



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

City of Ridgefield

For the period January 1, 2023 through December 31, 2023

Published June 13, 2024

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**Office of the Washington State Auditor
Pat McCarthy**

June 13, 2024

Mayor and City Council
City of Ridgefield
Ridgefield, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Ridgefield's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the City's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

Americans with Disabilities

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Ridgefield January 1, 2023 through December 31, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the City of Ridgefield are summarized below in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the City.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the City’s compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

<u>ALN</u>	<u>Program or Cluster Title</u>
20.933	National Infrastructure Investments

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The City did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

City of Ridgefield January 1, 2023 through December 31, 2023

Mayor and City Council
City of Ridgefield
Ridgefield, Washington

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Ridgefield, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 5, 2024.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

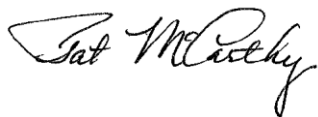
REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

June 5, 2024

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

City of Ridgefield
January 1, 2023 through December 31, 2023

Mayor and City Council
City of Ridgefield
Ridgefield, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the City of Ridgefield, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2023. The City's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on

compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

Performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed; and

- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other

purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

June 5, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Ridgefield January 1, 2023 through December 31, 2023

Mayor and City Council
City of Ridgefield
Ridgefield, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Ridgefield, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Ridgefield, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This supplementary information is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

June 5, 2024

FINANCIAL SECTION

City of Ridgefield January 1, 2023 through December 31, 2023

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2023

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2023

Statement of Activities – 2023

Governmental Funds Balance Sheet – 2023

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental
Funds – 2023

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities – 2023

Statement of Revenues, Expenditures and Changes in Fund Balances Budget (GAAP
Basis) and Actual – General Fund – 2023

Statement of Net Position – Proprietary Funds – 2023

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds
– 2023

Statement of Cash Flows – Proprietary Funds – 2023

Notes to Financial Statements – 2023

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3, LEOFF 2
– 2023

Schedule of Employer Contributions – PERS 1, PERS 2/3, LEOFF 2 – 2023

Notes to Required Supplemental Information – Pension – 2023

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2023

Notes to the Schedule of Expenditures of Federal Awards – 2023

CITY OF RIDGEFIELD, WASHINGTON
Management's Discussion and Analysis
Year Ended December 31, 2023

The City of Ridgefield's discussion and analysis is a narrative overview of the City's financial activities for the fiscal year ended December 31, 2023. The information presented here should be read in conjunction with the financial statements and notes to the financial statements that follow. The City of Ridgefield is reporting on a government-wide basis as required by the GASB 34 reporting standards.

FINANCIAL HIGHLIGHTS

- City of Ridgefield assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$190.6 million, a \$17.4 million, 10.0 percent, increase from 2022. This is primarily the result of an increase in capital contributions of \$1.8 million, increase in interest income of \$2.2 million, and prior period recognized capital contributions of \$305 thousand.
- Net Investment in Capital Assets account for about 84.3 percent of net position, with a value of \$160.7 million.
- Of the remaining 15.7 percent of net position that totals \$30 million, approximately \$15.3 million is restricted to fund capital projects. The unrestricted net position is \$10.6 million, which may be used to meet the government's ongoing obligations to citizens and creditors, without legal restrictions.
- The City's governmental funds reported combined ending fund balances of \$18.7 million with \$4 thousand nonspendable for prepaids, \$7.2 million restricted for capital related purposes, \$1.8 million restricted for building permit related activities, \$10 thousand restricted for public safety related activities, \$90 thousand restricted for economic environment, \$141 thousand committed for debt service, \$2 million assigned by the City to be used for specific purposes, and \$7.4 million allocated to unassigned fund balance and not assigned for any specific purpose.
- Debt associated with governmental activities bonds, notes and loans payable decreased by approximately \$798 thousand. The City increased private placement loans by \$378 thousand for the purchase of equipment. The increase was offset by routine debt service payments. The liability associated with developer impact and system development charge credits had a net increase of \$219 thousand ending the year at \$4.1 million. The impact fee liability outstanding on December 31, 2023, is associated with traffic and park impact fee credits. Business-type activity debt associated with governmental loans reflected a slight decrease of approximately \$15 thousand due to routine debt service payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis provide an introduction and overview to the City of Ridgefield's basic financial statements. This information will assist users in interpreting the basic statements. We will also provide other supplementary information in addition to the basic financial statements. This financial discussion and analysis should assist the reader in understanding the City's financial condition.

Basic financial statements

The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial section of this report also contains the required supplementary information, in addition to the basic financial statements.

Government-wide financial statements

Government-wide financial statements provide readers with a broad overview of the City of Ridgefield's finances in a manner similar to a private-sector business, distinguishing functions of the City of Ridgefield that are principally supported by taxes and intergovernmental revenues (referred to as "governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as "business-type activities"). The governmental activities of the City of Ridgefield include a full range of local government services provided to the public, such as law enforcement and public safety; road construction and maintenance; community planning and development; parks and recreation facilities; and other community services. In addition, other general government services are provided, such as tax collection, general administration and the issuance of permits and licenses. The business-type activities of the City of Ridgefield include water and storm water drainage utility management and operation.

CITY OF RIDGEFIELD, WASHINGTON
Management's Discussion and Analysis
Year Ended December 31, 2023

The statement of net position

The statement of net position presents information on all of the City of Ridgefield's assets, deferred outflows, liabilities, and deferred inflows, with the difference between them reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as one indicator of whether the financial position of the City is improving or deteriorating. Other indicators include the condition of the City's infrastructure systems (roads, drainage systems, bridges, etc.), changes in property tax base, and general economic conditions within the City.

The statement of activities

The Statement of Activities presents information showing how the government's net position changed during the year. This statement separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a specific program). This shows the extent each program relies on taxes for funding. All changes in net position are reported using the accrual basis of accounting, which requires that revenues be reported when they are earned, and expenses are reported when the goods and services are received. Items such as uncollected taxes, unpaid vendor invoices for items received in 2023, and earned but unused vacation leave will be included in the statement of activities as revenue and expense, even though the cash associated with these items was not received or distributed in 2023.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Ridgefield, like other state and local governments, uses fund accounting for compliance with finance-related legal requirements. All the funds of the City fall into two categories: governmental funds and proprietary funds. Governmental Funds account for most, if not all, of a government's tax-supported activities. Proprietary Funds account for a government's business-type activities, where all or part of the costs of activities are supported by fees and charges that are paid directly by those who benefit from the activities.

Governmental funds

The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances present separate columns of financial data for the General Fund, Capital Projects Fund, and Real Estate Excise Tax Fund. These are considered major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation.

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

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

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

CITY OF RIDGEFIELD, WASHINGTON
Management's Discussion and Analysis
Year Ended December 31, 2023

Proprietary funds

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

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail since both apply the accrual basis of accounting. In comparing the Proprietary Fund Statement of Net Position to the business-type column on the government-wide Statement of Net Position, the total net position agrees, and therefore needs no reconciliation. In comparing the total assets and total liabilities between the same two statements, you will notice slightly different amounts. This is because the "internal balances" line on the government-wide statement combines the "due from other funds" (asset) and the "due to other funds" (liabilities) from the proprietary fund statement in a single line in the asset section of the government-wide statement.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided and are an integral part of the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, changes in net position may serve as a useful indicator of a government's financial position. The City of Ridgefield's net position total equals \$190,604,809. The following is a condensed version of the Government-Wide Statement of Net Position:

City of Ridgefield's Net Position (in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Government</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 23,698	\$ 27,302	\$ 13,280	\$ 13,558	\$ 36,978	\$ 40,860
Capital assets (Net of depr)	134,926	117,409	51,040	43,856	185,966	161,265
Total Assets	158,624	144,711	64,320	57,414	222,944	202,125
Deferred outflows of resources	1,497	1,465	585	587	2,082	2,052
Other liabilities	9,072	7,268	1,615	1,169	10,687	8,437
Long-Term liabilities	22,158	20,349	247	262	22,405	20,611
Total Liabilities	31,230	27,617	1,862	1,431	33,092	29,048
Deferred inflows of resources	1,169	1,648	160	233	1,329	1,881
Net Position:						
Net Investment in capital assets	110,125	95,689	50,525	43,552	160,650	139,241
Restricted	10,997	16,090	8,310	9,467	19,307	25,557
Unrestricted	6,600	5,132	4,048	3,318	10,648	8,450
Total Net Position	\$ 127,722	\$ 116,911	\$ 62,883	\$ 56,337	\$ 190,605	\$ 173,248

The largest portion of current and other assets is cash and investments which comprised \$30.7 million at the end of 2023 compared to \$35.9 million at the end of 2022. The decrease in cash is due to a number of factors during 2023, which primarily drove a decrease of restricted cash and investments in governmental Activities. Restricted cash was used primarily for capital and building permitting functions. Capital assets, net of accumulated depreciation increased \$24.7 million. This was mainly due to additions of capital assets

CITY OF RIDGEFIELD, WASHINGTON
Management's Discussion and Analysis
Year Ended December 31, 2023

through donations and contributions, which for the total government was \$11.2 million in the current year, with a prior period adjustment to recognize an additional \$305 thousand. Routine depreciation offset this significant increase in capital assets.

Governmental activities long-term liabilities had a net increase of approximately \$1.4 million due to the additional lease liabilities of \$2.4 million, offset with decreases due to routine debt service payment for both general obligation and direct placement bonds of \$1.2 million. Business-type activity debt associated with governmental loans has a slight decrease. Overall Business-type long-term liabilities decreased due to the routine debt services payments, slightly offset with the increase in asset retirement obligations due to a change in estimated costs.

Investment in capital assets, less any related debt used to acquire those assets that are still outstanding, represents 84.3% of the City's net position, totaling \$160.7 million. The City's capital assets are used to provide services to citizens. Consequently, these assets are not available for future spending. At the end of 2023, the City also had a net position of \$19.3 million or 10.1% of the total that was subject to external restrictions on how these funds can be spent. This decreased \$6.2 million due to two key factors; \$5.1 million decrease related to the City using cash that was restricted for capital projects and \$1.2 million used for building permit functions.

The remaining balance is unrestricted net position and represents the amount that may be used to meet the City's ongoing obligations. The City is presenting \$10.6 million in unrestricted net position in the government wide fund statements, an increase of \$2.2 million over 2022.

Statement of Activities

The City's total Net Position increased by \$17.3 million, ending at \$190.6 million. The following is a condensed version of the Statement of Activities for the City. The full statement is a tabular depiction of the relationship between revenues and expenses for the City's governmental activities and proprietary funds.

CITY OF RIDGEFIELD, WASHINGTON
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City of Ridgefield's Statement of Activities (in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Program revenues:						
Charges for services	\$ 6,921	\$ 9,166	\$ 4,181	\$ 3,823	\$ 11,102	\$ 12,989
Operating grants/contributions	152	1,349	-	-	152	1,349
Capital grants/contributions	13,879	8,755	5,287	3,448	19,166	12,203
General revenues:						
Property taxes	2,213	1,941	-	-	2,213	1,941
Sales taxes	4,337	4,402	-	-	4,337	4,402
Utility taxes	1,979	1,814	-	-	1,979	1,814
Excise taxes	2,373	2,826	-	-	2,373	2,826
Interest income	1,137	(342)	566	(171)	1,703	(513)
Other revenue	311	278	-	-	311	278
Total Revenues	33,302	30,189	10,034	7,100	43,336	37,289
Expenses:						
General Government	2,910	2,712	-	-	2,910	2,712
Public Safety	3,361	3,137	-	-	3,361	3,137
Physical Environment	1,503	1,210	-	-	1,503	1,210
Transportation	4,206	3,132	-	-	4,206	3,132
Economic Environment	3,134	2,099	-	-	3,134	2,099
Education	3,915	5,210	-	-	3,915	5,210
Culture and Recreation	2,035	1,770	-	-	2,035	1,770
Interest on L-T Debt	683	682	-	-	683	682
Water	-	-	2,946	2,741	2,946	2,741
Sewer	-	-	1,621	1,209	1,621	1,209
Total Expenses	21,747	19,952	4,567	3,950	26,314	23,902
Excess (deficiency) before transfers	11,555	10,237	5,467	3,150	17,022	13,387
Transfers	(979)	(5)	979	5	-	-
Change in Net Position	10,576	10,232	6,446	3,155	17,022	13,387
Beginning Net Position	116,911	102,474	56,337	53,090	173,248	155,564
Prior Period Adjustment	209	4,205	96	92	305	4,297
Change in Accounting Principles	26	-	4	-	30	-
Ending Net Position	\$ 127,722	\$ 116,911	\$ 62,883	\$ 56,337	\$ 190,605	\$ 173,248

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Governmental Activity Analysis

Capital grants and contributions was the largest source of revenue in 2023 accounting for 41.7% of governmental activity revenue sources. Transportation contributions and grants are 86.6% of the total capital grants and contributions in 2023.

All tax revenue sources reflect a minor decrease of \$81 thousand dollars, or less than a 1% decrease over 2022. Excise tax continued a decreasing trend for the 2nd year in a row with a decrease of \$453 thousand, offset by increases in property tax of \$272 thousand and an increase of \$165 thousand in utility taxes owing to the continued growth of the City and associated taxes due to this growth.

The largest source of tax revenue continues to come from sales and use tax. Sales and use taxes totaled \$4.3 million, accounting for 39.8% of the total tax revenue, down from 40.1% in 2022. Property taxes totaled \$2.2 million or 20.3% of the total tax revenue. The Washington State Constitution limits the total annual regular property tax increase to 1% of the prior year's tax levy plus new construction. In 2023 the City had a \$342.4 million increase in assessed value due to new construction.

Total governmental expenses, not including transfers equaled \$21.7 million with 19.3% of this amount for transportation, up from 15.7% in 2022 due to continued growth of the City and the associated infrastructure. 61.3% of expense was associated with four programs: education, public safety, economic environment, and general government, each representing 18.0%, 15.5%, 14.4% and 13.4% respectively of the total governmental activities expense. Educational expenses decreased \$1.3 million over 2022 due to the decrease in residential permitting and the receipt of school impact fees. Public safety increased \$224 thousand, and general government \$198 thousand over 2022 due to increases in salaries and benefits due to additional staff added to manage the increased growth of the City. Economic Environment increased \$1 million due to an indirect cost allocation for internal services and additional consultant expense related to building activities.

Business-Type Activities Analysis

Capital grants and contributions increased 53.3%, or \$1.8 million, when compared to 2022. The increase is due to higher development activity in 2023 as compared to 2022. Of the \$5.3 million balance in 2023, 84% is from contributed assets. Both Water and Storm Water had significant capital contributions during 2023. Capital contributions come from private developers and are recorded either when an asset is completed and accepted by the City or when a developer uses a system development charge credit. Credits are issued to developers as "payment" for assets they construct that benefit the City above and beyond their development and are assets identified in the City's capital facility plan. Once the asset is constructed and donated to the City, the total amount of credit is determined and issued to the developer. Credits are used in place of payment of the system development charge that would've been charged when a building permit is issued. At the end of 2023 there was \$220 thousand in water system development charge credits outstanding. Developer contributed assets are comprised of water and storm water infrastructure, such as water pipelines and storm water drainage facilities. In 2023 there was also \$709 thousand donated assets from the governmental funds to the business-type activities funds recorded as a transfer on the government wide financial statements.

Charges for services for the water and storm water drainage utility increased by \$358 thousand. This increase occurred because of a 10% revenue increase in the water utility and an 8.1% revenue increase in the storm water drainage utility. Both Water and Storm water saw a 3% rate increase in 2023. The storm water rate increases, along with increased equivalent dwelling units (EDU) due to new commercial development, was the reason for the increase in charges for services.

Summary of Total Government Activities

Overall, the City's financial position improved from 2022 to 2023 with net position increasing by \$17.3 million or 10.0%. The main reasons for the increase are from increased capital grants and contributions, increased tax revenues and other revenue sources remaining stable or slightly increased while expenses increased at a slower rate than the revenue growth.

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FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds Analysis

The City uses fund accounting to ensure compliance with legal requirements and to assist in the budgeting and operations of the different activities of the City. The governmental funds are categorized into four fund types, general fund, special revenue funds, debt service fund and capital project funds. Each fund type has its unique purpose. Three of these funds are classified as major funds for the purposes of this report, based on criteria set forth by the Governmental Accounting Standards Board (GASB). Those funds are the General Fund, used for traditional government purposes and the Capital Projects Fund, a fund used to record the acquisition and construction activities associated with governmental fund type assets. The Real Estate Excise Tax Fund (REET) was established to account for taxes that are restricted for capital purposes. Resources are typically transferred to other funds as they are needed. Other governmental funds classified as non-major funds and reported under Other Governmental Funds, are the Street Fund, used to record the receipt and payment of funds used to pay for the maintenance of streets that reside within the city limits, and the Drug Fund used to record the receipt and payment towards activities and equipment for drug enforcement prevention and policing, the Affordable Housing fund used to collect funds from sales and use tax dedicated to addressing affordable housing for low income residents; and the Transportation Benefit District Fund, used to record the receipt of public transportation taxes and the approved capital related expenses for transportation related projects. The Park Impact Fee Fund, used to record the receipt of park impact fees received as part of a permit issued for new development; and the Traffic Impact Fee Fund, also used to record the receipt of traffic impact fees received as part of a permit issued for new development.

When reviewed on a separate fund basis, the General Fund's fund balance decreased 15.0% as a result of 2023 operations. The General Fund beginning year fund balance was \$12.4 million and ended 2023 at \$10.6 million. The four largest sources of revenue came from charges for services, sales and use tax, property tax, and utility taxes, with each comprising 36.8%, 25.1%, 12.9% and 10.8%, respectively, of the total revenue. Charges for Services decreased \$697 thousand or 9.9% compared to 2022, which was the result of a decrease in School Impact Fees. Sales and use taxes reflect an 1.5% decrease, or \$64 thousand due to a slight slowdown in the construction of new buildings and stabilization of additional new businesses. Property taxes increased \$273 thousand, or 14.1% from 2022 to 2023. In 2023, the City issued 243 Single-family residential permits, 29 commercial building permits and 252 miscellaneous permits; compared to 361 Single-family residential permits, 30 commercial building permits and 480 miscellaneous permits in 2022. As noted earlier in this discussion, the Washington State Constitution limits the total annual regular property tax increase to 1% of the prior year's levy plus new construction. The City had a \$342.4 million increase in assessed value due to new construction. The new construction is the key driver for the increased property tax revenue. Utility revenue has continued to grow as retail construction in 2022 resulted in an increase in the number of utility customer accounts in 2023. This resulted in an increase in utility tax revenue of \$146 thousand, or 8.6%, in 2023 over 2022.

