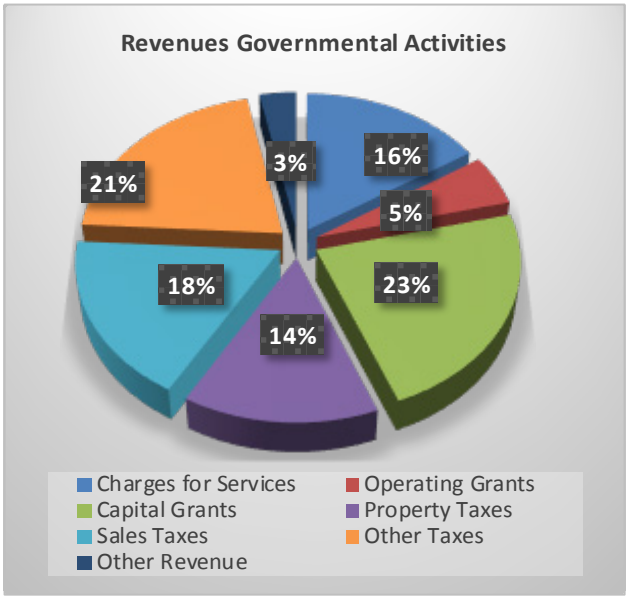


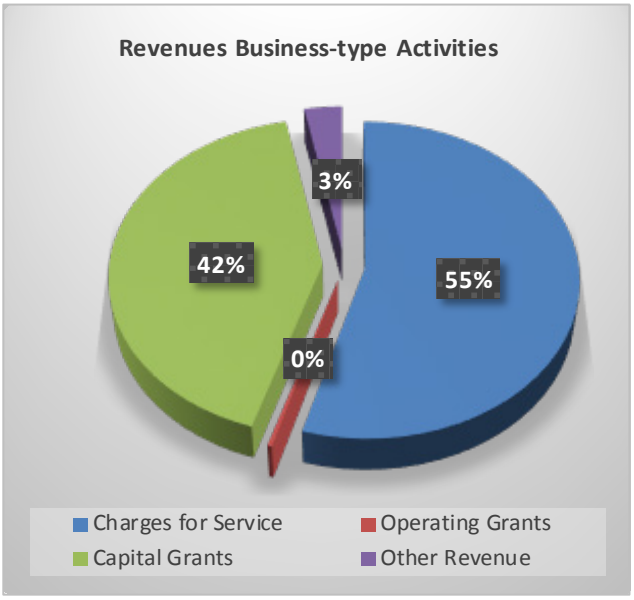
Statement of Activities

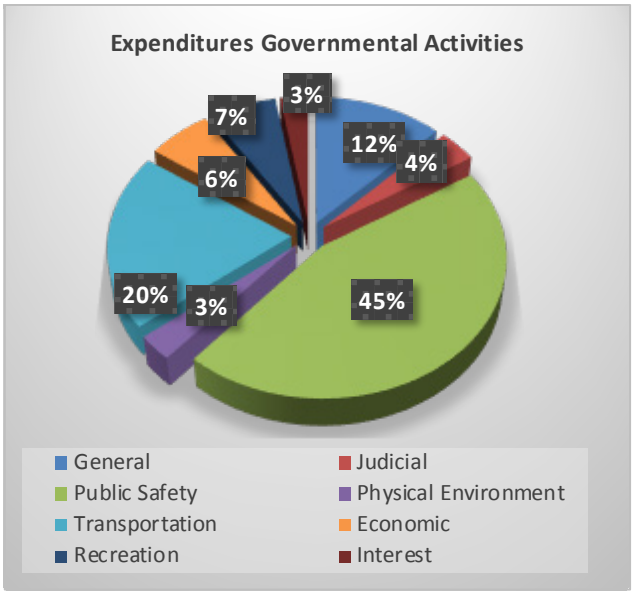
The *Statement of Activities* reports the change in net position for the fiscal year. At December 31, 2018, total ending net position increased by $6.9 million, or 5.5 percent. Business-type funds increased by $2.8 million, or 4.1 percent, primarily due to infrastructure contributions by developers. Net position of governmental activities increased by $4.0 million, or 7.4 percent, due to increased building activity and consumer spending.

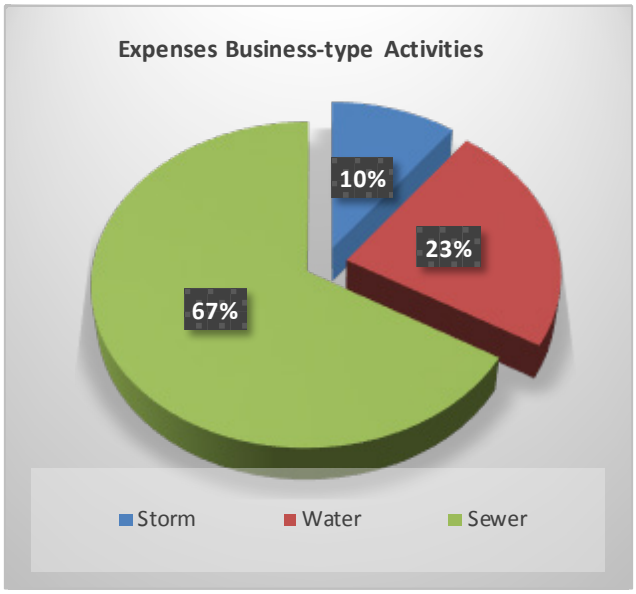
The full statement is a tabular depiction of the relationship of revenues and expenses for the city's governmental activities and proprietary funds. The graphs that follow illustrate the sources of revenue and the balance of governmental versus business type expenses for 2018.

Statement of Activities						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for Services	$ 3,352,433	$ 3,032,685	$ 8,573,851	$ 7,765,560	$ 11,926,284	$ 10,798,245
Operating Grants	1,134,990	1,062,301	50,000	-	1,184,990	1,062,301
Capital Grants	4,849,346	6,339,352	6,614,179	5,330,573	11,463,525	11,669,925
General Revenue					-	
Property Taxes	3,049,456	2,902,251		-	3,049,456	2,902,251
Sales Taxes	3,723,445	3,521,945		-	3,723,445	3,521,945
Other Taxes	4,434,968	4,374,540		-	4,434,968	4,374,540
Interest Income	209,631	98,941	319,724	169,175	529,355	268,116
Other Revenues	458,818	466,640	168,445	133,928	627,263	600,568
Total Revenues	21,213,087	21,798,655	15,726,199	13,399,236	36,939,286	35,197,891
Expenses						
General Government	1,994,437	1,818,329			1,994,437	1,818,329
Judicial	602,107	730,455			602,107	730,455
Public Safety	7,305,827	6,766,840			7,305,827	6,766,840
Physical Environment	477,150	457,270			477,150	457,270
Transportation	3,291,877	3,279,449			3,291,877	3,279,449
Economic Environment	996,604	941,778			996,604	941,778
Culture and Recreation	1,042,660	1,049,993			1,042,660	1,049,993
Storm Drainage			1,332,675	1,380,733	1,332,675	1,380,733
Water			2,985,843	2,914,232	2,985,843	2,914,232
Sewer			8,557,894	5,686,127	8,557,894	5,686,127
Interest Expense	430,418	460,347			430,418	460,347
Total Expenses	16,141,080	15,504,461	12,876,412	9,981,092	29,017,492	25,485,553
Change in Net Position	5,072,007	6,294,194	2,849,787	3,418,144	7,921,794	9,712,338
Net Position - beginning	53,219,185	47,986,180	70,363,287	66,945,143	123,582,472	114,931,323
Net Position - ending	$ 58,291,192	$ 54,280,374	$ 73,213,074	$ 70,363,287	$ 131,504,266	$ 124,643,661









Governmental Activity Analysis

Taxes are the main source of revenue that support governmental activities. The three major tax sources are property tax, sales and use tax, and utility taxes.

Property tax is a fairly stable source of revenue for the city. However, property tax growth is dependent upon new construction and annexations since Initiative 747 limits tax increases to the lesser of the implicit price deflator or one percent. The city's property tax rate decreased slightly from $1.59 (2017) to $1.50 (2018) of assessed valuations due to increasing assessed valuations. The tax levy for 2018 tax collections increased $159,286 over the 2017 levy primarily due to new construction. 2018 property tax collections were $3,049,015.

The sales tax rate in the city is 8.4 percent on all retail sales. Retail sales and use tax collected increased $201,501 (5.7%) from the prior year due to continuing improvement in the local economy and employment. In 2018, sales and use tax revenue was $3,723,445.

Utility taxes may be levied on the gross operating revenues earned by public and private utilities from operations within the city limits. Legislation limits the tax rate that the city may impose on gas, electric, and telephone utilities to six percent unless a vote of the people authorizes a higher rate. There are no restrictions on the tax rates for water, sewer, and storm water utilities. The 2018 city utility tax rate was 20 percent. These "other taxes" generated $4,434,968 of revenue.

Revenues tied to residential development and home purchases remained strong in 2018. Fees for building permits, building plan checks, and zoning and subdivision services were $1.28 million as compared to $1.23 million in 2017. Real estate excise tax was approximately $1.1 million for each of the years 2017 and 2018.

Governmental activities expenses increased $636,619 (4.1%) over 2017. Most of this increase was due to collective bargaining agreements with built-in salary and benefit adjustments, costs of providing health care, increases in retirement costs, and inflationary increases tied to maintaining current service levels. After many years of cost and staff reductions and deferral of street, parks, and facility maintenance, efforts continue to fund critical infrastructure and facility improvements.

Business-Type Activities Analysis

The financial position of the city's business-type funds consists of the storm drainage, water, and sewer funds. Charges for services are the main source of revenue for these business-type activities. Total business-type charges for service revenues increased $808,291 (10.4%) over 2017. This was primarily due to rate increases as well as from new customers due to development. Rates are indexed per recommendations from external utility rate studies to determine the appropriate rate based on future capital needs as well as inflationary adjustments for operations.

- The storm drainage fund had an overall increase in net position of $2.1 million (18.6%) primarily due to a rate increase and impact on cash position and investment in capital assets.

- The water fund had an overall increase in net position of $1.7 million (7.2%) primarily due to increased rates and impact on cash position and investment in capital assets.

- The sewer fund had an overall decrease in net position of $993,101 (-2.8%) primarily due to the remaining amortization of an intangible asset.

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, 2018, the city's governmental funds reported combined fund balances of $14.0 million, an increase of $2.1 million over 2017. $5.8 million 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 in the amount of $6,938,802; committed for particular purposes in the amount of $238,127; or 3) assigned for particular purposes in the amount of $972,271.

The general fund is the chief operating fund of the city. At the end of the fiscal year, unassigned fund balance of the general fund was $5,840,214, while total fund balance increased to $6,544,985. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to general fund expenditures. Unassigned fund balance represents approximately 44.6% of total general fund expenditures, while total fund balance represents approximately 50% of that same amount.

Statement of Governmental Fund Balances			
	2018	2017	$ Change
General Fund			
Committed	238,127	382,871	(144,744)
Assigned	466,644	483,837	(17,193)
Unassigned	5,840,214	4,934,677	905,537
Total General Fund	$ 6,544,985	$ 5,801,385	$ 743,600
All Other Governmental Funds			
Restricted	6,938,802	5,787,548	1,151,254
Assigned	505,627	253,684	251,943
Total All Other Governmental Funds	$ 7,444,429	$ 6,041,232	$ 1,403,197
Total Governmental Fund Balance	$ 13,989,414	$ 11,842,617	$ 2,146,797

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 34.6%, the sewer fund 47.1%, and the storm drainage fund 18.3% of the total net position for enterprise funds. The water fund had total net position at year-end of $25.2 million, the sewer fund $34.3 million, and the storm drainage fund $13.3 million. The water and sewer utility funds each showed an operating loss, primarily for depreciation expense. After capital contributions and interest earnings, the storm drainage and water funds reported an increase in net position. The sewer fund had a decrease in net position.

Total water fund operating revenues for 2018 were $2.9 million as compared to $2.7 million in 2017. Total operating expenses were $2.9 million as compared to $2.8 million in 2017. This increase is primarily due to increases in depreciation expense, equipment purchases, and personnel costs.

Total sewer fund operating revenues for 2018 were $4.3 million as compared to $3.8 million in 2017. Total operating expenses were $8.4 million as compared to $5.5 million in 2017. This increase is primarily due to increases in depreciation, amortization expense of $2.4 million for an intangible asset (see Note 16), intergovernmental services, and personnel costs.

Total storm drainage operating revenues for 2018 were $1.4 million as compared to $1.2 million in 2017. Total operating expenses were $1.3 million for 2018 as compared to $1.4 million in 2017. This decrease was primarily due to deferral of maintenance and allocation of other expenses.

Statement of Proprietary Fund Net Position								
	Business-type Activities Enterprise Funds						Governmental Activities	
	Storm Drainage		Water		Sewer		Internal Service	
	2018	2017	2018	2017	2018	2017	2018	2017
Net Position								
Net Investment in Capital Assets	10,827,621	9,295,324	16,129,830	15,347,092	23,280,313	25,531,223	746,146	253,980
Restricted (Debt Service)					297,778	297,778		
Unrestriced	2,486,077	1,933,864	9,026,917	8,124,740	10,702,226	9,444,417	778,954	1,128,355
Total Net Position	$ 13,313,698	$ 11,229,188	$ 25,156,747	$ 23,471,832	$ 34,280,317	$ 35,273,418	$ 1,525,100	$ 1,382,335

GENERAL FUND BUDGETARY HIGHLIGHTS

The city appropriated funds through the adoption of the 2017-2018 biennial budget. Budget amendments are made throughout each year of the biennial budget as needed and approved by ordinance action by city council. The following table shows the changes between the original and the final biennial general fund budget (does not include parks and reserve funds), and the variances between the final budget to actual revenues and expenditures:

	Original 2017-2018 budget	Final 2017-2018 Budget	Change Increase (Decrease)	Actual at 12/31/2018	Variance Positive (Negative)	Percentage of Actual to Budget
Revenues:						
Taxes	$ 17,924,625	$ 17,924,625	$ -	$ 19,546,815	$ 1,622,190	109%
License and permits	2,642,056	2,642,056	-	2,144,718	(497,338)	81%
Intergovernmental	1,133,268	1,148,268	15,000	1,446,569	298,301	126%
Charges for services	2,974,556	2,974,556	-	3,586,186	611,630	121%
Other revenues	930,600	930,600	-	1,026,910	96,310	110%
Total revenues	25,605,105	25,620,105	15,000	27,751,198	2,131,093	108%
Expenditures:						
General government	5,157,318	5,305,771	148,453	5,315,576	(9,805)	100%
Judicial	1,403,149	1,418,149	15,000	1,438,104	(19,955)	101%
Security/Persons and property	13,936,166	14,141,074	204,908	13,945,314	195,760	99%
Physical Environment	929,255	929,255	-	928,399	856	100%
Economic Environment	2,076,140	2,176,140	100,000	1,976,875	199,265	91%
All other expenditures	116,686	116,686	-	187,680	(70,994)	161%
Total Expenditures	23,618,714	24,087,075	468,361	23,791,948	295,127	99%

The shortfall in revenue variance for *License and Permits* was due to the timing of development. Development did not occur as estimated in the biennial budget timeframe and actual revenue for building permits and building plan checks lagged these estimates.

Increases in appropriations reflects council's commitment to using one-time grant revenue and transfers from other funds (e.g. Real Estate Investment Tax Fund) to fund facility repairs, technology upgrades, and the first phase of the city's Visioning process. Actual expenditures were under budget by $295,127.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The city's investment in capital assets, including construction in progress, totals $115.6 million (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. Capital assets are affected by various additions and deletions, and by depreciation. Additions are from the purchase and/or construction of capital assets, current year work in process expenses, or from developer contributions. Deletions are from the sale or loss of a capital asset. The table below reflects an increase in net capital assets of $1.3 million in 2018.

	Governmental Activities		Business-Type Activities		Total Activities	
	2018	2017	2018	2017	2018	2017
Land	$ 16,060,373	$ 16,060,373	$ 3,647,342	$ 3,133,639	$ 19,707,715	$ 19,194,012
Construction in progress	388,156	1,933,195	347,133	266,485	735,289	2,199,680
Buildings	9,548,836	9,929,484	887,351	921,290	10,436,187	10,850,774
Machinery and equipment	1,327,813	1,102,369	117,731	64,543	1,445,544	1,166,912
Infrastructure	28,283,457	24,933,038	44,017,513	41,309,353	72,300,970	66,242,391
Improvements other than buildings	909,314	981,285	26,308	27,952	935,622	1,009,237
Intangible assets		-	10,009,211	13,561,594	10,009,211	13,561,594
Total	$ 56,517,949	$ 54,939,744	$ 59,052,589	$ 59,284,856	$ 115,570,538	$ 114,224,600

Major capital events during the 2018 fiscal year included the following:

- Completion of intersection and street improvements for NW 5th Way. Funding was through Connect Washington and city transportation impact fees. Project cost was $1.74 million.
- The city previously leased property from the Department of Natural Resources (DNR) where one of the city's water reservoir tanks was constructed. This property acquisition was completed in 2018 at a cost to the city of $188,428.
- Acquisition of several public safety vehicles and public works equipment
- Completion of the LED light replacement project for existing street lights in partnership with the State of Washington and Clark Public Utilities.

Additional information on the city's capital assets is located in Note 4 in the notes to the financial statement in this report.

Long-term Debt

At December 31, 2018, the city had total long-term debt outstanding of $18,139,840. Of this amount, $8,324,809 is general obligation debt, including $69,809 of issuance premium. General obligation bonds are direct obligations and pledge the full faith and credit of the city. The city's remaining capacity for non-voted long-term general obligation debt is approximately $26.4 million. Standard and Poor's last affirmed the city's rating of "AA-"for its general obligation debt in September 2014 citing strong budgetary flexibility and management.

The city has entered into lease arrangements for purchase of public safety vehicles and equipment. Outstanding capital lease obligations at December 31, 2018 are $500,204.

At December 31, 2018 there were outstanding government long-term loans made by the State of Washington under the Public Works Trust Fund Loan Program of $107,998 for sewer lines and $500,000 for West Main Street improvements. USDA sewer revenue bonds of $6,264,727 and water revenue bonds of $2,442,102 were also outstanding at year end.

The table below is a comparison of the summary for outstanding debt at December 31, 2017 and 2018.

Outstanding Debt

	Governmental Activities		Business-Type Activies		Total Activities	
	2018	2017	2018	2017	2018	2017
General obligation bonds	$ 8,255,000	$ 9,005,000	$ -	$ -	$ 8,255,000	$ 9,005,000
Capital leases	500,204	809,865	-	-	500,204	809,865
Government loans	500,000	600,000	107,998	161,996	607,998	761,996
Revenue bonds		-	8,706,829	8,949,221	8,706,829	8,949,221
Issuance premium (LTGO)	69,809	85,379			69,809	85,379
Total	$ 9,325,013	$ 10,500,244	$ 8,814,827	$ 9,111,217	$ 18,139,840	$ 19,611,461

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

ECONOMIC OUTLOOK AND FUTURE CONDITIONS

The city serves city residents as well as a greater trade area of about 82,600 people. For the period 2009-2018, the population of Battle Ground increased 21.8 percent, from 17,150 to 20,890 citizens. Residential and commercial development increased in the city while the broader regional economy also improved with increased employment and economic development. However, the city is challenged to sustain service and program levels to this growing population. Staffing levels have not been regained since layoffs made during the last recession. To address these challenges, the city has initiated an on-going visioning process involving community engagement.

The city's adopted financial policies continue to guide the financial operations and the 2019 budget process. City council repealed the biennial budget process by Ordinance 2018-16 and reverted back to a fiscal year budget effective January 1, 2019 supported by a six-year forecast. With a backlog of deferred maintenance, compliance with constantly changing statewide legislative and regulatory mandates, and increased operational costs, a shorter budget cycle and longer planning horizon provides a better opportunity for focusing on core services identified by city council and responding to market and economic factors.

The city has made increasing efforts to find opportunities for cost savings, has maintained conservation and sustainability initiatives, has leveraged partnerships with other agencies, and has invested in technology to improve delivery of core services. The 2019 budget and work plans continue to support and build on these efforts.

- In 2018, the city converted to a new cloud-based enterprise resource planning (ERP) system that integrates accounting, personnel, project, utility, and budget applications throughout the city. The final phase of the system will be completed in 2019 with the integration of community development services.

- Maintenance of the city's transportation system will continue in 2019 in various locations throughout the community and funded through the Transportation Benefit District. From a regional perspective,

transportation improvements will begin along State Routes 502 and 503 and funded through the state's 2015 *Connecting Washington* program.

- Consistent with maintaining sound and stable utilities, external forecasts and rate studies were completed with recommendations of rate increases for all city utilities. 2019 rate increases are necessary for infrastructure maintenance and rehabilitation costs and to comply with current unfunded mandates.

Requests for Information

This financial report provides 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, address to the Finance Department, City of Battle Ground, 109 SW 1st Street, Suite 217, Battle Ground, WA, 98604.

