



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

**Financial Statements Audit Report**

**City of Washougal**

**Clark County**

**For the period January 1, 2016 through December 31, 2016**

**Published December 7, 2017**

**Report No. 1020273**





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

December 7, 2017

Mayor and City Council  
City of Washougal  
Washougal, Washington

**Report on Financial Statements**

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

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

Sincerely,

Pat McCarthy  
State Auditor  
Olympia, WA

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**City of Washougal  
Clark County  
January 1, 2016 through December 31, 2016**

Mayor and City Council  
City of Washougal  
Washougal, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Washougal, Clark County, Washington, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated November 28, 2017.

We issued an unmodified opinion on the fair presentation of the City's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the City using accounting practices prescribed by Washington State statutes and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of 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*.

## PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

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

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

Pat McCarthy

State Auditor

Olympia, WA

November 28, 2017

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## City of Washougal Clark County January 1, 2016 through December 31, 2016

Mayor and City Council  
City of Washougal  
Washougal, Washington

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Washougal, Clark County, Washington, for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 10.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)**

As described in Note 1, the City of Washougal has prepared these financial statements to meet the financial reporting requirements of Washington State statutes using accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

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 Washougal, for the year ended December 31, 2016, on the basis of accounting described in Note 1.

### **Basis for Adverse Opinion on U.S. GAAP**

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the City used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

### **Adverse Opinion on U.S. GAAP**

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Washougal, as of December 31, 2016, or the changes in financial position or cash flows for the year then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.



## Other Matters

### *Supplementary and Other Information*

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS manual. This schedule is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

## OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pat McCarthy

State Auditor

Olympia, WA

November 28, 2017

## **FINANCIAL SECTION**

**City of Washougal  
Clark County  
January 1, 2016 through December 31, 2016**

### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2016  
Notes to Financial Statements – 2016

### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2016

**City of Washougal**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2016**

		<b>Total for All Funds (Memo Only)</b>	<b>001 General Fund</b>	<b>101 Street Fund</b>	<b>103 Cemetery Fund</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	16,818,064	-	-	37,575
30880	Unreserved	14,457,243	3,815,710	63,965	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	10,110,836	8,718,902	216,168	-
320	Licenses and Permits	694,380	565,418	126,434	-
330	Intergovernmental Revenues	2,810,986	437,810	343,036	-
340	Charges for Goods and Services	12,214,364	1,498,643	12,151	50,580
350	Fines and Penalties	21,276	-	-	-
360	Miscellaneous Revenues	1,037,517	45,910	7,594	4,190
Total Revenues:		26,889,359	11,266,683	705,383	54,770
<b>Expenditures</b>					
510	General Government	2,991,406	2,299,073	-	-
520	Public Safety	6,357,601	6,340,370	-	-
530	Utilities	4,831,731	-	-	141,075
540	Transportation	1,384,693	151,858	1,032,405	-
550	Natural and Economic Environment	725,045	713,739	-	-
560	Social Services	11,499	11,499	-	-
570	Culture and Recreation	653,457	561,906	-	-
Total Expenditures:		16,955,431	10,078,444	1,032,405	141,075
Excess (Deficiency) Revenues over Expenditures:		9,933,927	1,188,239	(327,022)	(86,305)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	1,651,728	1,256	315,000	99,700
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	531,586	460,817	-	945
381, 395, 398	Other Resources	87,081	22,323	-	-
Total Other Increases in Fund Resources:		2,270,395	484,396	315,000	100,645
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	8,017,774	9,200	-	-
591-593, 599	Debt Service	3,259,683	-	-	-
597	Transfers-Out	1,651,728	1,183,414	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	552,329	469,550	-	-
581	Other Uses	53,434	-	-	2,804
Total Other Decreases in Fund Resources:		13,534,947	1,662,164	-	2,804
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(1,330,625)</b>	<b>10,470</b>	<b>(12,022)</b>	<b>11,536</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	15,802,747	1,878,497	-	49,111
5088000	Unreserved	14,141,938	1,947,683	51,944	-
<b>Total Ending Cash and Investments</b>		<b>29,944,685</b>	<b>3,826,181</b>	<b>51,944</b>	<b>49,111</b>