Total expenditures in the General Fund increased \$4.8 million or 30% from 2022 to 2023. The most significant increase in expenditures, both with respect to the amount and percentage increase is in the Capital outlay. This expenditure increased \$3 million or 362% and is due to increased infrastructure in response to the growth the City has experienced over the last decade. Other current expenditure areas reflected growth; economic environment, principal retirement, and public safety, with increases of 45.6%, 337.6% and 15.7% respectively. Economic environment and public safety increases are related to increases in salaries and benefits and consultant expense related to building activities. Debt principal retirement as increased due to anticipated debt payments coming due. This debt is due predominantly to lease payments on buildings and equipment.

The Capital Projects Fund posted just under \$6.2 million in total revenues and \$5.7 million in transfers in from other funds, \$11.7 million in total capital outlay expenditures, and \$250 thousand in principal retirement. Revenues from intergovernmental sources increased from 2022, from \$359 thousand to \$5.8 million primarily due to capital grants received for transportation purposes. In 2022, grants were received for the North 8th Ave/Simons Street project, the Gee Creek Trail project, the YMCA project and finally the

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electric vehicle charging infrastructure project. In 2023, grants were related to Gee Creek Trail, North 8th Ave/Simons Street, Pioneer Street roundabout and extension project, Royle Road Improvements, and the Splashpad. Additionally, the fund received a total of \$5.7 million in transfers from other funds, up from \$4.5 million in 2022. The fund also retired \$250 thousand of debt principal in 2023 related to the acquisition in 2021 of land for a park development.

The REET Fund posted just under \$1.8 million in total revenues and \$2 million in transfers to other funds. Real Estate Excise Tax (REET) decreased \$591 thousand over the prior year. REET is calculated based on the full selling price of real property, including the amount of any liens, mortgages, and other debts given to secure the purchase. The tax is due at the time of sale and is collected by the county when the documents of sale are presented for recording. From December 2022 to December 2023, the median selling price of a home in Ridgefield increased from \$529 thousand to \$563 thousand, offset by the decrease in the quantity of houses sold, has resulted in this drop in REET. The REET revenue is used primarily to support debt service and to fund capital asset projects and the acquisition of land and facilities.

The Net Change in Total Governmental Funds fund balance decreased overall by \$5.1 million with a decrease in the General Fund of \$1.9 million, a decrease in the Capital Projects fund of \$87 thousand, a decrease in the REET fund of \$216 thousand and decreases in the Non-Major Governmental Funds of just under \$3 million. Total fund balance ended at \$18.7 million, and out of this amount, \$4 thousand is nonspendable due to prepaids, \$9.1 million is restricted for capital projects or to make major capital purchases, public safety activities and building permit related activities, \$2 million is assigned for specific purposes, such as to use for equipment repair, or vehicle replacement, \$141 thousand is committed for debt service, and \$7.4 million is unassigned and can be used to fund the ongoing operations of the City.

Business-Type Fund Analysis

Proprietary funds are those funds that account for government operations where the intent is for costs to be primarily paid for by user charges. Enterprise funds are those funds that provide services primarily to external users, and internal service funds provide their services primarily within the City, or to other governmental units. The City has two major Business-Type enterprise funds - Water and Storm Water Drainage.

The two major funds had a combined net position of \$62.9 million. These funds had a combined operating loss of \$337 thousand, which was an increase in operating losses, when compared to the operating loss of \$108 thousand in 2022. Further, when reviewed on a separate fund basis, the operating income/loss by fund equates to operating income in the Water Fund of \$22 thousand, and a loss in the Storm Water Drainage Fund of \$359 thousand. The operating loss for the Water Fund increased from a \$52 thousand loss in 2022 to an operating income of \$21 thousand in 2023, an overall increase in income of \$73 thousand. This is due to an increase in income from charge for services of \$268 thousand while expenses only increased \$195 thousand. The operating loss for the Storm Water Drainage Fund increased from \$56 thousand in 2022 to \$359 thousand in 2023. This increase in operating loss is due to the increase in salaries and benefits and professional services and repairs and maintenance. Both funds had significant capital contributions during the year; \$2.4 million for Water and \$3.6 million for Storm Water. The Water Fund received \$832 thousand in cash for payment of system development charges with the remainder being donated capital assets. Storm Water's capital contributions were all related to capital asset donations.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

The purpose of the General Fund is to provide for traditional government programs, which include the city council, executive management, legal, finance, human resources, general administration, general/facilities, information technology, public safety, cemetery, community development and parks. Taxes are the major source of revenue within the General Fund. Licenses and permits offer a significant resource to support

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community development and building activities. Transfers from other funds through an Indirect Cost Allocation Plan provide funding for expenses that are budgeted in the General Fund that benefit all funds for the City. The General Fund also provides support to other funds for debt service, street maintenance, and capital improvements.

The General Fund final budgeted expenditures, including transfers out, reflects an increase of \$1.2 million or a 6.8% change from the 2023 original adopted budget. The final 2023 amended budget increase in the General Fund was primarily related to a \$1 million increase in Capital Outlay, \$203 thousand increase in Physical Environment, \$142 thousand increase in Economic Environment and a corresponding \$321 thousand decrease in transfers to other funds. The capital outlay increase was primarily related to parks and public safety capital expenditures. The General Fund actual revenues closed the year at 89% of the final 2023 amended budget.

The General Fund, by policy, does not budget for Educational expenses which represent the payment of School Impact Fees collected during the building permit process and remitted to the Ridgefield School District. The General Fund, additionally, does not budget for issuance of debt or capital outlay expenditures related to leasing activities when the City acts as the lessee. The final expenditures budget, including transfers, was \$15.2 million. Refer to Note 3 (Stewardship, Compliance and Accountability) for additional details.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Ridgefield's investment in capital assets, including construction in progress, for its governmental and business-type activities amounts to \$186 million (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings, streets, wells, water reservoirs, water pipelines and storm sewer pipelines, storm water facilities, system improvements, right to use assets, machinery and equipment, park facilities, trail system, and construction in progress. The total government-wide capital assets increased in 2023 by a net of \$24.7 million or 15.3%. Infrastructure, such as water distribution lines, roads, new parks and trails that are constructed by developers become the assets of the City once the engineering department approves the development as complete. Infrastructure assets account for 54.0%, or \$13.3 million, of the increase. This increase is directly related to developer contributions of infrastructure assets with \$5.3 million being donated for Transportation infrastructure, \$732 thousand for Parks, \$3.6 million in Storm Water infrastructure and \$1.6 million for Water infrastructure. In 2023 a prior period adjustment was recorded for donated capital assets totaling \$305 thousand. Of these donated assets \$209 thousand was for transportation, \$32 thousand for water, and \$64 thousand for Storm Water. The increase was offset by routine depreciation.

Assets added pertain to City constructed and/or purchased assets such as land purchase at 5th street, roundabout construction, a new street sweeper truck equipment asset, and splashpad construction. Capital asset detail in thousands is as follows:

	Governmental Activities		Business Activities		Government Wide	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Land	\$ 12,842	\$ 12,196	\$ 2,002	\$ 374	\$ 14,844	\$ 12,570
Construction in Progress	9,856	5,384	1,058	806	10,914	6,191
Intangibles	3,274	2,979	208	218	3,481	3,198
Buildings	4,646	4,751	765	784	5,411	5,535
Equipment	4,500	2,942	2,020	2,028	6,521	4,970
Infrastructure	95,983	87,921	44,893	39,608	140,876	127,529
Intangibles Right to Use	3,825	1,621	93	99	3,919	1,720
	<u>134,926</u>	<u>\$ 117,794</u>	<u>\$ 51,040</u>	<u>\$ 43,917</u>	<u>\$ 185,966</u>	<u>\$ 161,711</u>

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Additional information on the City of Ridgefield's capital assets can be found in Note 6 (Capital Assets) of the notes to the financial statements of this report.

Long-Term Debt

The City had a total long-term debt outstanding of \$19.8 million. Out of this amount, \$19.5 million pertains to general government and \$247 thousand pertains to the business-type activities.

The City's total debt decreased \$813 thousand from 2022 to 2023. During 2023, the City issued \$378 thousand in private placement loans to be used for capital purchases for governmental activities and retired \$1.2 million due to debt service payments. No debt was issued for business type activities.

Additional information on the City's long-term debt can be found in Note 9 (Long-term Debt) of the notes to the financial statement in this report.

Economic Outlook and Future Conditions

The City of Ridgefield has been the fastest growing city, by percentage, in Washington since the census conducted in 2010. Development in the City of Ridgefield exploded in the early to mid-2000 timeframe. As a result, the City increased staff and completed much needed capital projects to support growth projections. In 2008 the nation entered a great recession and Ridgefield suffered economically due to the dependence on growth related revenue sources. The City Council and management made difficult and necessary decisions to reduce staffing and focus on core services during the recession. Staff and Council reduced expenditures and trimmed the budget to ensure the City was not operating at a deficit. As a result, the City was able to make it through the recession with limited impact on financial stability. The Great Recession helped define the City's financial outlook going forward.

As the City began to rebound from the recession, the Council adopted targeted reserves policies, to ensure fiscal sustainability in the event another economic downturn occurred. Due to the decisions the Council made, the City was able to build reserves and identify funding sources for much needed infrastructure, which promoted growth in commercial retail. The City experienced a second explosion in growth in 2015 with residential building. In 2018 the city began to work with a commercial recruiter to identify commercial retail businesses that would locate in Ridgefield and offer much needed services requested by the residents such as a grocery store and additional restaurants. As a result, the City began a transition from a dependence on one-time revenues from residential development to an ongoing and sustainable revenue source through commercial retail sales. The forecast was for the transition to be complete in 2025 with multiple commercial retail and eating establishments opening their doors for business. As a result of the commercial retail construction the city has increased sustainable revenue sources that have allowed the city to maintain and improve service levels for residents.

The City continues to maintain a conservative budget approach, maintaining core service levels. while budgeting ongoing revenues to support ongoing expenditures to ensure the City is not facing a structural deficit.

The City continues to monitor economic changes in our region and in the national landscape. The City has seen reduced single family residential permits issued in 2022 and 2023 when compared to the previous two years. Due to the reduced housing starts and high interest costs for a mortgage, development revenues and construction related sales tax revenue are reduced 15% and 19%, respectively, when compared to 2022. However, land use and building applications are up for commercial projects, and staff are forecasting several commercial projects to begin construction in 2024 and ongoing sales tax revenues to increase as these projects are completed in the 2024 – 2026 time period.

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

As a result of being the fastest growing city in Washington since 2010, the City continues to plan for the needed infrastructure to support the growth. The City continues to work with Regional, State, and Federal

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partners to find additional funding options to add to local and developer funds to build the infrastructure to support the tremendous growth in Ridgefield. The City hired a staff grant writer in 2023 and has submitted multiple applications for state and federal awards. The City has received several awards as a result of these efforts.

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

The 2023 budget reflected a conservative outlook due to regional and national economic concerns. Development has remained strong; while single family residential permitting was down in 2022 and 2023 when compared to the previous two years, it was still elevated historically. Retail sales have picked up and the Ridgefield economy continues to grow, with a shift from residential growth to commercial growth, such as the new Tractor Supply and commercial retail stores, including Costco as a new anchor tenant for the Union Ridge Town Center that includes 13 additional retail buildings at the I-5 junction. The forecast is for construction related sales tax to be reduced to a high of 25% of overall sales in the City when the current development projects are completed. Continuing commercial retail development will reduce the reliance on construction activities over the next five years – the goal is to have construction related sales taxes at 20% - 25% over the next two - three years. Historically the average was 43% over the past five years.

Due to the continued residential, job, commercial, and infrastructure development, the City is projecting an increase in property tax base and additional ongoing sales and use tax revenues as the economy rebounds. Staff are confident this will help set the City of Ridgefield up on a sustainable financial foundation for the future.

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

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

Requests for Information

This financial report is designed to provide a general overview of the City of Ridgefield's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Finance Department, City of Ridgefield, PO Box 608, 230 Pioneer Street, Ridgefield, WA 98642.

CITY OF RIDGEFIELD, WASHINGTON

Statement of Net Position

December 31, 2023

	Governmental Activities	Business-type Activities	Total Primary Government
Assets:			
Cash and Cash Equivalents	\$ 5,601,200	\$ 2,268,221	\$ 7,869,421
Investments	4,117,460	1,213,154	5,330,614
Receivables (Net of Allowance for Uncollectible)	2,736,784	500,909	3,237,693
Inventories	-	56,704	56,704
Prepaid Items	4,000	-	4,000
Restricted Assets			
Cash	5,786,999	4,118,966	9,905,965
Investments	3,369,794	4,217,273	7,587,067
Receivables (Net)	203,569	41,630	245,199
Other Noncurrent Assets	-	592,064	592,064
Capital Assets, Not Depreciated or Amortized	25,944,939	3,214,697	29,159,636
Capital Assets, Net of Depreciation or Amortization	108,981,542	47,824,876	156,806,418
Net Pension Asset	1,877,520	270,243	2,147,763
Total Assets	158,623,807	64,318,737	222,942,544
Deferred Outflows of Resources			
Deferred Amount Related to Pensions	1,497,100	230,185	1,727,285
Deferred Amount on Asset Retirement Obligations	-	354,772	354,772
Total deferred outflows of resources	1,497,100	584,957	2,082,057
Liabilities:			
Accounts Payable and Other Current Liabilities	2,916,191	462,206	3,378,397
Accrued Interest Payable	120,564	3,531	124,095
Unearned Revenues	4,092,007	282,074	4,374,081
Noncurrent Liabilities:			
Due within One Year	1,943,916	65,876	2,009,792
Due in More than One Year	21,709,180	371,936	22,081,116
Asset Retirement Obligation	-	558,388	558,388
Net Pension Liability	448,491	116,713	565,204
Total Liabilities	31,230,349	1,860,724	33,091,073
Deferred Inflows of Resources			
Amounts Related to Pensions	1,098,184	159,701	1,257,885
Amounts Related to Leases	70,834	-	70,834
Total Deferred Inflows of Resources	1,169,018	159,701	1,328,719
Net Position:			
Net Investment in Capital Assets	110,124,989	50,524,948	160,649,937
Restricted for:			
Building Permit Functions	1,774,866	-	1,774,866
Public Safety	9,677	-	9,677
Pension Asset	1,877,520	270,243	2,147,763
Capital	7,244,478	8,040,035	15,284,513
Other Purposes	90,471	-	90,471
Unrestricted	6,599,539	4,048,043	10,647,582
Total Net Position	\$ 127,721,540	\$ 62,883,269	\$ 190,604,809

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

CITY OF RIDGEFIELD, WASHINGTON							
Statement of Activities							
Year Ended December 31, 2023							
Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business -type Activities	Total
PRIMARY GOVERNMENT							
Governmental Activities:							
General Government	\$ 2,910,287	\$ 1,656,746	\$ -	\$ 1	\$ (1,253,540)	\$ -	\$ (1,253,540)
Public Safety	3,361,488	54,644	91,842	92,352	(3,122,650)	-	(3,122,650)
Physical Environment	1,502,019	11,525	-	356,161	(1,134,333)	-	(1,134,333)
Transportation	4,206,012	19,608	-	11,877,234	7,690,830	-	7,690,830
Education	3,915,258	-	-	-	(3,915,258)	-	(3,915,258)
Economic Environment	3,134,675	5,162,339	-	-	2,027,664	-	2,027,664
Culture and Recreation	2,034,547	16,130	59,908	1,552,844	(405,665)	-	(405,665)
Interest on Long-Term Debt	682,923	-	-	-	(682,923)	-	(682,923)
TOTAL GOVERNMENTAL ACTIVITIES	21,747,209	6,920,992	151,750	13,878,592	(795,875)	-	(795,875)
Business Type Activities:							
Water	2,945,576	2,955,825	-	2,355,170	-	2,365,419	2,365,419
Storm	1,620,660	1,225,293	-	2,931,704	-	2,536,337	2,536,337
TOTAL BUSINESS-TYPE ACTIVITIES	4,566,236	4,181,118	-	5,286,874	-	4,901,756	4,901,756
Total Primary Government	\$ 26,313,445	\$ 11,102,110	\$ 151,750	\$ 19,165,466	\$ (795,875)	\$ 4,901,756	\$ 4,105,881
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 2,212,535	\$ -	\$ 2,212,535
Sales and Use Taxes					4,337,179	-	4,337,179
Utility Taxes					1,978,697	-	1,978,697
Excise and Other Taxes					2,372,887	-	2,372,887
Unrestricted Investment Earnings(Loss)					1,137,010	566,117	1,703,127
Grants and Contributions not Restricted to Specific Programs					311,231	-	311,231
Transfers					(978,570)	978,570	-
Total General Revenues and Transfers					11,370,969	1,544,687	12,915,656
Change in Net Position					10,575,094	6,446,443	17,021,537
Net Position - Beginning					116,910,996	56,337,231	173,248,227
Prior Period Adjustment					209,474	96,079	305,553
Change in Accounting Principles					25,976	3,516	29,492
Net Position - Ending					\$ 127,721,540	\$ 62,883,269	\$ 190,604,809

