

Washington State Auditor's Office
Financial Statements and Federal Single Audit Report

City of White Salmon
Klickitat County

Audit Period
January 1, 2005 through December 31, 2006

Report No. 74123

Issue Date
March 10, 2008



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

March 10, 2008

Mayor
City of White Salmon
White Salmon, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of White Salmon'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 condition.

In addition to this work, we look at other areas of our audit client's operations for compliance with state laws and regulations. The results of that audit will be included in a separately issued accountability report.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Klickitat County
January 1, 2005 through December 31, 2006**

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Federal Summary

City of White Salmon Klickitat County January 1, 2006 through December 31, 2006

The results of our audit of the City of White Salmon are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

FINANCIAL STATEMENTS

An unqualified opinion was issued on the financial statements.

Internal Control Over Financial Reporting:

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

We issued an unqualified opinion on the City's compliance with requirements applicable to its major federal programs.

We reported findings that are required to be disclosed under OMB Circular A-133.

Identification of Major Programs:

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
12.999	U.S. Army Corps of Engineers
20.205	Highway Planning and Construction

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.

The City did not qualify as a low-risk auditee under OMB Circular A-133.

Schedule of Federal Audit Findings and Questioned Costs

**City of White Salmon
Klickitat County
January 1, 2006 through December 31, 2006**

1. The City of White Salmon's internal controls over federal cash management requirements were inadequate.

CFDA Number and Title:	20.205 Highway Planning and Construction
Federal Award Number:	STTD-0014(051)
Questioned Cost Amount:	\$0
Pass-through Entity:	State Department of Transportation

CFDA Number and Title:	12.999 U.S. Army Corps of Engineers
Federal Award Number:	W66QKZ52061803
Questioned Cost Amount:	\$0
Federal Agency:	U.S. Army Corps of Engineers

Background

Recipients of federal grants are required to establish internal controls to minimize the time elapsing between the receipt of federal funds from the grantor and the payment of those funds to those who provide goods or services. Grant recipients are to limit funding requests to immediate needs.

Description of Condition

The City spent \$439,938 in Highway Planning and Construction funds and \$513,588 in U.S. Army Corps of Engineers funds in 2006. The objective of the Highway Planning and Construction grant and the U.S. Army Corps of Engineers grant is to help the City with the design and construction of a wastewater collection trunk line along State Route 14. This money was paid to the City through the state Department of Transportation and the U.S. Army Corps of Engineers, respectively.

We found the City did not minimize the time elapsing between the date it received grant funds and the date it paid the invoices for grant-related costs as noted below.

For the Highway Planning and Construction program, 16 invoices were paid with federal dollars. We noted six invoices totaling \$33,724 that the City did not pay in a timely manner. Invoices were paid between seven and 55 days after receiving funding. For the Corps of Engineers program, the City requested reimbursement twice for one invoice in the amount of \$6,365. The City held these funds for 54 days.

These federal funds were kept in interest-bearing accounts before being disbursed. Any interest earned in excess of \$100 must be returned to the grantor agency. The City did not track how much interest it had earned.

Cause of Condition

The City's internal controls were not adequate to ensure federal dollars were disbursed in a reasonable amount of time. Furthermore, the City was not fully aware of cash management requirements.

Effect of Condition

The City maintained an excess cash balance and earned interest income that it may not have been entitled to retain.

Recommendation

We recommend the City develop internal controls to ensure federal cash management requirements are met.

City's Response

The City has developed internal control procedures to ensure that federal cash management requirements are met.

Auditor's Remarks

We appreciate the steps the City is taking to resolve this issue. We will review the condition during our next audit.

We thank City officials for the assistance we received during the audit.

Applicable Laws and Regulations

Office of Management and Budget Circular A-102 Common Rule – *Uniform Administrative Requirements for Grant to State and Local Governments*, Section 21.

(a) Scope. This section prescribes the basic standard and the methods under which a Federal agency will make payments to grantees, and grantees will make payments to subgrantees and contractors.

(b) Basic standard. Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205 . . .

(i) Interest earned on advances...grantees and subgrantees shall promptly, but at least quarterly, remit interest earned on advances to the Federal agency. The grantee or subgrantee may keep interest amounts up to \$100 per year for administrative expenses.

Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Section 300, states in part:

The auditee shall:

(a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award

number and year, name of the Federal agency, and name of the pass-through entity.

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

(c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Schedule of Federal Audit Findings and Questioned Costs

City of White Salmon Klickitat County January 1, 2006 through December 31, 2006

2. **The City of White Salmon did not have internal controls in place to ensure compliance with federal Davis Bacon Act requirements.**

CFDA Number and Title:	20.205 Highway Planning and Construction
Federal Award Number:	STTD-0014(051)
Questioned Cost Amount:	\$0
Pass-through Entity:	State Department of Transportation

CFDA Number and Title:	12.999 U.S. Army Corps of Engineers
Federal Award Number:	W66QKZ52061803
Questioned Cost Amount:	\$0
Federal Agency:	U.S. Army Corps of Engineers

Background

The objective of the Highway Planning and Construction grant and the U.S. Army Corps of Engineers grant is to help the City with design and construction of a wastewater collection line along State Route 14. Recipients of federal grants are required to comply with the federal prevailing wage requirements of the Davis Bacon Act. Further, grant recipients need to obtain and retain certified payroll from the contractor and subcontractors for each week during the project.

Description of Condition

The City spent \$439,938 in Highway Planning and Construction funds and \$513,588 in Army Corps of Engineers funds. This was paid to the City through the state Department of Transportation and the U.S. Army Corps of Engineers, respectively.

During our audit, the City could not provide evidence that all certified payroll documentation for those laborers working on the project was collected from contractors and subcontractors. The City contracted with an engineer to obtain the certified payroll documentation for the project. Certified payroll documentation could not be provided by the City or its' engineer for May, June and July 2006.

Cause of Condition

The City did not have adequate internal controls to ensure certified payroll documentation was obtained and retained to comply with federal Davis Bacon requirements.

Effect of Condition

The City did not provide evidence it reviewed certified payroll to ensure contractors and subcontractors paid employees in accordance with prevailing wage rates.

Recommendation

We recommend the City obtain and retain all certified payroll to comply with federal Davis Bacon Act requirements.

City's Response

The City has developed an internal control policy to obtain and retain certified payroll copies from contractors and subcontractors to ensure compliance with the federal Davis Bacon Act. The new Clerk-Treasurer and Public Works Director will insure that all work is bid at prevailing wages.

Auditor's Remarks

We appreciate the steps the City is taking to resolve this issue. We will review the condition during our next audit.

We thank City officials for the assistance we received during the audit.

Applicable Laws and Regulations

Title 29, Code of Federal Regulations, Section 3.3

(b) Each contractor or subcontractor engaged in the construction, prosecution, completion, or repair of any public building or public work, or building or work financed in whole or in part by loans or grants from the United States, shall furnish each week a statement with respect to the wages paid each of its employees engaged on work covered by this part 3 and part 5 of this chapter during the preceding weekly payroll period. This statement shall be executed by the contractor or subcontractor or by an authorized officer or employee of the contractor or subcontractor who supervises the payment of wages, and shall be on form WH 348, "Statement of Compliance", or on an identical form on the back of WH 347, "Payroll (For Contractors Optional Use)" or on any form with identical wording.

Section 3.4

(a) Each weekly statement required under Sec. 3.3 shall be delivered by the contractor or subcontractor, within seven days after the regular payment date of the payroll period, to a representative of a Federal or State agency in charge at the site of the building or work . . . After such examination and check as may be made, such statement, or a copy thereof, shall be kept available, or shall be transmitted together with a report of any violation, in accordance with applicable procedures prescribed by the United States Department of Labor.

(b) Each contractor or subcontractor shall preserve his weekly payroll records for a period of three years from date of completion of the contract. The payroll records shall set out accurately and completely the name and address of each laborer and mechanic, his correct classification, rate of pay, daily and weekly number of hours worked, deductions made, and actual wages paid

Schedule of Audit Findings and Responses

City of White Salmon Klickitat County January 1, 2005 through December 31, 2006

3. **The City of White Salmon should improve internal controls over their financial statement preparation.**

Background

City management, the state Legislature, state and federal agencies and bondholders rely on the information included in financial statements and reports to make decisions. It is the responsibility of City management to design and follow internal controls that provide reasonable assurance regarding the reliability of financial reporting. Our audit identified significant deficiencies in controls that adversely affect the City's ability to produce reliable financial statements.

Government Auditing Standards prescribed by the Comptroller General of the United States require the auditor to communicate significant deficiencies, as defined below in the Applicable Laws and Regulations section, as a finding.

Description of Condition

We identified the following deficiencies in internal controls over financial reporting that, when taken together, represent a significant deficiency in controls:

- The City Treasurer is responsible for the preparation of the financial statements, notes and related schedules. This preparation is not monitored or reviewed by someone independent of these duties.
- The City Treasurer position was vacant for a period of three months in 2005 and eight months in 2006. During these periods of time, City staff was responsible for performing multiple job duties which prohibited proper monitoring of accounting systems and timely preparation and submission of their financial reporting by the required deadline.
- The City's system of internal controls was not sufficient to allow for continued monitoring or production of timely financial information used for decision-making during this time.

We were unable to identify compensating controls for the weaknesses described above.

Cause of Condition

Due to turnover in staff, the City had difficulty maintaining an adequate level of monitoring over significant systems. With limited experienced and knowledgeable staff, the preparation and review of the financial statements could not be performed timely, while providing financial reporting to Council was not made a priority.

Effect of Condition

Our audit of the financial statements did not identify any material misstatements. Although only immaterial errors were noted during our review of the financial statements, the deficiencies in internal controls make it reasonably possible that more significant misstatements could occur and not be prevented or detected by the City in the future.

In addition, the annual financial report for 2006 was not submitted to the State Auditor's Office by the required deadline of 150 days after the close of the fiscal year as prescribed by state law (May 30, 2007). The City's financial statements were not completed until September 2007.

Also, City Council requested monthly financial information to assist in properly monitoring revenues and expenditures but did not receive them until August of 2006. Without monthly financial information, Council Members can not make informed decisions or monitor to ensure expenditures do not exceed budgeted appropriations. The City's actual expenditures for the current expense fund in 2006 exceeded the approved budget by \$64,698.

Despite these internal control and compliance issues, the City ultimately provided financial statements upon which we issued an unqualified opinion.