BASIC FINANCIAL STATEMENTS

CITY OF BATTLE GROUND
Statement of Net Position
December 31, 2018

	Governmental Activities	Business-type Activities	Total Primary Government
Assets			
Cash and Cash Equivalents	$ 14,233,837	$ 21,904,077	$ 36,137,914
Investments	196,937	303,063	500,000
Receivables	1,799,788	969,306	2,769,094
Internal Balances	(462,312)	462,312	-
Restricted Assets			
Cash and Cash Equivalents	-	297,778	297,778
Net Pension Asset	1,514,287	-	1,514,287
Capital Assets (not being depreciated)			
Land	16,060,373	3,647,342	19,707,715
Construction Work in Progress	388,156	347,133	735,289
Capital Assets (net of accumulated depreciation)			
Buildings	9,548,836	887,351	10,436,187
Improvements Other than Buildings	909,314	26,308	935,622
Intangible Assets	-	10,009,211	10,009,211
Machinery and Equipment	1,327,813	117,731	1,445,544
Infrastructure	28,283,457	44,017,513	72,300,970
Total Assets	73,800,486	82,989,125	156,789,611
Deferred Outflows of Resources			
Related to Pensions	439,757	85,567	525,324
Related to OPEB	32,203	-	32,203
Total Deferred Outflows of Resources	471,960	85,567	557,527
Liabilities			
Accounts Payable	841,256	90,560	931,816
Other Current Liabilities	197,642	70,860	268,502
Accrued Interest Payable	44,127	94,183	138,310
Custodial Deposits	161,049	-	161,049
Noncurrent Liabilities			
Due within One Year	1,303,561	322,723	1,626,284
Due in More than One Year	9,138,594	8,642,354	17,780,948
Net Pension Liability	1,473,582	461,777	1,935,359
OPEB Liability	1,728,005	-	1,728,005
Total Liabilities	14,887,816	9,682,457	22,842,268
Deferred Inflows of Resources			
Related to Pensions	1,093,438	179,161	1,272,599
Total Deferred Inflows of Resources	1,093,438	179,161	1,272,599
Net Position			
Net Investment in Capital Assets	47,192,935	50,237,762	97,430,697
Restricted for			
Capital	6,673,924	-	6,673,924
Debt Service	-	297,778	297,778
Drug Investigation	55,388	-	55,388
Tourist Promotion	209,490	-	209,490
Unrestricted	4,159,455	22,677,534	26,836,989
Total Net Position	$ 58,291,192	$ 73,213,074	$ 131,504,266

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, 2018

Functions/Programs	Expenses	Indirect Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business -type Activities	Net (Expense) Revenue and Changes in Net Position: Total
PRIMARY GOVERNMENT								
Governmental Activities:								
General Government	$ 3,166,019	$(1,171,582)	$ 283,560	$ 25,860	$ -	$ (1,685,017)	$ -	$ (1,685,017)
Judicial	602,107	-	169,059	21,243	-	(411,805)	-	(411,805)
Public Safety	7,305,827	-	350,655	205,442	-	(6,749,730)	-	(6,749,730)
Physical Environment	477,150	-	17,894	-	-	(459,256)	-	(459,256)
Transportation	3,291,877	-	-	877,479	4,849,346	2,434,948	-	2,434,948
Economic Environment	996,604	-	2,367,537	-	-	1,370,933	-	1,370,933
Culture and Recreation	1,042,660	-	163,728	4,966	-	(873,966)	-	(873,966)
Interest Expense	430,418	-	-	-	-	(430,418)	-	(430,418)
TOTAL GOVERNMENTAL ACTIVITIES	17,312,662	(1,171,582)	3,352,433	1,134,990	4,849,346	(6,804,311)	-	(6,804,311)
Business Type Activities:								
Storm Drainage	1,009,992	322,683	1,386,111	50,000	1,942,255	-	2,045,691	2,045,691
Water	2,628,838	357,005	2,884,377	-	1,657,315	-	1,555,849	1,555,849
Sewer	8,066,000	491,894	4,303,363	-	3,014,609	-	(1,239,922)	(1,239,922)
TOTAL BUSINESS-TYPE ACTIVITIES	11,704,830	1,171,582	8,573,851	50,000	6,614,179	-	2,361,618	2,361,618
Total Primary Government	$ 29,017,492	$ -	$ 11,926,284	$ 1,184,990	$ 11,463,525	$ (6,804,311)	$ 2,361,618	$ (4,442,693)
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes						3,049,456	-	3,049,456
Sales and Use Taxes						3,723,445	-	3,723,445
Business and Occupation Taxes						3,357,670	-	3,357,670
Excise Taxes						1,077,298	-	1,077,298
Grants and Contributions not Restricted to Specific Programs						362,403	-	362,403
Unrestricted Investment Earnings						209,631	319,724	529,355
Gain on Sale of Capital Assets						4,680	3,033	7,713
Miscellaneous						91,735	165,412	257,147
Total General Revenues						11,876,318	488,169	12,364,487
Change in Net Position						5,072,007	2,849,787	7,921,794
Net Position - Beginning						54,280,374	70,363,287	124,643,661
Change in Accounting Principle (See Notes 11 and 17)						(1,061,189)	-	(1,061,189)
Net Position as of January 1 - restated						53,219,185	70,363,287	123,582,472
Net Position - Ending						$ 58,291,192	$ 73,213,074	$ 131,504,266

CITY OF BATTLE GROUND
Governmental Funds
Balance Sheet December
31, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and Cash Equivalents	$ 5,923,045	$ 7,533,304	$ 13,456,349
Investments	81,950	104,230	186,180
Property Taxes Receivables	47,432	-	47,432
Utility Tax Receivable	192,350	-	192,350
Accounts Receivable	1,102,327	245,809	1,348,136
Interest Receivable	-	-	-
Municipal Court Receivable	211,869	-	211,869
Total Assets	7,558,973	7,883,343	15,442,316
Liabilities			
Accounts Payable	261,021	370,308	631,329
Due to Other Governmental Units	(3,579)		(3,579)
Other Accrued Liabilities	342,541	68,606	411,147
Custodial Deposits	161,049		161,049
Total Liabilities	761,032	438,914	1,199,946
Deferred Inflows of Resources			
Unavailable revenue-property taxes	41,087	-	41,087
Unavailable revenue-municipal court	211,869	-	211,869
Total Deferred Inflows of Resources	252,956	-	252,956
Fund Balances			
Restricted for:			
Capital	-	6,673,924	6,673,924
Drug Investigation	-	55,388	55,388
Tourist Promotion	-	209,490	209,490
Committed to:			
Economic Stabilization	238,127	-	238,127
Assigned to:			
LEOFF 1	75,527	-	75,527
Parks	383,123	-	383,123
Insurance Reserve	7,994	-	7,994
Street	-	505,627	505,627
Unassigned	5,840,214	-	5,840,214
Total Fund Balances	6,544,985	7,444,429	$ 13,989,414
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 7,558,973	$ $ 7,883,343	

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)	55,440,173
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds (see note 2A)	1,145,765
Long-term liabilities that are not due and payable in the current period and are not reported in the funds (see note 2A)	(13,346,948)
Net position of internal service funds - governmental activities (see note 2A)	1,062,788
Net position of governmental activities	$ 58,291,192

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 Balance
For the Year Ended December 31, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	$ 3,049,015	$ -	$ 3,049,015
Sales and Use Taxes	3,723,445	-	3,723,445
Other Taxes	3,148,452	1,412,711	4,561,163
License and Permits	1,181,600	-	1,181,600
Intergovernmental	755,723	1,606,721	2,362,444
Charges for Services	1,810,757	986,755	2,797,512
Fines and Forfeits	243,280	-	243,280
Interest Earnings	89,377	109,400	198,777
Rents and Royalties	277,815	-	277,815
Contributions/Donations	22,145	118,989	141,134
Miscellaneous	66,505	20,883	87,388
Total Revenues	14,368,114	4,255,459	18,623,573
Expenditures			
Current			
General Government	2,813,508	-	2,813,508
Judicial	700,282	-	700,282
Security/Persons and Property	7,317,159	1,593	7,318,752
Physical Environment	489,047	-	489,047
Transportation	-	1,053,875	1,053,875
Economic Environment	1,050,336	17,354	1,067,690
Culture and Recreation	652,483	-	652,483
Capital Expenditures			-
Security/Persons and Property	390	-	390
Transportation	-	796,622	796,622
Debt Service			-
Principal Retirement	54,123	850,000	904,123
Interest/Fiscal Charges	4,511	432,726	437,237
Total Expenditures	13,081,839	3,152,170	16,234,009
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,286,275	1,103,289	2,389,564
Other Financing Sources (Uses)			
Sale of Capital Assets	-	2,210	2,210
Insurance Recoveries	4,344	-	4,344
Transfers In	51,385	1,957,684	2,009,069
Transfers Out	(598,404)	(1,659,986)	(2,258,390)
Total Other Financing Sources and Uses	(542,675)	299,908	(242,767)
Net Change in Fund Balance	743,600	1,403,197	2,146,797
Fund Balance at Beginning of Year	5,801,385	6,041,232	11,842,617
Fund Balance at End of Year	$ 6,544,985	$ 7,444,429	$ 13,989,414

CITY OF BATTLE GROUND

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year Ended December 31, 2018

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

Net changes in fund balance - total governmental funds:	$	2,146,797
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount by which capital outlays exceeded depreciation in the current period.		(2,341,115)
The net effect of various miscellaneous transactions involving capital assets (I.e., sales, transfers, trade-ins, and donations) is to increase net position.		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		3,708,442
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.		904,123
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.		584,458
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.		69,302
Change in Net Position of Governmental Activities	$	5,072,007

CITY OF BATTLE GROUND

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

General Fund

For the Fiscal Year Ended December 31, 2018

	Budget Amounts			
	Original 2017-2018 Biennium	Final 2017-2018 Biennium	Actual	Variance
Revenues				
Property Taxes	$ 5,835,100	$ 5,835,100	$ 5,955,420	$ 120,320
Sales and Use Taxes	6,378,000	6,378,000	7,245,389	867,389
Other Taxes	5,711,525	5,711,525	6,346,006	634,481
License and Permits	2,642,056	2,642,056	2,144,718	(497,338)
Intergovernmental	1,133,268	1,148,268	1,446,569	298,301
Charges for Services	2,974,556	2,974,556	3,586,186	611,630
Fines and Forfeits	527,600	527,600	485,195	(42,405)
Interest Earnings	22,000	22,000	111,755	89,755
Rents and Royalties	270,000	270,000	272,321	2,321
Contributions/Donations	-	-	25,895	25,895
Miscellaneous	111,000	111,000	131,744	20,744
Total Revenues	25,605,105	25,620,105	27,751,198	2,131,093
Expenditures				
Current				
General Government	5,157,318	5,305,771	5,315,576	(9,805)
Judicial	1,403,149	1,418,149	1,438,104	(19,955)
Security/Persons and Property	13,936,166	14,141,074	13,945,314	195,760
Physical Environment	929,255	929,255	928,399	856
Economic Environment	2,076,140	2,176,140	1,976,875	199,265
Capitalized Expenditures	-	-	82,350	(82,350)
Debt Service				
Principal Retirement	102,020	102,020	90,664	11,356
Interest/Fiscal Charges	14,666	14,666	14,666	(0)
Total Expenditures	23,618,714	24,087,075	23,791,948	295,127
Excess (Deficiency) of Revenues Over (under) Expenditures	1,986,391	1,533,030	3,959,250	2,426,220
Other Financing Sources (Uses)				
Payment to Refunded Bond Escrow Agent	-	-	4,344	4,344
Transfers In	10,800	200,800	203,464	2,664
Transfers Out	(2,037,361)	(1,895,000)	(1,899,546)	(4,546)
Total Other Financing Sources and Uses	(2,026,561)	(1,694,200)	(1,691,738)	2,462
Net Change in Fund Balance	(40,170)	(161,170)	2,267,512	2,428,682
Fund Balance at Beginning of Year	1,003,049	1,117,854	3,572,702	2,454,848
Fund Balance at End of Year	$ 962,879	$ 956,684	$ 5,840,214	$ 4,883,530
Adjustment to generally accepted accounting principles (GAAP) basis:				
Parks Fund budgeted as separate fund			$ 383,123	
Insurance Reserve Fund budgeted as separate fund			7,994	
LEOFF I Reserve Fund budgeted as separate fund			75,527	
Economic Stabilization Fund budgeted as separate fund			238,127	
Fund Balance GAAP basis:			$ 6,544,985	

CITY OF BATTLE GROUND
Proprietary Funds
Statement of Net Position
December 31, 2018

	Business-type Activities				Governmental Activities
	Storm Drainage	Water	Sewer	Total Enterprise Funds	Internal Service Funds
Assets					
Current Assets					
Cash and Cash Equivalents	$ 2,547,729	$ 9,004,362	$ 10,351,986	$ 21,904,077	$ 777,488
Investments	35,250	124,583	143,230	303,063	10,757
Receivables (net)					
Accounts	139,246	288,053	542,007	969,306	
Total Current Assets	2,722,225	9,416,998	11,037,223	23,176,446	788,245
Noncurrent Assets					
Restricted Cash and Cash Equivalents	-	-	297,778	297,778	-
Property, Plant and Equipment (Net)	10,827,621	18,571,932	29,653,036	59,052,589	1,077,775
Total Noncurrent Assets	10,827,621	18,571,932	29,950,814	59,350,367	1,077,775
Total Assets	13,549,846	27,988,930	40,988,037	82,526,813	1,866,020
Deferred Outflows of Resources					
Deferred Outflows Related to Pensions	27,686	33,280	24,601	85,567	-
Liabilities					
Current Liabilities					
Accounts Payable	9,624	55,778	25,158	90,560	-
Accrued Interest Payable	-	11,682	82,501	94,183	9,291
Other Accrued Liabilities	23,067	31,355	16,438	70,860	-
Compensated Absences	3,202	5,262	4,117	12,581	-
Lease Payable	-	-	-	-	159,789
Bonds, Notes and Loans Payable	-	145,483	164,659	310,142	-
Total Current Liabilities	35,893	249,560	292,873	578,326	169,080
Noncurrent Liabilities					
Lease Payable	-	-	-	-	171,840
Developer Credits	-	932	-	932	
Bonds, Notes and Loan Payable	-	2,296,619	6,208,065	8,504,684	-
Compensated Absences	20,563	69,069	47,106	136,738	-
Net Pension Liability	149,410	179,601	132,766	461,777	-
Total Noncurrent Liabilities	169,973	2,546,221	6,387,937	9,104,131	171,840
Total Liabilities	205,866	2,795,781	6,680,810	9,682,457	340,920
Deferred Inflows of Resources					
Deferred Inflows Related to Pensions	57,968	69,682	51,511	179,161	-
Net Position					
Net Investment in Capital Assets	10,827,621	16,129,830	23,280,313	50,237,764	746,146
Restricted for Debt Service	-	-	297,778	297,778	-
Unrestricted	2,486,077	9,026,917	10,702,226	22,215,220	778,954
Total Net Position	$ 13,313,698	$ 25,156,747	$ 34,280,317	$ 72,750,762	$ 1,525,100
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)				462,312	
Net position of business-type activities				$ 73,213,074	

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

CITY OF BATTLE GROUND

Proprietary Funds

Statement of Revenues, Expenses and Changes in Fund Net Position For the Fiscal Year Ended December 31, 2018

	Business-type Activities				Governmental Activities
	Storm Drainage	Water	Sewer	Total Enterprise Funds	Internal Service Funds
Operating Revenues					
Charge for Services	$ 1,386,111	$ 2,880,620	$ 4,303,363	$ 8,570,094	$ 304,898
Miscellaneous	-	3,757	-	3,757	-
State and Federal Grants	50,000	-	-	50,000	-
Total Operating Revenues	1,436,111	2,884,377	4,303,363	8,623,851	304,898
Operating Expenses					
Personnel Services	449,311	527,783	398,636	1,375,730	-
Equipment and Supplies	28,774	523,730	30,922	583,426	209,347
Professional Services	55,686	54,173	15,719	125,578	-
Utilities	449	262,157	80,676	343,281	-
Repairs and Maintenance	30,502	45,374	124,225	200,102	-
Taxes	26,081	154,833	79,226	260,140	-
Intergovernmental services	-	-	2,795,409	2,795,409	-
Insurance	12,450	16,372	21,971	50,793	-
Allocated expenses	322,683	357,006	491,893	1,171,582	-
Other	68,679	121,890	93,598	284,167	-
Depreciation	338,060	840,773	4,235,353	5,414,186	203,188
Total Operating Expenses	1,332,675	2,904,091	8,367,628	12,604,394	412,535
Operating Income (loss)	103,436	(19,714)	(4,064,265)	(3,980,543)	(107,637)
Nonoperating Revenues (Expenses)					
State and Federal Grants	-	-	-	-	-
Miscellaneous Revenues	-	-	91,949	91,949	-
Interest and Fiscal Charges	-	(81,752)	(190,266)	(272,018)	(12,243)
Gain (loss) on Sale of Capital Assets	3,033		-	3,033	2,470
Total Nonoperating Revenues (Expenses)	38,819	47,315	56,555	142,689	1,082
Income (Loss) before Contributions , Transfers, and Special Items	142,255	27,601	(4,007,710)	(3,837,854)	(106,555)
Capital Contributions	1,942,255	1,657,314	3,014,609	6,614,179	
Transfers In				-	254,830
Transfers Out					(5,510)
Change in Net Position	2,084,510	1,684,915	(993,101)	2,776,325	142,765
Total Net Position at Beginning of Year	11,229,188	23,471,832	35,273,418		1,382,335
Total Net Position at End of Year	$ 13,313,698	$ 25,156,747	$ 34,280,317		$ 1,525,100

Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds	73,463
Changes in net position of business-type activities	$ 2,849,788

CITY OF BATTLE GROUND
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended December 31, 2018

	Business-type Activities				Governmental Activities
	Storm Drainage	Water	Sewer	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:					
Cash received from Customers	$ 1,370,795	$ 2,879,830	$ 4,289,549	$ 8,540,174	$ -
Proceeds from Operating Grants	50,000			50,000	
Receipts from vehicle interfund charges					194,572
Receipts from technology interfund charges					110,326
Cash payments to Suppliers	(204,404)	(1,189,189)	(3,206,062)	(4,599,656)	(238,028)
Cash payments to Employees	(459,191)	(535,801)	(397,248)	(1,392,239)	-
Cash payments for Interfund Services Received	(347,644)	(374,933)	(541,478)	(1,264,055)	-
Net Cash Provided by Operating Activities	409,556	779,907	144,761	1,334,224	66,870
Cash Flows from Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	(19,361)	(337,398)	(144,070)	(500,828)	(439,814)
Proceeds from Other Financing (Transfers)				-	249,320
Proceeds from Sale of Capital Assets					6,970
Proceeds from Capital Lease					344,433
Principal Paid on Capital Lease				-	(254,971)
Interest Paid on Capital Lease					(6,691)
Principal Paid on Current Debt		(134,979)	(161,412)	(296,391)	-
Interest Paid on Revenue Bonds and Other Long Term Debt		(82,398)	(191,985)	(274,383)	-
Capital Contributed-Paid in cash	90,979	506,195	1,335,651	1,932,824	-
Net Cash Provided for Capital and Related Financing Activities	71,618	(48,580)	838,184	861,222	(100,754)
Cash Flows from Investing Activities:					
Interest on Investments	37,809	135,682	162,169	335,660	11,304
Proceeds or Purchase of Investment Securities	206,952	844,925	953,970	2,005,847	84,391
Net Cash Used by Investing Activities	244,761	980,607	1,116,139	2,341,507	95,695
Net Increase (Decrease) in Cash and Cash Equivalents	725,935	1,711,934	2,099,084	4,536,953	61,811
Cash and Cash Equivalents at Beginning of Year	1,821,794	7,292,428	8,550,680	17,664,902	715,677
Cash and Cash Equivalents at End of Year	$ 2,547,729	$ 9,004,362	$ 10,649,764	$ 22,201,855	$ 777,488

continued on next page

CITY OF BATTLE GROUND
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended December 31, 2018

	Business-type Activities				Governmental Activities
	Storm Drainage	Water	Sewer	Total Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities:					
Net Operating Income (Loss)	$ 103,436	$ (19,714)	$ (4,064,265)	$ (3,980,543)	$ (107,637)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operations:					
Depreciation Expense	338,060	840,773	4,235,353	5,414,186	203,188
Pension Expense (GASB 68)	(23,838)	(45,462)	(16,993)	(86,293)	-
(Increase) Decrease in Receivables	(18,350)	(4,547)	(105,765)	(128,662)	-
(Increase) Decrease in Miscellaneous Revenues	3,033	4,745	91,949	99,727	
(Increase) Decrease in Prepaid Assets				-	
Increase (Decrease) in Current Payables	(6,742)	(28,588)	(13,899)	(49,229)	(28,681)
Increase (Decrease) in Accrued Employee Benefits	13,957	32,700	18,381	65,039	-
Total Adjustments	306,120	799,621	4,209,026	5,314,767	174,507
Net Cash Provided by Operating Activities	$ 409,556	$ 779,907	$ $ 144,761	$ $ 1,334,224	$ 66,870
Noncash Investing, Financing and Capital Activities					
Capital Assets Contributed	1,851,276	1,151,120	1,678,958	4,681,355	-
Net Change in Fair Value of Investments	-	-	-	-	(219)

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
NOTE 2	RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
NOTE 3	DEPOSITS AND INVESTMENTS
NOTE 4	CAPITAL ASSETS, DEPRECIATION, AND AMORTIZATION
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NOTE 6	CAPITAL AND OPERATING LEASES
NOTE 7	LONG TERM LIABILITIES
NOTE 8	RISK MANAGEMENT (RISK POOLS DISCLOSURE FOR POOL MEMBERS)
NOTE 9	PROPERTY TAX
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NOTE 12	HEALTH AND WELFARE
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NOTE 15	JOINT VENTURE AND JOINTLY GOVERNED ORGANIZATIONS
NOTE 16	ACCOUNTING AND REPORTING CHANGES

CITY OF BATTLE GROUND
Notes to Financial Statements
December 31, 2018

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 noncharter code cities with a council-manager form of government. City council is composed of seven elected members with one selected to serve as the mayor. The city is a general purpose government and provides public safety, street construction and maintenance, parks and recreation, judicial administration, planning, economic development, and general administrative services. The city owns and operates water, storm drainage, and sewer utilities. The city contracts for fire services.

As required by generally accepted accounting principles, the financial statements present the City of Battle Ground as a primary government. The city does not have any component units.

B. Basis of Presentation - Government-wide and Fund Financial Statements

The 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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Our policy is to allocate indirect costs to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than program revenues. Taxes and other items not properly included among program revenues are instead reported as general revenues.

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 utility functions 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.

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.

The city reports the following major governmental fund:

The ***general*** (or current expense) ***fund*** is the city's operating fund. It accounts for all financial resources of the general government, except those required or elected to be accounted for in another fund. The Parks and Recreation Fund, Insurance Reserve Fund, LEOFF I Reserve Fund, and the Economic Stabilization Fund are included in the general fund for financial reporting purposes.

The city reports the following major enterprise funds:

The ***storm drainage fund*** provides flood management and water quality protection. Activities include construction and maintenance of public drainage systems, erosion control, and environmental public awareness. System development charges (SDC) assessed on new development are expended to build and expand drainage systems. The storm drainage SDC fund is included with the storm drainage fund for financial reporting purposes.