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

CITY OF RIDGEFIELD

Governmental Funds

Balance Sheet

December 31, 2023

	General Fund	Capital Projects Fund	Real Estate Excise Tax Fund	Non Major Governmental Funds	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 6,937,208	\$ 828,835	\$ 2,368,354	\$ 1,253,802	\$ 11,388,199
Investments	3,408,978	708,482	1,903,893	1,465,901	7,487,254
Property Taxes Receivables	25,639	-	-	-	25,639
Accounts Receivable (net)	348,826	-	-	250	349,076
Interest Receivable	41,090	7,023	18,772	14,558	81,443
Lease Receivable	70,834	-	-	-	70,834
Due from Other Governments	894,050	1,308,842	-	210,469	2,413,361
Prepays	4,000	-	-	-	4,000
Total Assets	<u>\$ 11,730,625</u>	<u>\$ 2,853,182</u>	<u>\$ 4,291,019</u>	<u>\$ 2,944,980</u>	<u>\$ 21,819,806</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:					
Liabilities:					
Accounts Payable	416,032	1,894,612	-	43,187	2,353,831
Other Accrued Liabilities	303,498	-	-	28,459	331,957
Due to Other Governments	230,403	-	-	-	230,403
Total Liabilities	<u>949,933</u>	<u>1,894,612</u>	<u>-</u>	<u>71,646</u>	<u>2,916,191</u>
Deferred Inflows of Resources:					
Unavailable Revenue	146,774	8,406	5,882	4,544	165,606
Deferred Inflows for Leases	70,834	-	-	-	70,834
Total Deferred Inflows of resources:	<u>217,608</u>	<u>8,406</u>	<u>5,882</u>	<u>4,544</u>	<u>236,440</u>
Fund Balances:					
Nonspendable	4,000	-	-	-	4,000
Restricted	1,774,866	352,394	4,285,137	2,707,095	9,119,492
Committed	141,113	-	-	-	141,113
Assigned	1,260,936	597,770	-	161,695	2,020,401
Unassigned	7,382,169	-	-	-	7,382,169
Total Fund Balances	<u>10,563,084</u>	<u>950,164</u>	<u>4,285,137</u>	<u>2,868,790</u>	<u>18,667,175</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,730,625</u>	<u>\$ 2,853,182</u>	<u>\$ 4,291,019</u>	<u>\$ 2,944,980</u>	

Amounts reported for governmental activities in the statement of net position are different because (See Note 2 also):

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	\$ 134,926,481
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds—unavailable revenues	165,606
Other items related to Pension activity that are not financial resources therefore, not reported in the funds.	1,827,945
Long-term liabilities that are not due and payable in the current period and are not reported in the funds	(27,865,667)
Net position of governmental activities	<u>\$ 127,721,540</u>

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

CITY OF RIDGEFIELD

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2023

	General Fund	Capital Projects Fund	Real Estate Excise Tax Fund	Non Major Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 2,213,832	\$ -	\$ -	\$ -	\$ 2,213,832
Sales and Use Taxes	4,313,885	-	-	23,294	4,337,179
Utility Taxes	1,853,644	-	-	125,020	1,978,664
Other Taxes	-	-	1,490,525	882,362	2,372,887
License and Permits	1,173,851	-	-	17,187	1,191,038
Intergovernmental	484,522	5,772,034	-	274,279	6,530,835
Charges for Services	6,335,914	50,695	-	914,719	7,301,328
Fines and Forfeits	59,010	-	-	452	59,462
Interest Earnings	680,766	830	304,885	157,446	1,143,927
Contributions and Donations	2,025	357,939	-	-	359,964
Miscellaneous	97,753	-	-	3,260	101,013
Total Revenues	17,215,202	6,181,498	1,795,410	2,398,019	27,590,129
Expenditures:					
Current					
General Government	3,148,679	-	-	-	3,148,679
Public Safety	3,425,323	-	-	-	3,425,323
Physical Environment	1,576,409	-	-	-	1,576,409
Transportation	-	-	-	1,165,003	1,165,003
Economic Environment	3,192,986	-	-	-	3,192,986
Education	3,915,258	-	-	-	3,915,258
Culture and Recreation	1,003,971	-	-	-	1,003,971
Capital Outlay	3,802,425	11,692,391	-	45,234	15,540,050
Debt Service					
Principal Retirement	725,667	250,000	-	764,000	1,739,667
Interest/Fiscal Charges	59,449	-	-	644,994	704,443
Total Expenditures	20,850,167	11,942,391	-	2,619,231	35,411,789
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,634,965)	(5,760,893)	1,795,410	(221,212)	(7,821,660)
Other Financing Sources (Uses)					
Issuance of Debt	2,943,553	-	-	-	2,943,553
Sale of Capital Assets	8,875	-	-	10,000	18,875
Transfers In	-	5,673,716	-	2,142,327	7,816,043
Transfers Out	(1,181,769)	-	(2,011,352)	(4,891,522)	(8,084,643)
Total Other Financing Sources and Uses	1,770,659	5,673,716	(2,011,352)	(2,739,195)	2,693,828
Net Change in Fund Balances	(1,864,306)	(87,177)	(215,942)	(2,960,407)	(5,127,832)
Fund Balance at Beginning of Year	12,427,390	1,037,341	4,501,079	5,829,197	23,795,007
Fund Balance at End of Year	\$ 10,563,084	\$ 950,164	\$ 4,285,137	\$ 2,868,790	\$ 18,667,175

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

CITY OF RIDGEFIELD

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
Year Ended December 31, 2023

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

Net changes in fund balances - total governmental funds:	\$ (5,127,832)
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.	11,015,075
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) to increase net position.	5,908,018
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(280,318)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(1,165,793)
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	225,944
Changes in Net Position (governmental activities)	<u>\$ 10,575,094</u>

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

CITY OF RIDGEFIELD				
General Fund				
Statement of Revenues, Expenditures and Changes in Fund Balances				
Budget (GAAP Basis) and Actual				
For the Fiscal Year Ended December 31, 2023				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
Revenues:				
Property Taxes	\$ 2,220,000	\$ 2,220,000	\$ 2,213,832	\$ (6,168)
Sales and Use Taxes	5,369,000	5,369,000	4,313,885	(1,055,115)
Utility and Other Taxes	1,880,100	1,880,100	1,853,644	(26,456)
License and Permits	1,818,760	1,818,760	1,173,851	(644,909)
Intergovernmental	410,660	460,660	484,522	23,862
Charges for Services	2,714,410	2,781,710	2,420,656	(361,054)
Fines and Forfeits	69,000	69,000	59,010	(9,990)
Interest Earnings	89,000	89,050	680,766	591,716
Contributions and Donations	25,000	25,000	2,025	(22,975)
Other Miscellaneous	162,300	250,000	97,753	(152,247)
Total Revenues	14,758,230	14,963,280	13,299,944	(1,663,336)
Expenditures:				
Current				
General Government	3,498,370	3,483,370	3,148,679	334,691
Security/Persons and Property	3,675,725	3,741,225	3,425,323	315,902
Physical Environment	1,526,250	1,729,200	1,576,409	152,791
Economic Environment	3,246,155	3,388,655	3,192,986	195,669
Culture and Recreation	1,162,100	1,220,850	1,003,971	216,879
Debt Service				
Principal	330,885	388,185	725,667	(337,482)
Interest	51,115	51,115	59,449	(8,334)
Capital Outlay	558,000	1,583,800	858,872	724,928
Total Expenditures	14,048,600	15,586,400	13,991,356	1,595,044
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	709,630	(623,120)	(691,412)	(68,292)
Other Financing Sources (Uses):				
Sale of Capital Assets	-	-	8,875	8,875
Transfers Out	(3,920,600)	(3,599,750)	(1,181,769)	2,417,981
Total Other Financing				
Sources and Uses	(3,920,600)	(3,599,750)	(1,172,894)	2,426,856
Net Change in Fund Balance	(3,210,970)	(4,222,870)	(1,864,306)	2,358,564
Fund Balances at Beginning of Year	12,427,390	12,427,390	12,427,390	-
Fund Balances at End of Year	\$ 9,216,420	\$ 8,204,520	\$ 10,563,084	\$ 2,358,564
Adjustments to general accepted accounting principles (GAAP) Basis				
Revenues: Charges for Services, School Impact Fees			3,915,258	
Expenditures: Education			(3,915,258)	
Capital Outlay: Right to Use Asset			(2,943,553)	
Other Financing Sources: Issuance of Debt			2,943,553	
Fund Balance - GAAP basis			\$ 10,563,084	

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

CITY OF RIDGEFIELD
Proprietary Funds
Statement of Fund Net Position
December 31, 2023

	Major Fund		
	Water	Storm Water	Total
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 1,752,797	\$ 515,424	\$ 2,268,221
Investments	1,213,154	-	1,213,154
Receivables (net)			
Interest	12,004	-	12,004
Accounts	302,916	185,989	488,905
Inventory	56,704	-	56,704
<i>Restricted Assets</i>			
Cash and Cash Equivalents	3,970,751	148,215	4,118,966
Investments	4,217,273	-	4,217,273
Interest Receivable	41,630	-	41,630
Total Current Assets	<u>11,567,229</u>	<u>849,628</u>	<u>12,416,857</u>
<i>Noncurrent Assets:</i>			
Other Non-current Assets	592,064	-	592,064
Capital Assets, Not Depreciated or Amortized	2,594,585	620,112	3,214,697
Capital Assets, Net of Depreciation or Amortization	23,979,232	23,845,644	47,824,876
Net Pension Asset	168,547	101,696	270,243
Total Long-term Assets	<u>27,334,428</u>	<u>24,567,452</u>	<u>51,901,880</u>
Total Assets	<u>38,901,657</u>	<u>25,417,080</u>	<u>64,318,737</u>
Deferred Outflows of Resources:			
Amounts Related to Pensions	143,563	86,622	230,185
Amounts Related to Asset Retirement Obligations	354,772	-	354,772
Total Deferred Outflows of Resources	<u>498,335</u>	<u>86,622</u>	<u>584,957</u>
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	39,195	24,073	63,268
Accrued Interest Payable	854	2,678	3,532
Accrued Employee Benefits	37,520	23,583	61,103
Accrued Compensated Absences	26,080	7,951	34,031
Accounts Payable from Restricted Assets	189,619	148,215	337,834
Unearned Revenues	280,797	1,277	282,074
Leases Payable	471	-	471
SBITAs Payable	10,231	5,720	15,951
Bonds, Notes and Loans Payable	-	15,423	15,423
Total Current Liabilities	<u>584,767</u>	<u>228,920</u>	<u>813,687</u>
<i>Noncurrent Liabilities:</i>			
Accrued Compensated Absences	50,969	14,155	65,124
Leases Payable	37,514	-	37,514
SBITAs Payable	26,025	11,926	37,951
Bonds, Notes and Loan Payable (Net)	-	231,347	231,347
Asset Retirement Obligation	558,388	-	558,388
Net Pension Liability	72,792	43,921	116,713
Total Long-term Liabilities	<u>745,688</u>	<u>301,349</u>	<u>1,047,037</u>
Total Liabilities	<u>1,330,455</u>	<u>530,269</u>	<u>1,860,724</u>
Deferred Inflows of Resources:			
Amounts Related to Pensions	99,603	60,098	159,701
Total Deferred Inflows of Resources	<u>99,603</u>	<u>60,098</u>	<u>159,701</u>
Net Position:			
Net Investment in Capital Assets	26,323,608	24,201,340	50,524,948
Restricted for Capital Projects	8,040,035	-	8,040,035
Restricted for Pension Asset	168,547	101,696	270,243
Unrestricted	3,437,744	610,299	4,048,043
Total Net Position	<u>\$ 37,969,934</u>	<u>\$ 24,913,335</u>	<u>\$ 62,883,269</u>

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

CITY OF RIDGEFIELD**Proprietary Funds****Statement of Revenues, Expenses and Changes in Fund Net Position****For the Fiscal Year Ended December 31, 2023**

	Major Fund		
	Water	Storm Water	Total
Operating Revenues			
Charge for Services	\$ 2,955,430	\$ 1,224,813	\$ 4,180,243
Total Operating Revenues	<u>2,955,430</u>	<u>1,224,813</u>	<u>4,180,243</u>
Operating Expenses			
Salaries, Wages and Benefits	849,850	520,933	1,370,783
Supplies	202,009	43,799	245,808
Professional Services	648,907	473,705	1,122,612
Utilities	393,304	11,632	404,936
Repairs and Maintenance	169,739	156,367	326,106
Taxes	159,345	20,677	180,022
Depreciation and Amortization	511,136	356,505	867,641
Total Operating Expenses	<u>2,934,290</u>	<u>1,583,618</u>	<u>4,517,908</u>
Operating Income (loss)	21,140	(358,805)	(337,665)
Nonoperating Revenues (Expenses)			
Interest Earnings (Loss)	545,980	20,137	566,117
Interest and Fiscal Charges	(2,395)	(4,524)	(6,919)
Gain (Loss) on Disposal of Assets	(8,891)	(32,518)	(41,409)
Other Non Operating Revenue(Expense)	395	480	875
Total Nonoperating Revenues (Expenses)	<u>535,089</u>	<u>(16,425)</u>	<u>518,664</u>
Income (Loss) before Contributions and Transfers	556,229	(375,230)	180,999
Capital Contributions	2,365,420	3,631,424	5,996,844
Transfers In	-	268,600	268,600
Increase (Decrease) in Net Position	<u>2,921,649</u>	<u>3,524,794</u>	<u>6,446,443</u>
Total Net Position at Beginning of Year	35,014,758	21,322,473	56,337,231
Prior period adjustments	31,769	64,310	96,079
Change in Accounting Principles	<u>1,758</u>	<u>1,758</u>	<u>3,516</u>
Total Net Position at End of Year	\$ <u>37,969,934</u>	\$ <u>24,913,335</u>	\$ <u>62,883,269</u>

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

CITY OF RIDGEFIELD
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended December 31, 2023

	Major Fund		
	Water	Storm Water	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 3,034,185	\$ 1,241,466	\$ 4,275,651
Payments to Suppliers	(922,201)	(283,416)	(1,205,617)
Payments to Employees	(909,443)	(575,143)	(1,484,586)
Payments for Interfund Services Used and City Taxes	(485,940)	(321,147)	(807,087)
Payments for Taxes	(159,345)	(20,677)	(180,022)
Receipts from Other Activities	395	480	875
Net Cash Provided by Operating Activities	557,651	41,563	599,214
Cash Flows from Noncapital Financing Activities:			
Transfers - In	-	268,600	268,600
Net Cash Provided (Used) by Noncapital Financing Activities	-	268,600	268,600
Cash Flows from Capital and Related Financing Activities:			
Receipts for Future System Improvements	766,627	-	766,627
Acquisition and Construction of Capital Assets	(2,429,513)	(63,873)	(2,493,386)
Proceeds from sale of capital assets	-	10,000	10,000
Principal Paid on Capital liabilities	(10,773)	(20,988)	(31,761)
Interest Paid on Capital Debt	(1,541)	(3,829)	(5,370)
Net Cash Provided (Used) for Capital and Related Financing Activities	(1,675,200)	(78,690)	(1,753,890)
Cash Flows from Investing Activities:			
Interest on Investments	517,474	21,136	538,610
Purchase of Investment Securities	(2,766,124)	-	(2,766,124)
Proceeds from Sale and Maturities of Investment Securities	941,057	143,039	1,084,096
Net Cash Provided (Used) by Investing Activities	(1,307,593)	164,175	(1,143,418)
Net Increase in Cash and Cash Equivalents	(2,425,142)	395,648	(2,029,494)
Cash and Cash Equivalents at Beginning of Year	8,148,690	267,991	8,416,681
Cash and Cash Equivalents at End of Year	\$ 5,723,548	\$ 663,639	\$ 6,387,187
Reconciliation to Net Position:			
Cash and Cash Equivalents	1,752,797	515,424	2,268,221
Restricted Cash and Cash Equivalents	3,970,751	148,215	4,118,966
Total Cash and Cash Equivalents	\$ 5,723,548	\$ 663,639	\$ 6,387,187

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

CITY OF RIDGEFIELD
Proprietary Funds
Statement of Cash Flows (continued)
For the Fiscal Year Ended December 31, 2023

	Major Fund		
	Water	Storm Water	Total
Reconciliation of Operating Income (Loss) to Net Cash:			
Cash Used by Operating Activities:			
Net Operating Income (Loss)	\$ 21,140	\$ (358,805)	\$ (337,665)
Adjustments to Reconcile Net operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation Expense	511,136	356,505	867,641
Amortization Expense for ARO	8,281	-	8,281
(Increase) Decrease in Receivables	(11,346)	16,142	4,796
(Increase) Decrease in Inventories	(2,345)	-	(2,345)
Increase (Decrease) in Current Payables	(118)	80,988	80,870
Increase (Decrease) in Pension Activity	(68,763)	(49,536)	(118,299)
Increase (Decrease) in Accrued Employee Benefits	9,170	(4,674)	4,496
Increase (Decrease) in Customer Deposits	90,101	-	90,101
Increase (Decrease) in Unearned Revenues	-	511	511
Increase (decrease) in due to other governments	-	(48)	(48)
Other Receipts (Payments)	395	480	875
	<u>536,511</u>	<u>400,368</u>	<u>936,879</u>
Net Cash Provided by Operating Activities	\$ <u>557,651</u>	\$ <u>41,563</u>	\$ <u>599,214</u>
Noncash Transactions			
Change in Fair Value of Investments	\$ 164,934	\$ -	\$ 164,934
Capital Assets Financed Through Accounts Payable	175,968	75,938	251,905
Donated Capital Assets by Developers	1,620,309	2,996,014	4,616,323
Capital Assets Transferred in from Governmental Activities	10,250	699,720	709,970
SBITA right to use asset	-	12,652	12,652
SBITA liability	-	12,652	12,652

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

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
Year Ended December 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Office of the Washington State Auditor has developed and implemented the Budgeting, Accounting, and Reporting System (BARS) designed to promote uniformity among cities and counties in Washington. Following is a summary of the significant accounting policies for the City of Ridgefield:

A. REPORTING ENTITY

The reporting entity "City of Ridgefield" consists of the City as the primary government; there are no component units. The City of Ridgefield, Washington, was incorporated in August 1909 and operates under the laws of the State of Washington applicable to an optional municipal code city (Title 35A RCW) with a council-manager form of government with a government body consisting of seven Council members with one selected to serve as the Mayor.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Fund financial statements are separate financial statements provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted or reported in another fund.

The *capital projects fund* was established to construct governmental fund type capital projects. Construction of street and park projects has been the predominant use. Resources are transferred from other funds and combined with other restricted, committed, or assigned resources to be used for the acquisition or construction of capital facilities or other capital assets, such as grants to reimburse this fund for the costs of construction.