Recommendation

We recommend the City establish and follow internal controls that ensure:

- Adequate oversight of significant accounting systems.
- Timely preparation of the financial statements.
- Training is provided to City personnel to ensure they have adequate knowledge in preparing the financial statements.
- An independent review is performed by a knowledgeable person of the prepared financial statements and related schedules to ensure their accuracy.
- Regular monitoring by the Council of revenue and expenditure activity to ensure budgets are not exceeded.

City's Response

The City has developed an internal control policy over the City's financial statement preparation. They have hired a new Clerk-Treasurer with expertise in financial statement preparation. The City has redefined the responsibilities of the financial committee to carefully monitor the financial statement preparation.

Auditor's Remarks

We appreciate the steps the City is taking to resolve this issue. We will review the condition during our next audit.

We thank City officials for the assistance we received during the audit.

Applicable Laws and Regulations

RCW 43.09.200 states:

The state auditor shall formulate, prescribe, and install a system of accounting and reporting for all local governments, which shall be uniform for every public institution, and every public office, and every public account of the same class. The system shall exhibit true accounts and detailed statements of funds collected, received, and expended for account of the public for any purpose whatever, and by all public officers, employees, and other persons.

The accounts shall show the receipt, use, and disposition of all public funds properly, and the income, if any, derived therefrom; all sources of public income, and the amounts due and received from each source; all receipts, vouchers, and

other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction; all statements and reports made or required to be made, for the internal administration of the office to which they pertain; and all reports published or required to be published, for the information of the people regarding any and all details of the financial administration of public affairs.

RCW 43.09.230 states:

The state auditor shall require from every local government financial reports covering the full period of each fiscal year, in accordance with the forms and methods prescribed by the state auditor, which shall be uniform for all accounts of the same class.

Such reports shall be prepared, certified, and filed with the state auditor within one hundred fifty days after the close of each fiscal year.

The reports shall contain accurate statements, in summarized form, of all collections made, or receipts received, by the officers from all sources; all accounts due the public treasury, but not collected; and all expenditures for every purpose, and by what authority authorized; and also: (1) A statement of all costs of ownership and operation, and of all income, of each and every public service industry owned and operated by a local government; (2) a statement of the entire public debt of every local government, to which power has been delegated by the state to create a public debt, showing the purpose for which each item of the debt was created, and the provisions made for the payment thereof; (3) a classified statement of all receipts and expenditures by any public institution; and (4) a statement of all expenditures for labor relations consultants, with the identification of each consultant, compensation, and the terms and conditions of each agreement or arrangement; together with such other information as may be required by the state auditor.

The reports shall be certified as to their correctness by the state auditor, the state auditor's deputies, or other person legally authorized to make such certification.

Their substance shall be published in an annual volume of comparative statistics at the expense of the state as a public document.

Government Auditing Standards, July 2007 Revision, Section 5.11 states in part:

For all financial audits, auditors should report the following deficiencies in internal control:

a. Significant deficiency: a deficiency in internal control, or a combination of deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with GAAP such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.

b. Material weakness: a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with Government Auditing Standards

**City of White Salmon
Klickitat County
January 1, 2005 through December 31, 2006**

Mayor
City of White Salmon
White Salmon, Washington

We have audited the financial statements of the City of White Salmon, Klickitat County, Washington, as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated December 4, 2007.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies involving the internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control over financial reporting. We consider the deficiency described in the accompanying Schedule of Audit Findings and Responses to be a significant deficiency in internal control over financial reporting, and is reported as Finding 3.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control. Our consideration of the internal control over financial

reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

The City's response to the findings identified in our audit is described in the accompanying Schedule of Audit Findings and Responses. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of management, the Council, federal awarding agencies and pass-through entities. 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.



BRIAN SONNTAG, CGFM
STATE AUDITOR

December 4, 2007

Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

**City of White Salmon
Klickitat County
January 1, 2006 through December 31, 2006**

Mayor
City of White Salmon
White Salmon, Washington

COMPLIANCE

We have audited the compliance of the City of White Salmon, Klickitat County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2006. The City's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Federal Audit Findings and Questioned Costs as Findings 1 and 2.

INTERNAL CONTROL OVER COMPLIANCE

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test

and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Federal Audit Findings and Questioned Costs as Findings 1 and 2 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Federal Audit Findings and Questioned Costs, we consider Finding 2 to be a material weakness.

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Federal Audit Findings and Questioned Costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended for the information of management, the Council, federal awarding agencies and pass-through entities. 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.



BRIAN SONNTAG, CGFM
STATE AUDITOR

December 4, 2007

Independent Auditor's Report on Financial Statements

City of White Salmon Klickitat County January 1, 2005 through December 31, 2006

Mayor
City of White Salmon
White Salmon, Washington

We have audited the accompanying financial statements of the City of White Salmon, Klickitat County, Washington, for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.


As described in Note 1 to the financial statements, the City prepares its financial statements on the basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the City of White Salmon, for the years ended December 31, 2006 and 2005, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were performed for the purpose of forming opinions on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedules of Long-Term Debt are also presented for purposes of additional analysis as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information has been

subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

December 4, 2007

Financial Section

**City of White Salmon
Klickitat County
January 1, 2005 through December 31, 2006**

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2006
Fund Resources and Uses Arising from Cash Transactions – 2005
Notes to Financial Statements – 2006
Notes to Financial Statements – 2005

SUPPLEMENTAL INFORMATION

Schedule of Long-Term Debt – 2006
Schedule of Long-Term Debt – 2005
Schedule of Expenditures of Federal Awards – 2006
Notes to the Schedule of Expenditures of Federal Awards – 2006

		FUND NAME AND NUMBER	
		CURRENT EXPENSE FUND - 001	
BARS CODE	DESCRIPTION	BUDGET	ACTUAL
308	BEGIN NET CASH & INVESTMENTS	61,931.00	61,931.38
	REVENUES AND OTHER SOURCES		
310	TAXES	749,654.00	748,138.94
320	LICENSES & PERMITS	27,522.00	95,148.86
330	INTERGOVERNMENTAL	255,307.00	249,826.94
340	CHARGES FOR SERVICES	110,695.00	104,337.95
350	FINES & FORFEITURES	30,969.00	21,537.07
360	MISCELLANEOUS REVENUE	17,396.00	16,867.16
390	OTHER FINANCING SOURCES	9,125.00	2,281.25
	TOTAL REVENUES AND OTHER SOURCES	1,200,668.00	1,238,138.17
	TOTAL RESOURCES	1,262,599.00	1,300,069.55
	OPERATING EXPENDITURES		
510	GENERAL GOVERNMENT	227,348.00	290,733.22
520	SECURITY OF PERS & PROP	697,591.00	748,751.25
530	PHYSICAL ENVIRONMENT	1,235.00	947.5
540	TRANSPORTATION		
550	PLANNING DEPARTMENT	78,214.00	42,698.71
560	MENTAL & PHYSICAL HEALTH		
570	CULTURE & RECREATION	98,051.00	84,006.22
	TOTAL OPERATING EXPENDITURES	1,102,439.00	1,167,136.90
591-593	DEBT SERVICE		
594-596	CAPITAL OUTLAY	35,525.00	44,606.21
	TOTAL EXPENDITURES	1,137,964.00	1,211,743.11
597	OTHER FINANCING USES	114,386.00	72,350.34
	TOTAL EXPENDITURES AND OTHER USES	1,252,350.00	1,284,093.45
	EXCESS (DEFICIT) OF RESOURCES OVER USES	10,249.00	15,976.10
380	NON-REVENUE (EXCEPT 384)	24,743.00	32,378.78
580	NON-EXPENSE (EXCEPT 584)	-32,455.00	-19,423.56
	ENDING NET CASH AND INVESTMENTS	2,537.00	28,931.32

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

FUND NAME AND NUMBER			
STREET FUND - 101			
BARS CODE	DESCRIPTION	BUDGET	ACTUAL
308	BEGIN NET CASH & INVESTMENTS	28,780.00	29,330.73
	REVENUES AND OTHER SOURCES		
310	TAXES		
320	LICENSES & PERMITS		
330	INTERGOVERNMENTAL REVENUE	185,947.00	73,051.40
340	CHARGES FOR SERVICES		
350	FINES & FORFEITURES		
360	MISCELLANEOUS REVENUE	100.00	131.77
390	OTHER FINANCING SOURCES	113,210.00	72,056.34
	TOTAL REVENUES AND OTHER SOURCES	299,257.00	145,239.51
	TOTAL RESOURCES	328,037.00	174,570.24
	OPERATING EXPENDITURES		
510	GENERAL GOVERNMENT		
520	SECURITY OF PERS & PROP		
530	PHYSICAL ENVIRONMENT		
540	TRANSPORTATION	147,423.50	106,725.08
550	PLANNING DEPARTMENT		
560	MENTAL & PHYSICAL HEALTH		
570	CULTURE & RECREATION		
	TOTAL OPERATING EXPENDITURES	147,423.50	106,725.08
591-93	DEBT SERVICE		
594-96	CAPITAL OUTLAY	141,361.00	11,200.25
	TOTAL EXPENDITURES	288,784.50	117,925.33
597-599	OTHER FINANCING USES	20,635.50	18,635.50
	TOTAL EXPENDITURES AND OTHER USES	309,420.00	136,560.83
	EXCESS (DEFICIT) OF RESOURCES OVER USES	18,617.00	38,009.41
	380 NON-REVENUE (EXCEPT 384)	-	-
	580 NON-EXPENSE (EXCEPT 584)	(5,421.00)	-
	ENDING NET CASH AND INVESTMENTS	13,196.00	38,009.41