The ***water fund*** accounts for the city's water utility operations. Activities of the municipal water system includes production, treatment, storage, and distribution of domestic water. Utility operations are self-supported through user fees. System development charges (SDC) assessed on new development are expended to build and expand water capacity. The water SDC fund is included in the water fund for financial reporting purposes.

The ***sewer fund*** accounts for the city's sewer utility operations. Sewer operations provide safe and clean collection and disposal of sewage. Utility operations are self-supported through user fees. System development charges (SDC) assessed on new development are expended to build and expand sewer capacity. The sewer SDC fund is included in the sewer fund for financial reporting purposes.

Additionally, the city reports the following fund types:

C*apital project funds* account for financial resources used for the acquisition, construction, and preservation of general governmental capital projects. Major sources of revenue are proceeds from general obligation bonds, loans, real estate excise tax, impact fees, and capital grants from other agencies.

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

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed for expenditures for specified purposes. Special revenue funds include the street fund, transportation benefit district (TBD) fund, drug Investigation fund, and the lodging tax fund. The TBD fund is included in the street fund for financial reporting purposes.

Internal service funds account for financial resources used to fund the acquisition and preservation of fleet and information technology equipment provided to other city departments. Because these services benefit governmental operations more than business-type functions, these funds have been included within governmental activities in the government-wide financial statements.

C. Measurement Focus, Basis of Accounting

1. Government-wide and Governmental Funds

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as 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 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 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 within the current 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.

2. Proprietary Funds

Proprietary fund statements are reported using the economic resources measurement focus and full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of the cash flows.

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

D. Budgetary information

1. Scope of Budget

The City of Battle Ground prepared a biennial budget for the years 2017-2018 in accordance with the Revised Code of Washington (RCW) Chapter 35A.34. State law establishes the budget process and the time limits under which a biennial budget must be developed. All governmental funds are prepared on a modified accrual basis consistent with generally accepted accounting principles. These budgets are adopted at the fund level and constitute the legal authority for expenditures. Expenditures and other financing uses may not exceed budgeted appropriations at these levels. Any unexpended appropriation balances lapse at the end of the biennium.

Budgets for debt service and capital project funds are adopted at the level of the individual debt issue or project and for fiscal periods that correspond to the lives of debt issues or projects.

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.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the biennium. 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, 2018, the treasurer was holding $36,435,692 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 all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents. All amounts held in the Local Government Investment Pool (LGIP) and Clark County Investment Pool (CCIP) are considered to be cash equivalents.

2. Investments - See Note 3

Investments purchased with an original maturity of more than three months are classified as investments. Except for certificates of deposit, investments are reported at fair value on quoted market prices for securities. Change in fair value is reported in the *Statement of Revenues, Expenses and Changes in Net Position* as investment earnings.

State statute (RCW 39.59.040) authorizes investments 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 investment choices. The city's investment policy requires all securities transactions to be conducted on a delivery-versus-payment basis.

3. Receivables – See Note 14

Taxes receivable consists of property taxes and related interest and penalties (see Note 9). Accrued interest receivable consists of amounts earned on investments and contracts 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

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund loans receivable/payable" or

"advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

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

6. Restricted Assets and Liabilities
   These accounts contain resources for construction and debt service in enterprise funds. Restricted assets for business-type activities are $297,778. This specific debt service reserve requirement for the sewer fund is described in Note 7.

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 $10,000 ($5,000 for assets acquired with federal financial assistance) 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 acquisition value at the date of donation.

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

   Property, plant and equipment of the primary government 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
   Eligible employees earn vacation leave, sick leave, and compensatory time in lieu of overtime. Unless otherwise provided by collective bargaining agreement or contract, vacation accruals are capped at 360 hours. Maximum accrual for sick leave is 960 hours.

   If unused, compensation is paid upon termination of employment according to the terms of the applicable collective bargaining agreement, personnel rules and regulations, and the employee's

length of service. Vacation leave and compensatory time generally qualify for 100 percent payout. Sick leave is limited to 33 percent payout upon retirement.

All leave is accrued when incurred in the government-wide and proprietary fund financial statements. As of December 31, 2018, the city reported compensated absences of $691,152 in governmental activities and $149,319 in business-type activities.

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

10. Other Post-employment Benefits – See Note 11
    Lifetime full medical coverage is provided to uniformed police personnel who became members of the Law Enforcement Officers and Fire Fighters (LEOFF 1) retirement system prior to October 1, 1977. A liability for the accumulated unfunded actuarially required contribution is reported in the *Statement of Net Position*. The actual health care costs are reported as expenditures in the year they are incurred and are paid out of the LEOFF I Fund.

11. Other Accrued Liabilities
    These accounts consist of accrued employee wages and benefits.

12. Long-Term Liabilities - 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 government 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. Under GASB 65, bond issue costs are expensed when incurred. Long-term obligations used to finance proprietary fund operations and payable from revenue of the proprietary funds are accounted for in the applicable fund.

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.

14. Custodial Deposits
    Custodial deposits represent facility rental and developer deposits.

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 reported as restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
Committed	Fund balance can only be used for specific purposes as determined by formal action of city council. City council is the highest level of decision-making authority and can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.
Assigned	Assigned fund balance 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	This classification represents fund balance not included in other categories

Flow assumption: When an 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. Fund Reserve Goals

The city has financial management guidelines that set reserve goals for selected city funds.

General Fund - City council adopted Resolution 2017-10 which targets an unrestricted fund balance of 60 days of regular general fund operating expenditures. The target level is calculated on the monthly average of total annual budgeted general fund operating expenditures for the ensuing fiscal year. If the fund falls below its minimum level, the city will adjust the budget in subsequent fiscal years to restore the fund balance within three fiscal years.

Economic Stabilization Fund - City council adopted Resolution 2012-08 which created a cumulative reserve fund to maintain resources to provide continuing levels of service when projected revenue collections are not adequate. One-time revenues are placed in the fund and city council determines when to expend funds. This arrangement is disclosed as committed fund balance in the general fund – *Governmental Funds Balance Sheet.*

17. 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.

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 balance - 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:

Earned but unavailable revenues	$	252,956
Net pension asset		1,514,287
Deferred outflows related to pensions		471,960
Deferred inflows related to pensions		(1,093,438)
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	$	1,145,765

Another element of that reconciliation explains, "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	$	8,255,000
Plus: Issuance premium (to be amortized as interest expense)		69,809
Accrued interest payable		34,836
Due to other governments		500,000
Capital lease payable		168,575
Net OPEB obligation		1,728,005
Net pension obligation		1,473,582
Compensated absences		691,152
Impact fee credits		425,989
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	$	13,346,948

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 difference are as follows:

Net position of the internal service funds	$	1,525,100
Less: Internal payable representing charges in excess of cost to business-type activities – prior years		(388,849)
Less: Internal payable representing charges in excess of cost to business-type activities – current year		(73,463)
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	$	1,062,788

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	$	797,013
Depreciation expense		(3,138,128)
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	$	(2,341,115)

Another element of that reconciliation states, "revenues in the S*tatement 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	$	3,682,697
Unearned revenue		40,290
Municipal court revenue - unavailable		(14,986)
Tax revenues - unavailable		441
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$	3,708,442

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	$	750,000
Governmental loans		100,000
Capital leases		54,123
Net adjustment to increase net changes in fund balance-total governmental funds to arrive at changes in net position of governmental activities	$	904,123

Another element of that reconciliation states, "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." These result from year-to-year changes in amounts on the *Statement of Net Position*. The details of this difference are as follows:

Compensated absences	$	(72,298)
Net OPEB obligation		65,981
Net pension liability		563,472
Net pension asset		500,332
Deferred outflow of resources – related to pensions		(14,089)
Deferred inflow of resources – related to pensions		(477,709)
Amortization of bond premium costs		15,570
Accrued interest		3,199
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	$	584,458

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 this difference are as follows:

Change in net position of the internal service funds	$	142,765
Less: gain from charges to business-type activities		(73,463)
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	$	69,302

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 this difference are as follows:

Internal receivable representing charges in excess of cost to business-type activities – prior years	$	388,849
Internal receivable representing charges in excess of cost to business-type activities – current year		73,463
Net adjustment to increase net position – total enterprise funds to arrive at net position – business-type activities	$	462,312

NOTE 3 – DEPOSITS AND INVESTMENTS

A reconciliation of cash, cash equivalents, and investments as reported on the *Statement of Net Position* for the total primary government is below:

Cash and Investments - Adj Bank Statements	
Deposits with Financial Institutions	$ 4,888,555
Cash on Hand	4,750
Local Government Investment Pool	223,511
Clark County Investment Pool	31,318,876
Certificates of Deposit (Investments)	500,000
	$ 36,935,692

Financial Statements	
Cash and Cash Equivalents	$ 36,137,914
Restricted Cash and Cash Equivalents	297,778
Investments	500,000
	$ 36,935,692

State and county investment pools are available for use by all city funds. 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. Investments in the state and county investment pools are classified as cash equivalents on the financial statements. Other investments include nonnegotiable certificates of deposit.

Additional cash and cash equivalents consist of $4,893,305 in interest bearing bank accounts, petty cash, and cash change drawers.

A. Deposits

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the city would not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The city's deposits are covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). The Federal Depository Insurance Commission (FDIC) insures deposits up to $250,000 and the Washington Public Deposit Protection Commission (PDPC) insures deposits over $250,000.

B. Investments

Investments are subject to the following risks:

Credit rate risk

While the city does not have a written credit risk policy, the city invests in securities identified as eligible investments by state statutes. 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.

Custodial credit risk

The city's investment policy requires the city to execute custodial agreements with its bank or other custodial agents which are chartered by the United States government or the State of Washington. All investment security transactions are conducted on a delivery-versus-payment (DVP) basis. A financial institution, designated by the finance director as primary agent to serve as a custodian acting on the city's behalf, holds securities purchased by the city. All transactions are evidenced by safekeeping receipts.

Concentration of credit risk

Safety of the principal is the foremost objective of the city's investment program. All investment 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 percent of the total portfolio may be invested in U.S. treasuries or agencies. The state and local investment pools are not limited.

Interest rate risk

In accordance with its investment policy, the city manages exposure to declines in 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 specifies the maximum maturity for security types. Maturities range from one year for commercial paper up to 10 years for U.S. treasuries.

Issuer	Value	Less than 1 Year	1-2 Years
Local Government Investment Pool	223,511	223,511	
Clark County Pool	31,318,876	31,318,876	
Certificates of Deposit	500,000	250,000	250,000
	$ 32,042,387	$ 31,792,387	$ 250,000

The city's investment policy states the average maturity of the portfolio will not exceed two years. However, the policy includes the state and local government investment pools as investments for calculating the maximum average maturity of investments.

Issuer	Value	Maturity	Average Maturity in Years	% of Portfolio
Local Government Investment Pool	223,511	-	0.12	0.7%
Clark County Pool	31,318,876	-	0.67	97.7%
Certificate of Deposit	250,000	1/21/2020	1.06	0.8%
Certificate of Deposit	250,000	6/10/2019	0.44	0.8%
	$ 32,042,387			100%
Portfolio weighted average maturity			0.66	

1. Investments Measured at Amortized Cost

Investments Measured at Amortized Cost	City's Own Investments
Local State Investment Pool	223,511
Total Investments Measured at Amortized Cost Cash Equivalents Statement of Net Position	$ 223,511

Investments in the Local Government investment Pool (LGIP)

The city is a participant in the Local Government Investment Pool (LGIP) as authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized costs which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by the GASB 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

As of December 31, 2018, the city held $223,511 of investments at amortized cost in the LGIP. Average days to maturity of the LGIP was 42 days.

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

2. Investments Measured at Fair Value

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

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable

Level 3: Unobservable inputs for an asset or liability

		Fair Value Measurements Using		
Investments by Fair Value Level	Fair Value 12/31/2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Clark County Investment Pool	31,318,876	31,318,876		
Total Investments Measured at Fair Value				
Cash Equivalents Statement of Net Position	$ 31,318,876	$ 31,318,876	$ -	$ -

Investments in the Clark County Investment Pool (CCIP)

The city is a participant in the Clark County Investment Pool (CCIP), an external investment pool. The city reports its investment in the pool at the fair value amount, which is the same as the value of the pool per share. The responsibility for managing the pool resides with the county treasurer per RCW 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 CCIP does not have a credit rating.

As of December 31, 2018, the city held $31,318,876 of investments at fair value in the CCIP. Weighted average days to maturity of the CCIP was 240 days.

Additional information on the CCIP is at www.clark.wa.gov/treasurer.

3. Investments Measured at Cost

Nonnegotiable certificates of deposit with redemption terms that do not consider market rates are reported using a cost-based measure. Certificates of deposit are reported as investments in the financial statements.

Investments Measured at Cost	Investments
Certificates of Deposit	500,000
Total Investments at Cost (*Statement of Net Positon*)	$ 500,000

NOTE 4 - CAPITAL ASSETS, DEPRECIATION, AND AMORTIZATION

A. Capital assets activity for the year ended December 31, 2018 is as follows:

	Beginning Balance 01/01/2018	Increases	Decreases	Ending Balance 12/31/2018
Governmental Activities				
Capital assets, not being depreciated				
Land	$ 16,060,373	$ -	-	$ 16,060,373
Construction in progress	1,933,195	282,744	1,827,784	388,156
Total capital assets, not being depreciated	17,993,568	282,744	1,827,784	16,448,529
Capital assets, being depreciated/depleted:				
Buildings	15,094,446	-	-	15,094,446
Machinery & Equipment	4,679,229	522,165	63,507	5,137,887
Infrastructure	83,097,440	5,942,398	-	89,039,838
Improvements other than buildings	1,436,225	-	-	1,436,225
Total capital assets being depreciated	104,307,340	6,464,562	63,507	110,708,395
Less accumulated depreciation for:				
Buildings	5,164,962	380,648	-	5,545,610
Machinery & Equipment	3,576,860	296,721	63,507	3,810,074
Infrastructure	58,164,402	2,591,979	-	60,756,381
Improvements other than buildings	454,940	71,971	-	526,911
Total accumulated depreciation	67,361,164	3,341,319	63,507	70,638,976
Total capital assets, being depreciated, net	36,946,176	3,123,243	-	40,069,419
Governmental activities capital assets, net	$ 54,939,744	$ 3,405,987	$ 1,827,784	$ 56,517,947

	Beginning Balance 01/01/2018	Increases	Decreases	Ending Balance 12/31/2018
Business-type Activities				
Capital assets, not being depreciated				
Land	$ 3,133,639	$ 513,703	-	$ 3,647,342
Construction in progress	266,485	94,483	13,835	347,133
Total capital assets, not being depreciated	3,400,124	608,186	13,835	3,994,475
Capital assets, being depreciated/depleted:				
Buildings	1,357,535	-	-	1,357,535
Machinery and equipment	431,147	84,906	18,022	498,031
Infrastructure	65,905,885	4,502,945	-	70,408,830
Improvements other than buildings	32,884	-	-	32,884
Intangible assets	27,250,748	-	8,715,172	18,535,576
Total capital assets being depreciated	94,978,199	4,587,850	8,733,194	90,832,855
Less accumulated depreciation for:				
Buildings	436,245	33,939	-	470,184
Machinery and equipment	366,604	31,436	17,740	380,299
Infrastructure	24,596,532	1,794,785	-	26,391,317
Improvements other than buildings	4,932	1,644	-	6,576
Intangible assets	13,689,154	3,552,383	8,715,172	8,526,365
Total accumulated depreciation	39,093,467	5,414,186	8,732,912	35,774,741
Total capital assets, being depreciated, net	55,884,732	(826,336)	282	55,058,114
Business-type activities capital assets, net	$ 59,284,856	$ (218,150)	$ 14,117	$ 59,052,589

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

Governmental Activities	
General Government	$ 348,061
Public Safety	153,967
Physical Environment	49,222
Transportation	2,389,765
Culture and Recreation	400,304
Total Depreciation - Governmental Activities	$ 3,341,319

Business-type Activities	
Storm Drainage	$ 338,060
Water	840,773
Sewer	4,235,353
Total Depreciation -Business-Type Activities	$ 5,414,186

B. Intangible asset

The city recognizes its future sewer treatment capacity rights in the Discovery Clean Water Alliance's Salmon Creek Treatment Plan in compliance with GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The city recorded an intangible asset of $27,250,748 upon completion of expansion phases III and IV of the Salmon Creek Wastewater Treatment Facility for future capacity. See Note 15 and Note 16.

C. Capital Construction Commitments

The city has outstanding contractual commitments, which include construction and engineering contracts for capital projects currently in progress. The city's total outstanding contract obligations are as follows:

Project	Fund	Project to Date	Remaining Commitment
Business type construction projects			
Sanitary Pump Station Improvement	Sewer	$ -	$ 292,562
Total		-	292,562

NOTE 5 – INTERFUND TRANSACTIONS

Interfund transfers are the flow of assets without a reciprocal return of assets, goods or services. These transfers are classified as "other financing sources or uses" in the fund statements. Interfund transfers are used to 1) fund construction and maintenance projects, 2) move certain revenue sources to debt service funds for principal and interest payments, and 3) move unrestricted general fund revenues to finance various programs that the city must account for in other funds in accordance with laws, regulations, or contracts. There were no significant transfers made during the year that do not occur on a routine basis or that are inconsistent with the activities of the fund making the transfer. The interfund transfer activity for the year is as follows:

		Transfers Out				
		General Fund	Special Revenue Funds	Capital Funds	Internal Service Funds	Total Transfers
Transfers In	General Fund	-	7,000	44,385	-	51,385
	Special Revenue Funds	445,000	-	-	-	445,000
	Debt Service Fund	-	-	1,163,737	-	1,163,737
	Capital Projects Fund	3,404	-	340,034	5,509	348,947
	Internal Service Funds	150,000	25,000	79,830	-	254,830
	Total	**$ 598,404**	**$ 32,000**	**$ 1,627,986**	**$ 5,509**	**$ 2,263,899**

NOTE 6 – LEASES

A. Capital Leases

The city entered into lease agreements as lessee for financing the acquisition of public safety vehicles and communications equipment and a facilities maintenance van. 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 engine	488,598
Police vehicles	316,088
Public Safety Communications	270,593
Maintenance Van	28,345
Less: accumulated depreciation	(354,314)
Total	$ 749,310

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2018, were as follows:

Year Ending December 31	Governmental Activities
2019	228,396
2020	148,481
2021	147,781
Total Minimum Lease Payments	524,658
Less: Interest	(24,454)
Present Value of Minimum Lease Payments	$ 500,204

B. Operating Leases

Operating lease obligations are for business machines under contractual agreements. The cost in 2018 for operating leases was $19,339. The following is a schedule of minimum future rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 2018:

2019	19,545
2020	17,624
2021	16,767
2022	7,880
2023	994
Total	$ 62,810

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 capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the city. 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 city council, and financed from general revenues.

The city had $8,255,000 in outstanding general obligation bonds (nonvoted) as of December 31, 2018.

Name of Issue	Governmental Purpose	Amount Issued	Issue Date	Maturity Date	Interest Rate	Outstanding 12/31/2018
2010 LTGO Bonds	Acquisition of City Hall	3,045,000	6/11/2010	12/1/2022	3.0%-4.0%	1,075,000
2010B LTGO Bonds	Road Improvements	4,280,000	12/8/2010	12/1/2030	6.25%-7.0%	4,280,000
2011 LTGO Bonds	Park Facilities	5,265,000	11/16/2011	6/1/2026	2.0%-3.3%	2,900,000
Total LTGO Bonds		$ 12,590,000				$ 8,255,000

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

LTGO - Governmental Activities			
	Principal	Interest	Total Requirements
2019	930,000	405,726	1,335,726
2020	940,000	367,181	1,307,181
2021	960,000	327,475	1,287,475
2022	975,000	286,225	1,261,225
2023	695,000	244,170	939,170
2024-2028	2,910,000	738,578	3,648,578
2029-2030	845,000	89,250	934,250
	$ 8,255,000	$ 2,458,604	$ 10,713,604

B. Government Loans

The city receives government loans to finance construction of capital projects in the business-type activity funds and to finance street improvements and the purchase of capital assets into purchase capital assets. Government loans outstanding at year-end are as follows:

Name of Issue	Purpose	Amount Issued	Issue Date	Maturity Date	Interest Rate	Outstanding 12/31/2018
2000 PWTF Loan	Business-type Sewer Lines	1,400,000	5/30/2000	6/1/2020	1.0%	107,998
2003 PWTF Loan	Governmental West Main St	2,000,000	6/30/2003	6/1/2023	0.5%	500,000
		$ 3,400,000				$ 607,998

Public Works Trust Fund (PWTF) loan debt service requirements to maturity are as follows:

	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2019	100,000	2,500	102,500	53,999	1,080	55,079
2020	100,000	2,000	102,000	53,999	540	54,539
2021	100,000	1,500	101,500	-	-	-
2022	100,000	1,000	101,000	-	-	-
2023	100,000	500	100,500	-	-	-
	$ 500,000	$ 7,500	$ 507,500	$ 107,998	$ 1,620	$ 109,618

C. Revenue Bonds

Water and/or sewer revenue bonds are issued to finance capital projects. Revenue bonds are created by ordinance and adopted by the city council. The city pledges income derived from the acquired or constructed assets to pay debt service.

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

Revenue bonds outstanding at year-end are as follows:

Name of Issue	Purpose	Amount Issued	Issue Date	Maturity Date	Interest Rate	Outstanding 12/31/2018
2012 Revenue Bonds	Sewer Facility	6,909,000	1/25/2012	1/25/2052	3.00%	6,264,727
2015 Revenue Bonds	Water Meters	2,774,409	5/7/2015	5/7/2030	3.26%	2,442,102
		$ 9,683,409				$ 8,706,829

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

2012 Sewer Revenue Bonds			
	Principal	Total Interest	Requirements
2019	110,660	187,118	297,778
2020	114,005	183,773	297,778
2021	117,450	180,328	297,778
2022	121,000	176,778	297,778
2023	124,658	173,120	297,778
2024-2028	682,135	806,755	1,488,890
2029-2033	791,645	697,245	1,488,890
2034-2038	918,737	570,153	1,488,890
2039-2043	1,066,231	422,659	1,488,890
2044-2048	1,237,405	251,485	1,488,890
2049-2052	980,801	59,646	1,040,447
	$ 6,264,727	$ 3,709,060	$ 9,973,787

2015 Water Revenue Bonds			
	Principal	Total Interest	Requirements
2019	145,484	77,871	223,355
2020	156,503	72,995	229,498
2021	168,057	67,753	235,810
2022	180,166	62,128	242,294
2023	192,854	56,101	248,955
2024-2028	1,176,668	174,653	1,351,321
2029-2030	422,370	12,138	434,508
	$ 2,442,102	$ 523,639	$ 2,965,741

D. Arbitrage

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury of investment income received at yields that exceed the issuer's tax-exempt borrowing rates. As of December 31, 2018 the city has no arbitrage rebate liability.