The *real estate excise tax fund* was established to account for taxes that are restricted for capital purposes. Resources are typically transferred to other funds as they are needed.

The government reports the following major proprietary funds:

The *water fund* accounts for the City's water utility operations. This fund comprises activity of the municipal water system that includes production, treatment, storage and distribution of domestic water. The system is comprised of six production wells, three storage reservoirs and over sixty-four

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miles of water lines. The City's operations division provides management operations and maintenance of the City's water system to provide for the reliable delivery of safe, high-quality water for all water users. This fund also incorporates the revenues received from system development charges and expenses incurred for capital project activities. System development charges are assessed on new development activities and expended to build or expand capacity that is required as a result of growth and development.

The *storm water fund* accounts for the City's storm water drainage utility operations. This fund provides management operations and maintenance of the City's storm water system and ensures the storm water facilities are mowed and cleared to allow for proper drainage. The City has ninety-six storm water facilities that require maintenance and forty-one miles of storm sewer lines. Revenue to fund the operations comes from charges for services generated from monthly storm water maintenance fees.

Additionally, the government reports the following fund types as non-major governmental funds:

Special revenue funds account for revenues from specific taxes, grants, or other sources, which are restricted or committed to finance particular activities of the City.

Debt service funds account for principal and interest payments on the City's general governmental debt.

Capital project funds account for revenue which is restricted for capital project activities.

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

Basis of accounting refers to the point at which revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements report the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The City considers taxes as available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales tax, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and storm water function and various other functions of the government. Elimination

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Storm Water Funds are charges to customers for sales and services. Operating expenses for these funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY

1. Cash, cash equivalents and investments

The City's cash and cash equivalents are considered to be cash on hand, certificates of deposit, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash resources of individual funds are invested directly into government securities with interest accruing for the benefit of the investing funds. The interest earned on these investments is prorated to the various funds. This policy covers all funds operated by the City.

For the purposes of the statement of cash flows, the City considers the Washington State Local Government Investment Pool and the Clark County Investment Pool as cash. Investments in the State Investment Pool and the Clark County Investment Pool are classified as cash equivalents on the financial statements.

Certain Investments for the City are reported at fair value in accordance with GASB statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Likewise, some investments are reported at amortized cost.

2. Receivables

All trades are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles.

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

Taxes are due in two equal installments on April 30 and October 31. The County Treasurer remits collections to the appropriate district as taxes are received. Taxes receivable consist of property taxes and related interest and penalties. See Note 5 (Property Taxes).

Customer accounts receivable consist of amounts owed from private developers, individuals or organizations for goods and services including amounts owed for which billings have not been prepared. Due from other governmental units represent amounts owed under grant programs or any other intergovernmental activity.

Accrued interest receivable consists of amounts earned on investments, notes and contracts at the end of the year, including lease receivable.

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Receivables					Due from	
	Taxes	Accounts	Interest	Leases	Other Gov'ts	Total
Governmental Activities						
General Fund	\$ 25,639	\$ 348,826	\$ 41,090	\$ 70,834	\$ 894,050	\$ 1,380,439
Capital Projects	-	-	7,023	-	1,308,842	1,315,865
Real Estate Excise Tax	-	-	18,772	-	-	18,772
Nonmajor Governmental	-	250	14,558	-	210,469	225,277
Total Governmental	25,639	349,076	81,443	70,834	2,413,361	2,940,353
Business Type Activities						
Water	\$ -	\$ 302,916	\$ 12,004	\$ -	\$ -	\$ 314,920
Restricted Water	-	-	41,630	-	-	41,630
Storm Water	-	185,989	-	-	-	185,989
Total Business Type	-	488,905	53,634	-	-	542,539
Total Combined						
Receivables	\$ 25,639	\$ 837,981	\$ 135,077	\$ 70,834	\$2,413,361	\$ 3,482,892

3. Amounts due to and from other funds, interfund loans and advances receivable

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

4. Inventories

Inventories in governmental funds consist of expendable supplies held for consumption and are recorded as an expenditure when the items are purchased. Inventories in proprietary funds are valued on the First In/First Out or FIFO method, which approximates market value. Inventory consists of water meters that are mainly used for new homes built by developers.

5. Lease receivable and deferred inflows of resources

Leases receivable consist of amounts recorded in compliance with GASB 87, *Leases*. The City has recorded the Lease Receivable and Deferred Inflows of Resources.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term using the effective interest method.

Key estimates and judgements related to lease include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

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- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease liability are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Lease liability and right to use asset

Lease Liability consists of amounts recorded in compliance with GASB 87, *Leases*. The City has recorded the Lease Liability and associated Intangible, right to use, asset.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The lease asset is amortized using the straight-line basis over the shorter of the lease term or the useful life of the underlying asset. If the City is reasonably certain to exercise a purchase option, it is amortized over the useful life of the underlying asset.

Governmental funds recognize a capital outlay and other financing source at the commencement of a new lease. Lease payments in governmental funds are reported as debt service principal and debt service interest expenditures.

Key estimates and judgements related to lease include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

See Note 12 for more information.

6. Subscription based information technology arrangements

SBITA liabilities consist of amounts recorded in compliance with GASB 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The City has recorded the SBITA liability and associated intangible, right to use, SBITA asset.

At the commencement of a subscription-based information technology arrangement, the City initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the implementation date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized using the straight-line basis over the same useful lives as the SBITA term.

Governmental funds recognize a capital outlay and other financing source at the commencement of a new SBITA. SBITA payments in governmental funds are reported as debt service principal and debt service interest expenditures.

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Key estimates and judgements related to lease include how the City determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancelable period of the SBITA. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments and extension options that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its SBITA, and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

See Note 13 for more information.

7. Other noncurrent assets

Other noncurrent assets consist of the long-term portion of the lease receivable mentioned above as well as prepayments of System Development Charges (SDCs). The City has entered into an agreement with Clark Public Utilities (CPU) that will enable CPU to provide additional water supply to City residents and businesses. The City has agreed to pay CPU an aid to construction charge for work associated with certain improvements. This payment made by the City is treated as payments in lieu of the City's future SDCs for increased meter capacity. The opportunity to use these in lieu payments for the SDCs will expire on January 1st, 2030.

8. Deferred inflows and outflows of resources

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but have not yet been earned. At the end of the current fiscal year, the various components of deferred inflow of resources for the lease receivable and unavailable revenue reported in the governmental funds were as follows:

Unavailable Revenue		
Delinquent Property Taxes Receivable - General Fund	\$	19,517
Delinquent Water Taxes Receivable - General Fund		176
Outstanding Accounts Receivable		10,241
Outstanding Court Receivable		37,867
Outstanding Developer Receivable		54,487
Outstanding Grant Receivable		12,730
Outstanding Interest Receivable		30,588
Amounts related to Lease Receivable		<u>70,834</u>
Total Deferred Inflows of Resources for Governmental Funds	\$	<u>236,440</u>

The proprietary funds and government wide statement of net position also present deferred inflows and outflows related to pensions and asset retirement obligations. See Note 7 (Pension Plans) and Note 17 (Asset Retirement Obligations).

9. Restricted assets

These resources are set aside for specific uses and/or are restricted by law for specific purposes. In the governmental and business-type activities the restricted amounts are held for debt service, the construction and/or acquisition of capital assets associated with the infrastructure systems, and for operating purposes.

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Net pension assets are disclosed separately on the Statement of Net Position. The restricted assets comprise the following:

	Governmental Activities	Business-type Activities
<i>Restricted for:</i>		
Capital Facility Plan Projects \$	7,254,904	\$ -
Public Safety Drug Prevention	9,679	-
Building Permit Functions	1,774,866	-
School Impact Fees	230,442	-
Economic Environment	90,471	-
Pension Activities	1,877,520	270,243
Storm Water Capital Projects	-	148,215
Water Capital Projects	-	8,229,654
Total Restricted Amounts \$	<u>11,237,882</u>	<u>\$ 8,648,112</u>

10. Capital assets

Capital assets includes property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more with a life expectancy of more than one year. Easements and right of way are capitalized if initial costs are \$100,000 or more. Land is capitalized for all costs. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Intangible assets are defined as easements, water rights, patents, trademarks, computer software and right to use assets. A right to use asset is the City's right to use an underlying asset within a lease agreement or SBITA as defined by GASB Statement No. 87 and 96, respectively.

As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. Major outlays for capital assets and improvements are capitalized as projects are completed.

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

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

Asset Category	Years Useful Life
Buildings	50
Building Improvements and Furnishings	10-20
Streets	50
Lighting	50
Sidewalks, Curbs and Gutters	50
Trails	30-50
Structures	20-40
Infrastructure	20-75
Vehicles (Public Safety)	10

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Vehicles (All Other)	12
Public Works Equipment	5-20
Office Equipment/Furniture	5-10
Software	5-10
Hardware (Servers etc.)	5-10

The City has acquired certain assets with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal government could retain an equity interest in these assets. However, the City has sufficient legal interest to accomplish the purposes for which the assets were acquired and has included such assets within the applicable column in the statement of net position.

11. Compensated absences

Compensated absences are absences for which employees will be paid, such as vacation and comp-time. In governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for them. In proprietary funds compensated absences are recorded as an expense and liability of the fund that will pay for them as they are earned.

Vacation pay is payable up to 240 hours (30 days) on the employee's anniversary date with the City and is payable upon resignation, retirement or death. Sick leave is earned at a rate of one day per month for full-time employees and is recorded when leave is taken; however, the liability for sick leave is limited because it is generally not paid out at separation. In the event of an employee's retirement from service with the City, sick leave is payable subject to limitations that range between 25% of accumulated sick leave up to 1,600 hours (or 400 hours maximum), 50% of sick leave accumulated up to 800 hours (or 400 hours maximum), and 50% of accumulated sick leave of the amount that exceeds 720 hours, depending upon the employees bargaining unit agreement and/or personnel policy.

12. Other accrued liabilities

This account consists of accrued wages and accrued employee benefits.

13. Long-term obligations

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

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs, during the current period. The face amount of debt and leases issued are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

14. Net pension liabilities (assets)

For purposes of measuring the net pension liability (assets), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are

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recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

For purposes of calculating the restricted net position related to the net pension asset, the City includes the net pension asset only.

15. Asset retirement obligation

The asset retirement obligations (ARO) and deferred outflows of resources related is the liability associated with the retirement of City owned capital assets that have a substantial cost to the City. The obligation will be paid from operating income; no assets have been set aside to fund this obligation.

16. Net position

Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted is the amount restricted by external creditors, grantors, contributors, or laws and regulations imposed by other governments. The capital component is associated with impact fees, system development charges and excise taxes where the funds received are restricted for capital purposes. The building permit function is associated with the building department within the general fund and restricted for a specific operating purpose. The public safety component is associated with activities restricted towards drug enforcement prevention and policing. The amount related to pensions is the pensions net asset for the PERS 2/3 and LEOFF 2 retirement program.

Unrestricted is the amount of all net position that does not meet the definition of “invested in capital assets” or “restricted” net position.

17. Fund balances in the governmental fund financial statements

On the balance sheet – governmental funds, assets in excess of liabilities are reported as fund balances and are segregated into separate classifications indicating the extent to which the City is bound to honor constraints on specific purposes for which the funds can be spent.

Nonspendable – amounts that cannot be spent because they are either not in spendable form or are legally required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments, including the State and Federal government. The City has restricted amounts, shown on the Governmental Funds Balance Sheet, with the majority of it available for use to complete major capital projects identified in an appropriate City capital facilities plan.

Committed – amounts that can be used only for specific purposes determined by a formal action of the City Council (the City’s highest level of decision-making authority). Once committed by Council legislative action (by ordinance), the limitation imposed by this action remains in place until a similar action is taken to remove or revise the limitation.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes; and any excess of nonspendable, restricted, and committed fund balance over total fund balance in a governmental fund other than the general fund. Under the City’s adopted policy, the City’s Finance Director or management staff may assign amounts for specific purposes. The City has assigned an amount, shown on the Governmental Funds Balance Sheet, and plans to use it for equipment repair and replacement, such as to replace a vehicle; and capital maintenance projects, such as to remodel a building or make a major repair of a building.

Unassigned – total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance. The general fund is the only fund that can report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for

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specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds.

The City adopted a resolution in October 2014 which sets apart fund balance reserve accounts for stabilization purposes in the General Fund. These are classified as unassigned per the City's financial policies. No requirements or conditions for addition or spending these funds have been established by the City. The City's policy states that an unassigned fund balance for revenue stabilization will be designated at a minimum of 10% of prior year General Fund revenues less any one-time revenues such as grants or interfund transfers; at December 31, 2023, the balance is \$1,210,838. Council action is required in order for stabilization funds to be used. The policy also states that an operations and maintenance reserve will be designated at a minimum of 60 days of prior year actual operating expenses in the General and Street Fund; at December 31, 2023, the balance is \$1,542,399. The policy also states that a capital reserve will be set aside at 1% of the prior year's Net Investment in Capital Assets calculated in the Statement of Net Position; at December 31, 2023, the balance is \$956,892, plus an additional reserve specific for equipment replacement; the balance at December 31, 2023, is \$304,044. This is classified as assigned fund balance. The policy also states that a debt service reserve will be set aside for the following year's debt service payments of principal and interest; the balance at December 31, 2023, is \$141,113. This fund balance is identified as committed fund balance.

The City Council adopted a separation reserve in 2019. The reserve is for accrued balance payouts at the time of retirement. The amount is designated at 30% of the anticipated accrued balance payouts over the next 10 years. At December 31, 2023, the balance was \$142,694. This fund balance is identified as unassigned.

The City Council adopted reserve policies by resolution and therefore any changes to the policies would require a new resolution to be adopted. Use of the reserves requires budget enactment, or a budget amendment adopted by ordinance of the Council.

The City as of December 31, 2023, has a total fund balance in the governmental funds of \$18,667,175 and is classified as follows:

<u>Classification on Balance Sheet</u>	<u>Fund Balance</u>
Nonspendable for prepaids	\$ 4,000
Restricted for capital purposes	7,244,478
Restricted for building permitting functions	1,774,866
Restricted for public safety	9,677
Restricted for economic environment	90,471
Committed for debt service	141,113
Assigned for equipment replacement and capital maintenance purposes	1,858,706
Assigned for streets	161,695
Unassigned (can be used for any specific purpose)	7,382,169
Total Fund Balance - Governmental Funds	\$ 18,667,175

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

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

The governmental fund balance sheet includes the reconciliation between *fund balance — total governmental funds* and *net position — governmental activities* as reported in the government-wide statement of net position.

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

General Obligations Bonds Payable	\$ (14,285,000)
Direct Placement Bonds Payable	(3,641,000)
Plus: Issuance premium (to be amortized as interest expense)	(716,560)
Private Placement loan	(903,023)
Leases Payable	(2,974,394)
SBITA Payable	(430,888)
Compensated Absences	(467,369)
Interest Payable	(120,564)
Pollution Remediation Obligation	(234,862)
Impact Fee Credits	<u>(4,092,007)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at <i>net position - governmental activities</i>	\$ <u><u>(27,865,667)</u></u>

Another element of that reconciliation explains that “other items related to pension activity are not financial resources, therefore, not reported in the funds.” The details of this difference are as follows:

Net Pension Asset	\$ 1,877,520
Deferred Outflow of Resources - Pension	1,497,100
Net Pension Liability	(448,491)
Deferred Inflow of Resources - Pension	<u>(1,098,184)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at <i>net position - governmental activities</i>	\$ <u><u>1,827,945</u></u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between *net changes in fund balances—total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the

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statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The difference of this amount is as follows:

Capital Outlays and Constructed Assets	\$ 15,040,804
Depreciation/Amortization expense	(3,315,760)
Transfer of Capital Outlay to Proprietary Activity	<u>(709,970)</u>
Net adjustment to increase <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 11,015,075</u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) to increase net position” is as follows:

Donated capital assets	\$ 5,991,062
Disposal of capital assets	<u>(83,044)</u>
Net adjustment to increase <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 5,908,018</u>

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

Grant revenues	\$ 10,952
Impact Fee Credits redeemed	1,435,414
Impact Fee Credits issued	(1,653,970)
Interest Receivable - unavailable	(6,917)
Accounts Receivable - unavailable	(76,236)
Other revenues unavailable	(35,000)
Municipal Court revenue	(4,358)
Pension Contributions from State	51,061
Tax revenues - unavailable	<u>(1,264)</u>
Net adjustment to increase <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (280,318)</u>

Another element of that reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this difference are as follows:

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
Year Ended December 31, 2023

Issuance of Capital Debt	\$ (2,943,553)
Amortization of issuance premiums	37,107
Principal payment on loans and leases	<u>1,740,653</u>
Net adjustments to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (1,165,793)</u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this difference are as follows:

Pollution Remediation Adjustment	\$ (229,651)
Interest expense	(15,587)
Pension expense adjustment	567,291
Compensated absences	<u>(96,109)</u>
Net adjustments to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 225,944</u>

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Scope of budget

Annual appropriated budgets are adopted for all governmental fund types and proprietary funds. The budgets constitute the legal authority for expenditures at the fund level. Annual appropriations for funds lapse at the end of the fiscal year. There is no difference between the budgetary basis and generally accepted accounting principles, with the exception that the City does not budget for the payments of the School Impact Fees that are collected and remitted to the school district or for issuance of debt or capital outlay expenditures related to leasing activities when the City acts as lessee. Budgetary accounts are integrated in fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for the governmental funds only. All governmental funds are budgeted on the modified accrual basis of accounting. Proprietary funds are budgeted on a full accrual basis for management control purposes only.

Adopting the budget

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

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

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
Year Ended December 31, 2023

6. Following the public hearings and prior to December 31, the budget is legally adopted through passage of an ordinance.

Amending the budget

The City Manager or authorized designee is authorized to transfer budgeted amounts between departments and object classes within any fund; however, any revisions that alter the total expenditures of a fund or that affect the number of authorized employee positions, salary ranges or other conditions of employment must be approved by the City Council.

When the Council determines that it is in the best interest of the City to increase or decrease the appropriations for a particular fund, it may do so by passage of an ordinance that is approved by a super majority of the city council members.