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

		FUND NAME AND NUMBER	
		WATER FUND - 401	
BARS CODE	DESCRIPTION	BUDGET	ACTUAL
WATER FUND			
308	BEGIN NET CASH & INVESTMENTS	579,565.00	579,565.14
REVENUES AND OTHER SOURCES			
310	TAXES		
320	LICENSES & PERMITS		
330	INTERGOVERNMENTAL REVENUE	-	-
340	CHARGES FOR SERVICES	1,262,200.00	1,154,452.53
360	MISCELLANEOUS REVENUE	21,026.00	54,815.54
390	OTHER FINANCING SOURCES	10,235.00	10,235.00
TOTAL REVENUES AND OTHER SOURCES		1,293,461.00	1,219,503.07
TOTAL RESOURCES		1,873,026.00	1,799,068.21
OPERATING EXPENDITURES			
510	GENERAL GOVERNMENT		
520	SECURITY OF PERSONS & PROPERTY		
530	PHYSICAL ENVIRONMENT	709,182.50	687,276.90
540	TRANSPORTATION		
550	ECONOMIC DEVELOPMENT		
560	MENTAL & PHYSICAL HEALTH		
570	CULTURE & RECREATION		
TOTAL OPERATING EXPENDITURES		709,182.50	687,276.90
591-93	DEBT SERVICE	282,364.00	282,364.51
594-96	CAPITAL OUTLAY	35,671.00	34,490.68
TOTAL EXPENDITURES		1,027,217.50	1,004,132.09
597-599	OTHER FINANCING USES	614,521.50	605,862.50
TOTAL EXPENDITURES AND OTHER USES		1,641,739.00	1,609,994.59
EXCESS (DEFICIT) OF RESOURCES OVER USES		231,287.00	189,073.62
380	NON-REVENUE (EXCEPT 384)	-	-
580	NON-EXPENSE (EXCEPT 584)	-30,732.00	-10,000.00
ENDING NET CASH AND INVESTMENTS		200,555.00	179,073.62

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

		FUND NAME AND NUMBER	
		WASTEWATER COLLECTION FUND - 402	
BARS CODE	DESCRIPTION	BUDGET	ACTUAL
WASTEWATER COLLECTION FUND			
308	EST BEGIN CASH & INVESTMENTS	261,645.00	261,645.02
REVENUES AND OTHER SOURCES			
310	TAXES		
320	LICENSES & PERMITS		
330	INTERGOVERNMENTAL REVENUE	1,353,946.00	953,938.98
340	CHARGES FOR SERVICES	679,882.00	634,768.44
360	TOTAL MISCELLANEOUS REVENUE	13,877.00	28,803.97
390	OTHER FINANCING SOURCES	1,250.00	1,250.00
	TOTAL REVENUES AND OTHER SOURCES	2,048,955.00	1,618,761.39
	TOTAL RESOURCES	2,310,600.00	1,880,406.41
OPERATING EXPENDITURES			
510	GENERAL GOVERNMENT		
520	SECURITY OF PERSONS & PROPERTY		
530	PHYSICAL ENVIRONMENT	369,633.50	290,863.00
540	TRANSPORTATION		
550	ECONOMIC DEVELOPMENT		
560	MENTAL & PHYSICAL HEALTH		
570	CULTURE & RECREATION		
	TOTAL OPERATING EXPENDITURES	369,633.50	290,863.00
591-93	DEBT SERVICE	80,357.00	80,357.00
594-96	CAPITAL OUTLAY	1,372,502.00	955,011.49
	TOTAL EXPENDITURES	1,822,492.50	1,326,231.49
597-599	OTHER FINANCING USES	147,196.50	122,791.79
	TOTAL EXPENDITURES AND OTHER USES	1,969,689.00	1,449,023.28
	EXCESS (DEFICIT) OF RESOURCES OVER USES	340,911.00	431,383.13
	380 NON-REVENUE (EXCEPT 384)	-	-
	580 NON-EXPENSE (EXCEPT 584)	0.00	
	ENDING NET CASH AND INVESTMENTS	340,911.00	431,383.13

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

		FUND NAME AND NUMBER	
		REFUSE COLLECTION FUND - 403	
BARS CODE	DESCRIPTION	BUDGET	ACTUAL
308	EST BEGIN CASH & INVESTMENTS	29,327.00	29,326.88
REVENUES AND OTHER SOURCES			
310	TAXES		
320	LICENSES & PERMITS		
330	INTERGOVERNMENTAL		
340	CHARGES FOR SERVICES	132,000.00	135,933.07
360	MISCELLANEOUS REVENUE	6,766.00	10,283.28
390	OTHER FINANCING SOURCES	26,825.00	26,825.00
TOTAL REVENUES AND OTHER SOURCES		165,591.00	173,041.35
TOTAL RESOURCES		194,918.00	202,368.23
OPERATING EXPENDITURES			
510	GENERAL GOVERNMENT		
520	SECURITY OF PERSONS & PROPERTY		
530	PHYSICAL ENVIRONMENT	170,374.00	134,354.76
540	TRANSPORTATION		
550	ECONOMIC DEVELOPMENT		
560	MENTAL & PHYSICAL HEALTH		
570	CULTURE & RECREATION		
TOTAL OPERATING EXPENDITURES		170,374.00	134,354.76
591-93 DEBT SERVICE			
594-96	CAPITAL OUTLAY	5,285.00	2,447.22
TOTAL EXPENDITURES		175,659.00	136,801.98
597-599	OTHER FINANCING USES	7,665.00	7,665.00
TOTAL EXPENDITURES AND OTHER USES		183,324.00	144,466.98
EXCESS (DEFICIT) OF RESOURCES OVER USES		11,594.00	57,901.25
380 NON-REVENUE (EXCEPT 384)		-	-
580 NON-EXPENSE (EXCEPT 584)		0.00	
ENDING NET CASH AND INVESTMENTS		11,594.00	57,901.25

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

CITY OF WHITE SALMON
 FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2006

DESCRIPTION	FUND NAME AND NUMBER PARK CENTER FUND - 105		FUND NAME AND NUMBER HEALTH INSURANCE SUSPENSE FUND - 106	
	BUDGET	ACTUAL	BUDGET	ACTUAL
BEGINNING NET CASH & INVESTMENTS	16,485.00	16,485.38	-	-
REVENUES AND OTHER FINANCING SOURCES	-	5,781.64	-	-
TOTAL RESOURCES	16,485.00	22,267.02	-	-
EXPEDITURES AND OTHER FINANCING USES	-	-	-	-
EXCESS (DEFICIT) OF RESOURCES OVER USES	16,485.00	22,267.02	-	-
NONREVENUES (EXCEPT 384)	-	-	6,720.00	5,320.00
NONEXPENDITURES 9EXCEPT 584)	-	12,767.43	-	-
ENDING NET CASH AND INVESTMENTS	16,485.00	9,499.59	6,720.00	5,320.00

DESCRIPTION	FUND NAME AND NUMBER LAND ACQUISITION FUND - 107		FUND NAME AND NUMBER MUNICIPAL CAPITAL IMPROVEMENT FUND - 108	
	BUDGET	ACTUAL	BUDGET	ACTUAL
BEGINNING NET CASH & INVESTMENTS	9,000.00	9,000.41	126,551.00	126,551.46
REVENUES AND OTHER FINANCING SOURCES	50.00	26.45	49,477.00	52,803.98
TOTAL RESOURCES	9,050.00	9,026.86	176,028.00	179,355.44
EXPEDITURES AND OTHER FINANCING USES	4,036.00	4,036.20	65,697.00	2,071.53
EXCESS (DEFICIT) OF RESOURCES OVER USES	5,014.00	4,990.66	110,331.00	177,283.91
NONREVENUES (EXCEPT 384)	-	-	-	-
NONEXPENDITURES 9EXCEPT 584)	-	-	-	-
ENDING NET CASH AND INVESTMENTS	5,014.00	4,990.66	110,331.00	177,283.91

DESCRIPTION	FUND NAME AND NUMBER CRIMINAL JUSTICE FUND - 109		FUND NAME AND NUMBER FIRE RESERVE FUND - 110	
	BUDGET	ACTUAL	BUDGET	ACTUAL
BEGINNING NET CASH & INVESTMENTS	12,001.00	11,991.21	52,883.00	53,167.13
REVENUES AND OTHER FINANCING SOURCES	3,374.00	3,779.21	1,245.00	5,270.06
TOTAL RESOURCES	15,375.00	15,770.42	54,128.00	58,437.19
EXPEDITURES AND OTHER FINANCING USES	4,575.00	-	-	-
EXCESS (DEFICIT) OF RESOURCES OVER USES	10,800.00	15,770.42	54,128.00	58,437.19
NONREVENUES (EXCEPT 384)	-	-	-	-
NONEXPENDITURES 9EXCEPT 584)	-	-	-	-
ENDING NET CASH AND INVESTMENTS	10,800.00	15,770.42	54,128.00	58,437.19

DESCRIPTION	FUND NAME AND NUMBER PARK CENTER RESERVE FUND - 111		FUND NAME AND NUMBER GENERAL GOVERNMENT RESERVE FUND - 112	
	BUDGET	ACTUAL	BUDGET	ACTUAL
BEGINNING NET CASH & INVESTMENTS	57,683.00	57,682.56	7,377.00	7,398.38
REVENUES AND OTHER FINANCING SOURCES	-	618.67	261.00	454.71
TOTAL RESOURCES	57,683.00	58,301.23	7,638.00	7,853.09
EXPEDITURES AND OTHER FINANCING USES	-	-	-	-
EXCESS (DEFICIT) OF RESOURCES OVER USES	57,683.00	58,301.23	7,638.00	7,853.09
NONREVENUES (EXCEPT 384)	-	-	-	-
NONEXPENDITURES 9EXCEPT 584)	-	-	-	-
ENDING NET CASH AND INVESTMENTS	57,683.00	58,301.23	7,638.00	7,853.09

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

CITY OF WHITE SALMON
 FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2006

DESCRIPTION	FUND NAME AND NUMBER SWIMMING POOL RESERVE FUND - 113		FUND NAME AND NUMBER ACCRUED LEAVE RESERVE FUND - 114	
	BUDGET	ACTUAL	BUDGET	ACTUAL
BEGINNING NET CASH & INVESTMENTS	1,969.00	1,974.30	11,804.00	12,568.72
REVENUES AND OTHER FINANCING SOURCES	70.00	109.88	3,271.00	2,689.43
TOTAL RESOURCES	2,039.00	2,084.18	15,075.00	15,258.15
EXPEDITURES AND OTHER FINANCING USES	-	-	-	-
EXCESS (DEFICIT) OF RESOURCES OVER USES	2,039.00	2,084.18	15,075.00	15,258.15
NONREVENUES (EXCEPT 384)	-	-	-	-
NONEXPENDITURES 9EXCEPT 584)	-	-	-	-
ENDING NET CASH AND INVESTMENTS	2,039.00	2,084.18	15,075.00	15,258.15