*The accompanying notes are an integral part of this statement.*

**City of Washougal**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2016**

		<b>108 Hotel Motel Fund</b>	<b>118 PEG Fee Fund</b>	<b>125 EMS Restricted Revenue Fund</b>	<b>141 Drug Seizure Fund</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	115,875	128,882	644,953	35,536
30880	Unreserved	-	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	84,704	-	-	-
320	Licenses and Permits	-	2,527	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	21,190
360	Miscellaneous Revenues	3,506	546	2,997	8,103
Total Revenues:		88,209	3,073	2,997	29,292
<b>Expenditures</b>					
510	General Government	-	341	-	-
520	Public Safety	-	-	-	17,231
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	11,306	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	91,551	-	-	-
Total Expenditures:		91,551	11,646	-	17,231
Excess (Deficiency) Revenues over Expenditures:		(3,341)	(8,573)	2,997	12,062
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	1,256	-	-	15,000
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		1,256	-	-	15,000
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(4,597)</b>	<b>(8,573)</b>	<b>2,997</b>	<b>(2,938)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	111,277	120,308	647,949	32,597
5088000	Unreserved	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>111,277</b>	<b>120,308</b>	<b>647,949</b>	<b>32,597</b>

**City of Washougal**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2016**

		<b>211 Woodburn/JKL LID Fund</b>	<b>212 UTGO DEBT Fund</b>	<b>213 Gifford Liedtke LID Fund</b>	<b>215 Downtown Revitalization Bond</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	306,161	143,577	40,627	845,390
30880	Unreserved	-	-	-	-
388 / 588	Prior Period Adjustments, Net	-	-	-	50,270
<b>Revenues</b>					
310	Taxes	-	71,399	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	87	-	-	-
360	Miscellaneous Revenues	775,573	685	6,403	7,096
Total Revenues:		775,659	72,084	6,403	7,096
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		775,660	72,084	6,403	7,096
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	355,220
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	50,630
Total Other Increases in Fund Resources:		-	-	-	405,850
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	56,535	121,718	9,764	355,220
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		56,535	121,718	9,764	355,220
<b>Increase (Decrease) in Cash and Investments:</b>		<b>719,125</b>	<b>(49,634)</b>	<b>(3,361)</b>	<b>57,726</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	1,025,285	93,944	37,265	953,386
5088000	Unreserved	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>1,025,285</b>	<b>93,944</b>	<b>37,265</b>	<b>953,386</b>

**City of Washougal**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2016**

		<b>304 1st Quarter % REET Fund</b>	<b>306 2nd Quarter % REET Fund</b>	<b>326 Fire Impact Fees Fund</b>	<b>350 Parks Capital Improvement</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	725,919	254,999	229,476	1,032,113
30880	Unreserved	-	-	-	204,681
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	509,832	509,832	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	350,546
340	Charges for Goods and Services	-	-	64,093	166,720
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	4,155	1,624	1,040	5,029
Total Revenues:		513,987	511,456	65,132	522,295
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	121,352	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	121,352	-	-
Excess (Deficiency) Revenues over Expenditures:		513,987	390,104	65,133	522,295
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	250,000	-	89,714
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	250,000	-	89,714
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	245,736	27,013	1,064,574
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	177,610	177,610	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		177,610	423,346	27,013	1,064,574
<b>Increase (Decrease) in Cash and Investments:</b>		<b>336,377</b>	<b>216,758</b>	<b>38,120</b>	<b>(452,565)</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	1,062,296	471,758	267,596	490,933
5088000	Unreserved	-	-	-	293,295
<b>Total Ending Cash and Investments</b>		<b>1,062,296</b>	<b>471,758</b>	<b>267,596</b>	<b>784,228</b>