E. Developer Credits

Impact fees and system development charges (SDC) are levied at the time of permit issuance. The developer may be entitled to a nonrefundable credit against the applicable fee component for the fair market value of appropriate dedications of land, new construction, or system improvements. If the amount of the calculated credit is greater than the amount of the fee or charge due, the developer may apply the excess credit toward impact fees or SDC assessed on other developments within the same service area. Impact fee credits are disclosed as a governmental activity and SDC credits as business-type activities in the government-wide financial statements.

Impact Fee Credits	At 12/31/17	Additions	Applied	At 12/31/18
Traffic Impact Fees	$ 132,476	$ 156,143	$ (119,752)	$ 168,867
Park Impact Fees	333,802		(76,680)	257,122
Total Impact Fee Credits	$ 466,278	$ 156,143	$ (196,432)	$ 425,989

System Development Charge Credits	At 12/31/17	Additions	Applied	At 12/31/18
Water SDC Credits	$ 932	$ -	$ -	$ 932
Sewer SDC Credits	-	100,914	(100,914)	-
Total SDC Charge Credits	$ 932	$ 100,914	$ (100,914)	$ 932

F. Changes in Long-Term Liabilities

Long-term liability activity of the city for the year ended December 31, 2018 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds	$ 9,005,000	$ -	$ (750,000)	$ 8,255,000	$ 930,000
Less deferred amounts					
For issuance premiums (discounts)	85,379	-	(15,570)	69,809	13,781
Total bonds payable	9,090,379	-	(765,570)	8,324,809	943,781
Capital leases	809,865		(309,661)	500,204	215,011
Government loan	600,000		(100,000)	500,000	100,000
Compensated absences	618,854	424,731	(352,433)	691,152	44,769
Net OPEB obligation	700,594	1,728,005	(700,594)	1,728,005	-
Net pension obligation	2,037,054		(563,472)	1,473,582	-
Impact fee credits	466,278	156,143	(196,432)	425,989	-
Long-term liabilities	$ 14,323,024	$ 2,308,879	$ (2,988,162)	$ 13,643,741	$ 1,303,561
Business-type Activities					
Revenue bonds	8,949,221		(242,392)	8,706,829	256,143
Government loan	161,996		(53,998)	107,998	53,998
Compensated absences	119,113	77,694	(47,488)	149,319	12,582
Net pension obligation	630,173		(168,396)	461,777	-
System development charge credits	932	100,914	(100,914)	932	-
Long-term liabilities	$ 9,861,435	$ 178,608	$ (613,188)	$ 9,426,855	$ 322,723

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 160 members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.
Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are $4 million per occurrence in the self-insured layer, and $16 million in limits above the self-insured layer is provided by reinsurance. Total limits are $20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to $750,000, for all perils other than flood and earthquake, and insured above that to $300 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to $250,000 and insured above that to $100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

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 becomes 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 taxes is established because delinquent taxes are considered fully collectible.

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 2018 collections was $1.50 per $1,000 on an assessed valuation of $2,033,273,795 for a total regular levy of $3,052,811.

NOTE 10 – PENSION PLANS

A. Employee Retirement Systems and Pension Plan

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2018:

Aggregate Pension Amounts – All Plans	
Pension liabilities	$ 1,935,359
Pension assets	1,514,287
Deferred outflows of resources	525,324
Deferred inflows of resources	1,272,599
Pension expense/expenditures	37,460

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

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available Comprehensive Annual Financial Report (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 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)
PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is

the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by state statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2018 were as follows:

PERS Plan 1		
Actual Contribution Rates:	**Employer**	**Employee**
January - August 2018:		
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Total	**12.70%**	**6.00%**
September–December 2018:		
PERS Plan 2/3	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Total	**12.83%**	**6.00%**

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

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

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include

duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

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

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2018 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	**Employer 2/3**	**Employee 2**
January - August 2018:		
PERS Plan 2/3	7.49%	7.38%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	**12.70%**	**7.38%**
September–December 2018:		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	**12.83%**	**7.41%**

The City's actual PERS plan contributions were $198,245 to PERS Plan 1 and $293,682 to PERS Plan 2/3 for the year ended December 31, 2018.

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

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 ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2018. Employers paid only the administrative expense of 0.18 percent of covered payroll.

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

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2018 were as follows:

LEOFF Plan 2		
Actual Contribution Rates:	**Employer**	**Employee**
State and local governments	5.25%	8.75%
Administrative Fee	0.18%	
Total	**5.43%**	**8.75%**
Ports and Universities	8.75%	8.75%
Administrative Fee	0.18%	
Total	**8.93%**	**8.75%**

The City's actual contributions to the plan were $125,335 for the year ended December 31, 2018.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This

special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2018, the state contributed $68,152,127 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is $78,491.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2018 with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study* and the 2018 *Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2018. Plan liabilities were rolled forward from June 30, 2017, to June 30, 2018, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

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

Mortality rates were based on the RP-2000 report's "Combined Healthy Table" and "Combined Disabled Table". The Society of Actuaries publishes this document. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

Actuarial results reflect the following changes in assumptions and methods since the last valuation.

- Updated valuation interest rate, general salary growth, and inflation assumptions to be consistent with the assumptions adopted by the Pension Funding Council and LEOFF 2 Board.
    - Lowered the valuation interest rate from 7.70% to 7.50% for all systems except LEOFF 2. For LEOFF 2 the valuation interest rate was lowered from 7.50% to 7.40 %.
    - Lowered assumed general salary growth from 3.75% to 3.50% for all systems.
    - Lowered assumed inflation from 3.00% to 2.75% for all systems.
- Modified how the valuation software calculates benefits paid to remarried duty-related death survivors of LEOFF 2 members.
- Updated the trend that the valuation software uses to project medical inflation for LEOFF 2 survivors of a duty-related death, and for certain LEOFF 2 medical-related duty disability benefits.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent. To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members.

Consistent with current law, the asset sufficiency test included an assumed 7.50% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.50% except LEOFF Plan 2, which has assumed 7.40%.)
Consistent with the long-term expected rate of return, a 7.40% future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue

being made at contractually required rates (including PERS Plans 2 and 3, PSERS Plan 2, SERS Plans 2 and 3, and TRS Plans 2 and 3 employers, whose rates include a component for the PERS Plan 1 or TRS Plan 1 liability). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.40% was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various time horizons.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	7%	4.90%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of the Net Pension Liability/ (Asset)

The table below presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease 6.40%	Current Rate 7.40%	1% Increase 8.40%
PERS 1	1,595,390	1,298,187	1,040,748
PERS 2/3	2,914,438	637,172	(1,229,933)
LEOFF 1	(75,593)	(95,023)	(111,752)
LEOFF 2	(188,736)	(1,419,264)	(2,422,904)

Pension Plan Fiduciary Net Position

Detailed information about the state's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the City reported a total pension liability of $1,935,359 for its proportionate share of the net pension liabilities and $1,514,287 for its share of net pension assets as follows:

Plan	Liability or Asset
PERS 1	1,298,187
PERS 2/3	637,172
LEOFF 1	(95,023)
LEOFF 2	(1,419,264)

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

	LEOFF 1 Asset	LEOFF 2 Asset
LEOFF - employer's proportionate share	(95,023)	(1,419,264)
LEOFF - State's proportionate share of the net pension asset associated with the employer	(642,736)	(919,416)
Total	(737,759)	(2,338,680)

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

	Proportionate Share 6/30/17	Proportionate Share 6/30/18	Change in Proportion
PERS 1	0.02895%	0.02907%	0.00012%
PERS 2/3	0.03723%	0.03732%	0.00008%
LEOFF 1	0.00518%	0.00523%	0.00005%
LEOFF 2	0.06741%	0.06991%	0.00250%

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

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2018. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2018, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2018, the state of Washington contributed 39.30 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.70 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2018, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2018, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2018, the city recognized pension expense as follows:

	Pension Expense
PERS 1	120,294
PERS 2/3	(16,583)
LEOFF 1	(16,020)
LEOFF 2	(50,231)
Total	37,460

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2018, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ (51,589)
Contributions subsequent to the measurement date	98,866	-
Total	$ 98,866	$ (51,589)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 78,101	$ (111,557)
Net difference between projected and actual investment earnings on pension plan investments	-	(390,998)
Changes of assumptions	7,454	(181,334)
Changes in proportion and differences between contributions and proportionate share of contributions	28,499	(15,406)
Contributions subsequent to the measurement date	145,701	-
Total	$ 259,755	$ (699,295)

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ (7,715)
Total	$ -	$ (7,715)

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 76,027	$ (32,955)
Net difference between projected and actual investment earnings on pension plan investments	-	(248,390)
Changes of assumptions	803	(203,690)
Changes in proportion and differences between contributions and proportionate share of contributions	23,560	(28,965)
Contributions subsequent to the measurement date	66,313	-
Total	$ 166,703	$ (514,000)

TOTAL ALL PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 154,128	$ (144,512)
Net difference between projected and actual investment earnings on pension plan investments	-	(698,692)
Changes of assumptions	8,257	(385,024)
Changes in proportion and differences between contributions and proportionate share of contributions	52,059	(44,371)
Contributions subsequent to the measurement date	310,880	-
Total	$ 525,324	$ (1,272,599)

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	PERS 1	PERS 2/3	LEOFF 1	LEOFF 2
2019	$ 2,257	$ (68,541)	$ 7	$ (28,832)
2020	(11,278)	(126,988)	(1,740)	(66,440)
2021	(33,841)	(233,392)	(4,740)	(144,496)
2022	(8,727)	(82,690)	(1,242)	(56,894)
2023	-	(26,868)	-	(21,679)
Thereafter	$ -	$ (46,762)	$ -	$ (95,269)

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS

The following table represents the aggregate other postemployment benefits other than pension amounts for the city's single employer plan subject to the requirements of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* for the year 2018:

OPEB Liabilities	$ 1,728,005
Deferred Outflows of Resources – OPEB	32,203
OPEB expense/expenditures	(6,514)

Plan Description

The city administers a single-employer Other Post Employment Benefit plan, which provides all health insurance benefits for retired public safety employees who are vested in LEOFF I. All city LEOFF I employees may become eligible for these benefits if they reach normal retirement age while working for the city. The city has used the alternative measurement method permitted by GASB Statement 75.

There are three participants eligible to receive these benefits. There are currently no members actively employed at the city who are not yet receiving LEOFF I medical benefits. The benefits are 100 percent provided by the city in order to meet state statutory requirements under the LEOFF I system and provided pursuant to RCW 41.20 and 41.26, whereby the city pays their medical and dental premiums and out-of-pocket medical costs for life. This plan is closed to new entrants.

At December 31, 2018, the following retirees were covered by the benefit terms:

Active employees	0
Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefit payments	0
Total	3

Contributions

The city has authority to establish and amend contribution requirements. The plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust. For the year ending December 31, 2018, benefit payments made by the city were $36,747.

Actuarial Assumptions

The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about retirement ages, mortality and the healthcare cost trend. The actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The city's total OPEB liability of $1,728,005 was measured as of June 30, 2018 with a valuation date of June 30, 2018. The alternative method permitted under GASB 75 was used to calculate the liability instead of an actuarial valuation. The entry age normal actuarial cost method and the recognized immediately amortization method were used in this calculation. There are no assets in this plan, therefore, no asset valuation method was used.
The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement period, unless otherwise specified:

- Inflation: 3.0% total economic inflation
- Discount Rate: 3.58% beginning of measurement year, 3.87% end of measurement year
- Healthcare cost trend rate: for medical costs, 12.0% decreasing to 5.0% in 2080; for long-term care, 4.5%; Medicare Part B premiums vary, approximately 5%.

The source of the discount rate is the Bond Buyer General Obligation 20- Bond Municipal Index.

Mortality rates were based on the RP-2000 report's "+1 year Healthy Table" and "-2 years Disabled Table" published by the Society of Actuaries. The Washington State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. The Age Setback was based on the Blended 50%/50% Healthy/Disabled table. Mortality rates are applied

on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime. Medicare participation is assumed at 100%.

Sensitivity of the Total OPEB Liability

The table below presents the City's total OPEB liability calculated using the discount rate of 3.87 percent, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.87 percent) or 1-percentage point higher (4.87 percent) than the current rate. The following table presents the total OPEB liability of the City calculated using the health care cost trend rate of 12 percent decreasing to 5 percent and long term care rates of 4.5 percent, as well as what the OPEB liability would be if it were calculated using a health care cost trend rate that is 1-percentage point lower (11% trending down to 4%, 3.5 % long term care trend rate) or 1-percentage point higher (13% trending down to 6%, 5.5 % long term care trend rate) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	$ 1,990,250	$ 1,728,005	$ 1,512,562

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	$ 1,519,368	$ 1,725,005	$ 1,975,975

Changes in the Total OPEB Liability

At the measurement date June 30, 2018, the changes in the total OPEB liability are as follows:

Total OPEB Liability at December 31, 2017	$ 1,793,986
Changes for the Year:	
Service Cost	-
Interest	63,170
Changes in Experience Data and Assumptions	(69,684)
Estimated Benefit Payments	(59,467)
Net Changes	(65,981)
Total OPEB Liability at December 31, 2018	$ 1,728,005

The city reported $(6,514) as OPEB expense for the calendar year 2018.

At December 31, 2018, the city reported deferred outflows of resources only for deferred outflows subsequent to the measurement date in the amount of $32,203. This will be recognized as expense in the period ending December 31, 2019.

NOTE 12 – HEALTH AND 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, 2018, 257 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, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and 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. In 2018, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of $1.5 million through Life Map, and Kaiser ISL at $1 million with Companion Life through ASG Risk Management. 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 two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns.

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"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in this report. 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 Office of the Washington State Auditor.

NOTE 13 – 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 14 - 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	Total Governmental Activities
Accounts	28,671	2,877	31,548
Property taxes	47,432	-	47,432
Sales taxes	672,548	-	672,548
Motor Vehicle Fuel Tax	-	64,876	64,876
Other taxes	551,076	29,531	580,608
Municipal court	211,869	-	211,869
State	33,611	-	33,611
Grants	8,771	148,525	157,296
	$ 1,553,978	$ 245,809	$ 1,799,788

NOTE 15 – JOINT VENTURE AND JOINTLY GOVERNED ORGANIZATIONS

Joint Venture

Discovery Clean Water Alliance

The Discovery Clean Water Alliance (Alliance) was formed under the Joint Municipal Utility Services Authority Act, Chapter 39.106 RCW. The purpose of the Alliance is to provide cooperative, environmentally sound, and cost-effective municipal wastewater transmission and treatment to participating members. The four Alliance members, Clark County, Clark Regional Wastewater District, City of Battle Ground, and the City of Ridgefield, signed an Interlocal Formation Agreement (IFA) on September 27, 2012. The Alliance was incorporated with the Washington Secretary of State on January 4, 2013 and was fully operational as of January 1, 2015. The Alliance is governed by a Board of Directors (Board) comprised of one elected official appointed from each of the participating members.

Annual regional service charges are paid by the City of Battle Ground to the Alliance. The city's responsibility for regional asset operating costs is based on actual use of regional services during the

previous year (or years) as measured by average annual flow. Responsibility for capital costs is based on agreed-upon allocated capacity. The city paid the Alliance regional service charges of $2,795,409 in 2018.

The Alliance has a separate audit and financial information about the Alliance is on their website at www.discoverycwa.org.

Jointly Governed Organization

Clark Regional Emergency Services Agency (CRESA)

In 1975, CRESA was originally created by agreement under the Interlocal Cooperation Act (RCW 39.34) between the City of Battle Ground, Clark County, and various other cities and political districts. CRESA provides regional 911 dispatch services, a regional 800 MHz and conventional radio system and services, and regional emergency management services in all incorporated and unincorporated areas of Clark County. In prior years, the city did not report an equity interest in CRESA as a joint venture since the city's measurable equity interest was not readily determinable.

On October 24, 2017, the Clark County Council approved an Ordinance and Charter establishing CRESA as a Public Development Authority (PDA) under RCW 35.21.730. Bylaws were approved by the CRESA administrative board and revised agreements with founding public agencies and customers were drafted. The City of Battle Ground Council approved this revised agreement for services on January 16, 2018. The administrative board is comprised of nine members appointed by the entities receiving services. The city paid CRESA service charges of $262,532 in 2018.

Financial statements for CRESA can be obtained from CRESA, 710 W. 13th Street, Vancouver, Washington 98660.

NOTE 16 – ACCOUNTING AND REPORTING CHANGES

GASB Statements

For the fiscal year ended December 31, 2018, the city considered or implemented the following GASB pronouncements:

A. GASB Statement No. 77, *Tax Abatement Disclosures*
   The State of Washington has entered into tax abatement agreements under the Revised Code of Washington 82.60 "*High Unemployment County Sales and Use Tax Deferral for Manufacturing Facilities."* The exemption is intended to promote economic stimulation and new employment opportunities in distressed areas. This abatement agreement may have local impacts to the city. However, data is confidential and the Washington State Department of Revenue is prohibited from disclosing information to the city when there are less than three taxpayers within the city.

B. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Effective for fiscal years beginning after June 15, 2017. See Note 11 for implementation. As part of this implementation, the city recorded a $1,061,189 change in accounting principle.

C. GASB Statement No. 85, *Omnibus 2017.* Effective for fiscal years beginning after June 15, 2017. Not applicable to the City.

Change in Estimate

The City purchased sewer treatment capacity in 2001 for $8,715,172 from Clark Regional Wastewater District. The cost for the phase 3 expansion of the Salmon Creek Treatment Plant was recorded by the city as an intangible asset with an amortization schedule of 25 years. This was the expected time period for city development to utilize all phase 3 sewer capacity. As city development exceeded projections, phase 3 sewer capacity was reached in 2018. As a result, the city expensed the remaining amortization of capacity for $2,440,248 in the sewer fund.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BATTLE GROUND
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in Total OPEB Liability and Related Ratios
LEOFF I OPEB
For the Year Ended June 30, 2018

Total OPEB liability	2018
Interest	$ 63,170
Changes of assumptions or other inputs	(69,684)
Benefit payments	(59,467)
Net change in total OPEB liability	(65,981)
Beginning: Total OPEB liability	1,793,986
Ending: Total OPEB liability	$ 1,728,005
Covered employee payroll	-
Total OPEB liability as a percentage of covered employee payroll	N/A

Notes to Schedule

(1) Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	3.58%
2018	3.87%

(2) The City implemented GASB 75 in 2018. Therefore, no data is presented prior to 2018. Prospectively, ten years of data will be presented.

(3) All participants in the plan are retired. Therefore, there is no covered payroll or service cost.

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

CITY OF BATTLE GROUND

Schedule of Proportionate Share of the Net Pension Liability PERS

1 As of June 30

Last Five Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Covered Payroll	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.029068%	$ 1,298,187	$ 3,883,356	33.43%	63.22%
2017	0.028947%	1,373,558	3,656,273	37.57%	61.24%
2016	0.028463%	1,528,597	3,693,562	41.39%	57.03%
2015	0.029242%	1,529,629	3,351,697	45.64%	59.10%
2014	0.028952%	1,458,471	3,191,502	45.70%	61.19%

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

CITY OF BATTLE GROUND

Schedule of Proportionate Share of the Net Pension Liability PERS 2/3

As of June 30

Last Five Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Covered Payroll	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.037318%	$ 637,172	$ 3,883,356	16.41%	95.77%
2017	0.037233%	1,293,669	3,656,273	35.38%	90.97%
2016	0.036471%	1,836,286	3,693,562	49.72%	85.82%
2015	0.037773%	1,349,651	3,351,697	40.27%	89.20%
2014	0.037276%	753,483	3,191,502	23.61%	93.29%

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

CITY OF BATTLE GROUND

Schedule of Proportionate share of the Net Pension Liability

LEOFF 1

As of June 30

Last Five Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	State's proportionate share of the net pension liability (asset) associated with the employer	TOTAL	Covered Payroll	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.005234%	$ (95,023)	$ (642,736)	$ (737,759)	N/A	N/A	144.42%
2017	0.005180%	(78,592)	(531,594)	(610,186)	N/A	N/A	135.96%
2016	0.005107%	(52,617)	(355,898)	(408,515)	N/A	N/A	123.74%
2015	0.005052%	(60,888)	(411,845)	(472,733)	N/A	N/A	127.36%
2014	0.005011%	(60,773)	(411,067)	(471,840)	N/A	N/A	126.91%

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

CITY OF BATTLE GROUND

Schedule of Proportionate Share of the Net Pension Liability
LEOFF 2
As of June 30
Last Five Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	State's proportionate share of the net pension liability (asset) associated with the employer	TOTAL	Covered Payroll	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.069907%	$ (1,419,264)	$ (919,416)	$ (2,338,680)	$ 2,326,869	-60.99%	118.50%
2017	0.067405%	(935,363)	(606,753)	(1,542,116)	2,109,925	-44.33%	113.36%
2016	0.068973%	(401,168)	(261,532)	(662,700)	2,255,979	-17.78%	106.04%
2015	0.072053%	(740,561)	(489,682)	(1,230,243)	2,091,273	-35.41%	111.67%
2014	0.070077%	(929,952)	(607,276)	(1,537,228)	1,950,149	-47.69%	116.75%

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

CITY OF BATTLE GROUND Schedule
of Employer Contributions PERS 1
As of December 31
Last Five Fiscal Years

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered Payroll	Contributions as a percentage of covered payroll
2018	$ 293,682	$ (293,682)	$ -	$ 3,915,896	7.50%
2017	184,536	(184,536)	-	3,764,693	4.90%
2016	168,403	(168,403)	-	3,530,474	4.77%
2015	148,282	(148,282)	-	3,382,133	4.38%
2014	132,646	(132,646)	-	3,288,709	4.03%

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

CITY OF BATTLE GROUND
Schedule of Employer Contributions
PERS 2/3
As of December 31
Last Five Fiscal Years

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered Payroll	Contributions as a percentage of covered payroll
2018	$ 198,245	$ (198,245)	$ -	$ 3,915,896	5.06%
2017	258,577	(258,577)	-	3,764,693	6.87%
2016	219,948	(219,948)	-	3,530,474	6.23%
2015	190,375	(190,375)	-	3,382,133	5.63%
2014	164,325	(164,325)	-	3,288,709	5.00%

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

CITY OF BATTLE GROUND
Schedule of Employer Contributions
LEOFF 1
As of December 31
Last Five Fiscal Years

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered Payroll	Contributions as a percentage of covered payroll
2018	$ -	$ -	$ -	N/A	N/A
2017	-	-	-	N/A	N/A
2016	-	-	-	N/A	N/A
2015	-	-	-	N/A	N/A
2014	-	-	-	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

CITY OF BATTLE GROUND Schedule
of Employer Contributions LEOFF 2
As of December 31
Last Five Fiscal Years

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered Payroll	Contributions as a percentage of covered payroll
2018	$ 125,335	$ (125,335)	$ -	$ 2,387,329	5.25%
2017	113,887	(113,887)	-	2,207,554	5.16%
2016	106,584	(106,584)	-	2,110,577	5.05%
2015	104,689	(104,689)	-	2,073,049	5.05%
2014	103,449	(103,449)	-	2,048,503	5.05%

CITY OF BATTLE GROUND
Notes to Required Supplementary Information - Pension
As of December 31
Last Five Fiscal Years

Note 1: Information Provided
GASB 68 was implemented for the year ended December 31, 2014. Therefore, there is no data available for years prior to 2014. Prospectively, schedules will contain ten years of data.