DESCRIPTION	FUND NAME AND NUMBER STREET CAPITAL RESERVE FUND - 115		FUND NAME AND NUMBER UNLIMITED GO BOND FUND - 200	
	BUDGET	ACTUAL	BUDGET	ACTUAL
BEGINNING NET CASH & INVESTMENTS	15,388.00	15,388.44	17,945.00	17,944.59
REVENUES AND OTHER FINANCING SOURCES	18,736.50	19,082.28	78,544.00	78,391.52
TOTAL RESOURCES	34,124.50	34,470.72	96,489.00	96,336.11
EXPEDITURES AND OTHER FINANCING USES	-	-	78,320.00	78,320.00
EXCESS (DEFICIT) OF RESOURCES OVER USES	34,124.50	34,470.72	18,169.00	18,016.11
NONREVENUES (EXCEPT 384)	-	-	-	-
NONEXPENDITURES 9EXCEPT 584)	-	-	-	-
ENDING NET CASH AND INVESTMENTS	34,124.50	34,470.72	18,169.00	18,016.11

DESCRIPTION	FUND NAME AND NUMBER RESERVOIR FUND - 315		FUND NAME AND NUMBER LID #93-1 FUND - 330	
	BUDGET	ACTUAL	BUDGET	ACTUAL
BEGINNING NET CASH & INVESTMENTS	211.00	210.38	1,477.00	1,476.78
REVENUES AND OTHER FINANCING SOURCES	14,171.00	14,179.06	1.00	2.89
TOTAL RESOURCES	14,382.00	14,389.44	1,478.00	1,479.67
EXPEDITURES AND OTHER FINANCING USES	14,171.00	14,171.59	-	-
EXCESS (DEFICIT) OF RESOURCES OVER USES	211.00	217.85	1,478.00	1,479.67
NONREVENUES (EXCEPT 384)	-	-	-	-
NONEXPENDITURES 9EXCEPT 584)	-	-	1,478.00	1,479.67
ENDING NET CASH AND INVESTMENTS	211.00	217.85	-	-

DESCRIPTION	FUND NAME AND NUMBER LID #97-1 FUND - 340		FUND NAME AND NUMBER BOND REDEMPTION FUND - 406	
	BUDGET	ACTUAL	BUDGET	ACTUAL
BEGINNING NET CASH & INVESTMENTS	1,455.00	1,455.31	3,025.00	525.00
REVENUES AND OTHER FINANCING SOURCES	10,247.00	2,184.13	91,290.00	91,290.00
TOTAL RESOURCES	11,702.00	3,639.44	94,315.00	91,815.00
EXPEDITURES AND OTHER FINANCING USES	10,228.00	5,388.04	91,290.00	89,898.00
EXCESS (DEFICIT) OF RESOURCES OVER USES	1,474.00	(1,748.60)	3,025.00	1,917.00
NONREVENUES (EXCEPT 384)	-	-	-	-
NONEXPENDITURES 9EXCEPT 584)	-	-	-	-
ENDING NET CASH AND INVESTMENTS	1,474.00	(1,748.60)	3,025.00	1,917.00

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

CITY OF WHITE SALMON
 FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2006

DESCRIPTION	FUND NAME AND NUMBER BOND RESERVE FUND - 407		FUND NAME AND NUMBER WATER RESERVE FUND - 408	
	BUDGET	ACTUAL	BUDGET	ACTUAL
BEGINNING NET CASH & INVESTMENTS	106,290.00	106,290.00	84,289.00	84,288.83
REVENUES AND OTHER FINANCING SOURCES	-	-	477,372.50	477,372.50
TOTAL RESOURCES	106,290.00	106,290.00	561,661.50	561,661.33
EXPEDITURES AND OTHER FINANCING USES	1,350.00	1,350.00	88,455.00	88,455.00
EXCESS (DEFICIT) OF RESOURCES OVER USES	104,940.00	104,940.00	473,206.50	473,206.33
NONREVENUES (EXCEPT 384)	-	-	-	-
NONEXPENDITURES 9EXCEPT 584)	-	-	-	-
ENDING NET CASH AND INVESTMENTS	104,940.00	104,940.00	473,206.50	473,206.33

DESCRIPTION	FUND NAME AND NUMBER WASTEWATER RESERVE FUND - 409		FUND NAME AND NUMBER REFUSE RESERVE FUND - 410	
	BUDGET	ACTUAL	BUDGET	ACTUAL
BEGINNING NET CASH & INVESTMENTS	376,121.00	376,121.30	188,916.00	162,091.04
REVENUES AND OTHER FINANCING SOURCES	39,553.50	39,553.50	-	-
TOTAL RESOURCES	415,674.50	415,674.80	188,916.00	162,091.04
EXPEDITURES AND OTHER FINANCING USES	-	-	26,825.00	26,825.00
EXCESS (DEFICIT) OF RESOURCES OVER USES	415,674.50	415,674.80	162,091.00	135,266.04
NONREVENUES (EXCEPT 384)	43,732.00	23,000.00	-	-
NONEXPENDITURES 9EXCEPT 584)	-	-	-	-
ENDING NET CASH AND INVESTMENTS	459,406.50	438,674.80	162,091.00	135,266.04

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2005

BARS CODE	DESCRIPTION	001 - CURRENT EXPENSE	
		BUDGET	ACTUAL
	Beginning Net Cash and Investments	\$ 29,700.00	\$ 29,700.00
	<u>Revenues and Other Sources</u>		
310	Taxes	674,677.00	708,332.85
320	Licenses and Permits	84,637.00	89,810.49
330	Intergovernmental	286,148.00	279,913.84
340	Charges for Goods and Services	95,936.00	91,497.37
350	Fines and Forfeitures	34,220.00	29,497.39
360	Miscellaneous	17,512.00	46,279.77
390	Other Financing Sources	-	-
	Total Revenues and Other Sources	<u>1,193,130.00</u>	<u>1,245,331.71</u>
	Total Resources	1,222,830.00	1,275,031.71
	<u>Operating Expenditures</u>		
510	General Government	242,547.00	229,364.25
520	Security of Persons & Property	698,197.00	707,650.48
530	Physical Environment	1,096.00	1,511.32
540	Transportation	-	-
550	Economic Environment	39,348.00	45,305.39
560	Mental & Physical Health	-	-
570	Culture & Recreational	76,665.00	74,999.30
	Total Operating Expenditures	<u>1,057,853.00</u>	<u>1,058,830.74</u>
591-93	Debt Service	-	-
594-96	Capital Outlay	36,338.00	44,921.89
	Total Expenditures	<u>1,094,191.00</u>	<u>1,103,752.63</u>
597-599	Other Financing Uses	120,957.00	95,459.57
	Total Expenditures and Other Uses	<u>1,215,148.00</u>	<u>1,199,212.20</u>
	Excess (Deficit) of Resources Over Uses	7,682.00	75,819.51
380	NonRevenues	24,876.00	24,423.70
580	NonExpenditures	<u>(24,876.00)</u>	<u>(38,311.83)</u>
	Ending Net Cash and Investments	<u><u>\$ 7,682.00</u></u>	<u><u>\$ 61,931.38</u></u>

The Accompanying Notes Are An Integral Part Of This Statement

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2005

BARS CODE	DESCRIPTION	101 - STREET	
		BUDGET	ACTUAL
	Beginning Net Cash and Investments	\$ -	\$ -
	<u>Revenues and Other Sources</u>		
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental	62,723.00	164,756.45
340	Charges for Goods and Services	-	-
350	Fines and Forfeitures	-	-
360	Miscellaneous	25.00	103.10
390	Other Financing Sources	103,937.00	94,283.57
	Total Revenues and Other Sources	<u>166,685.00</u>	<u>259,143.12</u>
	Total Resources	166,685.00	259,143.12
	<u>Operating Expenditures</u>		
510	General Government	-	-
520	Security of Persons & Property	-	-
530	Physical Environment	-	-
540	Transportation	149,405.00	113,932.95
550	Economic Environment	-	-
560	Mental & Physical Health	-	-
570	Culture & Recreational	-	-
	Total Operating Expenditures	<u>149,405.00</u>	<u>113,932.95</u>
591-93	Debt Service	-	-
594-96	Capital Outlay	-	100,816.44
	Total Expenditures	<u>149,405.00</u>	<u>214,749.39</u>
597-599	Other Financing Uses	15,063.00	15,063.00
	Total Expenditures and Other Uses	<u>164,468.00</u>	<u>229,812.39</u>
	Excess (Deficit) of Resources Over Uses	2,217.00	29,330.73
380	NonRevenues	-	-
580	NonExpenditures	-	-
	Ending Net Cash and Investments	<u><u>\$ 2,217.00</u></u>	<u><u>\$ 29,330.73</u></u>

The Accompanying Notes Are An Integral Part Of This Statement

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2005

BARS CODE	DESCRIPTION	401 - WATER	
		BUDGET	ACTUAL
	Beginning Net Cash and Investments	\$ 125,514.00	\$ 119,604.66
	<u>Revenues and Other Sources</u>		
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental	1,925.00	1,924.25
340	Charges for Goods and Services	1,079,919.00	1,605,897.94
350	Fines and Forfeitures	-	-
360	Miscellaneous	11,250.00	20,172.13
390	Other Financing Sources	50.00	23,750.00
	Total Revenues and Other Sources	<u>1,093,144.00</u>	<u>1,651,744.32</u>
	Total Resources	1,218,658.00	1,771,348.98
	<u>Operating Expenditures</u>		
510	General Government	-	-
520	Security of Persons & Property	-	-
530	Physical Environment	660,327.50	687,022.31
540	Transportation	-	-
550	Economic Environment	-	-
560	Mental & Physical Health	-	-
570	Culture & Recreational	-	-
	Total Operating Expenditures	<u>660,327.50</u>	<u>687,022.31</u>
591-93	Debt Service	287,166.00	287,165.32
594-96	Capital Outlay	63,977.00	46,645.40
	Total Expenditures	<u>1,011,470.50</u>	<u>1,020,833.03</u>
597-599	Other Financing Uses	163,501.00	160,950.81
	Total Expenditures and Other Uses	<u>1,174,971.50</u>	<u>1,181,783.84</u>
	Excess (Deficit) of Resources Over Uses	43,686.50	589,565.14
380	NonRevenues	-	-
580	NonExpenditures	<u>(10,000.00)</u>	<u>(10,000.00)</u>
	Ending Net Cash and Investments	\$ 33,686.50	\$ 579,565.14