**City of Washougal**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2016**

		<b>351 Building Contingency Fund</b>	<b>353 Capital Projects Transportation</b>	<b>401 Water/Sewer Fund</b>	<b>403 Stormwater Fund</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	1,102,399	10,853,147	-
30880	Unreserved	305,640	405,624	7,812,982	1,302,481
388 / 588	Prior Period Adjustments, Net	-	(50,270)	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	408,398	248,299	1,022,898	-
340	Charges for Goods and Services	-	335,793	8,691,094	1,388,156
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	151	7,079	138,974	7,325
Total Revenues:		408,549	591,171	9,852,965	1,395,481
<b>Expenditures</b>					
510	General Government	-	-	691,543	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	3,775,822	914,833
540	Transportation	-	-	79,079	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	4,546,443	914,833
Excess (Deficiency) Revenues over Expenditures:		408,549	591,171	5,306,523	480,648
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	30,000	234,000	96,177	661
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	69,824	-
381, 395, 398	Other Resources	-	-	11,324	-
Total Other Increases in Fund Resources:		30,000	234,000	177,325	661
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	542,751	1,019,784	4,696,472	50,328
591-593, 599	Debt Service	-	-	2,716,445	-
597	Transfers-Out	-	-	661	96,177
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	68,151	-
581	Other Uses	-	-	50,630	-
Total Other Decreases in Fund Resources:		542,751	1,019,784	7,532,360	146,505
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(104,202)</b>	<b>(194,613)</b>	<b>(2,048,513)</b>	<b>334,804</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	-	1,156,644	7,072,364	-
5088000	Unreserved	201,438	106,495	9,545,252	1,637,284
<b>Total Ending Cash and Investments</b>		<b>201,438</b>	<b>1,263,139</b>	<b>16,617,616</b>	<b>1,637,284</b>

**City of Washougal**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2016**

		<b>510 Employment Security Fund</b>	<b>520 Equipment Rental and Revolving Fund</b>	<b>704 Perpetual Care Fund</b>
<b>Beginning Cash and Investments</b>				
30810	Reserved	-	-	321,436
30880	Unreserved	184,964	361,198	-
388 / 588	Prior Period Adjustments, Net	-	-	-
<b>Revenues</b>				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	-	-	7,134
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	812	8,566	162
Total Revenues:		812	8,566	7,297
<b>Expenditures</b>				
510	General Government	450	-	-
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		450	-	-
Excess (Deficiency) Revenues over Expenditures:		362	8,566	7,296
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	180,000	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	-
381, 395, 398	Other Resources	-	-	2,804
Total Other Increases in Fund Resources:		-	180,000	2,804
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	-	361,916	-
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	14,627	-	-
581	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		14,627	361,916	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(14,265)</b>	<b>(173,350)</b>	<b>10,100</b>
<b>Ending Cash and Investments</b>				
5081000	Reserved	-	-	331,537
5088000	Unreserved	170,699	187,847	-
<b>Total Ending Cash and Investments</b>		<b>170,699</b>	<b>187,847</b>	<b>331,537</b>



# CITY OF WASHOUGAL

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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### **Note 1 – Summary of Significant Accounting Policies**

The City of Washougal was incorporated in November 1908 and operates under the laws of the state of Washington applicable to a non-charter Code City Mayor-Council form of government. The City is a general purpose government and provides public safety, fire prevention, street improvement, parks and recreation, health and social services and general administrative services. In addition, the City owns and operates water, sewer and sanitary systems.

The City of Washougal reports financial activity in accordance with the Cash Basis Budgeting, Accounting and Reporting System (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAPP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

#### **A. Fund Accounting**

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

##### **GOVERNMENTAL FUND TYPES:**

##### General 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.

# CITY OF WASHOUGAL

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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### Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the City.

### Debt Service Funds

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

### Capital Project Funds

These funds account for financial resources, which are restricted, committed or assigned for the acquisition or construction of capital facilities or other capital assets.

### 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.

### **B. Basis of Accounting and Measurement Focus**

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

In accordance with state law the City of Washougal also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

# CITY OF WASHOUGAL

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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### C. Budgets

The City adopts annual appropriated budgets for all governmental and proprietary funds, except debt service funds. Debt service funds use a continuing appropriation, which is established when the original debt ordinance to adopt the debt amortization schedule was approved by council. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follows:

FUND	Final Appropriated Amounts	Actual Expenditures	Variance
001 GENERAL FUND	\$ 11,837,998	\$ 11,740,608	\$ 97,390
101 CITY STREET FUND	\$ 1,087,108	\$ 1,032,405	\$ 54,703
103 CEMETERY SERVICES FUND	\$ 187,388	\$ 143,879	\$ 43,509
108 HOTEL/MOTEL TAX	\$ 147,500	\$ 92,807	\$ 54,693
118 PEG FEES	\$ 11,710	\$ 11,646	\$ 64
125 EMS RESTRICTED	\$ 81,259	\$ -	\$ 81,259
141 DRUG SEIZURE FUND	\$ 40,300	\$ 32,231	\$ 8,069
212 UTGO REDEMPTION	\$ 122,000	\$ 121,718	\$ 282
215 DOWNTOWN REDEMPTION FUND	\$ 360,000	\$ 355,220	\$ 4,780
304 REAL ESTATE EXCISE	\$ 180,000	\$ 177,610	\$ 2,390
306 REAL ESTATE EXCISE	\$ 680,000	\$ 544,698	\$ 135,302
326 FIRE IMPACT FEE	\$ 27,013	\$ 27,013	\$ -
350 CAPITAL PROJECT	\$ 2,575,546	\$ 1,064,574	\$ 1,510,972
351 FACILITIES CAPITAL PROJECT	\$ 568,675	\$ 542,751	\$ 25,924
353 TRANSPORTATION CAPITAL PROJECT	\$ 6,428,000	\$ 1,019,784	\$ 5,408,216
401 WATER/SEWER FUND	\$ 30,558,861	\$ 12,078,803	\$ 18,480,058
403 STORMWATER UTILITY	\$ 1,576,891	\$ 1,061,338	\$ 515,553
510 EMPLOYMENT SECURITY	\$ 30,000	\$ 15,077	\$ 14,923
520 ER&R FUND - ROLLING STOCK	\$ 364,400	\$ 361,916	\$ 2,484
704 PERPETUAL CARE	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 56,864,649</b>	<b>\$ 30,424,078</b>	<b>\$ 26,440,571</b>

The finance director is authorized to transfer budgeted amounts between departments within any fund or object classes within departments; however,

**CITY OF WASHOUGAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

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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 Council.

**D. Cash and Investments.**

See Deposit and Investments, Note 3.

**E. Capital Assets**

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five years. Capital assets and inventory are recorded as capital expenditures when purchased.

**F. Compensated Absences**

Vacation leave for general employees and police officers, may be accumulated up to 45 days and is payable upon separation from service or retirement.

Sick leave may be accumulated up to 960 hours for general employees and police officers. Upon separation or retirement employees with five years or more of service are eligible for the following:

- Non represented employees hired prior to July 6, 2010 will receive a 25% payout of accrued balance.
- Police hired prior to December 31, 2010 receive a 25% payout of accrued balance.
- 307-W union receives 25% of accrued hours upon leaving employment.

All sick and vacation payouts are calculated at the employees wage rate at the time of separation. The total outstanding liability for compensated absences are reported on the Schedule of Liabilities (Schedule 09).

**G. Long-Term Debt**

See Note 6, Debt Service Requirements.

**H. Other Financing Sources or Uses**

The City's "Other Financing Sources or Uses" consists of sales of capital assets, insurance recovery, agency disbursements, intergovernmental services, debt redemption and transfers.

**CITY OF WASHOUGAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

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**I. Risk Management**

The city of City of Washougal is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 168 Members.

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

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

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

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

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

CITY OF WASHOUGAL  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

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

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

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

Self-Insurance Fund

The City is self-insured for claims regarding unemployment insurance. Resources set aside as of financial statement presentation date for unemployment claims are approximately \$170,699.

**J. Reserve Fund Balance**

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by ordinance of the City Council. When expenditures that meet restrictions are incurred, the City intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of the following:

- Cemetery Fund- To operate the City's Cemetery, reserved amount \$49,111.
- 1<sup>st</sup> Quarter REET Fund – For use on the City's Capital Improvement plan, reserved amount \$1,062,296.
- Parks Capital Improvement Fund – For use on the City's Park Improvement plan, reserved amount \$490,933.
- 2<sup>nd</sup> Quarter REET Fund – For use on the City's Capital Improvement plan, reserved amount \$471,758.
- Hotel Motel Fund – For use on City tourism as approved by the Lodging Tax Committee, reserved amount \$111,277.