Budget amounts shown in the basic financial statements include the original budget amounts and the final authorized amounts as revised during the year for the major governmental funds. The original budget is the first completely appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

NOTE 4. DEPOSITS AND INVESTMENTS

As of December 31, 2023, the City cash, cash equivalents, and investments as reported on the Statement of Net Position are as follows:

Cash on Hand	\$	3,396,134
State Treasurer's Investment Pool		11,182,774
Clark County Investment Pool		3,196,478
Municipal Bonds		378,016
US Agency Bonds		12,539,665
	\$	<u>30,693,067</u>

As of December 31, 2023, the Washington State Local Government Investment Pool and the Clark County Investment Pool are classified as cash equivalents. Additional cash & cash equivalents consist of \$3,396,134 held in interest bearing bank accounts, certificates of deposit, petty cash, and cash change drawers.

Deposits:

Custodial credit risk (deposits). Custodial risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned. The City has an adopted policy that addresses deposit custodial risk; however, the City's deposits and certificates of deposit are entirely covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). In the event of a bank failure, claims for the City's deposits would be satisfied by the FDIC or from the sale of collateral held in the PDPC pool.

Investments

It is the City's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

Investments are subject to the following risks.

Interest rate risk

Interest rate risk is the risk that the City may face should interest rate variance affect the fair value of investments. City Council policy limits investment maturities as a means to manage its exposure to fair value losses arising from increasing interest rates. The City's intent is to purchase investments that may

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
Year Ended December 31, 2023

be held until maturity. This risk is measured using the weighted average to maturity method. Investment maturities at December 31, 2023, is as follows:

Investment Type	Weighted Average (Months)
Federal Farm Credit Bank	0.09
Local Government Issue Bonds	0.02
Federal Home Loan Mortgage Corporation	1.36
Federal Home Loan Bank	13.14
	14.61

In addition to the interest rate risk disclosed above, the City includes investments with fair value highly sensitive to interest rate changes.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has a formal investment policy that limits its investment and diversification by investment type and issuer beyond the limits imposed by State law. As required by state law, all investments of the City's funds are obligations of the U.S. Government, U.S. agency issues, obligations of the State of Washington, general obligations of Washington State municipalities, investments in the State Treasurer's Investment Pool, investments in the Clark County Investment Pool, bankers' acceptances, or certificates of deposit with Washington State banks and savings and loan institutions. Local Government Issue Bonds have ratings ranging from A1 to Aa2 by Moody's Investors Service.

Concentration of credit risk

Concentration risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City has an adopted policy limiting the amount the City may invest in any one issuer. The investments held at year-end are listed below along with their percentage of the government's total investment:

Investment Type	12/31/2023	
	Fair Value	Percentage of Portfolio
<i>U.S. Government Agency Securities:</i>		
Federal Farm Credit Bank	\$ 744,945	3%
Municipal Bonds	378,016	1%
Federal Home Loan Mortgage Corporation	2,473,810	9%
Federal Home Loan Bank	9,320,910	34%
	\$ 12,917,681	47%

Custodial credit risk (investments)

Custodial risk is the risk that, in the event of a failure of the counterparty, the government will not be able to recover its investments that are in the possession of an outside party. The City uses Pershing, LLC and US Bank as the custodial agent for the safekeeping of the City's investments. Pershing, LLC and US Bank provide monthly reports on the City's securities, all of which are held in the City's name. The investments held by the City at year-end are all book-entry, registered securities.

Total cash and investments are stated at \$30,693,067. There is additional cash held in City accounts due to "float" of outstanding checks, which have not cleared the bank as of December 31, 2023. The total cash

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and investments held by the City per the bank and investment account statements, include the uncleared checks, in the amount of \$279,119. The City invests all temporarily idle funds.

Investments in Local Government Investment Pool (LGIP)

The City is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather; oversight is provided by the State Finance Committee in accordance with RCW 43.250. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

These are reported at amortized cost because the State Pool has elected to measure in this manner. The only restriction on withdrawals from the State Investment Pool is when a deposit is received by ACH. In this case, a five-day waiting period exists.

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

Investments in Clark County Investment Pool (CCIP)

The City is a voluntary participant in the Clark County Investment Pool (CCIP), an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather; oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The City reports its investment in the pool at fair value, which is the same as the value of the pool per share. The CCIP is an unrated fund. The weighted average maturity of the CCIP is approximately one (1) year, with cash available to the City on demand. The on-demand availability of these funds defines them as cash equivalent liquid investments. Cash investments are not subject to interest rate risk reporting requirement as defined by GASB 31. The CCIP is overseen by the Clark County Finance Committee and is audited annually by the Washington State Auditor's Office and regulated by Washington RCW's.

Investments Measured at Fair Value

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

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable;
- Level 3: Unobservable inputs for an asset or liability.

As of December 31, 2023, the City had the following investments measured at fair value:

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
Year Ended December 31, 2023

Investments by fair value level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
Municipal Bonds	\$ 378,016	\$ -	\$ 378,016	\$ -
Federal Farm Credit Bank	744,945	-	744,945	-
Federal Home Loan Mortgage Corp	2,473,810	-	2,473,810	-
Federal Home Loan Bank	9,320,910	-	9,320,910	-
Total US Agency Bonds	12,917,681	-	12,917,681	-
Clark County Investment Pool (Not subject to categorization)	3,196,478			
Total Investments by Fair Value Level	16,114,159			
 Investments measured at amortized costs				
State Treasurer's Investment Pool	11,182,774			
Total measured at amortized cost	11,182,774			
Total Pooled Investments	\$ 27,296,933			

Prices for determining fair values represent estimates obtained from multiple sources, including Piper Sandler, its affiliates, and outside vendors. Pricing estimates may be based upon bids, prices within the bid/asked spread, closing prices, or matrix methodology that uses data relating to other sources where prices are more ascertainable, producing a hypothetical price based on the estimated yield spread between the securities. Piper Sandler has contracts with outside pricing vendors to obtain valuations for customer securities held on Piper Sandler's stock record. The primary vendor relationship is with Interactive Data Corporation, Standard & Poor's handles municipal bond pricing, while SIX Telekurs USA Inc. prices commercial paper.

NOTE 5. PROPERTY TAXES

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed after the end of each month.

Property Tax Calendar

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

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

The City may levy up to \$1.60 per \$1,000 of assessed valuation for general governmental services.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
Year Ended December 31, 2023

The City's regular levy for 2023 was \$0.65 per \$1,000 on an assessed valuation of \$3,379,164,060 for a total regular levy of \$2,199,906.

Special levies approved by the voters are not subject to the limitations listed above. In 2023, there were no outstanding voter approved bonds, and therefore no additional levy.

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

NOTE 6. CAPITAL ASSETS

A summary of capital asset activity for the year ended December 31, 2023, was as follows:

	Restated Beginning Balance	Prior Period Adjustment	Adjusted Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:						
Capital assets, not being depreciated						
Land	\$ 12,195,845	\$ -	\$ 12,195,845	\$ 646,543	\$ -	\$ 12,842,388
Intangibles	2,912,232	-	2,912,232	334,262	-	3,246,494
Construction in progress	5,384,286	-	5,384,286	7,216,160	2,744,389	9,856,057
Total capital assets, not being depreciated	20,492,363	-	20,492,363	8,196,965	2,744,389	25,944,939
Capital assets, being depreciated/depleted:						
Buildings and improvements	5,324,115	-	5,324,115	-	-	5,324,115
Equipment	4,293,407	-	4,293,407	1,968,095	135,948	6,125,554
Intangibles	116,300	-	116,300	-	68,148	48,152
Infrastructure	114,811,181	209,474	115,020,655	10,333,138	-	125,353,793
Total capital assets being depreciated	124,545,003	209,474	124,754,477	12,301,233	204,096	136,851,614
Less accumulated depreciation for:						
Buildings and improvements	573,298	-	573,298	104,844	-	678,142
Equipment	1,351,851	-	1,351,851	344,414	70,845	1,625,420
Intangibles	49,064	-	49,064	22,170	50,207	21,027
Infrastructure	26,890,343	-	26,890,343	2,480,577	-	29,370,920
Total accumulated depreciation	28,864,556	-	28,864,556	2,952,005	121,052	31,695,509
Total capital assets, being depreciated, net	95,680,447	209,474	95,889,921	9,349,228	83,044	105,156,105
Right to use assets, being amortized						
Building	1,369,215	-	1,369,215	2,269,443	-	3,638,658
Equipment	87,533	-	87,533	103,617	31,121	160,029
SBITA*	385,312	-	385,312	195,028	-	580,340
Total right to use assets, being amortized	1,842,060	-	1,842,060	2,568,088	31,121	4,379,027
Less accumulated amortization for:						
Right to use assets						
Building	182,561	-	182,561	215,848	-	398,409
Equipment	38,395	-	38,395	33,165	31,121	40,439
SBITA	-	-	-	114,742	-	114,742
Total accumulated amortization	220,956	-	220,956	363,755	31,121	553,590
Total capital assets, being amortized, net	1,621,104	-	1,621,104	2,204,333	-	3,825,437
Capital assets, being depreciated/amortized (net):	97,301,551		97,511,025			108,981,542
Governmental activities capital assets, net	\$ 117,793,914	\$ 209,474	\$ 118,003,388	\$ 19,750,526	\$ 2,827,433	\$ 134,926,481

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
Year Ended December 31, 2023

	Restated Beginning Balance	Prior Period Adjustment	Adjusted Beginning Balance	Additions	Reductions	Ending Balance
Business type Assets						
Capital assets, not being depreciated						
Land	\$ 373,887	\$ -	\$ 373,887	\$ 1,627,660	\$ -	\$ 2,001,547
Intangibles - Easements	154,964	-	154,964	-	-	154,964
Construction in progress	806,420	-	806,420	281,467	29,701	1,058,186
Total capital assets, not being depreciated	1,335,271	-	1,335,271	1,909,127	29,701	3,214,697
Capital assets, being depreciated/depleted:						
Buildings and improvements	945,744	-	945,744	-	-	945,744
Equipment	2,918,345	-	2,918,345	231,501	161,390	2,988,456
Intangibles	99,464	-	99,464	-	-	99,464
Infrastructure	45,405,717	96,079	45,501,796	5,854,428	-	51,356,224
Total capital assets being depreciated	49,369,270	96,079	49,465,349	6,085,929	161,390	55,389,888
Less accumulated depreciation for:						
Buildings and improvements	161,941	-	161,941	18,526	-	180,467
Equipment	890,203	-	890,203	155,496	77,709	967,990
Intangibles	36,083	-	36,083	10,661	-	46,744
Infrastructure	5,797,856	-	5,797,856	665,425	-	6,463,281
Total accumulated depreciation	6,886,083	-	6,886,083	850,108	77,709	7,658,482
Total capital assets, being depreciated, net	42,483,187	96,079	42,579,266	5,235,821	83,681	47,731,406
Right to use assets, being amortized						
Land	41,513	-	41,513	-	-	41,513
SBITA*	60,615	-	60,615	12,651	-	73,266
Total right to use assets, being amortized	102,128	-	102,128	12,651	-	114,779
Less accumulated amortization for:						
Right to use assets						
Land	3,774	-	3,774	944	-	4,718
SBITA	-	-	-	16,590	-	16,590
Total accumulated amortization	3,774	-	3,774	17,534	-	21,308
Total capital assets, being amortized, net	98,354	-	98,354	(4,883)	-	93,471
Capital assets, being depreciated/amortized (net):	42,581,541		42,677,620			47,824,877
Business type capital assets, net	\$ 43,916,812	\$ 96,079	\$ 44,012,891	\$ 7,140,065	\$ 113,382	\$ 51,039,574

*The beginning balance of the Governmental and Business type activities have been restated for change in accounting principal for implementation of GASB 96, SBITAs. For more information, please see Note 13, SBITAs.

The beginning balance of both Governmental activities and Business-type activities have been restated due to prior period adjustments relating to the recording of donated capital assets. For more information, please see Note 19, Prior Period Adjustments.

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

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
Year Ended December 31, 2023

Governmental activities

General Government	\$ 384,238
Security of persons and property	272,721
Transportation, including depreciation of general infrastructure	1,912,965
Physical environment	1,992
Economic environment	26,497
Culture and recreation	717,347
	<u>\$ 3,315,760</u>

Business-type activities:

Water	\$ 511,136
Storm	356,505
	<u>\$ 867,641</u>

Commitments

The City had five construction projects that were substantially complete as of December 31, 2023, however retainage remained outstanding. Retainage amounted to \$220,280 for these projects. The City has three construction project that began in 2023 and are scheduled for completion in 2024. The City has twelve professional service projects that will carry over into 2024 with a total outstanding commitment of \$8.3 million. The total remaining commitment for all projects is \$8,626,051 and are for the projects listed below.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
Year Ended December 31, 2023

Project	Commitment	Retainage Held and Not Yet Paid	Remaining Commitment
	\$ 132,201	\$ 136,489	\$ 268,690
Royle Road S 19th to 460 LF N of S 15th			
5th Street Road Reconstruction	-	8,478	8,478
2023 Pavement Preservation - Slurry/Chip Seal	-	14,562	14,562
Overlook Park Splashpad	-	54,852	54,852
Refuge Park - Dog Park	-	5,899	5,899
Kennedy Test Well	734,091	13,108	747,199
Groundwater Source Development	163,985	-	163,985
Pioneer Street Extension Construction	536,598	-	536,598
Pioneer Street Extension Construction Management	163,447	-	163,447
S Royle Road, S 15th Street to S 5th Way Construction	3,575,101	-	3,575,101
S Royle Road, S 15th Street to S 5th Way Construction Management	394,188	-	394,188
YMCA Site Plan	71,454	-	71,454
51st Roundabout & Pioneer Widening Design	1,048,269	-	1,048,269
S Royle Road Corridor Completion Design	482,101	-	482,101
Bridge Decorative Fence Improvements Design and Project Management Services	68,438	-	68,438
Skate Park Alternatives Study	14,007	-	14,007
S 35th Avenue Alternatives Analysis	70,195	-	70,195
Water Main Replacement - Pioneer to Shobert Lane Design	145,604	-	145,604
Overpass Artwork	99,000	-	99,000
Comprehensive Plan and Capital Facilities Plan Updates	417,055	-	417,055
Abrams Park Master Plan	46,800	-	46,800
Gee Creek Loop Design	148,588	-	148,588
Waterfront Park Master Plan	81,541	-	81,541
	<u>\$ 8,392,663</u>	<u>\$ 233,388</u>	<u>\$ 8,626,051</u>

NOTE 7. PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2023:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ 565,204
Pension assets	2,147,763
Deferred outflows of resources	1,727,285
Deferred inflows of resources	1,257,885
Pension expense/expenditures	(121,048)

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
Year Ended December 31, 2023

State Sponsored Pension Plans

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

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

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

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

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. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). 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 fiscal year 2023 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee
January – June 2023		
PERS Plan 1	6.36%	6.00%
Plan 1 UAAL	3.85%	

CITY OF RIDGEFIELD, WASHINGTON
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Administrative Fee	0.18%	
Total	10.39%	6.00%
July – August 2023		
PERS Plan 1	6.36%	6.00%
Plan 1 UAAL	2.85%	
Administrative Fee	.18%	
Total	9.39%	6.00%
September – December 2023		
PERS Plan 1	6.36%	6.00%
Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
Total	9.53%	6.00%

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. 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 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. 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. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. 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 rates are adopted by the Pension Funding Council, and are subject to change by the Legislature. The employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for fiscal year 2023 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2
January – June 2023		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies

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Total	10.39%	6.36%
July – August 2023		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.85%	
Administrative Fee	.18%	
Employee Pers Plan 3		Varies
Total	9.39%	6.36%
September - December 2023		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
Employee PERS Plan 3		Varies
Total	9.53%	6.36%

The City's actual PERS plan contributions were \$166,402 to PERS Plan 1 and \$313,951 to PERS Plan 2/3 for the year ended December 31, 2023.

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

LEOFF was established in 1970, and its retirement benefit provisions are contained in Chapter 41.26 RCW. LEOFF membership includes all of the state's full-time, fully compensated, local law enforcement commissioned officers, fire fighters and, as of July 24, 2005, emergency medical technicians.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the FAS per year of service (the FAS is based on the highest-paid 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 – 52, the reduction is 3% 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 a COLA (based on the CPI), capped at 3% annually. 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 rates are adopted by the LEOFF Plan 2 Retirement Board and are subject to change by the Legislature.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.41% in 2023.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

LEOFF Plan 2		
Actual Contribution Rates	Employer	Employee
January – August 2023		
State and local governments	5.12%	8.53%
Administrative Fee	0.18%	
Total	5.30%	8.53%
Ports and Universities	8.53%	8.53%
Administrative Fee	0.18%	

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Total	8.71%	8.53%
September – December 2023		
State and local governments	5.12%	8.53%
Administrative Fee	0.20%	
Total	5.32%	8.53%
Ports and Universities	8.53%	8.53%
Administrative Fee	0.20%	
Total	8.73%	8.53%

The City's actual contributions to the plan were \$84,188 for the year ended December 31, 2023.

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 Office of the State Actuary 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, 2023, the state contributed \$87,966,142 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$51,061.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2013-2018 Demographic Experience Study and the 2021 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2023. Plan liabilities were rolled forward from June 30, 2022, to June 30, 2023, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.00%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Method changes

Methods did not change from the prior contribution rate setting June 30, 2021 Actuarial Valuation Report (AVR). OSA did make an assumption change to adjust TRS Plan 1 assets, LEOFF Plan 1/2 assets, and LEOFF participant data to reflect certain material changes occurring after the June 30, 2022 measurement date

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0 percent.

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To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.0 percent was determined using a building-block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the table below. The inflation component used to create the table is 2.20 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%	1.50%
Tangible Assets	7%	4.70%
Real Estate	18%	5.40%
Global Equity	32%	5.90%
Private Equity	23%	8.90%
	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 7.0 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 (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate.