Note 2: Significant Factors
There were no changes of benefit terms, significant changes in the employees covered under the benefit terms, or in the use of different assumptions.

Note 3: Covered Payroll
Measure of payroll required and presented in schedules per GASB 82

Note 4: Contribution rates
Rates in effect during the periods covered by the required supplementary Information are below:

PERS 1

From	Through	Employer Rate	
9/1/2013	6/30/2015	9.21%	
7/1/2015	6/30/2017	11.18%	
7/1/2017	8/31/2018	12.70%	
9/1/2018	current	12.83%	*

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

PERS 2/3

From	Through	Employer Rate	
9/1/2013	6/30/2015	9.21%	
7/1/2015	6/30/2017	11.18%	
7/1/2017	8/31/2018	12.70%	
9/1/2018	current	12.83%	*

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

LEOFF 1

From	Through	Employer Rate	
7/1/2008	8/31/2013	0.16%	
9/1/2013	current	0.18%	*

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

LEOFF 2

From	Through	Employer Rate	
9/1/2013	6/30/2017	5.23%	
7/1/2017	current	5.43%	*

* Employer contribution rate includes an administrative expense rate of 0.18%
Effective July 1, 2017, LEOFF employers must pay an additional 3.5% to pick up the state contributions on basis salary paid for services rendered to non-LEOFF employers

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NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Governmental Funds

Special Revenue Funds

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

Transportation Benefit District – accounts for vehicle registration fees used for transportation improvements

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

Lodging Tax Reserve Fund – accounts for receipts from a hotel/motel tax 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.

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 accounts 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, 2018

	Combined Special Revenue Funds	Combined Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Assets				
Cash and Cash Equivalents	$ 769,270	$ 6,764,034	$ -	$ 7,533,304
Investments	10,644	93,586	-	104,230
Accounts Receivable	96,784	149,025	-	245,809
Total Assets	876,698	7,006,645	-	7,883,343
Liabilities				
Accounts Payable	37,643	332,665	-	370,308
Other Accrued Liabilities	68,550	56	-	68,606
Total Liabilities	106,193	332,721	-	438,914
Fund Balances				
Restricted for:				
Capital	-	6,673,924	-	6,673,924
Drug Investigation	55,388	-	-	55,388
Tourist Promotion	209,490	-	-	209,490
Assigned to:				
Street	505,627	-	-	505,627
Total Fund Balances	770,505	6,673,924	-	7,444,429
Total Liabilities and Fund Balance	$ 876,698	$ 7,006,645	$ -	$ 7,883,343

CITY OF BATTLE GROUND
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Fiscal Year Ended December 31, 2018

	Combined Special Revenue Funds	Combined Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues				
Other Taxes	$ 343,218	$ 1,069,493	$ -	$ 1,412,711
Intergovernmental	891,241	715,480	-	1,606,721
Charges for Services	-	986,755	-	986,755
Interest Earnings	8,548	100,852	-	109,400
Contributions/Donations	-	-	118,989	118,989
Miscellaneous	20,883	-	-	20,883
Total Revenues	1,263,890	2,872,580	118,989	4,255,459
Expenditures				
Current:				
Security/Persons and Property	1,593	-	-	1,593
Transportation	1,053,875	-	-	1,053,875
Economic Environment	17,354	-		17,354
Capitalized Expenditures				
Transportation	333,002	463,620	-	796,622
Debt Service				
Principal Retirement	-	-	850,000	850,000
Interest/Fiscal Charges	-	-	432,726	432,726
Total Expenditures	1,405,824	463,620	1,282,726	3,152,170
Excess (Deficiency) of Revenues Over (Under) Expenditures	(141,934)	2,408,960	(1,163,737)	1,103,289
Other Financing Sources (Uses)				
Sale of Capital Assets	2,210	-	-	2,210
Transfers In	445,000	348,947	1,163,737	1,957,684
Transfers Out	(32,000)	(1,627,986)	-	(1,659,986)
Total Other Financing Sources and Uses	415,210	(1,279,039)	1,163,737	299,908
Net Change in Fund Balance	273,276	1,129,921	-	1,403,197
Fund Balance at Beginning of Year	497,229	$ 5,544,003	$ -	$ 6,041,232
Fund Balance at End of Year	$ 770,505	$ 6,673,924	$ -	$ 7,444,429

CITY OF BATTLE GROUND
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2018

	Street Fund	Drug Investigation Fund	Lodging Tax Reserve	Total Nonmajor Special Revenue Funds
Assets				
Cash and Cash Equivalents	$ 515,843	54,632	198,795	$ 769,270
Investments	7,137	756	2,751	10,644
Accounts Receivable (net)	88,840	-	7,944	96,784
Total Assets	611,820	55,388	209,490	876,698
Liabilities				
Accounts Payable	37,643	-	-	37,643
Other Accrued Liabilities	68,550			68,550
Total Liabilities	106,193	-	-	106,193
Fund Balances				
Restricted for:				
Drug Investigation		55,388		55,388
Tourist Promotion			209,490	209,490
Assigned to:				
Street	505,627	-	-	505,627
Total Fund Balances	505,627	55,388	209,490	770,505
Total Liabilities and Fund Balances	$ 611,820	$ 55,388	$ 209,490	$ 876,698

CITY OF BATTLE GROUND
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Fiscal Year Ended December 31, 2018

	Street Fund	Drug Investigation Reserve	Lodging Tax Reserve	Total Nonmajor Special Revenue Funds
Revenues				
Other Taxes	$ 286,942	-	56,276	$ 343,218
Intergovernmental	882,427	8,814		891,241
Interest Earnings	4,517	1,087	2,944	8,548
Miscellaneous	17,724	3,159		20,883
Total Revenues	1,191,610	13,060	59,220	1,263,890
Expenditures				
Current:				
Security/Persons and Property	-	1,593	-	1,593
Physical Environment				-
Transportation	1,053,875	-	-	1,053,875
Economic Environment			17,354	17,354
Capital Outlay:				
Transportation	333,002	-	-	333,002
Total Expenditures	1,386,877	1,593	17,354	1,405,824
Excess (Deficiency) of Revenues Over (Under) Expenditures	(195,267)	11,467	41,866	(141,934)
Other Financing Sources (Uses)				
Sale of Capital Assets	2,210	-	-	2,210
Transfers In	445,000	-	-	445,000
Transfers Out	-	(25,000)	(7,000)	(32,000)
Total Other Financing Sources (Uses)	447,210	(25,000)	(7,000)	415,210
Net Change in Fund Balance	251,943	(13,533)	34,866	273,276
Fund Balance at Beginning of Year	253,684	$ 68,921	$ 174,624	$ 497,229
Fund Balance at End of Year	$ 505,627	$ 55,388	$ 209,490	$ 770,505

CITY OF BATTLE GROUND
Nonmajor Capital Project Funds
Combining Balance Sheet
December 31, 2018

	Capital Projects Fund	Transportation Impact Fees	Park Impact Fee	Real Estate Excise Tax	Fire Impact Fee	Total Nonmajor Capital Projects Funds
Assets						
Cash and Cash Equivalents	$ 182,835	$ 3,100,788	$ 970,424	$ 2,277,874	$ 232,113	$ 6,764,034
Investments	2,530	42,902	13,427	31,516	3,211	93,586
Accounts Receivable (net)	148,525			500		149,025
Total Assets	333,890	3,143,690	983,851	2,309,890	235,324	7,006,645
Liabilities						
Accounts Payable	332,665	-	-	-	-	332,665
Other Accrued Liabilities	56	-	-	-	-	56
Total Liabilities	332,721	-	-	-	-	332,721
Fund Balances						
Restricted for:						
Capital	1,169	3,143,690	983,851	2,309,890	235,324	6,673,924
Total Fund Balances	1,169	3,143,690	983,851	2,309,890	235,324	6,673,924
Total Liabilities and Fund Balances	$ 333,890	$ 3,143,690	$ 983,851	$ 2,309,890	$ 235,324	$ 7,006,645

CITY OF BATTLE GROUND
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Fiscal Year Ended December 31,2018

	Capital Projects Fund	Transportation Impact Fees	Park Impact Fee	Real Estate Excise Tax	Fire Impact Fee	Total Nonmajor Capital Project Funds
Revenues						
Other Taxes	$ -	$ -	$ -	$ 1,069,493	$ -	$ 1,069,493
Intergovernmental	715,480					715,480
Charges for Services		468,427	356,420	-	161,908	986,755
Interest Earnings	157	48,699	15,189	33,835	2,972	100,852
Total Revenues	$ 715,637	517,126	371,609	1,103,328	164,880	2,872,580
Expenditures						
Current:						
Capital Expenditures						
Transportation	463,620	-	-	-	-	463,620
Total Expenditures	463,620	-	-	-	-	463,620
Excess (Deficiency) of Revenues Over (Under) Expenditures	252,017	517,126	371,609	1,103,328	164,880	2,408,960
Other Financing Sources (Uses)						
Transfers In	44,131	295,903	-	8,913	-	348,947
Transfers Out	(295,903)	(439,392)	(321,388)	(491,473)	(79,830)	(1,627,986)
Total Other Financing Sources (Uses)	(251,772)	(143,489)	(321,388)	(482,560)	(79,830)	(1,279,039)
Net Change in Fund Balance	245	373,637	50,221	620,768	85,050	1,129,921
Fund Balance at Beginning of Year	924	2,770,053	933,630	1,689,122	150,274	5,544,003
Fund Balance at End of Year	$ 1,169	$ 3,143,690	$ 983,851	$ 2,309,890	$ 235,324	$ 6,673,924

GOVERNMENTAL BUDGET AND ACTUAL SCHEDULES

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CITY OF BATTLE GROUND
Street Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2018

	Budgeted Amounts			
	Original 2017-2018 Biennium	Final 2017-2018 Biennium	Actual Amounts	Variance with Final Budget
Revenues				
Other Taxes	$ 1,376,000	$ 1,376,000	$ 1,013,613	$ (362,387)
Intergovernmental	-	915,981	1,353,116	437,135
Interest Earnings	1,100	1,100	6,002	4,902
Miscellaneous	10,000	10,000	33,020	23,020
Total Revenues	1,387,100	2,303,081	2,405,751	102,670
Expenditures				
Current:				
Transportation	2,226,667	3,252,368	2,489,890	762,478
Capitalized Expenditures	-	-	512,484	(512,484)
Total Expenditures	2,226,667	3,252,368	3,002,374	249,994
Excess (Deficiency) of Revenues Over (under) Expenditures	(839,567)	(949,287)	(596,623)	352,664
Other Financing Sources (Uses)				
Sale of Capital Assets	-	-	2,210	2,210
Transfers In	800,000	845,000	845,000	-
Transfers Out				-
Total Other Financing Sources and Uses	800,000	845,000	847,210	2,210
Net Change in Fund Balance	(39,567)	(104,287)	250,587	354,874
Fund balance at beginning of year	255,040	255,040	255,040	-
Fund balance at end of year	$ 215,473	$ 150,753	$ 505,627	$ 354,874

CITY OF BATTLE GROUND
Drug Investigation Reserve
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2018

	Budgeted Amounts			
	Original 2017-2018 Biennium	Final 2017-2018 Biennium	Actual Amounts	Variance with Final Budget
Revenues				
Intergovernmental	$ 17,000	$ 17,000	$ 16,821	$ (179)
Miscellaneous			4,169	4,169
Interest Earnings	100	100	1,666	1,566
Total Revenues	17,100	17,100	22,656	5,556
Expenditures				
Current:				
Security/Persons and Property	28,000	28,000	2,559	25,441
Total Expenditures	28,000	28,000	2,559	25,441
Excess (Deficiency) of Revenues Over (under) Expenditures	(10,900)	(10,900)	20,097	30,997
Other Financing Sources (Uses):				
Transfers Out	-	(25,000)	(25,000)	-
Total Other Financing Sources and Uses	-	(25,000)	(25,000)	-
Net Change in Fund Balance	(10,900)	(35,900)	(4,903)	30,997
Fund Balance at Beginning of Year	60,291	60,291	60,291	-
Fund Balance at End of Year	$ 49,391	$ 24,391	$ 55,388	$ 30,997

CITY OF BATTLE GROUND
Lodging Tax Reserve
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2018

	Budgeted Amounts			
	Original 2017-2018 Biennium	Final 2017-2018 Biennium	Actual Amounts	Variance with Final Budget
Revenues				
Other Taxes	$ 71,000	$ 71,000	$ 107,022	$ 36,022
Interest Earnings	1,000	1,000	4,372	3,372
Total Revenues	72,000	72,000	111,394	39,394
Expenditures				
Economic Environment	76,000	76,000	44,923	31,077
Total Expenditures	76,000	76,000	44,923	31,077
Excess (Deficiency) of Revenues Over (under) Expenditures	(4,000)	(4,000)	66,471	70,471
Other Financing Sources (Uses)				
Transfers Out	(10,800)	(10,800)	(13,464)	(2,664)
Total Other Financing Sources and Uses	(10,800)	(10,800)	(13,464)	(2,664)
Net Change in Fund Balance	(14,800)	(14,800)	53,007	67,807
Fund Balance at Beginning of Year	156,483	156,483	156,483	-
Fund Balance at End of Year	$ 141,683	$ 141,683	$ 209,490	$ 67,807

CITY OF BATTLE GROUND
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2018

	Budgeted Amounts			
	Original 2017-2018 Biennium	Final 2017-2018 Biennium	Actual Amounts	Variance with Final Budget
Revenues				
Intergovernmental	$ 6,458,470	$ 7,365,177	$ 4,772,939	$ (2,592,238)
Interest Earnings	-	-	157	157
Total Revenues	6,458,470	7,365,177	4,773,096	(2,592,081)
Expenditures				
Capitalized Expenditures	7,153,494	8,089,501	5,177,065	2,912,436
Total Expenditures	7,153,494	8,089,501	5,177,065	2,912,436
Excess (Deficiency) of Revenues Over (under) Expenditures	(695,024)	(724,324)	(403,969)	320,355
Other Financing Sources (Uses)				
Transfers In	695,024	724,324	701,041	(23,283)
Transfers Out			(295,903)	(295,903)
Total Other Financing Sources and Uses	695,024	724,324	405,138	(319,186)
Net Change in Fund Balance	-	-	1,169	-
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	$ -	$ -	$ 1,169	$ -

CITY OF BATTLE GROUND
Transportation Impact Fees Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2018

	Budgeted Amounts			
	Original 2017-2018 Biennium	Final 2017-2018 Biennium	Actual Amounts	Variance with Final Budget
Revenues				
Charges for Services	$ 2,112,076	$ 2,112,076	$ 994,537	$ (1,117,539)
Interest Earnings	33,500	33,500	79,091	45,591
Total Revenues	2,145,576	2,145,576	1,073,628	(1,071,948)
Expenditures				
Current:				
Transportation	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (under) Expenditures	2,145,576	2,145,576	1,073,628	(1,071,948)
Other Financing Sources (Uses):				
Transfers In	-	-	295,903	295,903
Transfers Out	(1,494,489)	(1,523,789)	(1,495,742)	28,047
Total Other Financing Sources and Uses	(1,494,489)	(1,523,789)	(1,199,839)	323,950
Net Change in Fund Balance	651,087	621,787	(126,211)	(747,998)
Fund Balance at Beginning of Year	3,269,901	3,269,901	3,269,901	-
Fund Balance at End of Year	$ 3,920,988	$ 3,891,688	$ 3,143,690	$ (747,998)

CITY OF BATTLE GROUND
Park Impact Fee
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2018

	Budgeted Amounts			
	Original 2017-2018 Biennium	Final 2017-2018 Biennium	Actual Amounts	Variance with Final Budget
Revenues				
Charges for Services	$ 1,613,350	$ 1,613,350	$ 681,740	$ (931,610)
Interest Earnings	6,100	6,100	23,601	17,501
Total Revenues	1,619,450	1,619,450	705,341	(914,109)
Expenditures				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (under) Expenditures	1,619,450	1,619,450	705,341	(914,109)
Other Financing Sources (Uses)				
Transfers Out	(659,251)	(659,251)	(659,251)	-
Total Other Financing Sources and Uses	(659,251)	(659,251)	(659,251)	-
Net Change in Fund Balance	960,199	960,199	46,090	(914,109)
Fund Balance at Beginning of Year	937,761	937,761	937,761	-
Fund Balance at End of Year	$ 1,897,960	$ 1,897,960	$ 983,851	$ (914,109)

CITY OF BATTLE GROUND

Real Estate Excise Tax

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

For the Year Ended December 31, 2018

	Budgeted Amounts			
	Original 2017-2018 Biennium	Final 2017-2018 Biennium	Actual Amounts	Variance with Final Budget
Revenues				
Other Taxes	$ 652,000	$ 650,000	$ 2,195,733	$ 1,545,733
Interest Earnings	2,000	2,000	46,933	44,933
Total Revenues	654,000	652,000	2,242,666	1,590,666
Expenditures				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (under) Expenditures	654,000	652,000	2,242,666	1,590,666
Other Financing Sources (Uses)				
Transfers In	-	-	8,913	8,913
Transfers Out	(898,776)	(1,083,161)	(1,083,160)	1
Total Other Financing Sources and Uses	(898,776)	(1,083,161)	(1,074,247)	8,914
Net Change in Fund Balance	(244,776)	(431,161)	1,168,419	1,599,580
Fund Balance at Beginning of Year	1,141,471	1,141,471	1,141,471	-
Fund Balance at End of Year	$ 896,695	$ 710,310	$ 2,309,890	$ 1,599,580

CITY OF BATTLE GROUND
Fire Impact Fee
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2018

	Budgeted Amounts			
	Original 2017-2018 Biennium	Final 2017-2018 Biennium	Actual Amounts	Variance with Final Budget
Revenues				
Charges for Services	$ 172,900	$ 172,900	$ 251,174	$ 78,274
Interest Earnings	1,150	1,150	4,153	3,003
Total Revenues	174,050	174,050	255,327	81,277
Expenditures				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (under) Expenditures	174,050	174,050	255,327	81,277
Other Financing Sources (Uses)				
Transfers Out	(159,832)	(159,832)	(159,832)	0
Total Other Financing Sources and Uses	(159,832)	(159,832)	(159,832)	0
Net Change in Fund Balance	14,218	14,218	95,496	81,278
Fund Balance at Beginning of Year	139,828	139,828	139,828	-
Fund Balance at End of Year	$ 154,046	$ 154,046	$ 235,324	$ 81,278

CITY OF BATTLE GROUND
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2018

	Budgeted Amounts			
	Original 2017-2018 Biennium	Final 2017-2018 Biennium	Actual Amounts	Variance with Final Budget
Revenues				
Contributions/Donations	$ 233,910	$ 233,910	$ 237,533	$ 3,623
Total Revenues	233,910	233,910	237,533	3,623
Expenditures				
Debt service:				
Principal Retirement	1,700,000	1,700,000	1,700,000	-
Interest/Fiscal Charges	891,402	891,402	891,401	1
Total Expenditures	2,591,402	2,591,402	2,591,401	1
Excess (Deficiency) of Revenues Over (under) Expenditures	(2,357,492)	(2,357,492)	(2,353,868)	3,624
Other Financing Sources (Uses)				
Transfers In	2,357,492	2,357,492	2,353,868	(3,624)
Total Other Financing Sources and Uses	2,357,492	2,357,492	2,353,868	(3,624)
Net Change in Fund Balance	-	-	-	-
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	$ -	$ -	$ -	$ -

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, 2018

	Vehicle Rental and Replacement	Technology Rental and Replacement	Total Internal Service Funds
Assets			
Cash and Cash Equivalents	$ 457,349	$ 320,139	$ 777,488
Investments	6,328	4,429	$ 10,757
Total Current Assets	463,677	324,568	788,245
Noncurrent Assets			
Property, Plant and Equipment (Net)	1,009,581	68,194	1,077,775
Total Noncurrent Assets	1,009,581	68,194	1,077,775
Total Assets	1,473,258	392,762	1,866,020
Liabilities			
Current Liabilities			
Accrued Interest Payable	9,291	-	9,291
Leases Payable	159,789	-	159,789
Total Current Liabilities	169,080	-	169,080
Noncurrent Liabilities			
Leases Payable	171,840	-	171,840
Total Noncurrent Liabilities	171,840	-	171,840
Total Liabilities	340,920	-	340,920
Net Position			
Net Investment in Capital Assets	677,952	68,194	746,146
Unrestricted	454,386	324,568	778,954
Total Net Position	$ 1,132,338	$ 392,762	$ 1,525,100

CITY OF BATTLE GROUND
Internal Service Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Net Position
For the Fiscal Year Ended December 31, 2018

	Vehicle Rental and Replacement	Technology Rental and Replacement	Total Internal Service Funds
Operating Revenues			
Charge for Services			
Vehicle Rental	$ 194,572	$ -	$ 194,572
Technology Rental	-	110,326	110,326
Total Operating Revenues	194,572	110,326	304,898
Operating Expenses			
Equipment and Supplies	-	209,347	209,347
Depreciation	153,967	49,221	203,188
Total Operating Expenses	153,967	258,568	412,535
Operating Income (loss)	40,605	(148,242)	(107,637)
Nonoperating Revenues (Expenses)			
Interest Earnings	6,711	4,144	10,855
Interest and Fiscal Charges	(12,243)	-	(12,243)
Gain/Loss on Sale of Capital Assets	2,470	-	2,470
Total Nonoperating Revenues (Expenses)	(3,062)	4,144	1,082
Income (Loss) before Contributions and Transfers	37,543	(144,098)	(106,555)
Transfers In	104,830	150,000	254,830
Transfers Out		(5,510)	(5,510)
Increase (Decrease) in Net Position	142,373	392	142,765
Total Net Position at Beginning of Year	989,965	392,370	1,382,335
Total Net Position at End of Year	$ 1,132,338	$ 392,762	$ 1,525,100

CITY OF BATTLE GROUND
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended December 31, 2018

	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	$ 194,572	$ -	$ 194,572
Receipts from interfund charges for technology rental services	-	110,326	110,326
Cash payments to Suppliers	-	(238,028)	(238,028)
Net Cash Provided by Operating Activities	194,572	(127,702)	66,870
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	(439,814)	-	(439,814)
Proceeds from Other Financing (Transfers)	104,830	144,490	249,320
Proceeds from sale of capital assets	6,970	-	6,970
Proceeds from capital lease	344,433	-	344,433
Principal paid on capital lease	(254,971)	-	(254,971)
Interest Paid on capital lease	(6,691)	-	(6,691)
Net Cash Provided for Capital and Related Financing Activities	(245,244)	144,490	(100,754)
Cash Flows from Investing Activities			
Interest on Investments	7,092	4,212	11,304
Sale (purchase) of Investment Securities	53,197	31,194	84,391
Net Cash Used by Investing Activities	60,289	35,406	95,695
Net Increase (Decrease) in Cash and Cash Equivalents	9,617	52,194	61,811
Cash and Cash Equivalents at Beginning of Year	447,732	267,945	715,677
Cash and Cash Equivalents at End of Year	$ 457,349	$ 320,139	$ 777,488
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Net Operating Income (Loss)	$ 40,605	$ (148,242)	$ (107,637)
Adjustments to reconcile net operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation Expense	153,967	49,221	203,188
Increase (Decrease) in Current Payables		(28,681)	(28,681)
	153,967	20,540	174,507
Net Cash Provided by Operating Activities	$ 194,572	$ (127,702)	$ 66,870
Noncash Investing, Financing and Capital Activities			
Net Change in Fair Value of Investments	(270)	51	(219)

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STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City of Battle Ground's *Comprehensive Annual Financial Report* presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Contents

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 he 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.