The Accompanying Notes Are An Integral Part Of This Statement

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2005

BARS CODE	DESCRIPTION	402 - WASTEWATER	
		BUDGET	ACTUAL
	Beginning Net Cash and Investments	\$ 117,574.00	\$ 111,664.19
	<u>Revenues and Other Sources</u>		
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental	-	-
340	Charges for Goods and Services	631,693.00	631,023.34
350	Fines and Forfeitures	-	-
360	Miscellaneous	4,500.00	13,056.60
390	Other Financing Sources	1,150.00	1,150.00
	Total Revenues and Other Sources	<u>637,343.00</u>	<u>645,229.94</u>
	Total Resources	754,917.00	756,894.13
	<u>Operating Expenditures</u>		
510	General Government	-	-
520	Security of Persons & Property	-	-
530	Physical Environment	347,453.00	306,622.41
540	Transportation	-	-
550	Economic Environment	-	-
560	Mental & Physical Health	-	-
570	Culture & Recreational	-	-
	Total Operating Expenditures	<u>347,453.00</u>	<u>306,622.41</u>
591-93	Debt Service	80,360.00	80,357.00
594-96	Capital Outlay	63,588.00	340.00
	Total Expenditures	<u>491,401.00</u>	<u>387,319.41</u>
597-599	Other Financing Uses	135,894.00	107,929.70
	Total Expenditures and Other Uses	<u>627,295.00</u>	<u>495,249.11</u>
	Excess (Deficit) of Resources Over Uses	127,622.00	261,645.02
380	NonRevenues	-	-
580	NonExpenditures	-	-
	Ending Net Cash and Investments	<u><u>\$ 127,622.00</u></u>	<u><u>\$ 261,645.02</u></u>

The Accompanying Notes Are An Integral Part Of This Statement

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2005

DESCRIPTION	105 - PARK CENTER		106 - HEALTH INS. SUSP.	
	BUDGET	ACTUAL	BUDGET	ACTUAL
Beginning Net Cash and Investments	\$ 1,388.00	\$ 1,387.91	\$ 16,973.00	\$ 16,796.07
Revenues and Other Financing Sources	60,102.00	61,433.74	450.00	66.54
Total Resources	61,490.00	62,821.65	17,423.00	16,862.61
Expenditures and Other Financing Uses	55,717.00	46,336.27	-	-
Excess (Deficit) of Resources Over Uses	5,773.00	16,485.38	17,423.00	16,862.61
NonRevenues	-	-	-	-
NonExpenditures	-	-	(17,423.00)	(16,862.61)
Ending Net Cash and Investments	\$ 5,773.00	\$ 16,485.38	\$ -	\$ -

The Accompanying Notes Are An Integral Part of This Statement

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2005

DESCRIPTION	107 - LAND ACQUISITION		108 - MUN. CAPITAL IMP.	
	BUDGET	ACTUAL	BUDGET	ACTUAL
Beginning Net Cash and Investments	\$ 12,983.00	\$ 12,973.02	\$ 110,775.00	\$ 110,035.21
Revenues and Other Financing Sources	50.00	63.59	40,175.00	52,164.48
Total Resources	13,033.00	13,036.61	150,950.00	162,199.69
Expenditures and Other Financing Uses	4,036.00	4,036.20	93,425.00	35,648.23
Excess (Deficit) of Resources Over Uses	8,997.00	9,000.41	57,525.00	126,551.46
NonRevenues	-	-	-	-
NonExpenditures	-	-	-	-
Ending Net Cash and Investments	\$ 8,997.00	\$ 9,000.41	\$ 57,525.00	\$ 126,551.46

The Accompanying Notes Are An Integral Part of This Statement

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2005

DESCRIPTION	109 - CRIMINAL JUSTICE		110 - FIRE RESERVE	
	BUDGET	ACTUAL	BUDGET	ACTUAL
Beginning Net Cash and Investments	\$ 9,735.00	\$ 9,837.96	\$ 34,171.00	\$ 51,858.69
Revenues and Other Financing Sources	3,700.00	3,357.42	43,233.00	1,308.44
Total Resources	13,435.00	13,195.38	77,404.00	53,167.13
Expenditures and Other Financing Uses	3,575.00	1,204.17	-	-
Excess (Deficit) of Resources Over Uses	9,860.00	11,991.21	77,404.00	53,167.13
NonRevenues	-	-	-	-
NonExpenditures	-	-	-	-
Ending Net Cash and Investments	\$ 9,860.00	\$ 11,991.21	\$ 77,404.00	\$ 53,167.13

The Accompanying Notes Are An Integral Part of This Statement

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2005

DESCRIPTION	111 - PARK CENTER RES.		112 - GEN. GOV. RESERVE	
	BUDGET	ACTUAL	BUDGET	ACTUAL
Beginning Net Cash and Investments	\$ 57,683.00	\$ 57,682.56	\$ 7,046.00	\$ 7,161.99
Revenues and Other Financing Sources	-	-	100.00	236.39
Total Resources	57,683.00	57,682.56	7,146.00	7,398.38
Expenditures and Other Financing Uses	-	-	-	-
Excess (Deficit) of Resources Over Uses	57,683.00	57,682.56	7,146.00	7,398.38
NonRevenues	-	-	-	-
NonExpenditures	-	-	-	-
Ending Net Cash and Investments	\$ 57,683.00	\$ 57,682.56	\$ 7,146.00	\$ 7,398.38

The Accompanying Notes Are An Integral Part of This Statement

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2005

DESCRIPTION	113 - SWIM'G POOL RES.		114 - ACC. LEAVE RES.	
	BUDGET	ACTUAL	BUDGET	ACTUAL
Beginning Net Cash and Investments	\$ 1,984.00	\$ 1,911.22	\$ 9,328.00	\$ 9,327.99
Revenues and Other Financing Sources	100.00	63.08	3,150.00	3,240.73
Total Resources	2,084.00	1,974.30	12,478.00	12,568.72
Expenditures and Other Financing Uses	-	-	-	-
Excess (Deficit) of Resources Over Uses	2,084.00	1,974.30	12,478.00	12,568.72
NonRevenues	-	-	-	-
NonExpenditures	-	-	-	-
Ending Net Cash and Investments	\$ 2,084.00	\$ 1,974.30	\$ 12,478.00	\$ 12,568.72

The Accompanying Notes Are An Integral Part of This Statement

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2005

DESCRIPTION	115 - STREET IMP. RES.		116 - DRUG INVEST. RES.	
	BUDGET	ACTUAL	BUDGET	ACTUAL
Beginning Net Cash and Investments	\$ 264.00	\$ 211.38	\$ -	\$ -
Revenues and Other Financing Sources	15,225.00	15,177.06	-	-
Total Resources	15,489.00	15,388.44	-	-
Expenditures and Other Financing Uses	-	-	-	-
Excess (Deficit) of Resources Over Uses	15,489.00	15,388.44	-	-
NonRevenues	-	-	-	-
NonExpenditures	-	-	-	-
Ending Net Cash and Investments	\$ 15,489.00	\$ 15,388.44	\$ -	\$ -

The Accompanying Notes Are An Integral Part of This Statement

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2005

DESCRIPTION	200 - GO BOND FUND		315 - RESERVOIR	
	BUDGET	ACTUAL	BUDGET	ACTUAL
Beginning Net Cash and Investments	\$ 15,067.00	\$ 17,362.28	\$ 211.00	\$ 207.58
Revenues and Other Financing Sources	75,295.00	75,827.31	14,541.00	14,544.07
Total Resources	90,362.00	93,189.59	14,752.00	14,751.65
Expenditures and Other Financing Uses	75,245.00	75,245.00	14,541.00	14,541.27
Excess (Deficit) of Resources Over Uses	15,117.00	17,944.59	211.00	210.38
NonRevenues	-	-	-	-
NonExpenditures	-	-	-	-
Ending Net Cash and Investments	\$ 15,117.00	\$ 17,944.59	\$ 211.00	\$ 210.38

The Accompanying Notes Are An Integral Part of This Statement

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2005

DESCRIPTION	330 - LID #93-1		340 - LID #97-1	
	BUDGET	ACTUAL	BUDGET	ACTUAL
Beginning Net Cash and Investments	\$ 1,352.00	\$ 1,358.48	\$ 5,448.00	\$ 5,418.33
Revenues and Other Financing Sources	1,418.00	1,427.49	88,890.00	14,369.13
Total Resources	2,770.00	2,785.97	94,338.00	19,787.46
Expenditures and Other Financing Uses	1,418.00	1,309.19	88,890.00	18,332.15
Excess (Deficit) of Resources Over Uses	1,352.00	1,476.78	5,448.00	1,455.31
NonRevenues	-	-	-	-
NonExpenditures	-	-	-	-
Ending Net Cash and Investments	\$ 1,352.00	\$ 1,476.78	\$ 5,448.00	\$ 1,455.31

The Accompanying Notes Are An Integral Part of This Statement

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2005

DESCRIPTION	403 - REFUSE		405 - UTILITY CONST.	
	BUDGET	ACTUAL	BUDGET	ACTUAL
Beginning Net Cash and Investments	\$ 21,767.00	\$ 15,858.01	\$ -	\$ -
Revenues and Other Financing Sources	165,500.00	173,122.08	-	-
Total Resources	187,267.00	188,980.09	-	-
Expenditures and Other Financing Uses	186,082.00	159,653.21	-	-
Excess (Deficit) of Resources Over Uses	1,185.00	29,326.88	-	-
NonRevenues	-	-	-	-
NonExpenditures	-	-	-	-
Ending Net Cash and Investments	\$ 1,185.00	\$ 29,326.88	\$ -	\$ -

The Accompanying Notes Are An Integral Part of This Statement

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2005

DESCRIPTION	406 - BOND REDEMPT.		407 - BOND RESERVE	
	BUDGET	ACTUAL	BUDGET	ACTUAL
Beginning Net Cash and Investments	\$ 3,025.00	\$ 3,025.00	\$ 107,490.00	\$ 107,490.00
Revenues and Other Financing Sources	91,840.00	91,550.00	-	-
Total Resources	94,865.00	94,575.00	107,490.00	107,490.00
Expenditures and Other Financing Uses	91,840.00	94,050.00	1,200.00	1,200.00
Excess (Deficit) of Resources Over Uses	3,025.00	525.00	106,290.00	106,290.00
NonRevenues	-	-	-	-
NonExpenditures	-	-	-	-
Ending Net Cash and Investments	\$ 3,025.00	\$ 525.00	\$ 106,290.00	\$ 106,290.00