CITY OF WASHOUGAL  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

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- Capital Projects Transportation Fund – For use on the Transportation Improvement plan, reserved \$1,156,644.
- PEG Fees – To bring local government to citizens through media such as television, reserved amount \$120,308.
- EMS Restricted Revenue – For use in the EMS services, reserved amount \$647,949.
- Fire Impact Fees – For use in future capital facility needs, reserved amount \$267,596.
- Drug Seizure Fund – For use in a narcotics program, reserved amount \$32,597.
- Woodburn/JKL Fund – For the payment of the local improvement assessment, reserved amount \$1,025,285.
- UTGO Debt Fund – For the payment of the General Obligation bond, reserved amount \$93,944.
- Gifford Liedtke Fund – For the payment of the local improvement assessment, reserved amount \$37,265.
- Downtown Revitalization Bond Fund – For the payment of the General Obligation bond, reserved amount \$953,386.
- Water/Sewer Utility Fund – For the bond funds issued for capital improvements, reserved amount \$7,072,364.
- Perpetual Care Fund – For the future care of the cemetery, reserved amount \$331,537.

**Note 2 – Compliance and Accountability**

There were no funds which exceeded the adopted budget as of December 31, 2016.

**Note 3 – Deposits and Investments**

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

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the City or its agent in the government's name.

**CITY OF WASHOUGAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2016

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Long term investments are presented at original cost while short term investments are presented at fair value.

Investments by type at December 31, 2016 are as follows:

<b>Investment</b>	<b>Type of Investment</b>	<b>Balance as invested by City</b>
US Government Securities	Long Term	\$ 2,498,433
Local Government Investment Pool	Short Term	22,800,979
Money Market Account	Short Term	8,025
	<b>Total</b>	<b>\$ 25,307,437</b>

**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 after taxes are levied.

The City's regular levy for 2016 was \$2.67 per \$1,000 on an assessed valuation of 1,541,426,333 for a total regular levy of \$4,117,450.

In 2016, the City also levied \$.49 per \$1,000 for emergency medical services for an additional levy of \$747,065.

In 2016, the City also levied \$.05 per \$1,000 for public safety bonds for a total additional levy of \$70,000.

**Note 5 – Interfund Loans and Advances**

The following table displays interfund loan activity during 2016:



# CITY OF WASHOUGAL

## NOTES TO THE FINANCIAL STATEMENTS

### December 31, 2016

Borrowing Fund	Lending Fund	Balance 1/1/16	New Loans	Repayments	Balance 12/31/2016
Cemetery Fund	Perpetual Care Fund	\$ 3,000	\$ -	\$ 1,000	\$ 2,000
Cemetery Fund	Perpetual Care Fund	12,645	-	1,788	10,856
Water/Sewer Fund	Downtown Guarantee Bond Fund	150,000	-	50,000	100,000
		<u>\$ 165,645</u>	<u>\$ -</u>	<u>\$ 52,788</u>	<u>\$ 112,856</u>

#### Note 6 – Debt Service Requirements

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City and summarizes the City's debt transactions for year ended December 31, 2016.

The debt service requirements for general obligation bonds, revenue bonds, public works trust fund loans, assessment debt, and real estate purchase including are as follows:

	Principal	Interest	Total
2017	\$ 1,884,997	\$ 1,387,123	\$ 3,272,120
2018	1,958,113	1,363,599	3,321,712
2019	1,996,660	1,308,415	3,305,075
2020	2,360,443	1,250,872	3,611,315
2021	2,369,474	1,178,228	3,547,702
2022-2026	11,199,572	4,652,561	15,852,134
2027-2031	10,434,485	2,410,546	12,845,032
2032-2036	2,955,000	690,000	3,645,000
2037-2042	1,845,000	188,200	2,033,200
<b>Totals</b>	<b><u>\$ 37,003,745</u></b>	<b><u>\$ 14,429,545</u></b>	<b><u>\$ 51,433,289</u></b>

#### Note 7 – Pension Plans

- A. Substantially all of the City's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans Public Employees' Retirement System (PERS), and Law Enforcement Officers'.

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

# CITY OF WASHOUGAL

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

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

Also, the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

At June 30, 2016, the City's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability (Asset)
PERS 1	.031367%	\$1,684,556
PERS 2 and 3	.040307%	\$2,029,426
LEOFF 1	.006454%	(\$66,495)
LEOFF 2	.055135%	(\$320,682)

The City also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

The City also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could change by statute.