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FINANCIAL TRENDS

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

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

CITY OF BATTLE GROUND
Schedule 1
Net Position by Component
Last Ten Fiscal Years
(accural basis of accounting)

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

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CITY OF BATTLE GROUND
Schedule 1
Net Position by Component
Last Ten Fiscal Years
(accural basis of accounting)

	2014	2015	2016	2017	2018
Governmental Activities					
Net investment in capital assets	$ 40,834,702	$ 40,356,369	$ 39,534,273	$ 44,439,495	$ 47,192,935
Restricted for:					
Capital	3,996,454	4,303,975	5,488,961	5,544,003	6,673,924
Pension			453,785	1,013,955	
Debt	-	-	-	-	
Drug Investigation	61,756	63,090	60,291	68,921	55,388
Tourist Promotion	130,359	144,631	153,483	174,624	209,490
Archeological Mitigation	-	-	-	-	
Unrestricted	2,513,942	1,661,667	2,295,387	3,039,376	4,159,455
Total governmental activities net position	$ 47,537,213	$ 46,529,732	$ 47,986,180	$ 54,280,374	$ 58,291,192
Business-type Activities					
Net investment in capital assets	$ 44,773,066	$ 50,545,433	$ 48,777,185	$ 50,173,640	$ 50,237,762
Restricted	298,336	299,804	301,875	297,778	297,778
Unrestricted	13,179,807	15,158,274	17,866,082	19,891,869	22,677,534
Total business-type activities net position	$ 58,251,209	$ 66,003,511	$ 66,945,142	$ 70,363,287	$ 73,213,074
Primary Government					
Net investment in capital assets	$ 85,607,768	$ 90,901,802	$ 88,311,458	$ 94,613,135	$ 97,430,697
Restricted for:					
Capital	3,996,454	4,303,975	5,488,961	5,544,003	6,673,924
Pension			453,785	1,013,955	-
Debt	298,336	299,804	301,875	297,778	297,778
Drug Investigation	61,756	63,090	60,291	68,921	55,388
Tourist Promotion	130,359	144,631	153,483	174,624	209,490
Archeological Mitigation	-	-	-	-	-
Unrestricted	15,693,749	16,819,941	20,161,469	22,931,245	26,836,989
Total primary government net position	$ 105,788,422	$ 112,533,243	$ 114,931,322	$ 124,643,661	$ 131,504,266

CITY OF BATTLE GROUND
Schedule 2
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

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

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CITY OF BATTLE GROUND
Schedule 2
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2014	2015	2016	2017	2018
Expenses					
Governmental activities					
General government	$ 1,835,205	$ 1,955,510	$ 1,884,953	$ 1,818,329	$ 1,994,437
Judicial	518,954	587,230	569,422	730,455	602,107
Public Safety	3,995,788	4,014,769	4,303,774	6,766,840	7,305,827
Physical Environment	2,038,449	2,332,297	2,325,492	457,270	477,150
Transportation	2,452,138	2,959,111	2,871,534	3,279,449	3,291,877
Economic Environment	797,619	838,813	849,069	941,778	996,604
Culture and Recreation	1,022,673	866,175	1,027,123	1,049,993	1,042,660
Interest on long-term debt	523,450	504,353	477,416	460,347	430,418
Total governmental activities expenses	$ 13,184,276	$ 14,058,258	$ 14,308,783	$ 15,504,461	$ 16,141,080
Business-type activities					
Storm Drainage	$ 1,062,553	$ 1,013,546	$ 1,158,748	$ 1,380,733	$ 1,332,675
Water	2,103,010	2,524,181	2,691,560	2,914,232	2,985,843
Sewer	4,077,452	5,639,263	5,181,762	5,686,127	8,557,894
Total business-type activities expenses	7,243,015	9,176,990	9,032,070	9,981,092	12,876,412
Total primary government expenses	$ 20,427,291	$ 23,235,248	$ 23,340,853	$ 25,485,553	$ 29,017,492
Program Revenues					
Governmental activities					
Charge for services					
General Government	$ 223,657	$ 268,480	$ 387,984	$ 342,546	$ 283,560
Judicial	466,472	447,779	446,311	195,861	169,059
Economic Environment	1,182,655	1,887,302	2,520,101	2,167,138	2,367,537
Other activities	201,268	331,963	201,667	327,140	532,277
Operating grants and contributions	742,824	891,157	1,104,258	1,062,301	1,134,990
Capital grant and contributions	1,129,275	1,409,148	528,232	6,339,352	4,849,346
Total government activities program revenues	$ 3,946,151	$ 5,235,829	$ 5,188,553	$ 10,434,338	$ 9,336,769
Business-type activities					
Charges for services					
Storm Drainage	$ 883,677	$ 865,854	$ 1,035,170	$ 1,205,307	$ 1,386,111
Water	2,223,658	2,390,158	2,503,684	2,728,712	2,884,377
Sewer	3,148,635	3,238,712	3,565,701	3,831,541	4,303,363
Operating grants and contributions					50,000
Capital grants and contributions	2,205,630	3,821,962	2,598,683	5,330,573	6,614,179
Total business-type activities program revenues	8,461,600	10,316,686	9,703,238	13,096,133	15,238,030
Total primary government program revenues	$ 12,407,751	$ 15,552,515	$ 14,891,791	$ 23,530,471	$ 24,574,799

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CITY OF BATTLE GROUND
Schedule 2
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

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

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CITY OF BATTLE GROUND
Schedule 2
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2014	2015	2016	2017	2018
Net(Expenses)Revenue					
Government activities	(9,238,125)	(8,822,429)	(9,120,230)	(5,070,123)	(6,804,311)
Business activities	1,218,585	1,139,696	671,168	3,115,041	2,361,618
Total primary government net expense	(8,019,540)	(7,682,733)	(8,449,062)	(1,955,082)	(4,442,693)
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	2,601,477	2,752,356	2,816,320	2,902,251	3,049,456
Sales and use taxes	2,214,953	2,553,298	2,949,812	3,521,944	3,723,445
Business and occupation taxes	3,050,051	3,196,511	3,313,960	3,187,273	3,357,670
Excise taxes	625,117	690,792	978,371	1,187,266	1,077,298
Unrestricted grants and contributions	262,642	297,154	360,532	347,317	362,403
Investment earnings	57,522	50,427	72,726	98,941	209,631
Miscellaneous	204,787	92,392	82,457	106,116	91,735
Gain on sale of capital assets	-	-	2,500	13,207	4,680
Insurance recoveries	-	-	-		
Transfers	-	-	-		
Total governmental activities	9,016,549	9,632,930	10,576,678	11,364,317	11,876,318
Business-type activities					
Investment earnings	60,640	91,804	128,293	169,175	319,724
Miscellaneous	117,810	195,043	142,170	163,304	165,412
Special Item	-	7,019,290	-		
Gain(loss) on sale of capital assets	-	-	-	(29,376)	3,033
Transfers	-	-	-		
Total business-type activities	178,450	7,306,137	270,463	303,103	488,169
Total primary government	9,194,999	16,939,067	10,847,141	11,667,420	12,364,487
Changes in Net Position					
Governmental activities	(221,576)	810,501	1,456,448	6,294,194	5,072,007
Business-type activities	1,397,035	8,445,833	941,631	3,418,144	2,849,787
Total primary government	1,175,459	9,256,334	2,398,079	9,712,338	7,921,794

CITY OF BATTLE GROUND

Schedule 3

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accruaL basis of accounting)

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

Continued on next page

CITY OF BATTLE GROUND

Schedule 3

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accruaL basis of accounting)

	2014	2015	2016	2017	2018
General Fund					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Committed	2,181,206	2,159,935	2,455,518	382,871	238,127
Assigned	337,275	396,115	517,175	483,837	466,644
Unassigned	392,637	1,121,241	1,744,474	4,934,676	5,840,214
Total general fund	2,911,118	3,677,291	4,717,167	5,801,384	6,544,985
All Other Governmental Funds					
Restricted	4,188,568	4,511,696	5,705,734	5,787,548	6,938,802
Assigned					
Special revenue funds	202,032	121,375	255,040	253,684	505,627
Capital projects funds	-	-	-	-	
Debt service funds	-	-	-	-	
Total all other governmental funds	$ 4,390,600	$ 4,633,071	$ 5,960,774	$ 6,041,232	$ 7,444,429

CITY OF BATTLE GROUND
Schedule 4
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013
Revenues					
Taxes	$ 6,713,185	$ 7,031,327	$ 6,874,529	$ 7,303,670	$ 7,840,470
Licenses, fees, and permits	321,421	346,496	222,229	325,113	775,452
Intergovernmental	1,395,500	2,855,454	1,021,680	4,702,012	1,421,076
Charges for services	887,928	396,549	385,647	2,009,709	3,136,021
Fines and penalties	302,006	309,622	280,958	284,160	267,847
Investment earnings	94,380	70,378	138,859	40,689	18,436
Rents and royalties	277,054	286,989	283,266	256,760	277,270
Contributions/donations	22,054	7,317	211,467	221,914	219,100
Other revenues	49,485	45,738	43,082	95,509	189,615
Total governmental funds	10,063,013	11,349,870	9,461,717	15,239,536	14,145,287
Expenditures					
General Government	1,882,022	1,777,820	1,713,088	2,456,744	2,573,394
Judicial	532,846	543,079	489,005	444,557	470,139
Security/persons and property	4,145,628	4,039,761	3,836,220	3,547,893	3,787,018
Physical environment	969,240	1,160,942	1,412,061	1,594,245	1,761,171
Transportation	663,008	995,300	701,400	907,265	759,740
Economic environment	700,670	658,932	604,940	722,507	781,901
Culture and recreation	604,904	523,406	472,690	554,861	583,251
Capital outlay	1,514,618	1,820,330	1,070,221	7,741,594	1,097,127
Debt service					
Principal	655,415	695,484	693,621	532,951	562,653
Interest	403,643	471,116	693,287	552,983	541,525
Total expenditures	12,071,994	12,686,170	11,686,533	19,055,600	12,917,919
Excess of revenues over (under) expenditures	(2,008,981)	(1,336,300)	(2,224,816)	(3,816,064)	1,227,368
Other Financing Sources (Uses)					
Sale of capital assets	-	-	-	36,457	14,660
Long-term debt proceeds	98,511	4,855,000	85,768	-	-
Premiums on Bonds Issued	-	114,820	82,662	-	-
Refunding Bonds Issued	-	3,045,000	5,265,000	-	-
Payments to Refunding Escrow	-	(3,045,000)	(5,288,340)	-	-
Insurance recoveries	-			-	-
Transfers in	3,396,729	2,828,845	2,072,990	1,640,198	1,723,148
Transfers out	(3,046,402)	(2,420,825)	(1,649,873)	(1,640,198)	(1,723,148)
Total other financing sources (uses)	448,838	5,377,840	568,207	36,457	14,660
Net changes in fund balances	$ (1,560,143)	$ 4,041,540	$ (1,656,609)	$ (3,779,607)	$ 1,242,028
Debt service as a percentage of noncapital expenditures	10.03%	10.74%	13.06%	9.60%	9.34%

Continued on next page

CITY OF BATTLE GROUND
Schedule 4
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2014	2015	2016	2017	2018
Revenues					
Taxes	$ 8,544,130	$ 9,291,615	$ 10,335,734	$ 11,529,561	$ 11,333,623
Licenses, fees, and permits	505,827	826,011	841,949	963,119	1,181,600
Intergovernmental	992,049	1,062,872	1,385,585	5,246,958	2,362,444
Charges for services	2,105,905	2,452,856	2,953,275	2,557,087	2,797,512
Fines and penalties	258,072	262,732	260,696	241,915	243,280
Investment earnings	55,088	47,756	69,705	98,942	198,777
Rents and royalties	267,868	295,559	272,099	282,302	277,815
Contributions/donations	278,680	139,191	127,917	141,294	141,134
Other revenues	208,130	92,391	89,354	106,116	87,388
Total governmental funds	13,215,749	14,470,983	16,336,314	21,167,294	18,623,573
Expenditures					
General Government	2,795,271	2,732,778	2,692,214	2,573,435	2,813,508
Judicial	518,954	587,723	579,154	737,822	700,282
Security/persons and property	3,844,787	3,887,783	3,944,592	6,629,465	7,318,752
Physical environment	2,017,648	2,282,573	2,296,398	439,352	489,047
Transportation	866,029	1,046,103	1,109,050	1,436,015	1,053,875
Economic environment	797,619	829,749	876,787	954,108	1,050,336
Culture and recreation	592,725	585,329	607,717	621,871	669,837
Capital outlay	503,473	95,466	691,716	4,974,887	797,012
Debt service					
Principal	801,358	831,761	846,383	886,541	904,123
Interest	525,437	503,159	482,069	469,122	437,237
Total expenditures	13,263,301	13,382,424	14,126,080	19,722,618	16,234,009
Excess of revenues over (under) expenditures	(47,552)	1,088,559	2,210,234	1,444,676	2,389,564
Other Financing Sources (Uses)					
Sale of capital assets	-	-	-	-	2,210
Long-term debt proceeds	-	-	270,594	-	-
Premiums on Bonds Issued	-	-	-	-	-
Refunding Bonds Issued	-	-	-	-	-
Payments to Refunding Escrow	-	-	-	-	-
Insurance recoveries	-	-	-	-	4,344
Transfers in	2,174,409	1,652,267	1,754,897	2,343,505	2,009,069
Transfers out	(2,392,050)	(1,732,182)	(1,868,145)	(2,623,507)	(2,258,390)
Total other financing sources (uses)	(217,641)	(79,915)	157,346	(280,002)	(242,767)
Net changes in fund balances	$ (265,193)	$ 1,008,644	$ 2,367,580	$ 1,164,674	$ 2,146,797
Debt service as a percentage of noncapital expenditures	10.40%	10.05%	9.89%	9.19%	8.69%

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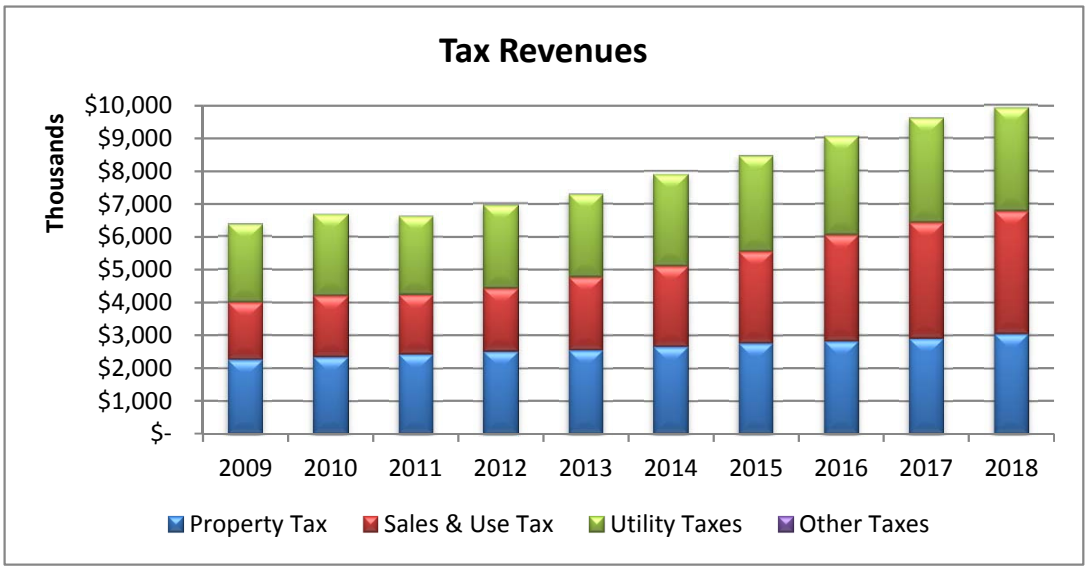
REVENUE CAPACITY

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
Schedule 6 – Assessed 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

CITY OF BATTLE GROUND
Schedule 5
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified basis of accounting)

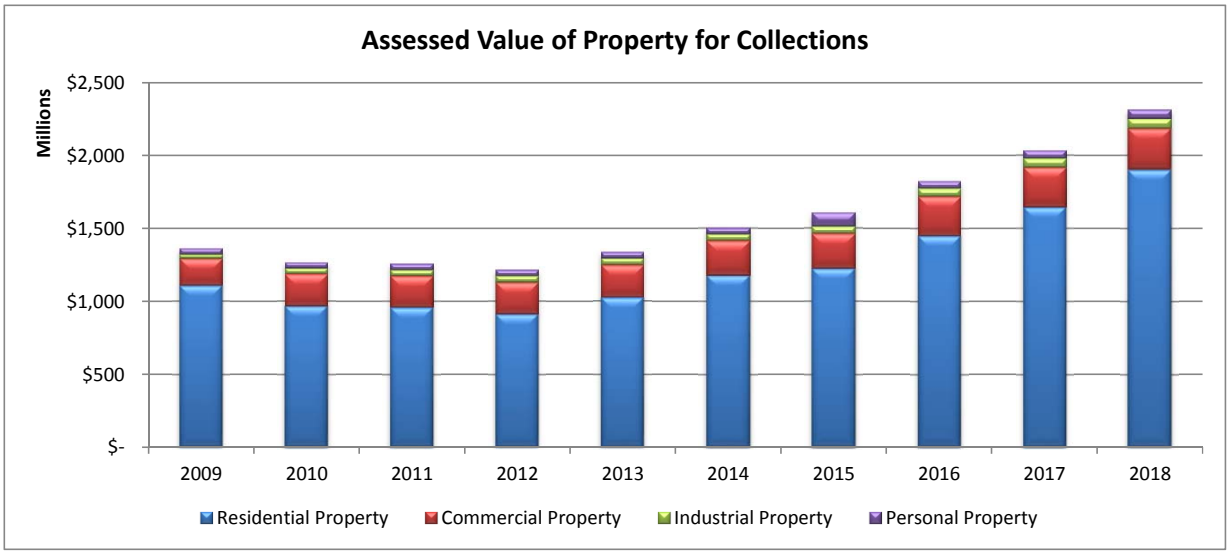
Fiscal Year	Property Tax	Sales & Use Tax	Utility Taxes	Other Taxes	Totals
2009	2,250,109	1,739,060	2,379,050	11,683	6,379,902
2010	2,340,208	1,852,960	2,486,424	9,192	6,688,784
2011	2,428,374	1,807,821	2,390,116	7,810	6,634,121
2012	2,507,031	1,910,787	2,534,798	6,980	6,959,596
2013	2,551,368	2,217,875	2,518,789	14,304	7,302,336
2014	2,654,010	2,446,729	2,790,599	8,992	7,900,330
2015	2,758,389	2,791,726	2,924,491	15,347	8,489,953
2016	2,819,856	3,233,490	2,992,741	7,586	9,053,673
2017	2,906,406	3,521,944	3,187,273	10,281	9,625,904
2018	3,049,015	3,723,445	3,140,647	7,805	9,920,912
Change 2017-2018	4.91%	5.72%	-1.46%	-24.08%	3.06%



Source: City of Battle Ground financial records

CITY OF BATTLE GROUND
Schedule 6
Assessed Value of Taxable Property
Last Ten Fiscal Years

