



Office of the Washington State Auditor

Pat McCarthy

Financial Statements Audit Report

City of Washougal

For the period January 1, 2019 through December 31, 2019

Published December 3, 2020

Report No. 1027331





Office of the Washington State Auditor Pat McCarthy

December 3, 2020

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,

A handwritten signature in black ink that reads "Pat McCarthy".

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
January 1, 2019 through December 31, 2019**

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, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated November 17, 2020.

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 state law 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.

As discussed in Note 12 to the financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the City.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's

internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described 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, appearing to read "Pat McCarthy".

Pat McCarthy

State Auditor

Olympia, WA

November 17, 2020

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of Washougal January 1, 2019 through December 31, 2019

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, for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 11.

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

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

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

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 state law 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 cash and investments of the City of Washougal, and its changes in cash and investments, for the year ended December 31, 2019, 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, 2019, or the changes in financial position or cash flows thereof 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.

Matters of Emphasis

As discussed in Note 12 to the financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the City. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted 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 17, 2020 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.

A handwritten signature in black ink, appearing to read "Pat McCarthy".

Pat McCarthy

State Auditor

Olympia, WA

November 17, 2020

FINANCIAL SECTION

City of Washougal January 1, 2019 through December 31, 2019

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2019

Notes to Financial Statements – 2019

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2019

City of Washougal
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		Total for All Funds (Memo Only)	001 General Fund	101 Streets Fund	103 Cemetery Fund
Beginning Cash and Investments					
30810	Reserved	19,325,634	2,051,679	-	4,511
30880	Unreserved	8,754,754	1,727,325	301	-
388 / 588	Net Adjustments	11,309	11,309	-	-
Revenues					
310	Taxes	11,466,250	10,331,396	-	-
320	Licenses and Permits	630,806	483,642	147,164	-
330	Intergovernmental Revenues	2,916,840	476,936	360,057	-
340	Charges for Goods and Services	12,867,741	1,735,474	4,689	51,882
350	Fines and Penalties	5,315	538	-	-
360	Miscellaneous Revenues	728,861	110,171	3,262	12,294
Total Revenues:		28,615,813	13,138,157	515,172	64,176
Expenditures					
510	General Government	3,298,395	2,661,747	-	-
520	Public Safety	7,509,051	7,498,451	-	-
530	Utilities	5,821,926	-	-	197,034
540	Transportation	980,119	186,781	788,730	-
550	Natural and Economic Environment	1,263,326	560,426	-	-
560	Social Services	8,397	8,397	-	-
570	Culture and Recreation	719,792	582,471	-	-
Total Expenditures:		19,601,006	11,498,273	788,730	197,034
Excess (Deficiency) Revenues over Expenditures:		9,014,807	1,639,884	(273,558)	(132,858)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	1,697,379	-	273,410	151,200
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	278,369	277,418	-	951
381, 382, 395, 398	Other Resources	244,435	3,451	-	-
Total Other Increases in Fund Resources:		2,220,183	280,869	273,410	152,151
Other Decreases in Fund Resources					
594-595	Capital Expenditures	4,730,311	3,141	-	-
591-593, 599	Debt Service	3,184,894	-	-	-
597	Transfers-Out	1,697,379	1,246,215	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	810,993	791,465	-	-
581, 582	Other Uses	1,960	-	-	1,960
Total Other Decreases in Fund Resources:		10,425,537	2,040,821	-	1,960
Increase (Decrease) in Cash and Investments:		809,453	(120,068)	(148)	17,333
Ending Cash and Investments					
5081000	Reserved	18,791,057	2,166,977	-	21,844
5088000	Unreserved	10,110,093	1,503,268	153	-
Total Ending Cash and Investments		28,901,150	3,670,245	153	21,844