The Accompanying Notes Are An Integral Part of This Statement

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2005

DESCRIPTION	408 - WATER RESERVE		409 - WASTEWATER RESERVE	
	BUDGET	ACTUAL	BUDGET	ACTUAL
Beginning Net Cash and Investments	\$ 62,988.00	\$ 62,988.83	\$ 324,036.00	\$ 324,036.30
Revenues and Other Financing Sources	45,000.00	45,000.00	53,085.00	29,085.00
Total Resources	107,988.00	107,988.83	377,121.00	353,121.30
Expenditures and Other Financing Uses	-	23,700.00	-	-
Excess (Deficit) of Resources Over Uses	107,988.00	84,288.83	377,121.00	353,121.30
NonRevenues	-	-	10,000.00	23,000.00
NonExpenditures	-	-	-	-
Ending Net Cash and Investments	\$ 107,988.00	\$ 84,288.83	\$ 387,121.00	\$ 376,121.30

The Accompanying Notes Are An Integral Part of This Statement

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ended December 31, 2005

DESCRIPTION	410 - REFUSE RESERVE	
	BUDGET	ACTUAL
Beginning Net Cash and Investments	\$ 184,591.00	\$ 184,591.04
Revenues and Other Financing Sources	12,500.00	12,500.00
Total Resources	197,091.00	197,091.04
Expenditures and Other Financing Uses	35,000.00	35,000.00
Excess (Deficit) of Resources Over Uses	162,091.00	162,091.04
NonRevenues	-	-
NonExpenditures	-	-
Ending Net Cash and Investments	\$ 162,091.00	\$ 162,091.04

The Accompanying Notes Are An Integral Part of This Statement

CITY OF WHITE SALMON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of White Salmon uses the revenue and expenditure classifications contained in the *Budgeting, Accounting and Reporting System* (BARS) manual. The manual is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

The City of White Salmon was incorporated in 1907 and operates under the laws of the state of Washington applicable to a class three, noncharter code city with a Mayor-Council form of government. The City of White Salmon is a general purpose government and provides public safety, fire prevention, parks & recreation; street improvement; water, wastewater collection, & refuse collection utilities; and general administrative services. The City of White Salmon uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

A. Fund Accounting

The accounts of the City of White Salmon are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The City of White Salmon's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the City of White Salmon:

GOVERNMENTAL FUND TYPES:

Governmental fund operating statements focus on measuring changes in financial position, rather than net income; they present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

General (Current Expense) Fund (001)

This fund is the primary operating fund of the City. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds (100-199)

These funds account for revenues that are legally restricted or designated to finance particular activities of the City of White Salmon.

Debt Service Funds (200-299)

These funds account for the accumulation of resources to pay principal, interest and related costs on general long-term debt.

Capital Projects Funds (300-399)

These funds account for financial resources which are designated for the acquisition or construction of general government capital projects.

PROPRIETARY FUND TYPES:

Enterprise Funds (400-499)

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid, including those properly chargeable against the report year(s) budget appropriations as required by state law.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

C. Budgets

Annual appropriated budgets are adopted for the general, special revenue, capital project and enterprise funds. The financial statements include budgetary comparisons for those funds.

Annual appropriated budgets are adopted at the level of the fund. The budgets constitute the legal authority for expenditures at that level. Annual appropriations for all funds lapse at the fiscal period end.

The Clerk/Treasurer is authorized to transfer budgeted amounts between (departments within any fund/object classes within departments); however, any revisions that alter the total expenditures of a fund or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City of White Salmon's legislative body.

D. Cash

It is the City of White Salmon's policy to invest all temporary cash surpluses. The amount is included in the net cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is prorated to the various funds or transferred to a reserve fund.

E. Deposits

The City of White Salmon's deposits and certificates of deposit are covered by the Federal Depository Insurance Corporation and the Washington Public Deposit Protection Commission.

F. Investments

See NOTE 3 – INVESTMENTS.

G. Capital Assets

Capital assets are long-lived assets of the City of White Salmon and are recorded as expenditures when purchased.

H. Compensated Absences

Unused vacation leave may be accumulated, however the amount of such accumulated leave carried over to the succeeding calendar year will be limited to eighty (80) hours. Provided, the Clerk-Treasurer is notified in writing by December 15th of vacation leave to be carried over to the following year.

Sick leave may be accumulated up to 720 hours for exempt employees or 1,000 hours for non-exempt employees. Upon death or retirement only employees do receive payment for 25% of unused sick leave.

I. Long-term Debt

See NOTE 6 – LONG-TERM DEBT.

J. Other Financing Sources or Uses

The City of White Salmon's "Other Financing Sources or Uses" consist of transfers to support the operations of other funds.

K. Risk Management

The City of White Salmon is a member of the Cities Insurance Association of Washington. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool was formed on September 1, 1988 when 34 cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Currently, the CIAW has 115 member cities and 176 associate members.

The pool allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claims administration, etc. Coverage for Public Officials Liability is on a "claims made basis". All other coverages are on an "occurrence basis". The pool provides the following forms of group purchased insurance coverage for its members: Property, liability, vehicle liability, other mobile equipment, boiler and machinery, bonds of various types, excess liability and public official liability.

The pool acquires liability insurance from unrelated underwriters that are subject to a per-occurrence deductible of \$100,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$99,000. Insurance carriers cover insured losses over \$100,000 to the limits of each policy. Since the Pool is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$99,000 portion of the deductible. The pool, however, purchases a Stop Loss Policy in the amount of \$3,508,000 to eliminate any risk to members and, in addition, fully funds the Stop Loss in the budget.

Property insurance is subject to a per-occurrence deductible of \$10,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$9,000.

Boiler and machinery insurance is subject to a per-occurrence deductible of \$2,500. Members are responsible for the deductible amount of each claim.

Each new member now pays the pool an admittance fee. This amount covers the member's share of unrestricted reserves. Members contract to remain in the pool for a minimum of one year, and must give notice before August 31 before terminating participation the following September 1. The Interlocal Governmental Agreement is renewed automatically each year. Even after termination, a member remains responsible for contributions to the pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Governmental Agreement.

The pool is fully funded by its member participants. Claims are filed by members with Canfield & Associates, Inc., which has been contracted to perform pool administration, claims adjustment and administration and loss prevention for the pool. Fees paid to the third party administrator under this arrangement for the year ended August 31, 2005 and 2006 were \$951,388 and \$1,057,063 respectively.

A governing board is selected by the membership and is responsible for conducting the business affairs of the pool. The Board of Directors has contracted with Canfield & Associates, Inc. to perform day to day administration of the pool. The pool has no employees. Copies of the pool's annual report may be obtained by writing to 451 Diamond Drive, Ephrata, WA 98823.

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

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

There have been no expenditures exceeding legal appropriations in any of the funds of the City of White Salmon.

NOTE 3 - INVESTMENTS

The City of White Salmon's investments are either insured, registered or held by the City of White Salmon or its agents in the City of White Salmon's name.

Investments by type at December 31, 2006 are as follows:

	Balance
Local Government Investment Pool	\$ 2,077,507
U.S. Government Securities	-
Other	-
Total Investments	\$ 2,077,507

NOTE 4 - 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 revenues are recognized when cash is received by the City of White Salmon. Delinquent taxes are considered fully collectible because a lien affixes to the property when taxes are levied.

The City of White Salmon's regular levy for 2006 was \$1.401 per \$1,000 on an assessed valuation of \$171,492,506 for a total regular levy of \$2240,489.08.

NOTE 5 - INTERFUND LOANS AND ADVANCES

The following table displays interfund loan activity during 2006:

Borrowing Fund	Lending Fund	Balance 1/1/2006	New Loans	Repayments	Balance 12/31/2006
401	409	\$ 30,522	\$ -	\$ 10,000	\$ 22,963
001	409	60,242	-	13,000	48,447
200	408		\$ 78,320		\$ 78,320

NOTE 6 - LONG-TERM DEBT

A. Long Term Debt

The accompanying Schedule of Long-term Debt (09) provides a listing of the outstanding debt of the City of White Salmon and summarizes the City of White Salmon's debt transactions for 2006. The debt service requirements, including interest, are as follows:

	GENERAL OBLIGATION BONDS	REVENUE BONDS	OTHER DEBT	TOTAL DEBT
2006	78,320.00	91,290.00	380,928.87	550,538.87
2007	76,120.00	89,640.00	375,759.51	541,519.51
2008	78,920.00	92,940.00	370,588.16	542,448.16
2009	81,445.00	91,890.00	365,417.80	538,752.80
2010	83,645.00	89,740.00	360,247.45	533,632.45
Thereafter	529,770.00	662,190.00	2,531,603.58	3,723,563.58
TOTALS	\$ 928,220.00	\$ 1,117,690.00	\$ 4,384,545.37	\$ 6,430,455.37
				-

B. Special Assessment Debt

Assessment debt is excluded from the amortization schedule above because debt service requirements for special assessment bonds will be met by the collection of assessments receivable that have been levied against property owners. The assessments are liens against the property and subject to foreclosing. LID #93-1 has fully matured. LID #97-1 is substantially in arrears due to bankruptcy proceedings. Debt service due on outstanding LID #97-1 assessment debt (including interest) will amount to \$11,488, and \$10,832 in 2007 through it's maturity in 2008.

NOTE 7 - PENSION PLANS

Substantially all city full-time and qualifying part-time employees participate in the Public Employees' Retirement System (PERS), Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF), or Volunteer Firefighters' Relief and Pension Fund which are administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the City of White Salmon's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to :

Department of Retirement Systems
Communications Unit
PO 48380
Olympia, WA 98504-8380

NOTE 8 – OTHER DISCLOSURES

Mayor Linda Jones resigned August 2005. Mayor Roger Holden was appointed as her replacement September 2005. Mayor Roger Holden resigned August 2006. Mayor Francis H. Gaddis was appointed as his replacement October 2006. The Clerk Treasurer resigned her position February 2005. The Clerk Treasurer position remained unfilled until June 2005. The Clerk Treasurer appointed June 2005 resigned her position December 2005. The Clerk Treasurer position was filled again in September 2006.

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

NOTE 9 - CONTINGENCIES AND LITIGATION

The City of White Salmon is currently under litigation concerning the dismissal of a former Police Officer, and a property line dispute. It is not possible to estimate either the outcome or potential financial impact of these two actions.