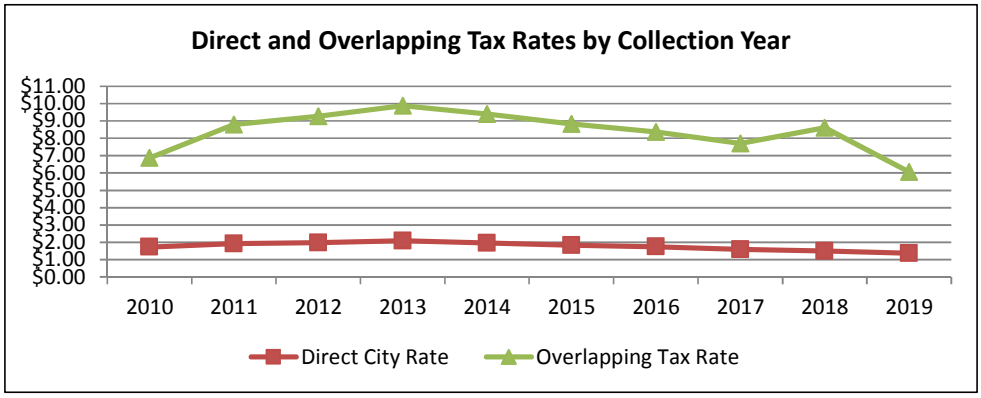
Assessed Year	Collection Year	Real Property Assessed Value: Residential Property	Real Property Assessed Value: Commercial Property	Real Property Assessed Value: Industrial Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate
2009	2010	1,106,651,762	183,435,710	27,189,730	43,159,058	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
2015	2016	1,223,115,822	239,842,262	48,336,782	95,636,414	1,606,931,280	1.75
2016	2017	1,448,221,654	270,824,266	53,953,558	51,115,295	1,824,114,773	1.59
2017	2018	1,645,334,443	271,535,957	61,621,488	54,781,907	2,033,273,795	1.50
2018	2019	1,900,767,211	283,664,324	67,575,193	61,725,672	2,313,732,400	1.37

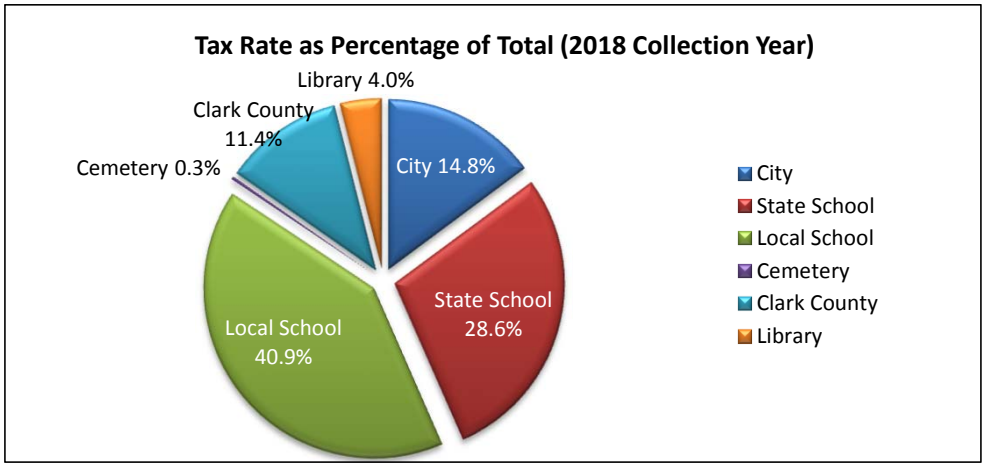


Source: Clark County Department of Assessment and GIS
Note: Real and personal property has been assessed at 100% of the estimated value
Tax rates are per $1,000 of assessed value

CITY OF BATTLE GROUND
Schedule 7
Property Tax Rates
Direct and Overlapping Governments
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	
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
2015	2016	1.75	2.08	4.48	1.33	0.45	0.03	10.12
2016	2017	1.59	1.98	4.05	1.22	0.42	0.03	9.29
2017	2018	1.50	2.89	4.14	1.15	0.40	0.03	10.11
2018	2019	1.37	2.51	2.11	1.05	0.36	0.03	7.43



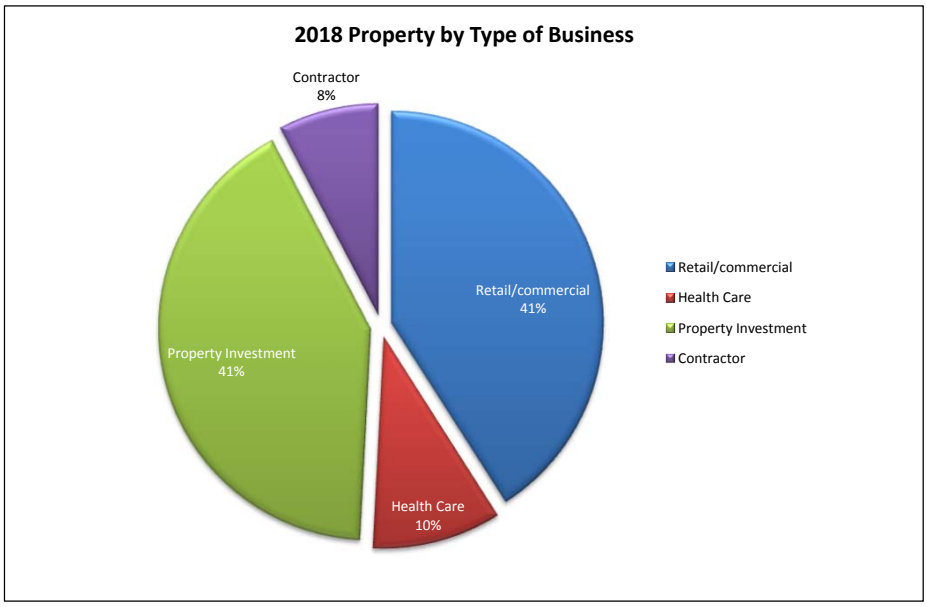


Source: Clark County Department of Assessment and GIS

Notes: All levies expressed in dollars per $1,000
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 Taxpayers
Current Year and Nine Years Ago

		2018			2009		
Taxpayer	Type of Business	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Scotton Landing II LLC	Property Investment	$ 26,877,500	1	1.32%			
Fred Meyer Jewelers	Retail	19,091,316	2	0.94%	17,149,085	1	1.26%
Walmart Real Estate Trust	Retail/commercial	16,870,140	3	0.83%			
Battle Ground Market Center	Retail/commercial	16,200,575	4	0.80%	15,657,100	2	1.15%
SOP LLC	Property Investment	16,162,000	5	0.79%			
The Vancouver Clinic	Health Care	14,823,816	6	0.73%			
Tapani Underground Inc	Contractor-Excavating	11,565,984	7	0.57%			
Heldig LLC	Property Investment	9,885,600	8	0.49%			
Holt Distressed Property Fund	Property Investment	9,584,286	9	0.47%			
Hi-School Properties LLC	Retail/commercial	9,550,734	10	0.47%			
Dennis Pavlina	Property Investment				13,034,924	3	0.96%
Samuel and Shelley Walker	Property Investment				10,222,000	4	0.75%
NW Natural Gas	Utility				8,959,648	5	0.66%
Battle Ground Village	Property Investment				8,818,882	6	0.65%
Ronald A Anderson	Manufacturing				7,259,300	7	0.53%
Mobile Estates LLC	Property Investment				7,038,100	8	0.52%
Oldcastle Glass Inc.	Manufacturing				6,987,700	9	0.51%
William and Michelle Maitland	Property Investment				6,474,800	10	0.48%
Total Principal Property Tax Payers		150,611,951		7.41%	101,601,539		7.47%
All Other City Taxpayers		1,882,661,844		92.59%	1,258,834,721		92.53%
Total City Taxpayers		2,033,273,795		100.00%	$ 1,360,436,260		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	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2009	2,253,991	2,157,153	95.70%	96,838	2,253,991	100.00%
2010	2,354,560	2,271,552	96.47%	83,008	2,354,560	100.00%
2011	2,428,816	2,343,915	96.50%	84,822	2,428,737	100.00%
2012	2,486,187	2,423,459	97.48%	62,656	2,486,115	100.00%
2013	2,542,871	2,491,852	97.99%	50,810	2,542,662	99.99%
2014	2,612,427	2,564,034	98.15%	48,192	2,612,226	99.99%
2015	2,747,180	2,707,983	98.57%	38,532	2,746,515	99.98%
2016	2,807,748	2,772,332	98.74%	33,038	2,805,370	99.92%
2017	2,893,525	2,851,452	98.55%	28,868	2,880,320	99.54%
2018	3,052,811	3,022,188	99.00%		3,022,188	



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

DEBT CAPACITY

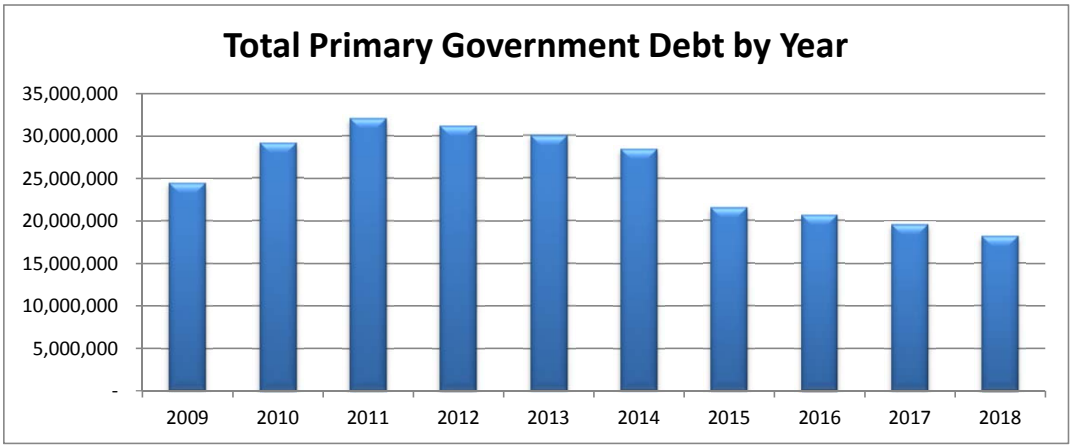
These schedules present information to help the reader assess the affordability of the city's current level of outstanding debt and the city's ability to issue additional debt in the future.

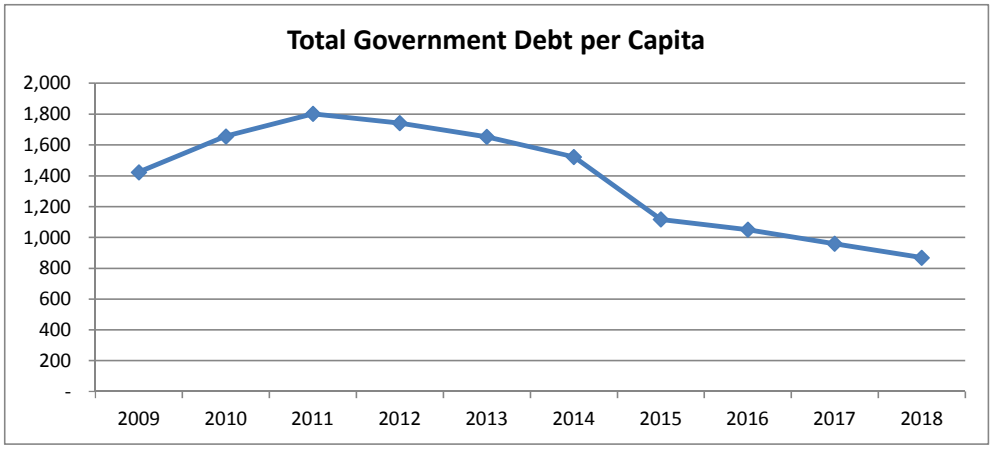
Schedule 10 - Ratios of Outstanding Debt by Type
Schedule 11 - Ratios of General Bonded Debt Outstanding
Schedule 12 - Direct and Overlapping Governmental Activities Debt
Schedule 13 - Legal Debt Margin Information
Schedule 14 - Pledged-Revenue Coverage

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CITY OF BATTLE GROUND
Schedule 10
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities			Business-Type Activities					
Fiscal Year	General Obligation Bonds	Public Works Trust Fund Loans	Capital Leases	Revenue Bonds	Public Works Trust Fund Loans	Total Primary Government	Percentage of Personal Income	Population	Per Capita
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
2015	10,485,000	800,000	579,894	9,352,015	269,992	21,486,901	4.00%	19,250	1,116
2016	9,856,108	700,000	673,008	9,178,450	215,994	20,623,560	3.76%	19,640	1,050
2017	9,005,000	600,000	809,865	8,949,221	161,996	19,526,082	3.43%	20,370	959
2018	8,324,809	500,000	500,204	8,706,830	107,997	18,139,840	3.11%	20,890	868

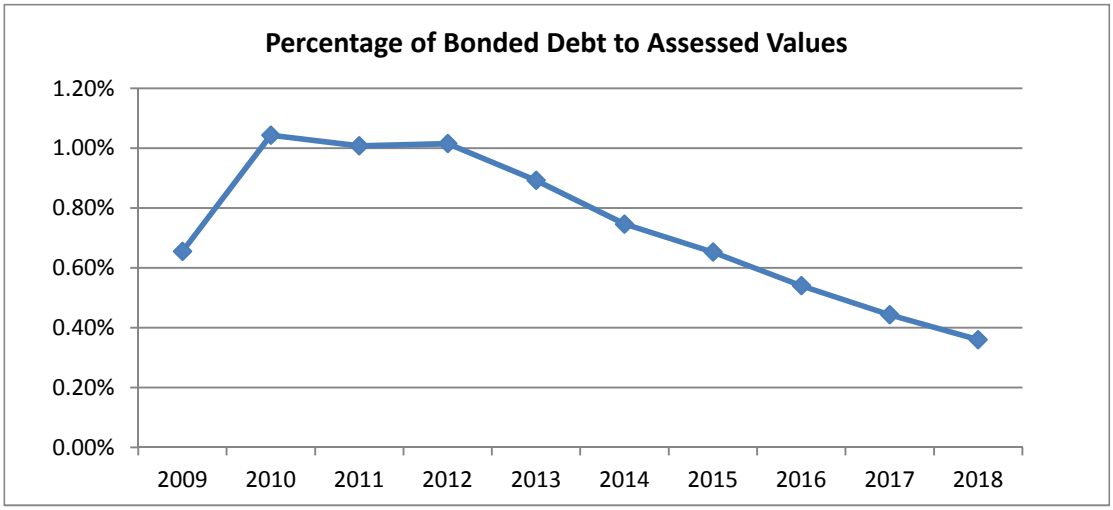


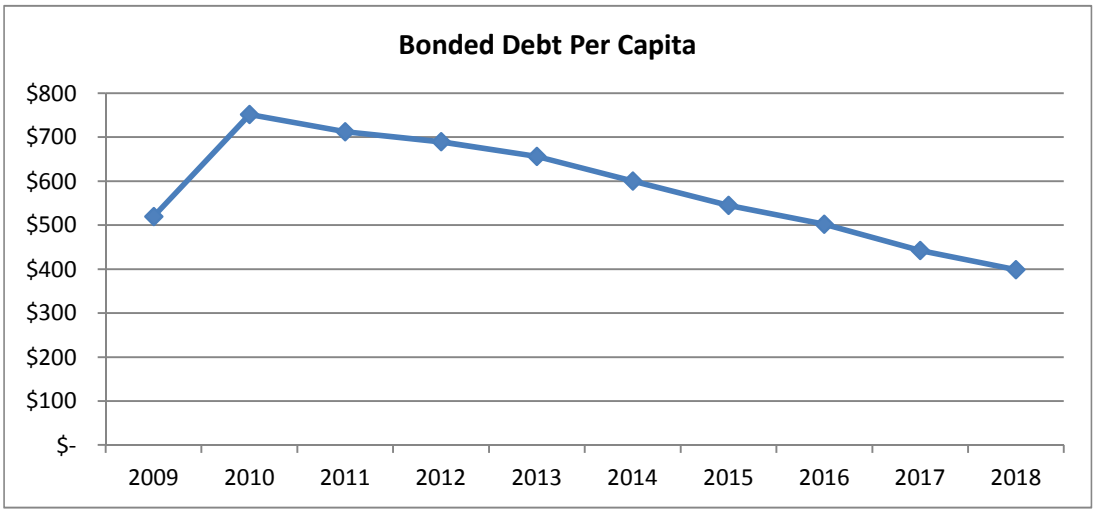


Source: Personal income data is from the State of Washington Office of Financial Management
Note: See Schedule 15 for personal income and population data
Details regarding the city's outstanding debt can be found in the notes to the financial statements

CITY OF BATTLE GROUND
Schedule 11
Ratios of General Obligation 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
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
2015	10,485,000	1,606,931,280	0.65%	19,250	545
2016	9,856,108	1,824,114,773	0.54%	19,640	502
2017	9,005,000	2,033,273,795	0.44%	20,370	442
2018	8,324,809	2,313,732,400	0.36%	20,890	399





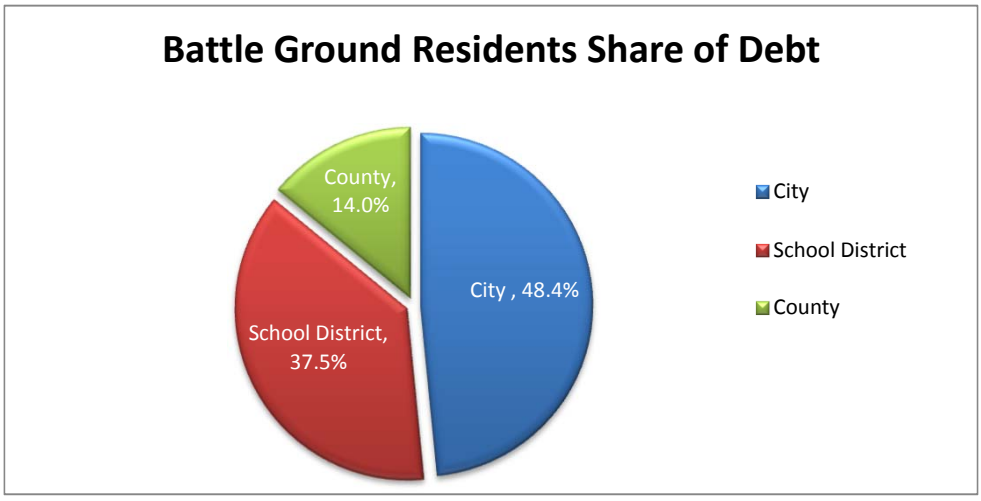
Source: Personal income data is from the State of Washington Office of Financial Management
Note: See notes to the financial statements for details of general obligation bonds

CITY OF BATTLE GROUND
Schedule 12
Direct and Overlapping Governmental Activities Debt

Government Unit	Debt Outstanding	Percentage Applicable to City Residents [1]	Amount Applicable to City Residents
Direct:			
City of Battle Ground			
General obligation debt	$ 8,324,809		
Public Works Trust Fund Loan	500,000		
Capital leases	500,204		
Total Direct	$ 9,325,013	100.00%	$ 9,325,013
Overlapping: (GO debt repaid with property taxes)			
Battle Ground School District	32,964,740	21.90%	7,220,595
Clark County	75,976,470	3.56%	2,701,507
Total Overlapping	$ 108,941,210		$ 9,922,101
Total direct and overlapping debt	$ 118,266,223		$ 19,247,114

Property Valuation (2018 Assessment for 2019 Tax Collections)

City Assessed Valuation	$ 2,313,732,400
School Assessed Valuation	$ 10,563,061,542
County Assessed Valuation	$ 65,070,810,280



Source: Clark County Treasurer and Clark County Assessor

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

(1) 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		
Assessed value (2018 assessment for 2019 revenue)		$ 2,313,732,400
Debt limit:		
General purpose debt limit without a vote (1.5%)		34,705,986
General purpose debt limit with a vote (1.0%)		23,137,324
Utility purpose debt limit with a vote (2.5%)		46,274,648
Open space, park, capital facilities debt limit with a vote (2.5%)		57,843,310
Total debt limit		$ 161,961,268
Debt applicable to limit:		
General purpose debt limit without a vote (1.5%)	8,324,809	
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		8,324,809
Legal debt margin		$ 153,636,459

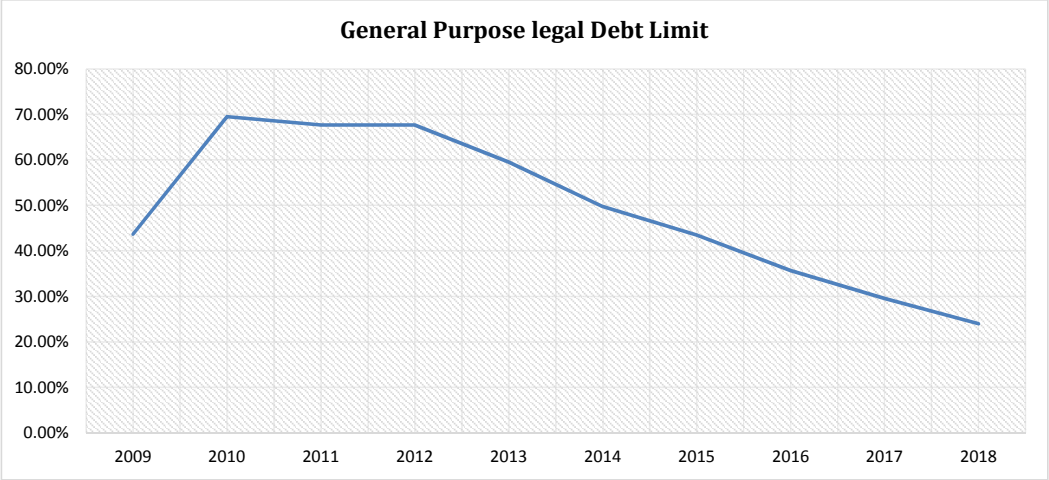
	2009	2010	2011	2012	2013
Assessed Valuation	$ 1,360,436,260	$ 1,265,186,616	$ 1,255,802,097	$ 1,214,798,042	$ 1,332,783,511
General purpose debt limit (1.5%)	20,406,544	18,977,799	18,837,031	18,221,971	19,991,753
Total net debt applicable to limit	8,910,000	13,200,000	12,745,000	12,335,000	11,895,000
Available non-voted debt capacity	$ 11,496,544	$ 5,777,799	$ 6,092,031	$ 5,886,971	$ 8,096,753
Total net debt applicable to the limit as a percentage of debt limit	43.66%	69.55%	67.66%	67.69%	59.50%

continued on next page

CITY OF BATTLE GROUND
Schedule 13
Legal Debt Margin Information
Last Ten Fiscal Years

	2014	2015	2016	2017	2018
Assessed Valuation	$ 1,501,398,094	$ 1,606,931,280	$ 1,824,114,773	$ 2,033,273,795	$ 2,313,732,400
General purpose debt limit (1.5%)	22,520,971	24,103,969	27,361,722	30,499,107	34,705,986
Total net debt applicable to limit	11,205,000	10,485,000	9,755,000	9,005,000	8,324,809
Available non-voted debt capacity	$ 11,315,971	$ 13,618,969	$ 17,606,722	$ 21,494,107	$ 26,381,177
Total net debt applicable to the limit as a percentage of debt limit	49.75%	43.50%	35.65%	29.53%	23.99%

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	Operating Revenues	Less: Operating Expenses	Net Revenue Available	Debt Service			Required Coverage*
				Principal	Interest	Total	
2009	2,532,433	1,477,699	1,054,734	-	-	-	-
2010	2,221,870	1,475,576	746,294	-	-	-	-
2011	2,239,511	1,442,538	796,973	-	-	-	-
2012	2,206,060	1,835,102	370,958	-	-	-	-
2013	2,504,650	1,612,307	892,343	-	-	-	-
2014	2,509,558	1,494,237	1,015,321	-	-	-	-
2015	3,031,056	1,757,398	1,273,658	-	-	-	-
2016	2,561,838	1,818,125	743,713	72,361	136,330	208,691	260,864
2017	2,802,676	2,032,457	770,219	124,967	86,593	211,560	264,450
2018	3,013,444	2,063,318	950,126	134,978	82,398	217,376	271,720

Ordinance 2015-05 authorized the issuance of a water revenue bond of the city in the principal amount of $2,774,409 to finance certain improvements to the water utility system of the city. Net revenue of the water system in each fiscal year shall be at least equal to 125% of the amounts required to be paid for scheduled principal and interest debt service. Revenue of the system means all earnings and revenues received by the city from the maintenance and operation of the system and connection and capital improvement charges collected for the purpose of defraying the cost of capital facilities of the system, except grants, sale of system property, city taxes, and contributed capital. Operation and maintenance expense include expenses incurred for operating, maintaining, and repairing the system, but does not include payment for debt service, depreciation, taxes, levies, or capital additions or replacements.