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
PERS 1	789,633	565,204	369,331
PERS 2/3	1,423,378	(1,308,709)	(3,553,292)
LEOFF 2	138,925	(839,054)	(1,639,445)

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

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At June 30, 2023, the City reported its proportionate share of the net pension liabilities and (assets) as follows:

Plan	Liability or Asset
PERS 1	\$ 565,204
PERS 2/3	(1,308,709)
LEOFF 2	(839,054)

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

	LEOFF 2 Asset
LEOFF - employer's proportionate share	(839,054)
LEOFF - State's proportionate share of the net pension asset associated with the employer	(535,811)
TOTAL	(1,374,865)

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

	Proportionate Share 6/30/22	Proportionate Share 6/30/23	Change in Proportion
PERS 1	0.02296%	0.02476%	0.00180%
PERS 2/3	0.02995%	0.03193%	0.00198%
LEOFF 2	0.03470%	0.03498%	0.00028%

In fiscal year 2023, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 61 percent of employer contributions.

Pension Expense

For the year ended December 31, 2023, the City recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 53,434
PERS 2/3	(138,943)
LEOFF 2	(35,538)
TOTAL	(121,048)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (63,758)
Contributions subsequent to the measurement date	76,377	-
TOTAL	\$ 76,377	\$ (63,758)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 266,583	\$ (14,622)
Net difference between projected and actual investment earnings on pension plan investments	-	(493,201)
Changes of assumptions	549,442	(119,757)
Changes in proportion and differences between contributions and proportionate share of contributions	57,085	(82,047)
Contributions subsequent to the measurement date	165,234	-
TOTAL	\$ 1,038,344	\$ (709,627)

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 342,730	\$ (6,903)
Net difference between projected and actual investment earnings on pension plan investments	-	(177,542)
Changes of assumptions	214,333	(68,922)
Changes in proportion and differences between contributions and proportionate share of contributions	10,633	(231,133)
Contributions subsequent to the measurement date	44,868	-
TOTAL	\$ 612,564	\$ (484,500)

TOTAL ALL PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 609,313	\$ (21,525)
Net difference between projected and actual investment earnings on pension plan investments	-	(734,501)
Changes of assumptions	763,775	(188,679)
Changes in proportion and differences between contributions and proportionate share of contributions	67,718	(313,180)
Contributions subsequent to the measurement date	286,479	-
TOTAL	\$ 1,727,285	\$ (1,257,885)

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, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended December 31:	PERS 1	PERS 2/3	LEOFF 2
2024	\$ (43,378)	\$ (224,621)	\$ (100,548)
2025	(54,553)	(283,100)	(129,219)
2026	33,636	405,868	123,421
2027	537	137,658	26,356
2028	-	130,420	33,768
Thereafter	-	(2,742)	129,418

NOTE 8. RISK MANAGEMENT

The City is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 169 members.

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

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices, prior wrongful acts, and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits 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.

All Members are provided a separate cyber risk policy and premises pollution liability coverage group purchased by WCIA. The cyber risk policy provides coverage and separate limits for security & privacy, event management, and cyber extortion, with limits up to \$1 million and subject to member deductibles, sublimits, and a \$5 million pool aggregate. Premises pollution liability provides Members with a \$2 million incident limit and \$10 million pool aggregate subject to a \$100,000 per incident Member deductible.

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$1,000,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

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

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

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

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy

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direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day-to-day operations of WCIA.

The City has liability coverage of at least \$4 million per occurrence. There have been no settlements in excess of the City's insurance in the last three years.

NOTE 9. LONG-TERM LIABILITIES

Bonds

Publicly Offered General Obligation Bonds

The City issued publicly offered general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Both of the issuances listed below are collateralized by the full faith and credit and resources payable from property tax revenue. If any Bond is duly presented for payment and funds have not been provided by the City on the applicable payment date, then interest will continue to accrue thereafter on the unpaid principal thereof at the rate stated on the Bond until the Bond is paid. The bonds may be redeemed early, on any date on or after June 1, 2027, for either the 2017 or 2018 bonds, at a price equal to the principal amount to be redeemed plus accrued interest, if any, to the date fixed for redemption.

Name of Issuance	Purpose	Original Issue Amounts	Issuance Date	Maturity Date	Interest Rate	Debt Outstanding
2017 LTGO Debt	Ridgefield Outdoor Recreation Complex	\$9,455,000	10/5/2017	12/1/2047	3%-4%	\$ 8,415,000
2018 LTGO Debt	Ridgefield Outdoor Recreation Complex	\$6,705,000	6/5/2018	12/1/2038	3%-4%	5,870,000
<i>Total Governmental LTGO Bonded debt</i>						<u>\$ 14,285,000</u>

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

	Governmental Activities		
	Principal	Interest	Total Requirement
2024	\$ 525,000	\$ 537,025	\$ 1,062,025
2025	540,000	518,325	1,058,325
2026	565,000	496,725	1,061,725
2027	585,000	474,125	1,059,125
2028	610,000	450,725	1,060,725
2029-2033	3,370,000	1,924,225	5,294,225
2034-2038	4,055,000	1,245,875	5,300,875
2039-2043	2,080,000	586,875	2,666,875
2044-2047	1,955,000	173,950	2,128,950
	<u>\$ 14,285,000</u>	<u>\$ 6,407,850</u>	<u>\$ 20,692,850</u>

CITY OF RIDGEFIELD, WASHINGTON
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Annual debt service requirements to maturity for each of the governmental activities LTGO Bonds are as follows:

2017 LTGO Debt			
	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2024	\$ 230,000	\$ 305,225	\$ 535,225
2025	235,000	298,325	533,325
2026	245,000	288,925	533,925
2027	255,000	279,125	534,125
2028	265,000	268,925	533,925
2029-2033	1,440,000	1,221,025	2,661,025
2034-2038	1,710,000	957,475	2,667,475
2039-2043	2,080,000	586,875	2,666,875
2044-2047	1,955,000	173,950	2,128,950
	<u>\$ 8,415,000</u>	<u>\$ 4,379,850</u>	<u>\$ 12,794,850</u>

2018 LTGO Debt			
	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2024	\$ 295,000	\$ 231,800	\$ 526,800
2025	305,000	220,000	525,000
2026	320,000	207,800	527,800
2027	330,000	195,000	525,000
2028	345,000	181,800	526,800
2029-2033	1,930,000	703,200	2,633,200
2034-2038	2,345,000	288,400	2,633,400
	<u>\$ 5,870,000</u>	<u>\$ 2,028,000</u>	<u>\$ 7,898,000</u>

Private Placement Bonds

The City issued direct private placement bonds to provide funds for the acquisition and construction of an operations center. The Bonds are collateralized by the full faith and credit and resources payable from property tax revenue. If any Bond is duly presented for payment and funds have not been provided by the City on the applicable payment date, then interest will continue to accrue thereafter on the unpaid principal thereof at the rate stated on the Bond until the Bond is paid. The bonds may be redeemed early without penalty on any payment date with fifteen days prior written notice provided to the bond holder.

<u>Name of Issuance</u>	<u>Purpose</u>	<u>Original Issue Amounts</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Debt Outstanding</u>
2020 LTGO Debt	Operations Center	\$4,400,000	5/14/2020	12/1/2035	2.42%	\$ 3,641,000
<i>Total Governmental Direct Placement Bonds</i>						<u>\$ 3,641,000</u>

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

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2020 LTGO Debt			
	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2024	\$ 265,000	\$ 86,527	\$ 351,527
2025	271,000	80,066	351,066
2026	278,000	73,459	351,459
2027	285,000	66,695	351,695
2028	291,000	59,762	350,762
2029-2033	1,569,000	188,796	1,757,796
2034-2035	682,000	20,739	702,739
	<u>\$ 3,641,000</u>	<u>\$ 576,045</u>	<u>\$ 4,217,045</u>

On December 31, 2023, the City had \$0 reserved for debt service payments in the debt service fund balance. The Real Estate Excise Tax (REET) fund is responsible for payment of the GO bonded debt. Through the budget appropriation process, arrangements are made for transfers from those funds to the debt service funds prior to payment of the debt.

Loans and Notes

Private Placement Loans and Notes – Governmental Activities

Private placement loans are often acquired in the general government funds to finance street improvements and to purchase capital assets. Loans and notes outstanding for Governmental Activities at year-end are as follows:

Direct Borrowing Loan and Notes

<u>Name of Issuance</u>	<u>Original Issue Amounts</u>	<u>Purpose</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Debt Outstanding</u>
<i>Governmental Activities</i>						
CL18971	\$ 750,000	Parks Land Vacuum Excavation	3/24/2021	4/1/2024	0.00%	\$ 250,000
NCL Capital Lease to own - Vacuum Truck	472,118	Truck	2/4/2022	2/28/2028	3.58%	338,887
NCL Capital Lease to own - Street Sweeper	377,965	Street Sweeper	3/17/2023	3/17/2029	6.99%	314,136
<i>Total Governmental Activities Direct Borrowing Loans and Notes</i>						<u>\$ 903,023</u>

The City entered into a private placement loan agreement for the purchase of land for parks development in March 2021. An initial payment of \$250,000 was made in 2021 and a deed for the remaining \$750,000 was entered into by the City as a private placement note. The private placement note bears interest at 0% and is payable in three equal installments beginning with the first payment in 2022. As of December 31, 2023, the balance of this note is \$250,000.

The City entered into a private placement loan agreement for the purchase of a vacuum excavation truck in December 2021. The private placement note is a 7-year lease with a purchase option that the City intends to exercise. As of December 31, 2023, the balance on the loan is \$338,887.

The City entered into a private placement loan agreement for the purchase of a street sweeper in March 2023. The private placement note is a 7-year lease with a purchase option that the City intends to exercise. As of December 31, 2023, the balance on the loan is \$314,136.

Annual debt service requirements to maturity for the Governmental Activities private placement loans and notes are as follows:

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Governmental Activities

Loans from Direct Borrowing

	Principal	Interest	Total Requirements
2024	\$ 357,021	\$ 34,092	\$ 391,112
2025	112,350	28,762	141,112
2026	117,975	23,137	141,113
2027	123,914	17,199	141,112
2028	130,184	10,928	141,113
2029-2033	61,580	4,304	-
	<u>\$ 903,023</u>	<u>\$ 118,423</u>	<u>\$ 955,562</u>

Private Placement Loans and Notes – Business-type Activities

The City receives private placement loans to finance capital projects in the business-type activity funds. Loans and notes outstanding for Business-type Activities at year-end are as follows:

Name of Issuance	Original Issue Amounts	Purpose	Issuance Date	Maturity Date	Interest Rate	Debt Outstanding
<i>Business-Type Activities</i>						
		DT Stormwater				
PR20-96103-012	up to \$359,000	Enhancements	10/29/2019	6/1/2039	0.79%	\$ <u>246,770</u>
<i>Total Business Type Direct Borrowing Loans and Notes</i>						

The City entered into a private placement loan agreement, PR20-96103-012, to fund preconstruction activities in the Stormwater Fund. The loan is considered direct governmental borrowing. The contract was signed on October 10, 2019, for an amount up to \$359,000. The initial term was for a 5-year loan but was converted to a 20-year loan. It will bear interest at 1.58%. As of December 31, 2023, the balance on the loan is \$246,770.

Annual debt service requirements to maturity for the Business-type Activities private placement loans and notes are as follows:

Business Type Activities

Loans from Direct Borrowing

	Principal	Interest	Total Requirements
2024	\$ 15,423	\$ 3,899	\$ 19,322
2025	15,423	3,655	19,078
2026	15,423	3,411	18,834
2027	15,423	3,168	18,591
2028	15,423	2,924	18,347
2029-2033	77,115	10,966	88,081
	<u>\$ 246,770</u>	<u>\$ 33,141</u>	<u>\$ 279,911</u>

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Compensated Absences

Accumulated amounts of vacation leave are accrued as expenses when incurred in the government-wide and proprietary fund financial statements. At December 31, 2023, the recorded liability for sick and vacation time amounted to \$566,524 with \$467,369 recorded in governmental activities and \$99,155 recorded in business-type activities. See Note 1.D.10 for more discussion.

Arbitrage

The Tax Reform Act of 1986 requires the City to rebate the earnings on the investment of bond proceeds, in excess of their yield, to the federal government. Because positive arbitrage can be offset against negative arbitrage, the rebated amount fluctuates each year and may or may not be owed at the payment intervals. The City has no arbitrage liability at this time.

CHANGES IN LONG-TERM LIABILITIES

The following is a summary of the changes to the long-term debt obligations for the City during the year:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds Payable					
General Obligation Bonds	\$ 14,790,000	\$ -	\$ 505,000	\$ 14,285,000	\$ 525,000
Direct Placement Bonds	3,900,000	-	259,000	3,641,000	265,000
Issuance Premiums	753,667	-	37,107	716,560	37,107
Total GO Bonds Payable	19,443,667	-	801,107	18,642,560	827,107
Private Placement Loans	899,801	377,965	374,743	903,023	357,021
Leases	1,082,268	2,373,060	480,934	2,974,394	418,935
SBITAs*	359,336	192,528	120,976	430,888	130,537
Compensated Absences	371,260	96,109		467,369	210,316
Net Pension Liability	509,046	-	60,555	448,491	-
Pollution Remediation Obligation	5,211	230,000	349	234,862	-
Total Governmental Activity Long-Term Liabilities	<u>\$ 22,670,589</u>	<u>\$ 3,269,662</u>	<u>\$ 1,838,664</u>	<u>\$ 24,101,587</u>	<u>\$ 1,943,916</u>
Business-type activities					
Government Loans	\$ 262,193	\$ -	\$ 15,423	\$ 246,770	\$ 15,423
Leases	38,440	-	455	37,985	471
SBITAs*	57,099	12,652	15,849	53,902	15,951
Asset Retirement Obligation	539,505	18,883	-	558,388	-
Net Pension Liability	130,217	-	13,504	116,713	-
Compensated Absences	97,236	1,919	-	99,155	34,031
Total Business-Type Activity Long-Term Liabilities	<u>\$ 1,124,690</u>	<u>\$ 33,454</u>	<u>\$ 45,231</u>	<u>\$ 1,112,913</u>	<u>\$ 65,876</u>

*Change in beginning balance due to implementation of GASB 96, SBITAs

For governmental activities, compensated absences are generally liquidated by operating funds, such as the General Fund. The pension liability is generally liquidated by the General Fund and Street Fund.

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NOTE 10. CONTINGENCIES AND LITIGATION

Litigation

The City of Ridgefield has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved but where, based on available information, management believes it is probable that the City will have to make payment. In the opinion of management, the City of Ridgefield's insurance policies are adequate to pay all known or pending claims, and at this time, there are no outstanding claims against the City.

The City participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. City management believes that if such disallowances occurred, it would be immaterial.

NOTE 11. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Loans between funds are classified as interfund loans receivable or payable or as advances to and from other funds and are shown in the Governmental Funds Balance Sheet and Proprietary Funds Statement of Net Position. Within the City, one fund may borrow from another when specifically authorized by council resolution or ordinance. No interfund receivables or payables existed at year end.

Interfund transfers are the flow of assets without a reciprocal return of assets, goods or services. These are transfers to support other funds without a requirement for repayment. The interfund transfer activity for the year is as follows:

Transfer From:	Transfer To:			
	Capital Project Fund	Non Major Governmental Funds	Storm Utility	Total Transfer Out
General Fund	\$ 244,836	\$ 733,333	\$ 203,600	\$ 1,181,769
Real Estate Excise Tax Fund	537,358	1,408,994	65,000	2,011,352
Nonmajor Govt Funds	4,891,522	-	-	4,891,522
Total Transfer In	<u>\$ 5,673,716</u>	<u>\$ 2,142,327</u>	<u>\$ 268,600</u>	<u>\$ 8,084,643</u>

General Fund transfers into the nonmajor governmental funds were made to support the Street Fund operations. Other transfers occurred to fund capital expenditures paid for by the Real Estate Excise Tax, Transportation Impact Fee and Park Impact Fee funds. There was a non-cash transfer of capital assets from the general fund to proprietary funds presented as a transfer on the government-wide statement of activities.

NOTE 12. LEASES

City as Lessor

On December 31, 2023, the City had one lease receivable in which it is acting as Lessor.

In September 2018, the City entered into a 10-year lease with up to 10 years of extensions. The lease is with a sports league for use of recreational outdoor space. The City is assuming the full extension period will be used. The receivable payments range from \$6,000 annually to \$6,340 at the end of the lease.

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

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
Year Ended December 31, 2023

Lease Receivables			
	Principal	Interest	Total Requirements
2024 \$	3,521	\$ 2,479	\$ 6,000
2025	3,644	2,356	6,000
2026	3,772	2,228	6,000
2027	3,904	2,096	6,000
2028	4,040	1,960	6,000
2029-2033	23,325	7,515	30,840
2034-2037	28,628	3,075	31,703
	<u>\$ 70,834</u>	<u>\$ 21,709</u>	<u>\$ 92,543</u>

City as Lessee

On December 31, 2023, the City has six leases in which it is acting as the Lessee for office equipment, office space and land for which it utilizes for the placement of a water tower. Refer to Note 6, Capital Assets, for additional information related to the Right to Use assets.

Governmental Activities has five leases, three for equipment, one for office space, and one for a police station. The lease information is as follows:

Postage Machine	Ends: April 26, 2028	Period Payments: Monthly
Copiers (2)	Ends: October 20, 2026 and March 26, 2028	Period Payments: Monthly
Office Space	Ends: December 20, 2047	Period Payments: Annual through December 20, 2033. There are no payments from 2033 through the end of the lease.
Police Station	Ends: March 31, 2033	Period Payments: Monthly

Business Activities has one lease for land in which the City has placed a water tower. The lease information is as follows:

Water Tower Land	Ends: February 28, 2062	Period Payments: Annual
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The City's schedule of future payments included in the measurement of the lease payable is as follows:

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
Year Ended December 31, 2023

Leases Payable			
Governmental Activities			
	Principal	Interest	Total Requirements
2024 \$	418,935	\$ 102,688	\$ 521,623
2025	437,803	88,309	526,112
2026	454,460	73,282	527,742
2027	242,667	57,770	300,437
2028	237,464	49,633	287,097
2029-2033	1,183,065	115,851	1,298,916
	<u>\$ 2,974,394</u>	<u>\$ 487,533</u>	<u>\$ 3,461,927</u>

Leases Payable			
Business-type Activities			
	Principal	Interest	Total Requirements
2024 \$	471	\$ 1,329	\$ 1,800
2025	487	1,313	1,800
2026	504	1,296	1,800
2027	522	1,278	1,800
2028	540	1,260	1,800
2029-2033	2,997	6,003	9,000
2034-2038	3,560	5,440	9,000
2039-2043	4,227	4,773	9,000
2044-2048	5,020	3,980	9,000
2049-2053	5,963	3,037	9,000
2054-2058	7,083	1,917	9,000
2059-2062	6,611	589	7,200
	<u>\$ 37,985</u>	<u>\$ 32,215</u>	<u>\$ 70,200</u>

At December 31, 2023, the lease right to use assets and accumulated amortization for Governmental Activities are \$3,798,687 and \$438,848, respectively, presenting \$3,359,839 net. The lease right to use assets and accumulated amortization for Business-Type Activities are \$41,513 and \$4,718, respectively, presenting \$36,795 net. See Note 6 for additional information.

