

Washington State Auditor's Office
Financial Statements Audit Report

City of Stevenson
Skamania County

Audit Period
January 1, 2011 through December 31, 2012

Report No. 1011454

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WASHINGTON
TROY KELLEY
STATE AUDITOR



Washington State Auditor Troy Kelley

March 17, 2014

Mayor and City Council
City of Stevenson
Stevenson, Washington

Report on Financial Statements

Please find attached our report on the City of Stevenson's financial statements.

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

Sincerely,

TROY KELLEY
STATE AUDITOR

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**City of Stevenson
Skamania County
January 1, 2011 through December 31, 2012**

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NOTE 16 – OTHER DISCLOSURES

1. In 2011 and 2012 one single resort business represented more than 26% of the total assessed value for property tax purposes; and, the business is a major customer of the enterprise fund representing 15% of the operating revenue base in 2011 and 18% in 2012. Total retail sales from the resort/conference center represent a significant portion of the City's retail sales and motel/hotel sales tax receipts as well. Due to the national recession tourism industry slowed significantly impacting City revenues. And the customer is exploring "Green Options" that have significantly lowered water and sewer billings.
2. In 2010 the City was the recipient of a CDBG grant for public sewer, water, and street improvements serving a low income housing development. The sewer work was listed as a work in progress (\$90,763). In 2011, the City was able to close the WIP to assets and determined the actual grant portion had not been booked to Contributed Capital (\$79,900). A correction was made.
3. The City implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions during the year ended December 31, 2011. The objective of this statement is to improve the usefulness and understandability of governmental fund balance information. It provides more clearly defined categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. It also clarifies the existing governmental fund type definitions to improve the comparability of governmental fund financial statements and help financial statement users better understand the purposes for which governments have chosen to use particular funds for financial reporting. The City replaced the reserved and unreserved fund balance classifications with non-spendable, restricted, committed, assigned and unassigned within the equity section of the Governmental Funds Balance Sheet.
4. The City implemented GASB Statement 63, *Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during the year ended December 31, 2011. GASB Statement 63 requires that certain transactions that do not qualify for treatment as either assets or liabilities be accounted for as either deferred outflows of resources or deferred inflows of resources (separate subheadings to be added to certain financial statements). The City had no transactions during 2011 or 2012 that were required to be classified as deferred outflows or inflows of resources.

GASB 63 also changed some of the terms used in the financial statements, including redefining "Net Assets" as "Net Position" on the government-wide financial statements.

5. The City normally uses the accrual or modified accrual basis of accounting when recording revenues. However, for the last several decades the City chose to record certain tax and utility revenues on the cash basis as the revenue difference between consecutive reporting periods was considered to be not material to the financial statements. In 2011 it was determined that the differences were material and these revenues should be recorded using the accrual basis. To ease tracking, the City chose to accrue all tax revenues (whether material or not). As a result, December 31, 2011 governmental fund balances were restated by a total of \$97,739.
6. Prior period adjustments of \$4,108 for the year ended December 31, 2011, and (\$3,617) and \$46 for the year ended December 31, 2012, were made the Proprietary Fund *Statement of Revenues, Expenses, and Changes in Fund Net Position* to correct prior year reporting errors.



ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

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