### Note 8 – Joint Ventures and Related Parties

# CITY OF WASHOUGAL

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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### **CWEDA – Jointly Governed Organization**

In 2011 The City of Washougal together with the City of Camas, The port of Camas-Washougal, Downtown Camas Association, Columbia River Economic Development Council, Camas-Washougal Chamber of Commerce, Southwest Washington Work Force Development Council and Innovate Washington formed Camas-Washougal Economic Development Association (CWEDA). This quasi-municipal entity was created so the leadership from forming organizations are able to work together for the economic health of the entire area. The primary mission is to support existing business and to bring new businesses and jobs into the local area. The City of Washougal contributed \$50,000 during 2016 to this organization.

The board of directors for this organization are:

Bill Ward, Port Camas-Washougal Commissioner  
Sean Guard, Washougal Mayor  
Scott Higgins, Camas Mayor  
David Ripp, Camas-Washougal Port Executive Director  
Brent Boger, Washougal City Council  
Steve Hogan, Camas City Council  
David Scott, Washougal City Administrator  
Pete Capell, Camas City Administrator

**CWEDA Board Meetings** are held 4th Thursday of each month from 1:30-3:00 p.m. in the CWEDA Board Room located at 1700 Main Street Washougal, WA 98671.

### **Camas/Washougal Fire Department**

Since May of 2014, the City of Washougal and the City of Camas have combined fire services. The City of Camas assumed responsibility of managing the fire services with the City of Washougal paying a monthly fee for fire services to the City of Camas.

The calculation for what the City of Washougal pays for fire services is based the on the total percentage when adding together the following percentages: 50% property tax (structural assessed value), 25% population, and 25% call volume. The initial annual charge is based on the current year budget using the percentages from the last full year of data (a two year lag) and then the information is “trued up” by the end of June the following year. In 2016, the City of Washougal paid approximately \$230,438 a month totaling \$2,765,298 for the year. The total monthly payment for these services in 2017 is \$252,803 for an estimated yearly cost of \$3,033,636.

# CITY OF WASHOUGAL

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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### **Emergency Services – CRESA**

Clark Regional Emergency Services Agency (CRESA) was created under the Interlocal Cooperation Act (RCW 39.40) by agreement between the City and other governmental units and political districts. Its purpose is to provide a consolidated public safety community actions service to participating cities, political districts, and Clark County. For 2016, the City paid a proportionate share of the operational costs in at 3.2% or \$186,682. Current liabilities are comprised of amounts owed to vendors, other governments, and accrued employee leave liabilities. The entity's long term debt consists solely of compensated absences. The entity's long-term debt is unsecured. Clark County maintains the accounting records for CRESA. Detailed financial statements for this entity can be obtained from CRESA, 710 W. 13<sup>th</sup> Street, Vancouver, Washington 98660.

### **Note 9 – Health and Welfare**

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

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

As of December 31, 2016, 258 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Group Health Cooperative/Group Health Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the

CITY OF WASHOUGAL  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

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state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2016, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Group Health ISL at \$750,000 through Sun Life. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the HCP. Similarly, the terminating member forfeits all rights and interest to the HCP Account.

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

The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

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

**Note 10 – Significant commitments or obligations**

OPEB

# CITY OF WASHOUGAL

## NOTES TO THE FINANCIAL STATEMENTS

### December 31, 2016

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The City has a commitment to pay for post-employment benefits for employees that belong to LEOFF 1. These benefits include medical, vision, and dental. Three retirees received benefits during the year costing \$34,169.

#### Construction Commitments

The City has active construction projects as of December 31, 2016. At year ending December 31, 2016 the City's commitments with contractors were as follows:

Project	Spent to Date	Remaining Commitment
2016 Joint Agency Slurry Seal	122,436	6,444
32nd Street Underpass	-	9,996
34th Street Sidewalks Safe Routes to School	143,119	15,705
Building Inspection at 2036 Main Street		500
Campen Creek Culvert Repair - Construction	18,203	5,013
Chip & Fog Seal	111,619	5,664
Community Center Remodel	474,939	23,090
Environmental Site Assessment at 2036 Main Street Phase 1		3,000
Evergreen Environmental Services - Bus Maintenance Facility	113,563	10,478
Evergreen Way Road Improvements (BUS RELOCATION)	26,725	802,110
Evergreen Way Sidewalk Improvements - 34th to 36th Street (Engineering)	14,573	6,201
FASTLANE Grant for SR14 Access Improvement	2,691	8,754
Hathaway Park Entrance Road Retaining Wall	40,890	2,152
NPDES MS4 Program Review		8,496
Reservoir 6 & Booster Pump Stations Phase 2B	50,976	700
Schmid 32nd Street Property Acquisition		3,700
Steigerwald Restoration and Well Field Project	18,961	11,636
Stiles Rd - 34 Street Rehabilitation Project	98,823	5,201
Stiles Rd - J Street Rehabilitation Project	-	9,979
Stormwater and LID Code and Manual Update Phase 2	19,283	38,025
Town Center Study	9,870	65,543
W Street Speed Bumps, SE Stiles Road Drainage Swale, Cemetery Drainage		15,567
Washougal Facilities Update	25,078	24,918
Washougal Transportation Capital Facilities Plan Updates	1,856	8,143
Well #1 Replacement and Decommissioning Project B	185,497	381,110
WWTP Office Addition Project	9,828	7,962
<b>Total:</b>	<b>\$ 1,488,930</b>	<b>\$ 1,480,088</b>