NOTE 13. SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS

At December 31, 2023, the City used its SBITA policy to evaluate financial agreements that are potential SBITAs. At December 31, 2023, the City has 21 governmental SBITA liabilities and 4 business type activity SBITA liabilities for a variety of different administrative and operational software as follows:

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
Year Ended December 31, 2023

SBITAs Payable							
Name of SBITA	Original SBITA Liability	Arrangement Description	Commencement Date	Arrangement End Date	Extensions	Interest Rate	SBITA Liability Outstanding
<i>Governmental Activities</i>							
Accela CRM Platform	\$ 28,606	63 month subscription. Annual fixed payments of \$5,933.04	1/1/2023	4/4/2028	1 extension for 36 months	2.71%	\$ 22,874
ArcGIS Desktop License	5,736	48 month subscription. Annual fixed payments of \$1,547.89	11/17/2023	11/17/2027	3 extensions for 12 months	3.80%	4,312
Asset Essentials Enterprise	22,450	48 month subscription. Annual fixed payment of \$10,873.86 split between Business Type and Governmental activities	1/1/2023	1/1/2027	2 extensions for 12 months	2.70%	17,013
BambooHR	22,363	47 month subscription. Annual fixed payments of \$5,372.25	1/1/2023	2/1/2027	3 extensions for 12 months	2.89%	17,118
BlueBeam SmartGov Connector	5,074	56 month subscription. Annual fixed payments of \$1,369.60	1/1/2023	9/1/2027	3 extensions for 12 months	2.71%	3,896
Bluebeam Studio Prime Level 1 (1-100 Users)	8,483	48 month subscription. Annual fixed payments of \$2,289.22	10/07/2023	10/7/2027	1 extension for 36 months	3.80%	6,377
Buxton Consumer Insight	25,000	24 month subscription. Annual fixed payments of \$25,000	1/1/2023	1/1/2025	1 extension for 12 months	0.00%	25,000
Canto Platform Software	33,138	60 month subscription. Annual semi-annual fixed payemnts of \$3,500	6/14/2023	6/14/2028	1 extension for 36 months	2.47%	26,506
Civic Clerk	23,752	59 month subscription. Annual fixed payments of \$8,935	1/1/2023	2/1/2028	1 extension for 36 months	2.71%	11,525
CivicEngage Central	42,042	48 month subscription. Annual fixed payments of \$5,230.75	1/1/2023	1/1/2027	1 extension for 24 months	2.71%	36,812
Cogran Systems	5,505	52 month subscription. Annual fixed payments of \$1,450	1/1/2023	5/1/2027	1 extension for 36 months	2.89%	4,110
Digital Evidence Storage Software	51,057	72 month subscription. Annual fixed payments of \$8,372	7/13/2023	7/13/2029	1 extension for 36 months	2.90%	42,685
DocuSign Licensing	22,893	62 month subscription. Annual fixed payments of \$5,012.98	01/01/2023	3/1/2028	3 extensions for 12 months	2.71%	18,373
Dual CT4000 - Cloud Software	17,277	108 month subscription. Annual fixed payments of \$2,217.48	1/1/2023	1/1/2032	1 extension for 60 months	2.68%	15,276
Engagement HQ Enterprise - Roundtable	80,541	56 month subscription. Annual fixed payments of \$8,873.63	4/18/2023	12/18/2027	2 extensions for 12 months	2.36%	58,338
Guardian Tracking - PD Employee Performance	13,574	72 month subscription. Annual fixed payments of \$2,452.10	8/31/2023	8/31/2029	1 extension for 36 months	2.90%	11,472
OpenGov Procurement	24,269	52 month subscription. Annual fixed payments of \$6,848.12	1/1/2023	5/1/2027	N/A	2.68%	18,208
PD Video Redaction Software	5,286	27 month subscription. Annual fixed payments of \$2,700	1/1/2023	4/1/2025	1 extension for 12 months	2.89%	2,624
PowerPlus Investigation System	9,591	69 month subscription. Annual fixed payments of \$2,013	1/1/2023	10/1/2028	1 extension for 36 months	2.66%	7,769
Springbrook Software	95,888	52 month subscription. Annual fixed payments of \$32,244.09 split between Business Type and Governmental activities	1/1/2023	5/1/2027	3 extensions for 12 months	2.89%	73,113
Street Saver Software	\$ 9,339	55 month subscription. Annual fixed payments of \$2,000	1/1/2023	6/1/2027	3 extensions for 12 months	2.71%	\$ 7,487
<i>Total Governmental Activities SBITA Liability</i>							<u>\$ 430,888</u>

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
Year Ended December 31, 2023

Name of SBITA	Original SBITA Liability	Arrangement Description	Commencement Date	Arrangement End Date	Extensions	Interest Rate	SBITA Liability Outstanding
<i>Business-Type Activities</i>							
Asset Essentials Enterprise	\$ 22,450	48 month subscription. Annual fixed payment of \$10,873.86 split between Business Type and Governmental activities	1/1/2023	1/1/2027	2 extensions for 12 months	2.71%	\$ 17,013
Sensus Software	10,677	50 month subscription. Annual fixed payments of \$2,864.30	1/1/2023	3/1/2027	3 extensions for 12 months	2.89%	8,118
Springbrook Software	23,972	52 month subscription. Annual fixed payments of \$32,244.09 split between Business Type and Governmental activities	1/1/2023	5/1/2027	3 extensions for 12 months	2.71%	18,278
WIN-911/Interactive License	\$ 12,652	72 month subscription. Annual fixed payments of \$2,345.76	1/8/2023	1/8/2029	1 extension for 36 months	2.66%	10,493
<i>Total Business Type SBITA Liability</i>							\$ 53,902

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

SBITA Liability			
Governmental Activities			
	Principal	Interest	Total Requirements
2024 \$	130,537	\$ 11,080	\$ 141,617
2025	107,772	8,165	115,937
2026	112,120	5,197	117,317
2027	60,419	2,108	62,527
2028	13,729	563	14,292
2029-2031	6,311	341	6,652
\$	430,888	\$ 27,454	\$ 458,342
SBITA Liability			
Business-type Activities			
	Principal	Interest	Total Requirements
2024 \$	15,951	\$ 1,503	\$ 17,454
2025	16,397	1,056	17,453
2026	17,043	597	17,640
2027	2,226	120	2,346
2028	2,285	61	2,346
\$	53,902	\$ 3,337	\$ 57,239

At December 31, 2023, the SBITA right to use assets and accumulated amortization for the Governmental Activities are \$580,340 and \$114,742, respectively, presenting \$465,598 net. The right to use assets and accumulated amortization for the Business-type Activities are \$73,266 and \$16,590, respectively, presenting \$56,676 net. See note 6 for additional information.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
Year Ended December 31, 2023

The implementation of GASB 96, SBITAs, resulted in a change in accounting principle for SBITA's already recorded by the City as intangible assets. This change in accounting principle resulted in an addition of SBITA right to use assets for Governmental Activities at January 1, 2023, of \$385,312 and related SBITA liability of \$359,336. For Business-type Activities the change in accounting principle resulted in the addition of SBTIA right to use assets of \$60,615 and related SBITA liability of \$57,099. See Note 20 for more information.

NOTE 14. POLLUTION REMEDIATION OBLIGATIONS

Park Laundry

The former Park Laundry property is located at 122 N. Main Avenue in Ridgefield, Washington. The State of Washington Department of Ecology (Ecology) has assigned Cleanup Site ID No. 4099 to the site.

In 2008 Ecology notified the then current owner that they had been determined to be a Potentially Liable Person (PLP) under the Model Toxics Control Act (MTCA). In July 2019, under an agreed order with Ecology (AO No. DE 6829), the owner of the property produced a Remedial Investigation and Feasibility Study, which documented the nature and extent of the soil and groundwater contamination at the Park Laundry site. The results indicated that contaminants exist at the site that are above applicable standards as set forth in the MTCA Cleanup Regulation, WAC 173-340. Ecology has assigned the site an overall hazard assessment ranking of three out of five (one represents the highest level of risk and five the lowest) pursuant to MTCA. Ecology has chosen a final cleanup action to be implemented at the site as documented in the Cleanup Action Plan (CAP).

Efforts by Ecology to work with the prior owner of the property stalled, as the prior owner indicated that their funds were insufficient to complete the necessary remediation work. The City committed to condemn the property for cleanup purposes and applied for funding from the State to assist with the cost of remediation.

In September of 2023 the City and Ecology entered a Consent Degree, which became effective upon the City taking ownership of the Property on December 28, 2023. This Decree contains a program designed to protect human health and the environment from the known release, or threatened release, of hazardous substances or contaminants at, on, or from the Park Laundry site. The City shall implement the CAP designed by Ecology, which will require the City to dewater and capture water from the area planned for soil excavation, excavate volatile organic compound impacted soil on the site and parcels to the north and south, treat source area groundwater in-situ through focused injections of bioremediation enhancement substrate, treat or dispose of captured water and excavated soil, monitor groundwater, and implement institutional controls.

A budget for cleanup and monitoring costs has been prepared by the City's environmental engineer. This budget is the basis for the estimates for the year ending December 31, 2023, in the amount of \$2,300,000. This is measured at current value based on expected outlays associated with the Ecology approved remedy, prepared using the Expected Cash Flow technique, which measures the liability as the sum of probability weighted amounts in a range of possible estimated amounts. Cleanup is anticipated to be completed by the end of 2025, followed by three years of monitoring. This is an estimate only and the potential for change exists resulting from price increases or reductions, technology or changes in applicable law or regulations. The estimates and assumptions will be re-evaluated on an annual basis.

For the most recent grant/loan agreements, the State has committed to contributing 90%. The State's total contributive share is not yet realized or realizable. Therefore, the liability recognized on the Statement of Net Position is reduced by the expected recoveries:

		<u>12/31/2023</u>
Total Remediation Expected Obligation	\$	2,300,000
Estimated Recoveries from State of Washington		<u>2,070,000</u>
City of Ridgefield's Remediation Obligation	\$	<u><u>230,000</u></u>

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
Year Ended December 31, 2023

The total expected outlays are \$2,300,000. Estimated recoveries by the City are \$2,070,000 leaving the remaining remediation obligation of \$230,000 to be paid by the City.

Port of Ridgefield

The remediation of the Lake River (Pacific Wood Treating or PWT) site within the Port District of Ridgefield, Washington is required by the United States Environmental Protection Agency (EPA) pursuant to its authority under the Resource Conservation and Recovery Act of 1976. The EPA transferred oversight of the cleanup to the State Department of Ecology under the Model Toxics Control Act, Ch 70.105D RCW. The Port is one of several parties named or considered a potentially responsible party.

A budget for cleanup costs has been prepared by the Port's environmental engineer. This budget is the basis for the estimates for the year ending December 31, 2023, in the amount of \$3,241,300. This is measured at current value.

On November 5, 2013, Consent Decree Number 13-2-03830-1 (Consent Decree) was filed in Clark County, Washington. The Consent Decree is an agreement between the Port and Ecology as to what actions it will take to complete remedial activities at the site. The remedial activities included dredging sediments in Lake River and Carty Lake and capping the Port's Railroad Avenue property. The Port's Railroad Avenue property was capped in 2013.

The Port started the dredging work in Lake River and Carty Lake in 2014 and completed the work in 2015. There is ongoing monitoring and reporting associated with this work and these ongoing costs have been included in the December 31, 2022, estimate.

On December 8, 2014, the Port entered into Agreed Order DE 11057 (Agreed Order) with Ecology. The Agreed Order required the Port to sample properties adjacent to the Lake River Site for wood treating chemicals associated with the former PWT operations. This is considered the "Off-Property" portion of the PWT site. The Agreed Order required the Port to complete a remedial investigation and feasibility study (RI/FS) for the Off-Property Portion. Investigation work was completed in 2015. Elevated concentrations of constituents associated with wood treating chemicals were discovered. Ecology determined that remediation of properties adjacent to the Lake River Site was necessary. The Port and Ecology determined that 29 properties required remediation. In 2016, twenty properties were remediated. The remaining nine properties were remediated in 2017.

In 2016, Ecology determined that the full extent of Off-Property impacts had not been fully characterized. The sampling area was initially expanded to the east and north, and sampling was completed in this "Phase 2" area in 2017. Based on the Phase 2 results, further characterization in a "Phase 3" area (north of Maple Street) was required. Sampling was completed in 2020 and a final RI/FS was submitted in 2021 and draft CAP were submitted to Ecology in 2020. Included in the December 31, 2022, estimate is a range of probable remediation costs for cleaning up the additional properties in the expanded (Phase 2 and 3) sampling areas. Variability in the estimate is associated with the fact that the cost estimates are based on the FS that has not yet been approved by Ecology. The range of estimates was determined by applying contingency factors between zero to 30 percent to the draft FS cost estimate.

Groundwater, sediment, and upland cap monitoring costs have very little variability. The Port was required to complete groundwater monitoring in 2016, in 2018, in 2020, in 2021, and is required to conduct monitoring again in 2023 and 2024. If groundwater conditions remain the same in 2021, the Port will advocate for a reduced groundwater monitoring sampling frequency starting in 2024. Costs for ongoing groundwater monitoring have been included in the December 31, 2021, estimate. Costs for required Carty Lake (in 2024) and Lake River (in 2025) sediment monitoring are included, as well as costs for the required yearly LRIS upland cap monitoring.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
Year Ended December 31, 2023

This estimated liability was prepared using the Expected Cash Flow Technique, which measures the liability as the sum of probability weighted amounts in a range of possible estimated amounts. This is an estimate only and the potential for change exists resulting from price increases or reductions, technology or changes in applicable laws or regulations. The estimates and assumptions will be re-evaluated on an annual basis.

The State of Washington is considered a potentially responsible party (PRP) under GASB 49. The State entered into binding agreements with Pacific Wood Treating Company (former tenant) that allowed or permitted release of runoff water onto state owned property. Through December 2010, the State has contributed 65% of the total cleanup costs. The State contributed 90% for the 2011 and 2012 grant/loan agreements. For the most recent grant/loan agreements, the State has committed to contribute 97%. The State's total contributive share is not yet realized or realizable. Therefore, the liability recognized on the Statement of Net Position is reduced by the expected recoveries.

The total expected outlays are \$3,241,300. Estimated recoveries by the Port of Ridgefield are \$3,144,061 leaving the remaining remediation obligation of \$97,239 to be shared by the City and Port.

The City and Port are negotiating a cost sharing agreement to cover the remaining remediation obligation. The City is expecting to share in the costs incurred by the Port to monitor groundwater as required in the Consent Decree. Using the proportion of property once or currently owned by the City covered by the Consent Decree the City expects its responsibility to be less than five percent (5%) of the remaining remediation obligation. As a result, the City has reported \$4,862 as a long term liability related to its pollution remediation obligations. As required by GASB 49, this amount will be remeasured when new information indicates changes in estimated outlays, for example, when the cost sharing agreement is finalized.

NOTE 15. UNEARNED REVENUE – IMPACT FEE CREDITS

Impact Fee Credits

The City of Ridgefield adopted an impact fee ordinance to ensure that adequate facilities are available to serve new growth and development. An impact fee is charged at the issuance of a building permit. In addition, the developer may be entitled to a non-refundable "credit" against the applicable impact fee component for the fair market value of appropriate dedications of land, improvements or new construction of system improvements provided by the developer. In the event that the amount of the "credit" calculated is greater than the amount of the impact fee due, the developer is entitled to request issuance of impact fee credits for the calculated difference. These credits are recorded as a governmental activity in the Government-wide Financial Statements.

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
Year Ended December 31, 2023

Water system development charge credits are recorded as a business type activity. 2023 Impact fee credits and system development charge credit activity is as follows:

Impact Fee/Development Charge Credits	Beginning Balance	Additions	Applied	Ending Balance
Traffic Impact Fees	\$ 3,394,273	\$ 430,815	\$ 882,101	\$ 2,942,987
Park Impact Fees	479,178	1,223,155	553,313	1,149,020
	<u>3,873,451</u>	<u>1,653,970</u>	<u>1,435,414</u>	<u>4,092,007</u>
Water System Development Charges	\$ 154,219	\$ 243,378	\$ 177,610	\$ 219,987
	<u>154,219</u>	<u>243,378</u>	<u>177,610</u>	<u>219,987</u>
Total Impact Fee Credits	\$ <u>4,027,670</u>	\$ <u>1,897,348</u>	\$ <u>1,613,024</u>	\$ <u>4,311,994</u>

NOTE 16. JOINTLY GOVERNED ORGANIZATIONS AND RELATED PARTY

Emergency Services- CRESA

In 1975, Clark Regional Emergency Services Agency (CRESA) was created under the Interlocal Cooperation Act (RCW 39.4) by agreement between the City and other governmental units and political districts. Its purpose was to provide a consolidated public safety communications service to participating cities, political districts, and Clark County.

Detailed financial statements for this entity can be obtained from CRESA, 710 W. 13th Street, Vancouver, Washington 98660.

Wastewater Transmission/Treatment - Discovery Clean Water Alliance (Alliance)

On September 27, 2012, Clark County, Clark Regional Wastewater District and the Cities of Battle Ground and Ridgefield (City) created a new regional utility entity, the Alliance, under the empowerment of RCW 39.106 – the Joint Municipal Utility Services Act (JMUSA). The Alliance is governed by a four-member board, one elected official from each entity, and was established to provide wastewater transmission/treatment services to the citizenry of the respective participating members.