In the opinion of management, the City of White Salmon's insurance policies are adequate to pay all known or pending claims.

NOTE 10 – SUBSEQUENT EVENTS

In 2007 the City of White Salmon was notified of a claim for significant cost over-run on the highway 14 sewer project. This action is currently in negotiation with the contractor, US Army Corps of Engineers and the City of White Salmon's contracted Engineer.

CITY OF WHITE SALMON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of White Salmon uses the revenue and expenditure classifications contained in the *Budgeting, Accounting and Reporting System* (BARS) manual. The manual is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

The City of White Salmon was incorporated in 1907 and operates under the laws of the state of Washington applicable to a class three, noncharter code city with a Mayor-Council form of government. The City of White Salmon is a general purpose government and provides public safety, fire prevention, parks & recreation; street improvement; water, wastewater collection, & refuse collection utilities; and general administrative services. The City uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

A. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The City's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the City:

GOVERNMENTAL FUND TYPES:

Governmental fund operating statements focus on measuring changes in financial position, rather than net income; they present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

General (Current Expense) Fund

This fund is the primary operating fund of the City. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

These funds account for revenues that are legally restricted or designated to finance particular activities of the City.

Debt Service Funds

These funds account for the accumulation of resources to pay principal, interest and related costs on general long-term debt.

Capital Projects Funds

These funds account for financial resources which are designated for the acquisition or construction of general government capital projects.

Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

PROPRIETARY FUND TYPES:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

Internal Service Funds

These funds account for operations that provide goods or services to other departments or funds of the City on a cost-reimbursement basis.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others.

Private-Purpose Trust Funds

These funds report all trust arrangements under which principal and income benefit individuals, private organizations or other governments.

Agency Funds

These funds are used to account assets that the City holds for others in an agency capacity.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid, including those properly chargeable against the report year(s) budget appropriations as required by state law.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

C. Budgets

Annual appropriated budgets are adopted for all funds. The financial statements include budgetary comparisons for those funds.

Annual appropriated budgets are adopted at the level of the fund except the general fund, where budgets are adopted at the department level. The budgets constitute the legal authority for expenditures at that level. Annual appropriations for general, specific revenue and proprietary funds lapse at the year end.

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

D. Cash

It is the City's policy to invest all temporary cash surpluses. The amount is included in the net cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is prorated to the various funds or transferred to a reserve fund.

The amounts reported as net cash and investments also include compensating balances maintained with certain banks in lieu of payments for services rendered. The average compensating balances maintained during 2005 was approximately \$15,000.

E. Deposits

The City's deposits and certificates of deposit are covered by the Federal Depository Insurance Corporation and the Washington Public Deposit Protection Commission.

F. Investments

See NOTE 3 – INVESTMENTS.

G. Capital Assets

Capital assets are long-lived assets of the City and are recorded as expenditures when purchased.

H. Compensated Absences

Vacation leave may be accumulated indefinitely, but may only be carried over to a succeeding year if the Clerk-Treasurer is notified in writing by December 15th and the carryover is limited to 80 hours.

Sick leave may be accumulated up to 720 hours for exempt employees or 1,000 hours for non-exempt employees. Upon death or retirement only employees do receive payment for 25% of unused sick leave.

I. Long-term Debt

See NOTE 6 – LONG-TERM DEBT.

J. Other Financing Sources or Uses

The City's "Other Financing Sources or Uses" consist of transfers to support the operations of other funds.

K. Risk Management

See NOTE 8 – RISK MANAGEMENT.

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

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

There have been no expenditures exceeding legal appropriations in any of the funds of the City.

NOTE 3 - INVESTMENTS

The City's investments are either insured, registered or held by the City or its agent in the City's name.

Investments by type at December 31, 2005 are as follows:

	Balance
Local Government Investment Pool	\$ 1,486,562
U.S. Government Securities	-
Other	-
Total Investments	\$ 1,486,562

NOTE 4 - 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 revenues are recognized when cash is received by the City. Delinquent taxes are considered fully collectible because a lien affixes to the property when taxes are levied.

The City's regular levy for 2005 was \$1.920 per \$1,000 on an assessed valuation of \$119,403,662 for a total regular levy of \$238,108.

NOTE 5 - INTERFUND LOANS AND ADVANCES

The following table displays interfund loan activity during 2005:

Borrowing Fund	Lending Fund	Balance 1/1/2005	New Loans	Repayments	Balance 12/31/2005
401	409	\$ 37,520	\$ -	\$ 10,000	\$ 27,520
001	409	71,806	-	13,000	58,806
TOTALS		\$ 109,326	\$ -	\$ 23,000	\$ 86,326

NOTE 6 - LONG-TERM DEBT

A. Long Term Debt

The accompanying Schedule of Long-term Debt (09) provides a listing of the outstanding debt of the City and summarizes the City's debt transactions for 2005. The debt service requirements, including interest, are as follows:

	GENERAL OBLIGATION BONDS	REVENUE BONDS	OTHER DEBT	TOTAL DEBT
2005	\$ 75,245.00	\$ 91,840.00	\$ 386,100.22	\$ 553,185.22
2006	78,320.00	91,290.00	380,928.87	550,538.87
2007	76,120.00	89,640.00	375,759.51	541,519.51
2008	78,920.00	92,940.00	370,588.16	542,448.16
2009	81,445.00	91,890.00	365,417.80	538,752.80
Thereafter	613,415.00	751,930.00	2,891,851.03	4,257,196.03
TOTALS	\$ 1,003,465.00	\$ 1,209,530.00	\$ 4,770,645.59	\$ 6,983,640.59

At December 31, 2005, restricted assets in proprietary funds contained \$106,290 in reserves as required by bond indentures. Revenue Other Debt is a Public Works Trust Fund loan which was completed at \$231,695; a Public Works Trust Fund loan through the City of Bingen which White Salmon has committed to paying 75% of and was completed at \$1,125,000; a land purchase contract which was assumed on April 11, 1997 in the amount of \$35,520; a Public Works Trust Fund loan which was authorized for \$450,000 and was 100% drawn on November 9, 2000; and a Department of Health State Revolving Fund loan which was authorized for \$4,080,000, but completed for \$3,402,538 on December 3, 2002.

B. Special Assessment Debt

Assessment debt is excluded from the amortization schedule above because debt service requirements for special assessment bonds will be met by the collection of assessments receivable that have been levied against property owners. The assessments are liens against the property and subject to foreclosing. Debt service due on outstanding LID #93-1 assessment debt (including interest) will amount to \$1,416 in 2005. LID #93-1 has fully matured. Debt service due on outstanding LID #97-1 assessment debt (including interest) will amount to \$12,801, \$12,145, \$11,488, and \$10,832 in 2005 through its maturity in 2008.

NOTE 7 - PENSION PLANS

Substantially all city full-time and qualifying part-time employees participate in one of the following state-wide local government 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. Actuarial information is on a system-wide basis and is not considered pertinent to the City's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

A. Public Employees' Retirement System (PERS)

The City's contributions of \$6,887 and \$7,052 for the years ending December 31, 2003 and December 31, 2004 respectively, represents its full liability under the system, except that future rates may be adjusted to meet the system's needs. The City's contributions are based on a percent of covered payroll. The applicable percentages for 2003 and 2004 are as follows: 1.32 percent for the period January 1, 2003 through June 30, 2003; 1.40 percent for the period July 1, 2003 through August 31, 2004; and 1.38 percent for the period September 1, 2004 through December 31, 2004.

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

The City's contributions of \$8,353 and \$10,681 for the years ending December 31, 2003 and December 31, 2004 respectively, represents its full liability under the system, except that future rates may be adjusted to meet the system's needs. The City's contributions are based on a percent of covered payroll. The applicable percentages for 2003 and 2004 are as follows: Plan I: 0.22 percent for the period January 1, 2003 through August 31, 2004; and 0.19 percent for the period September 1, 2004 through December 31, 2004. Plan II: 2.86 percent for the period January 1, 2003 through May 31, 2003; 3.25 percent for the period June 1, 2003 through January 31, 2004; 3.26 percent for the period February 1, 2004 through August 31, 2004; and 3.25 percent for the period September 1, 2004 through December 31, 2004.

C. Other Retirement Systems - Volunteer Firefighters' Relief and Pension Fund

The City's contributions, \$2,190 and \$2,413 is equal to \$10 for each volunteer firefighter and \$60 for each volunteer firefighter who has not reached maximum accrual, for the year ending December 31, 2003 and December 31, 2004, respectively, which represents its full liability under the system.

Historical trend or other information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98504-8380

NOTE 8 - RISK MANAGEMENT

The City of White Salmon is a member of the Cities Insurance Association of Washington. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool was formed on September 1, 1988 when 34 cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Currently, the CIAW has 117 member cities and 162 associate members.

The pool allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claims administration, etc. Coverage for Public Officials Liability is on a "claims made basis". All other coverages are on an "occurrence basis". The pool provides the following forms of group purchased insurance coverage for its members: Property, liability, vehicle liability, other mobile equipment, boiler and machinery, bonds of various types, excess liability and public official liability.

The pool acquires liability insurance from unrelated underwriters that are subject to a per-occurrence deductible of \$100,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$99,000. Insurance carriers cover insured losses over \$100,000 to the limits of each policy. Since the Pool is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$99,000 portion of the deductible. The pool, however, purchases a Stop Loss Policy in the amount of \$2,653,767 to eliminate any risk to members and, in addition, fully funds the Stop Loss in the budget.

Property insurance is subject to a per-occurrence deductible of \$10,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$9,000.

Boiler and machinery insurance is subject to a per-occurrence deductible of \$2,500. Members are responsible for the deductible amount of each claim.

Each new member now pays the pool an admittance fee. This amount covers the member's share of unrestricted reserves. Members contract to remain in the pool for a minimum of one year, and must give notice before August 31 before terminating participation the following September 1. The Interlocal Governmental Agreement is renewed automatically each year. Even after termination, a member remains responsible for contributions to the pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Governmental Agreement.

The pool is fully funded by its member participants. Claims are filed by members with Canfield & Associates, Inc., which has been contracted to perform pool administration, claims adjustment and administration and loss prevention for the pool. Fees paid to the third party administrator under this arrangement for the year ended August 31, 2003 were \$764,879. The 2003/2004 administrative fee was \$951,388.