* 125% of Total Debt Service - Net revenue exceeds required coverage

Sewer Fund

Fiscal Year	Operating Revenues	Less: Operating Expenses	Net Revenue Available	Debt Service [(1) (2)]			Reserve Requirement
				Principal	Interest	Total	
2009	3,811,504	2,127,169	1,684,335	1,281,041	72,772	1,353,813	-
2010	3,064,495	2,193,332	871,163	1,103,951	72,772	1,176,723	-
2011	3,180,504	2,002,328	1,178,176	1,087,285	64,067	1,151,352	-
2012	2,967,278	1,595,504	1,371,774	1,132,539	165,630	1,298,169	-
2013	4,477,286	2,137,092	2,340,194	1,179,840	261,512	1,441,352	297,778
2014	3,904,263	2,067,218	1,837,045	911,803	250,212	1,162,015	297,778
2015	5,414,619	3,776,920	1,637,699	152,233	202,784	355,017	297,778
2016	3,717,301	3,319,511	397,790	155,201	199,275	354,476	297,778
2017	4,002,428	3,774,029	228,399	158,260	195,676	353,936	297,778
2018	4,303,363	4,132,275	171,088	161,412	191,985	353,397	297,778

(1) Ordinance 2011-16 authorized the issuance of a sewer revenue bond in the principal amount of $6,909,000 to finance the decommissioning of a sewer lagoon. A bond reserve account secures the payment of one annual installment of the principal and interest. The annual reserve requirement is $297,778.

(2) The city has entered into Public Works Trust Fund loan with the Washington State Department of Commerce to construct sanitary sewer lines. These loans do not have any revenue coverage requirements.

DEMOGRAPHIC AND ECONOMIC INFORMATION

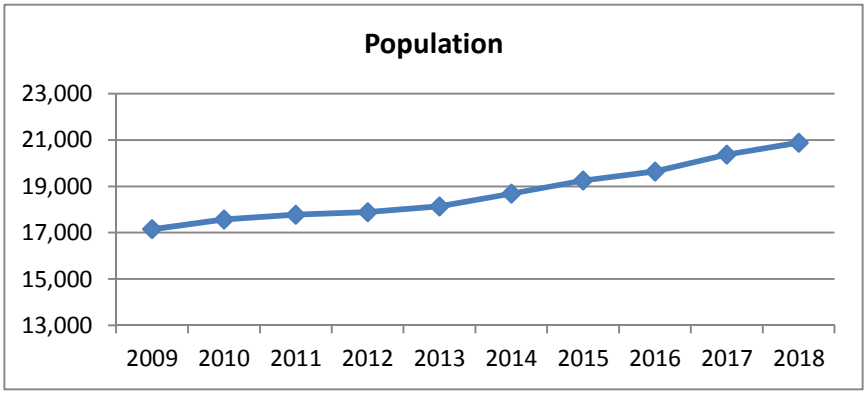
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.

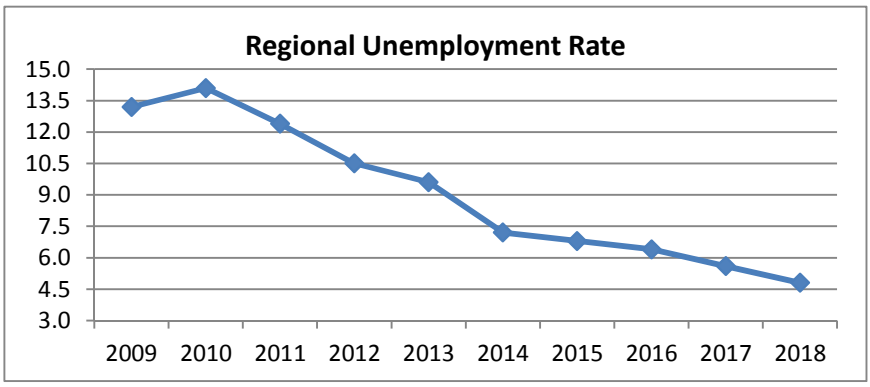
Schedule 15 - Demographic and Economic Statistics
Schedule 16 - Principal Employers
Schedule 17 - Property Value and Construction

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CITY OF BATTLE GROUND
Schedule 15
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population [1]	Personal Income [2]	Per Capita Personal Income [3]	School Enrollment [4]	Regional Unemployment Rate % [5]
2009	17,150	618,360,400	36,056	13,169	13.2
2010	17,571	633,539,976	36,056	13,188	14.1
2011	17,780	665,558,740	37,433	13,342	12.4
2012	17,893	710,262,635	39,695	12,941	10.5
2013	18,130	735,479,710	40,567	13,174	9.6
2014	18,685	806,313,805	43,153	13,263	7.2
2015	19,250	867,597,500	45,070	13,506	6.8
2016	19,640	924,611,920	47,078	13,452	6.4
2017	20,370	997,335,570	48,961	13,120	5.6
2018	20,890	1,175,751,870	56,283	13,209	4.8



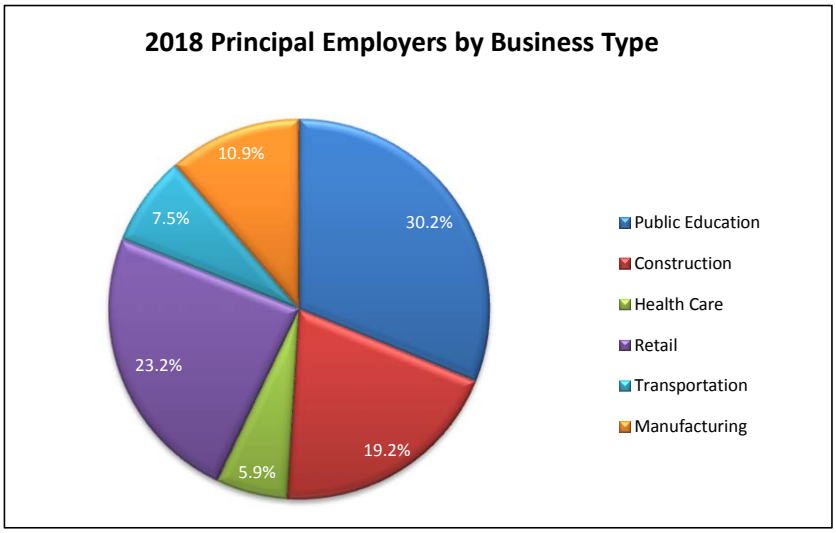


Source: (1) Population - State of Washington Office of Financial Management
(2) Personal income calculated by multiplying population by per capita income
(3) Per capita income listed for Clark County, WA - U.S. Dept of Commerce - Bureau of Economic Anaylsis. Estimate for 2018

(4) Battle Ground School District - Office of Superintendent of Public Instruction, Report 1251 of FTE enrollment for school year ending 2018
(5) Washington State Employment Security Department - Clark County

CITY OF BATTLE GROUND
Schedule 16
Principal Employers
Last Ten Fiscal Years

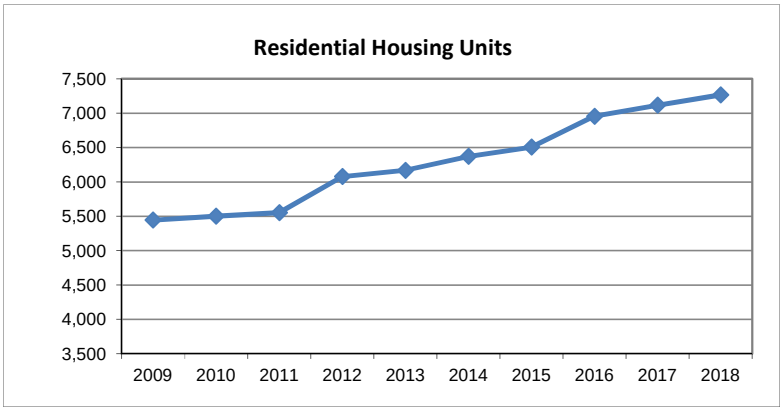
		2018			2009	
Employer	**Type of Business**	**Employees**	**Rank**	**% of Labor Force**	**Employees**	**Rank**
Battle Ground School District	Public Education	757	1	30.2%	553	1
Tapani Underground Inc.	Construction	481	2	19.2%	145	4
Fred Meyer	Retail	253	3	10.1%	240	2
Walmart	Retail	243	4	9.7%		
Cascade Student Transportation	Transportation	187	5	7.5%		
Anderson Plastics/Anderson Dairy	Manufacturing	154	6	6.1%		
Vancouver Clinic	Healthcare	148	7	5.9%		
JRT Mechanical	Manufacturing	120	8	4.8%		
Safeway	Retail	85	9	3.4%	85	8
City of Battle Ground	Government	80	10	3.2%	83	9
Perterman Bus Company	Transportation				198	3
Green Willow Trucking	Service				125	5
United Tempering Systems	Light Industrial				71	6
Albertson's	Retail				85	7
Tapani Plumbing, Inc.	Service				65	10
	Total	2,508			1,650	

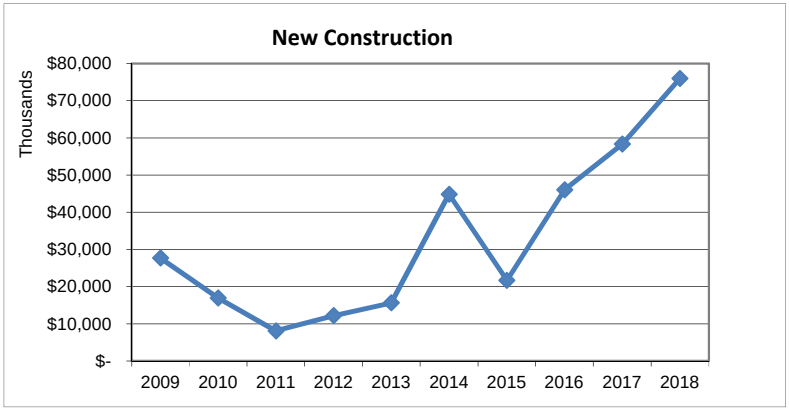


Source: City of Battle Ground Finance Department

CITY OF BATTLE GROUND
Schedule 17
Property Value and Construction
Last Ten Fiscal Years

Year	Population	Residential Housing Units[2]	New Construction[1]	Assessed Property Value[1]	Percentage of New Construction/ Total Assess Value
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	6,078	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	6,371	44,808,642	1,501,398,094	3.0%
2015	19,250	6,506	21,652,612	1,606,931,280	1.3%
2016	19,640	6,956	46,026,812	1,824,114,773	2.5%
2017	20,370	7,118	58,314,081	2,033,273,795	2.9%
2018	20,890	7,267	75,998,997	2,313,732,400	3.3%





Source: (1) Clark County Department of Assessment and GIS
(2) City of Battle Ground Planning Department

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OPERATING INFORMATION

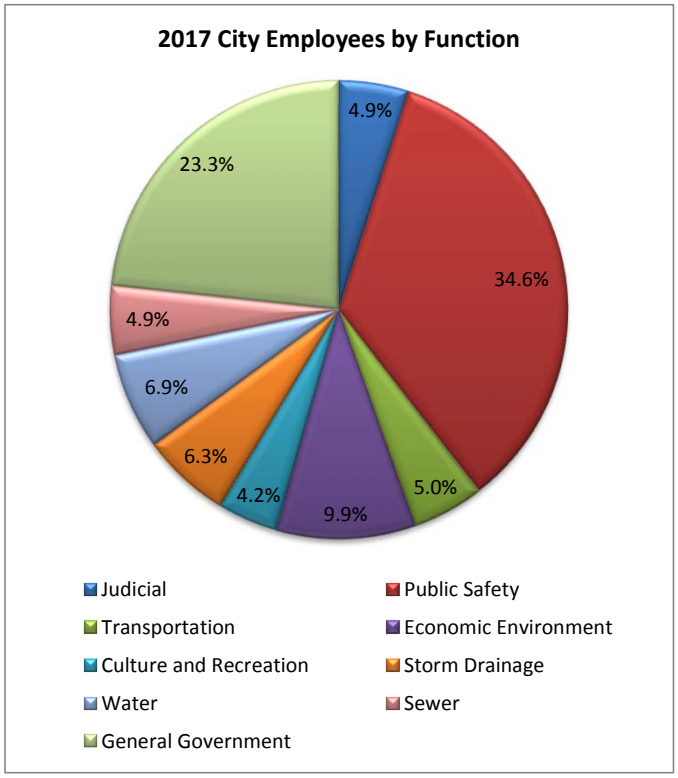
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

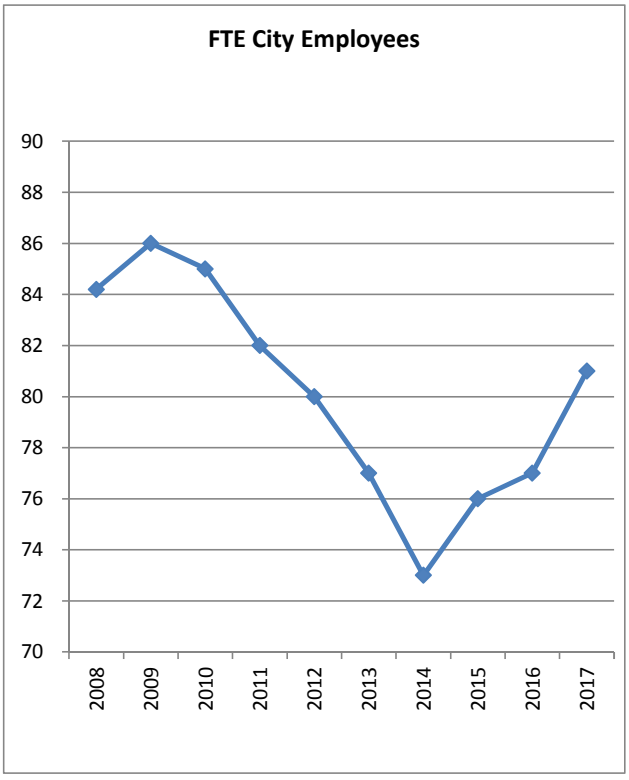
Schedule 18 - Full-time Equivalent City Government Employees
Schedule 19 - Operating Indicators by Function/Program
Schedule 20 - Capital Asset Statistics by Function/Program

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CITY OF BATTLE GROUND
Table 18
Full-time Equivalent (FTE) City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011*	2012*	2013	2014	2015	2016	2017
General Government										
General Government	8.63	9.00	9.00	9.00	12.00	12.00	12.00	13.00	13.00	18.88
Judicial	2.55	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00
Public Safety	30.90	30.00	31.00	29.00	30.00	27.00	25.00	27.00	27.00	28.00
Transportation	4.72	4.00	4.00	4.00	7.00	4.00	5.00	7.00	7.00	4.09
Economic Environment	9.46	9.00	7.50	7.50	8.00	8.00	8.00	8.00	8.00	8.00
Culture and Recreation	2.39	6.00	5.25	5.25	3.00	4.00	4.00	4.50	3.50	3.42
Utilities/Public Works					6.00	5.00	1.00			
Storm Drainage	5.01	5.50	6.00	6.75	3.00	3.00	4.00	3.50	4.50	5.11
Water	10.22	9.50	8.25	8.25	4.00	6.00	6.00	5.00	6.00	5.55
Sewer	10.32	10.00	11.00	9.25	4.00	5.00	4.00	4.00	4.00	3.95
Totals	84.20	86.00	85.00	82.00	80.00	77.00	73.00	76.00	77.00	81.00





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 Indictors by Function/Program
Last Ten Fiscal Years

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

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CITY OF BATTLE GROUND
Schedule 19
Operating Indictors by Function/Program
Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018
General Government					
Population	18,237	19,250	19,640	20,370	20,890
Housing Units	6,371	6,506	6,956	7,118	7,267
Judicial					
Total number of cases filed	3,626	3,303	3,312	3,273	3,153
Total hearings scheduled	7,601	7,819	8,780	9,367	10,415
Total warrants issued	508	457	420	406	432
Public Safety (Law Enforcement)					
Citations issued	2,692	2,615	2,621	2,670	2,242
Reports written	2,697	2,524	2,456	2,706	2,641
Number of calls for service	14,141	14,239	14,660	14,898	14,321
Arrests	1,450	1,467	1,458	1,334	916
Transportation					
Right of way permits	72	50	96	113	110
Hours street sweeping	1,010	1,026	1,036	1,011	1,025
Curb painting (hours)	52	50	73	30	42
Crack sealing (hours)	-	200	559	338	404
Culture and Recreation					
Hours park mowing	945	900	632	582	637
Trash pick-up	902	800	1,370	1,555	932
Weed spraying	18	20	32	7	16
Water					
Number of water accounts	5,498	5,534	5,622	5,727	5,805
Average daily production (gallons)	1,394,995	1,486,384	1,486,788	1,563,421	1,636,996
Storm Drainage					
Number of drainage accounts	5,862	5,891	6,004	6,186	6,294
Ditch maintenance (Hours)	2,660	2,700	1,882	249	1,758
Clean catch basins	302	312	624	546	450
Sewer					
Number of sewer accounts	5,626	5,650	5,727	5,892	6,145
Clean sewer lines (feet)	50,000	5,552	13,720	46,500	9,300
Treatment capacity (MG)	3	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	2009	2010	2011	2012	2013
General government					
Square feet administrative space	31,110	31,110	31,110	31,110	31,110
Public Safety					
Police					
Police vehicles	27	27	20	20	23
Square feet of administrative space	18,277	18,277	18,277	18,277	18,277
Physical Environment					
Fire trucks	3	3	3	3	3
Square feet for fire facilities	9,029	9,029	9,029	9,029	9,029
Transportation					
Miles of road	75	76	76	78	79
Number of street lights	1,835	1,841	1,841	1,868	1,902
Culture and Recreation					
Acreage	184	184	184	219	219
Park facilities	6	6	6	6	6
Water					
Supply and distribution mains (miles)	69	69	69	70	70
Number of hydrants	662	662	662	672	682
Storage	6	6	6	6	6
Wells	7	7	7	7	7
Storm Drainage					
Miles of storm drains (miles)	28	28	28	29	30
Storm water facilities (acres)	29	29	29	32	34
Wetlands/open space (acres)	82	83	83	85	85
Sewer					
Capacity (MGD)	2	2	2	3	3
Miles of sewage mains	58	58	58	58	59
Square feet of administrative space	4,051	4,051	4,051	4,051	4,051

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CITY OF BATTLE GROUND
Schedule 20
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018
General government					
Square feet of administrative space	31,110	31,110	31,110	31,110	31,110
Public Safety					
Police					
Police vehicles	23	23	22	22	20
Square feet of administrative space	18,277	18,277	18,277	18,277	18,277
Physical Environment					
Fire trucks	2	2	2	2	2
Square feet for fire facilities	9,029	9,029	9,029	9,029	9,029
Transportation					
Miles of road	80	81	81	76	81
Number of street lights	1,947	2,027	2,046	2,156	2,318
Culture and Recreation					
Acreage	220	139	140	142	142
Park facilities	6	6	7	8	8
Water					
Supply and distribution mains (miles)	72	73	73	75	79
Number of hydrants	701	712	716	730	751
Storage	6	6	6	6	6
Wells	7	7	7	7	7
Storm Drainage					
Miles of storm drains (miles)	31	32	32	34	37
Storm water facilities (acres)	35	39	39	42	49
Wetlands/open space (acres)	85	85	85	85	88
Sewer					
Capacity (MGD)	3	3	3	3	3
Miles of sewage mains	60	61	61	63	66
Square feet of administrative space	4,051	4,051	4,051	4,051	4,051