The City Sewer Utility assets were transferred to the Alliance on January 1, 2015. The City and the Alliance signed an operator agreement where the City continued to operate the Wastewater Treatment Plant. During 2018, the City transferred the operations of the wastewater treatment plant to Discovery Clean Water Alliance (the Alliance) and at the end of fiscal year 2018, the City no longer had an operating contract with the Alliance.

More information about the Alliance can be found on their website at <http://discoverycwa.org/>.

NOTE 17. ASSET RETIREMENT OBLIGATION

An Asset Retirement Obligation (ARO) is a legally enforceable liability associated with the retirement of a tangible capital asset that has a substantial cost to a government. An ARO is recognized when the liability is incurred and reasonably estimable. Incurrence of a liability requires both an internal obligating event and an external obligating event resulting from normal operations. An internal obligating event includes acquiring or placing a capital asset into operation. An external obligating event requires federal, state, or local laws or regulations, a binding contract, or issuance of a court judgement requiring specific actions to retire an asset.

The City owns, operates, and maintains six wells with an average useful life remaining of 40 years. Currently, the City does not foresee decommissioning into the foreseeable future. However, in the unlikely event that the City were to decommission these wells there are specific decommissioning requirements within the Washington Administrative code (WAC) 173-160-381. The City is also responsible for the

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
Year Ended December 31, 2023

decommissioning cost of a reservoir. The reservoir has a remaining life of 39 years. The reservoir is located on land owned by the Ridgefield School District. Per agreement the City would be responsible for decommissioning the reservoir and returning the land to its previous condition, if the reservoir is no longer in use, or the school district declines to extend the lease at the end of the term.

The City obtained engineer estimates to support these potential decommissioning costs and presents a liability at December 31, 2023, of \$558,388 and a Deferred Outflow of \$354,772. Per GASB requirements, the estimates are analyzed for factors that may lead to significant changes in the estimated outlays and adjusted annually for the effects of general inflation or deflation based on changes in the west region consumer price index. An inflationary adjustment to the engineer's estimate of \$18,883 was included in 2023 to the estimated decommissioning costs. There is \$8,281 of annual amortization expense. The obligation will be paid from operating income; no assets have been set aside to fund this obligation.

NOTE 18. OTHER DISCLOSURES

Tax Abatement Programs

High Unemployment County Sales & Use Tax Deferral for Manufacturing Facilities

The State of Washington administers this tax deferral program under Washington State RCW 82.60. The purpose of the program is to promote economic stimulation, create new employment opportunities in distressed areas, and reduce poverty in certain distressed counties in the state. During the year ended December 31, 2023, the state issued tax deferrals which reduced the City's revenue under the program. However, the State and therefore the City, is legally prohibited from disclosing taxpayer information for less than three taxpayers related to this program per RCW 82.32.330 (Disclosure of return or tax information).

Subsequent Events

The City has evaluated events subsequent to the fiscal year-end December 31, 2023, and has identified the following events:

- The City is in the process of acquiring an estimated \$30 million bond for the Pioneer Widening project. These funds will be used to complete construction of road improvements from S 56th Way to Royle Road to widen Pioneer Street and construct a new roundabout.
- The City is in negotiations to purchase two parcels of land for \$1.14 million and \$185 thousand dollars.

Federal Financial Assistance

The City recorded the following federal grant expenditures for 2023:

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
Year Ended December 31, 2023

City of Ridgefield
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
CDBG - Entitlement Grants Cluster								
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Clark Countv Community Services)	Community Development Block Grants/Entitlement Grants	14.218	#2020-CDBG- 2003	36,282	-	36,282	-	1, 2, 3
Total CDBG - Entitlement Grants Cluster:				36,282	-	36,282	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607		-	1,329	1,329	-	1, 2, 3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	FLAP-1085(008) LA10411	4,815	-	4,815	-	1, 2, 3
Highway Safety Cluster								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Association of Sheriffs & Police Chiefs)	State and Community Highway Safety	20.600	#2023-HVE- 4688-Region 6 Target Zero Task Force	1,696	-	1,696	-	1, 2, 3
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Association of Sheriffs & Police Chiefs)	State and Community Highway Safety	20.600	#2023-HVE- 4688-Region 6 Target Zero Task Force	1,413	-	1,413	-	1, 2, 3
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Association of Sheriffs & Police Chiefs)	State and Community Highway Safety	20.600	#2023-HVE- 4688-Region 6 Target Zero Task Force	588	-	588	-	1, 2, 3
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Association of Sheriffs & Police Chiefs)	State and Community Highway Safety	20.600	#2023-HVE- 4688-Region 6 Target Zero Task Force	3,052	-	3,052	-	1, 2, 3
Total Highway Safety Cluster:				6,749	-	6,749	-	
OFFICE OF THE SECRETARY, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	National Infrastructure Investments	20.933	BUILD- 1085(007) LA10425	4,912,742	-	4,912,742	-	1, 2, 3
Total Federal Awards Expended:				4,960,588	1,329	4,961,917	-	

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the City of Ridgefield's financial statements. The City uses the accrual basis of accounting.

NOTE 2 – INDIRECT COST RATE

The City of Ridgefield has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the City of Ridgefield's portion, are more than shown. Such

CITY OF RIDGEFIELD, WASHINGTON
Notes to Financial Statements
Year Ended December 31, 2023

expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 19. PRIOR PERIOD ADJUSTMENTS

The City of Ridgefield has experienced rapid growth in recent years, resulting in more donated intangible assets in the form of easements and dedicated parks. In the year ended December 31, 2023, the City recognized a prior period adjustment of \$305,553 for these donated capital assets that were received in fiscal year 2022. The prior period adjustments are categorized as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>
Capital assets, being depreciated/depleted:			
Infrastructure	\$ 209,474	\$ 96,079	\$ 305,553
	<u>\$ 209,474</u>	<u>\$ 96,079</u>	<u>\$ 305,553</u>

The Proprietary Fund statements prior period adjustments are classified between the Water Fund and Storm Water Fund as \$31,769 and \$64,310, respectively.

NOTE 20. ACCOUNTING AND REPORTING CHANGES

At January 1, 2023, the City implemented the following GASB Statements:

GASB 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. This statement requires recognition of certain subscription assets and liabilities for arrangements that previously were classified as operating expense and recognized as outflows of resources based on the payment provisions of the contract. It establishes a single model for SBITA accounting based on the foundational principle that SBITAs are financings of the rights to use an underlying information technology software asset.

As a result of implementing this GASB, the City has recorded in Governmental Funds the intangible, right to use, SBITA asset of \$580,340 and SBITA liability of \$551,864, with respective accumulated amortization and reduction of SBITA liability in fiscal year 2023 of \$114,742 and \$120,976. In addition, \$4,049 was recorded as interest expense reflected within the Statement of Revenues, Expenditures, and Changes in Fund Balances.

On the Business-type activities side the implementation of GASB 96 resulted in the City recording the intangible, right to use, SBTIA asset of \$73,267 and SBITA liability of \$69,751, with respective accumulated amortization and reduction of SBITA liability in fiscal year 2023 of \$16,590 and \$15,849. In addition, \$1,573 was recorded as interest expense reflected within the Statement of Revenues, Expenses, and Changes in Fund Net Position.

The Governmental Funds SBITA asset and liability recognized at 1/1/2023 were \$385,312 and \$359,336, respectively. The Business-type activities SBITA asset and liability recognized at 1/1/2023 were \$60,615 and \$57,099, respectively. The difference between the SBITA asset and SBITA liability for both Governmental Fund and Business-type activities is due to software costs prior to SBITA implementation which were already recorded as intangible assets in accordance with City capitalization policy. After implementation of SBITA these intangible assets were removed and added back under SBITA guidance. This change was recognized as a change in accounting principle of \$25,976 for Governmental Funds and \$3,516 under Business-type activities, split evenly between Storm Water and Water fund.

CITY OF RIDGEFIELD, WASHINGTON
Required Supplementary Information
Year Ended December 31, 2023

Schedule of Proportionate Share of the Net Pension Liability

PERS 1

As of June 30

Last Ten 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 (asset)
2023	0.024760%	\$ 565,204	\$ 4,432,366	12.75%	80.16%
2022	0.022959%	639,263	3,706,583	17.25%	76.56%
2021	0.021171%	258,547	3,267,081	7.91%	88.74%
2020	0.019803%	699,153	3,027,774	23.09%	68.64%
2019	0.018321%	704,507	2,569,878	27.41%	67.12%
2018	0.017876%	798,348	2,390,444	33.40%	63.22%
2017	0.017029%	808,039	2,167,600	37.28%	61.24%
2016	0.016141%	866,848	1,868,774	46.39%	57.03%
2015	0.014371%	751,737	1,647,024	45.64%	59.10%
2014	0.013762%	693,267	1,434,478	48.33%	61.19%

Schedule of Proportionate Share of the Net Pension Liability

PERS 2/3

As of June 30

Last Ten 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 (asset)
2023	0.031930%	\$ (1,308,709)	\$ 4,432,366	-29.53%	107.02%
2022	0.029948%	(1,110,706)	3,706,583	-29.97%	106.73%
2021	0.027196%	(2,709,159)	3,267,081	-82.92%	120.29%
2020	0.025802%	329,993	3,027,774	10.90%	97.22%
2019	0.023655%	229,770	2,569,878	8.94%	97.77%
2018	0.022947%	391,800	2,390,444	16.39%	95.77%
2017	0.021904%	761,059	2,167,600	35.11%	90.97%
2016	0.020658%	1,040,114	1,868,774	55.66%	85.82%
2015	0.018560%	663,159	1,647,024	40.26%	89.20%
2014	0.015702%	317,394	1,355,562	23.41%	93.29%

CITY OF RIDGEFIELD, WASHINGTON
Required Supplementary Information
Year Ended December 31, 2023

<p style="text-align: center;">City of Ridgefield Schedule of Proportionate Share of the Net Pension Liability LEOFF 2 As of June 30 Last Ten Fiscal Years</p>							
Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	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 (asset)
2023	0.034981%	\$ (839,054)	\$ (535,811)	\$ (1,374,865)	\$ 1,553,857	-54.00%	113.17%
2022	0.034698%	(942,987)	(610,846)	(1,553,833)	1,340,911	-70.32%	116.09%
2021	0.029789%	(1,730,268)	(1,061,116)	(2,791,384)	1,166,121	-148.38%	142.00%
2020	0.024206%	(493,768)	(315,727)	(809,495)	919,456	-53.70%	115.83%
2019	0.025205%	(583,923)	(382,391)	(966,314)	887,437	-65.80%	119.43%
2018	0.024029%	(487,841)	(315,868)	(803,709)	798,613	-61.09%	118.50%
2017	0.021843%	(303,110)	(196,622)	(499,732)	689,628	-43.95%	113.36%
2016	0.018625%	(108,328)	(70,622)	(178,950)	554,005	-19.55%	106.04%
2015	0.016106%	(165,537)	(109,453)	(274,990)	467,365	-35.42%	111.67%
2014	0.014435%	(191,559)	(125,159)	(316,718)	401,594	-47.70%	116.75%

<p style="text-align: center;">Schedule of Employer Contributions PERS 1 As of December 31 Last Ten Fiscal Years</p>					
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
2023	\$ 166,402	\$ (166,402)		4,936,329	3.37%
2022	154,000	(154,000)	-	4,097,959	3.76%
2021	148,985	(148,985)	-	3,483,186	4.28%
2020	151,012	(151,012)	-	3,147,945	4.80%
2019	135,977	(135,977)	-	2,754,859	4.94%
2018	125,197	(125,197)	-	2,472,398	5.06%
2017	113,990	(113,990)	-	2,325,555	4.90%
2016	93,017	(93,017)	-	1,950,033	4.77%
2015	80,460	(80,460)	-	1,812,174	4.44%
2014	64,907	(64,907)	-	2,227,135	2.91%

CITY OF RIDGEFIELD, WASHINGTON
Required Supplementary Information
Year Ended December 31, 2023

Schedule of Employer Contributions
PERS 2/3
As of December 31
Last Ten 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
2023	\$ 313,951	\$ (313,951)	-	\$ 4,936,329	6.36%
2022	260,632	(260,632)	-	4,097,959	6.36%
2021	248,104	(248,104)	-	3,483,186	7.12%
2020	249,335	(249,335)	-	3,147,945	7.92%
2019	212,942	(212,942)	-	2,754,859	7.73%
2018	185,432	(185,432)	-	2,472,398	7.50%
2017	159,716	(159,716)	-	2,325,555	6.87%
2016	121,486	(121,486)	-	1,950,033	6.23%
2015	103,283	(103,283)	-	1,812,174	5.70%
2014	77,946	(77,946)	-	2,205,719	3.53%

Schedule of Employer Contributions
LEOFF 2
As of December 31
Last Ten 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
2023	\$ 84,188	\$ (84,188)	\$ -	\$ 1,644,539	5.12%
2022	77,731	(77,731)	-	1,518,192	5.12%
2021	66,137	(66,137)	-	1,288,099	5.13%
2020	52,595	(52,595)	-	1,021,255	5.15%
2019	46,038	(46,038)	-	885,369	5.20%
2018	45,343	(45,343)	-	863,756	5.25%
2017	38,589	(38,589)	-	748,914	5.15%
2016	30,431	(30,431)	-	602,589	5.05%
2015	24,661	(24,661)	-	471,525	5.23%
2014	25,356	(25,356)	-	484,795	5.23%

CITY OF RIDGEFIELD, WASHINGTON
Required Supplementary Information
Year Ended December 31, 2023

Notes to Required Supplemental Information - Pension

As of December 31
Last Ten 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.

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

Note 2: Significant Factors

There were no changes of benefit terms, significant changes in the employees covered under the benefit terms or in the use of different assumptions.

Note 3: Covered payroll

Covered payroll has been presented in accordance with GASB 82, *Pension Issues*. Covered payroll includes all payroll on which a contribution is based.

Note 4: Contribution rates

Rates in effect during the periods covered by the Required Supplemental Information are below:

PERS 1

<u>From this</u>	<u>Through</u>	
<u>Date</u>	<u>this Date</u>	<u>Rate</u>
9/1/2013	6/30/2015	9.21%
7/1/2015	6/30/2017	11.18%
7/1/2017	8/31/2018	12.70%
9/1/2018	6/30/2019	12.83%
7/1/2019	8/31/2020	12.86%
9/1/2020	6/30/2021	12.97%
7/1/2021	8/31/2022	10.25%
9/1/2022	6/30/2023	10.39%
7/1/2023	8/31/2023	9.39%
9/1/2023	current	9.53% *

* Employer contribution rate includes an administrative expense rate of 0.20%

CITY OF RIDGEFIELD, WASHINGTON
Required Supplementary Information
Year Ended December 31, 2023

PERS 2/3

<u>From this</u>	<u>Through</u>	
<u>Date</u>	<u>this Date</u>	<u>Rate</u>
9/1/2013	6/30/2015	9.21%
7/1/2015	6/30/2017	11.18%
7/1/2017	8/31/2018	12.70%
9/1/2018	6/30/2019	12.83%
7/1/2019	8/31/2020	12.86%
9/1/2020	6/30/2021	12.97%
7/1/2021	8/31/2022	10.25%
9/1/2022	6/30/2023	10.39%
7/1/2023	8/31/2023	9.39%
9/1/2023	current	9.53% *

* Employer contribution rate includes an administrative expense rate of 0.20%

LEOFF 2

<u>From this</u>	<u>Through</u>	<u>Employer</u>
<u>Date</u>	<u>this Date</u>	<u>Rate</u>
9/1/2013	6/30/2017	5.23%
7/1/2017	6/30/2019	5.43%
7/1/2019	6/30/2021	5.33%
7/1/2021	8/31/2023	5.30%
9/1/2023	current	5.32% *

* Employer contribution rate includes an administrative expense rate of 0.20%

Effective July 1, 2021, LEOFF employers must pay an additional 3.41% to pick up the state contributions on basis salary paid for services rendered to non-LEOFF employers

City of Ridgefield
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Passed through to Subrecipients	
CDBG - Entitlement Grants Cluster							
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Clark County Community Services)	Community Development Block Grants/Entitlement Grants	14.218	#2020-CDBG- 2003	36,282	-	-	1, 2, 3
	Total CDBG - Entitlement Grants Cluster:			36,282	-	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607		-	1,329	-	1, 2, 3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	FLAP-1085 (008) LA10411	4,815	-	-	1, 2, 3
Highway Safety Cluster							
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Association of Sheriff's & Police Chiefs)	State and Community Highway Safety	20.600	#2023-HVE- 4688-Region 6 Target Zero Task Force	1,696	-	-	1, 2, 3
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Association of Sheriff's & Police Chiefs)	State and Community Highway Safety	20.600	#2023-HVE- 4688-Region 6 Target Zero Task Force	1,413	-	-	1, 2, 3

The accompanying notes are an integral part of this schedule.

City of Ridgefield
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

	Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures				Passed through to Subrecipients	Note
					From Pass- Through Awards	From Direct Awards	Total			
	NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Association of Sheriff's & Police Chiefs)	State and Community Highway Safety	20.600	#2023-HVE- 4688-Region 6 Target Zero Task Force	588	-	588		-	1, 2, 3
	NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Association of Sheriff's & Police Chiefs)	State and Community Highway Safety	20.600	#2023-HVE- 4688-Region 6 Target Zero Task Force	3,052	-	3,052		-	1, 2, 3
					6,749	-	6,749		-	
	OFFICE OF THE SECRETARY, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	National Infrastructure Investments	20.933	BUILD-1085 (007) LA10425	4,912,742	-	4,912,742		-	1, 2, 3
					4,960,588	1,329	4,961,917		-	

Total Highway Safety Cluster:

Total Federal Awards Expended:

The accompanying notes are an integral part of this schedule.

City of Ridgefield, Washington

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Note 1 – Basis of Accounting

This Schedule is prepared on the same basis of accounting as the City of Ridgefield's financial statements. The City uses the accrual basis of accounting.

Note 2 – Federal Indirect Cost Rate

The City of Ridgefield has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 – Program Costs

The amounts shown as current year expenditures represent only the federal award portion of the program costs. Entire program costs, including the City of Ridgefield's portion, are more than shown. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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