CITY OF WASHOUGAL  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

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The City tries to fund projects through grants as much as possible. When projects are necessary and grants are not awarded, the City utilizes local funds if available as determined through budget process. There were no projects which have remaining commitments as of December 31, 2016 which the City needs to take debt out to pay for.

**Note 11 – Prior Period Adjustment**

The interfund loan proceeds for the Downtown Revitalization fund were misreported as revenue to the Transportation Capital Fund in the amount of \$50,270 thereby understating beginning fund balance for Downtown Revitalization fund and over reporting beginning fund balance for Transportation Capital Fund.

**City of Washougal  
Schedule of Liabilities  
For the Year Ended December 31, 2016**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
251.12	GO Bonds refunded voted 9/12	12/1/2022	715,000	-	105,000	610,000
251.11	GO Bonds non-voted 11/06	12/1/2016	240,000	-	240,000	-
251.11	GO Bonds non-voted 12/14	12/1/2026	2,915,000	-	-	2,915,000
263.98	Real Estate Purchase Agreement with Port of Camas/Washougal	7/1/2025	617,663	-	48,795	568,868
<b>Total General Obligation Debt/Liabilities:</b>			<b>4,487,663</b>	<b>-</b>	<b>393,795</b>	<b>4,093,868</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
263.88	Public Works Trust Fund Loan 6/05	7/1/2025	436,468	-	43,647	392,821
263.88	Public Works Trust Fund Loan 10/12	6/1/2031	520,976	-	32,561	488,415
263.88	Public Works Trust Fund Loan 10/12	6/1/2031	225,305	-	14,082	211,223
263.88	Public Works Trust Fund Loan 6/06	7/1/2026	1,055,758	-	95,978	959,780
263.88	Public Works Trust Fund Loan 6/08	7/1/2028	1,340,773	-	103,136	1,237,637
252.11	Revenue Bonds non-voted 6/05	9/1/2020	85,000	-	-	85,000
252.11	Revenue Bonds non-voted 5/11	9/1/2031	15,580,000	-	310,000	15,270,000
252.11	Revenue Bonds non-voted 12/14	9/1/2034	4,860,000	-	185,000	4,675,000
252.11	Revenue Bonds non-voted 12/15	9/1/2040	10,030,000	-	690,000	9,340,000
264.30	Net Pension Liability		3,297,463	416,518	-	3,713,981
259.12	Compensated Absences General and Street Funds		514,092	17,570	-	531,662
259.12	Compensated Absences Water/Sewer Funds		126,673	-	38,895	87,778
259.12	Compensated Absences Stormwater Fund		37,275	-	4,413	32,862
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>38,109,783</b>	<b>434,088</b>	<b>1,517,712</b>	<b>37,026,159</b>
<b>Assessment Debt/Liabilities (with commitments)</b>						
253.63	Woodburn Hill Local Improvement District 2/00	2/15/2020	95,000	-	50,000	45,000
253.63	Gifford Liedtke Local Improvement District 9/04	10/1/2021	205,000	-	-	205,000
<b>Total Assessment Debt/Liabilities (with commitments):</b>			<b>300,000</b>	<b>-</b>	<b>50,000</b>	<b>250,000</b>
<b>Total Liabilities:</b>			<b>42,897,446</b>	<b>434,088</b>	<b>1,961,507</b>	<b>41,370,027</b>



## ABOUT THE STATE AUDITOR'S OFFICE

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

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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.

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

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

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

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