A governing board is selected by the membership and is responsible for conducting the business affairs of the pool. The Board of Directors has contracted with Canfield & Associates, Inc. to perform day to day administration of the pool. The pool has no employees. Copies of the pool's annual report may be obtained by writing to 451 Diamond Drive, Ephrata, WA 98823.

NOTE 9 - CLAIMS AND JUDGMENTS

The City had no major uninsured claims, judgments and settlements as of December 31, 2003 or December 31, 2004.

NOTE 10 - CONTINGENCIES AND LITIGATION

In the opinion of management, the City's insurance policies are adequate to pay all known or pending claims.

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

NOTE 11 - COMMITMENTS

The City has no lease purchase, installment purchase, or financing lease agreements. In 1992, the City entered into a three-year rental agreement with Xerox Corporation for a copy machine for \$102 per month plus 1 cent per copy. This agreement was renewed for an additional three years in 1994. In 1998, the City entered into a three-year rental agreement with Xerox Corporation for a copy machine for \$130 per month plus 0.9 cent per copy. This agreement was continued on a month-by-month basis in 2001. In 2002, the City entered into a five-year rental agreement with Xerox Corporation for an upgraded copy machine for \$133 per month plus 1 cent per copy over 4,000 copies.

FOR THE YEAR ENDED DECEMBER 31, 2006

REVENUE DEBT											
DESCRIPTION	PURPOSE	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE(S)	AMOUNT		BEGINNING OUTSTANDING DEBT	AMOUNT ISSUED	AMOUNT REDEEMED THIS PERIOD	ENDING OUTSTANDING DEBT	
					ORIGINALLY ISSUED	AMOUNT ISSUED					
1973 Water/Sewer Revenue Bonds	252.11	Oct-1973	Jan-2013	5.00%	\$ 165,000.00	\$	\$ 54,000.00	\$ 7,000.00	\$	47,000.00	
1980 Water/Sewer Revenue Bonds	252.11	Jun-1980	Dec-2010	5.00%	80,000.00		18,000.00		4,000.00	14,000.00	
1981 Water/Sewer Revenue Bonds	252.11	Apr-1981	Oct-1921	5.00%	681,800.00		435,800.00		18,000.00	417,800.00	
1990 PWTF Loan-Reservoir	263.82	Jul-1990	Jul-2010	3.00%	258,128.00		61,615.61		12,323.11	49,292.50	
1993 PWTF Loan-VVWTP	263.82	Jul-1993	Jul-2013	0.00%	1,125,000.00		642,857.44		80,357.15	562,500.29	
1995 Water/Sewer Revenue Bonds	252.11	Jul-1995	Jul-2015	6.00%	435,000.00		275,000.00		20,000.00	255,000.00	
1997 Hogberg Contract	263.54	Apr-1997	Feb-2016	9.50%	35,519.56		25,351.00		1,949.11	23,650.00	
1997 PWTF Loan-MJWI	263.82	Dec-1997	Jul-2017	1.00%	450,000.00		385,714.28		32,142.86	353,571.42	
2000 DOH State Revolving Fund Loan	263.82	Oct-2000	Oct-2020	2.50%	4,080,000.00		2,263,057.57		179,174.20	2,083,883.37	
TOTAL					\$ 7,310,447.56	\$	\$ 4,161,395.90	\$	\$ 354,946.43	\$ 3,806,697.58	
ASSESSMENT DEBT											
DESCRIPTION	PURPOSE	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE(S)	AMOUNT		BEGINNING OUTSTANDING DEBT	AMOUNT ISSUED	AMOUNT REDEEMED THIS PERIOD	ENDING OUTSTANDING DEBT	
					ORIGINALLY ISSUED	AMOUNT ISSUED					
1995 LID #93-1	253.11	Sep-1995	Sep-2005	6.00%	\$ 92,868.39	\$	\$	\$	\$	\$	
1998 LID #97-1	253.11	Nov-1998	Nov-2008	6.20%	313,518.16		79,572.88		1,691.61	77,881.27	
TOTAL					\$ 406,386.55	\$	\$ 79,572.88	\$	\$ 1,691.61	\$ 77,881.27	
GENERAL OBLIGATION DEBT											
DESCRIPTION	PURPOSE	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE(S)	AMOUNT		BEGINNING OUTSTANDING DEBT	AMOUNT ISSUED	AMOUNT REDEEMED THIS PERIOD	ENDING OUTSTANDING DEBT	
					ORIGINALLY ISSUED	AMOUNT ISSUED					
1996 UNLIMITED G.O. BONDS	251.12	Dec-1996	Dec-2016	5.50%	\$ 875,000.00	\$	\$ 665,000.00	\$	\$ 40,000.00	\$ 625,000.00	
TOTAL					\$ 875,000.00	\$	\$ 665,000.00	\$	\$ 40,000.00	\$ 625,000.00	

Schedule of Long Term Debt

For The Year Ended December 31, 2005

DESCRIPTION	PURPOSE	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE(S)	REVENUE DEBT				AMOUNT REDEEMED THIS PERIOD	ENDING OUTSTANDING DEBT
					AMOUNT ORIGINALLY ISSUED	BEGINNING OUTSTANDING DEBT	AMOUNT ISSUED	AMOUNT REDEEMED THIS PERIOD		
1973 Water/Sewer Revenue Bonds	252.11	Oct-1973	Jan-2013	5.00%	\$ 165,000.00	\$ 61,000.00	\$ -	\$ 7,000.00	\$ 54,000.00	
1980 Water/Sewer Revenue Bonds	252.11	Jun-1980	Dec-2010	5.00%	80,000.00	22,000.00	-	4,000.00	18,000.00	
1981 Water/Sewer Revenue Bonds	252.11	Apr-1981	Oct-1921	5.00%	681,800.00	452,800.00	-	17,000.00	435,800.00	
1990 PWTF Loan-Reservoir	263.82	Jul-1990	Jul-2010	3.00%	258,128.00	73,938.72	-	12,323.11	61,615.61	
1993 PWTF Loan-WWTP	263.82	Jul-1993	Jul-2013	0.00%	1,125,000.00	723,214.44	-	80,357.00	642,857.44	
1995 Water/Sewer Revenue Bonds	252.11	Jul-1995	Jul-2015	6.00%	435,000.00	295,000.00	-	20,000.00	275,000.00	
1997 Short-Term Loan-Key Bank	263.92	Feb-1997	Aug-2002	5.23%	200,000.00	-	-	-	-	
1997 Hogberg Contract	263.54	Apr-1997	Feb-2016	9.50%	35,519.56	26,833.01	-	1,502.57	25,330.44	
1997 PWTF Loan-MJWI	263.82	Dec-1997	Jul-2017	1.00%	450,000.00	417,857.14	-	32,142.86	385,714.28	
2000 DOH State Revolving Fund Loan	263.82	Oct-2000	Oct-2020	2.50%	4,080,000.00	2,442,231.77	-	179,174.20	2,263,057.57	
TOTAL					\$ 7,510,447.56	\$ 4,514,875.08	\$ -	\$ 353,499.74	\$ 4,161,375.34	

CITY OF WHITE SALMON

Schedule of Long Term Debt

For The Year Ended December 31, 2005

DESCRIPTION	PURPOSE	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE(S)	AMOUNT ORIGINALLY ISSUED	BEGINNING OUTSTANDING DEBT	AMOUNT ISSUED	AMOUNT REDEEMED THIS PERIOD	ENDING OUTSTANDING DEBT
1995 LID #93-1	253.11	Sep-1995	Sep-2005	6.00%	\$ 92,868.39	\$ 1,335.44	\$ -	\$ 1,335.44	\$ -
1998 LID #97-1	253.11	Nov-1998	Nov-2008	6.20%	313,518.16	88,474.93	-	8,902.05	79,572.88
TOTAL					\$ 406,386.55	\$ 89,810.37	\$ -	\$ 10,237.49	\$ 79,572.88

Schedule of Long Term Debt

For The Year Ended December 31, 2005

GENERAL OBLIGATION DEBT

DESCRIPTION	PURPOSE	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE(S)	AMOUNT		BEGINNING OUTSTANDING DEBT	AMOUNT ISSUED	AMOUNT REDEEMED THIS PERIOD	ENDING OUTSTANDING DEBT
					ORIGINALLY ISSUED	ISSUED				
1996 UNLIMITED G.O. BONDS	251.12	Dec-1996	Dec-2016	5.50%	\$ 875,000.00	\$ 875,000.00	\$ 700,000.00	-	\$ 35,000.00	\$ 665,000.00
TOTAL					\$ 875,000.00	\$ 875,000.00	\$ 700,000.00	-	\$ 35,000.00	\$ 665,000.00

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

GRANTOR/ PASS THROUGH GRANTOR PROGRAM TITLE	CFDA NUMBER	OTHER IDENTIFICATION NUMBER	CURRENT YEAR EXPENDITURES
Department of Transportation			
Pass-Thru			
Washington Assocation of Sheriff's/Police Chiefs - Traffic Safety Grant	20.604	n/a	8,159
WA ST Department of Transportation - SR 14 Waste Water Collection	20.205	STPD	439,938
total Dept of Transportation			<u>448,097</u>
 Department of Defense			
Pass-Thru			
USArmy Corps of Engineer	12.999	W66QKZ52061803	513,588
total Department of Defense			<u>513,588</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 961,685</u>

The Accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule

NOTE 1 – BASIS OF ACCOUNTING

The schedule is prepared on the same basis of accounting as the City's financial statements. The City uses the cash basis of accounting. Revenues are recognized only when cash is received and expenditures are recognized when paid, including those properly chargeable against the report year budget appropriations as required by state law.

Purchases of fixed assets are expensed during the year of acquisition. There is no capitalization of fixed assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

NOTE 2 – PROGRAM COSTS

The amounts shown as current year expenditures represent only the state or federal portion of the program costs. Entire program costs, including the City's portion, may be more than shown.



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.

Our mission is to work in cooperation 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 has 300 employees who are located around the state to deliver our services effectively and efficiently. Approximately 65 percent of our staff are certified public accountants or hold other certifications and advanced degrees.

Our regular 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. We also perform fraud and whistleblower investigations. In addition, we have the authority to conduct performance audits of state agencies and local governments.

The results of our audits are widely distributed through a variety of reports, which are available on our Web site. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive program to coordinate audit efficiency and to ensure high-quality audits.

State Auditor
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Chief Policy Advisor
Director of Administration
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