City of Washougal
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		108 Hotel Motel Fund	118 PEG Fee Fund	125 EMS Restricted Revenue Fund	141 Drug Seizure Fund
Beginning Cash and Investments					
30810	Reserved	56,025	125,210	59,020	37,768
30880	Unreserved	-	-	-	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	93,941	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	4,621
360	Miscellaneous Revenues	749	2,627	1,365	603
Total Revenues:		94,690	2,627	1,365	5,224
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	10,600
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	137,321	-	-	-
Total Expenditures:		137,321	-	-	10,600
Excess (Deficiency) Revenues over Expenditures:		(42,631)	2,627	1,365	(5,376)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395,	Other Resources	-	-	-	-
398		-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	-	-
Increase (Decrease) in Cash and Investments:		(42,631)	2,627	1,365	(5,376)
Ending Cash and Investments					
5081000	Reserved	13,394	127,837	60,385	32,392
5088000	Unreserved	-	-	-	-
Total Ending Cash and Investments		13,394	127,837	60,385	32,392

City of Washougal
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		211 Woodburn/JKL LID Fund	212 UTGO Debt Fund	213 Gifford Liedtke LID Fund	215 Downtown Revitalization Bond
Beginning Cash and Investments					
30810	Reserved	1,087,139	17,590	10,711	1,078,888
30880	Unreserved	-	-	-	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	85,901	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	156	-	-	-
360	Miscellaneous Revenues	36,826	339	2,473	23,958
Total Revenues:		36,982	86,240	2,473	23,958
Expenditures					
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:		36,982	86,240	2,473	23,958
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	356,700
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395,	Other Resources	-	-	-	-
398		-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	356,700
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	38,337	111,600	8,285	356,700
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		38,337	111,600	8,285	356,700
Increase (Decrease) in Cash and Investments:		(1,355)	(25,360)	(5,812)	23,958
Ending Cash and Investments					
5081000	Reserved	1,085,784	(7,770)	4,899	1,102,846
5088000	Unreserved	-	-	-	-
Total Ending Cash and Investments		1,085,784	(7,770)	4,899	1,102,846

City of Washougal
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		304 1st Quarter % REET Fund	306 2nd Quarter % REET Fund	326 Fire Impact Fees Fund	350 Parks Capital Improvement
Beginning Cash and Investments					
30810	Reserved	1,348,658	690,000	350,133	559,091
30880	Unreserved	-	-	-	(40,141)
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	411,921	411,921	-	43,719
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	727,500
340	Charges for Goods and Services	-	-	25,735	114,520
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	30,786	10,217	6,884	16,164
Total Revenues:		<u>442,707</u>	<u>422,138</u>	<u>32,619</u>	<u>901,903</u>
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	4,608	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>-</u>	<u>4,608</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) Revenues over Expenditures:		<u>442,707</u>	<u>417,530</u>	<u>32,619</u>	<u>901,903</u>
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	217,000	-	51,088
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395,	Other Resources	-	-	-	37,742
398		<u>-</u>	<u>217,000</u>	<u>-</u>	<u>88,830</u>
Total Other Increases in Fund Resources:		<u>-</u>	<u>217,000</u>	<u>-</u>	<u>88,830</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	852,223	53,300	1,533,188
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	356,700	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>356,700</u>	<u>852,223</u>	<u>53,300</u>	<u>1,533,188</u>
Increase (Decrease) in Cash and Investments:		86,007	(217,693)	(20,681)	(542,455)
Ending Cash and Investments					
5081000	Reserved	1,434,665	472,307	329,452	624,375
5088000	Unreserved	-	-	-	(647,880)
Total Ending Cash and Investments		1,434,665	472,307	329,452	(23,505)

City of Washougal
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		351 Building Contingency Fund	353 Transportation Capital Projects	355 Art Project Fund	401 Water Sewer Fund
Beginning Cash and Investments					
30810	Reserved	-	894,043	-	10,599,772
30880	Unreserved	271,054	(772,984)	-	5,338,277
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	43,719	43,732	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	1,249,449	-	52,898
340	Charges for Goods and Services	-	251,350	-	9,117,620
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,301	23,249	-	397,674
Total Revenues:		45,020	1,567,780	-	9,568,192
Expenditures					
510	General Government	-	-	-	635,993
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	4,442,678
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	702,900
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	5,781,571
Excess (Deficiency) Revenues over Expenditures:		45,020	1,567,780	-	3,786,621
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	206,088	51,088	5,000	94,464
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395,	Other Resources	-	-	-	186,129
398		-	-	-	-
Total Other Increases in Fund Resources:		206,088	51,088	5,000	280,593
Other Decreases in Fund Resources					
594-595	Capital Expenditures	430,831	523,481	4,997	1,074,080
591-593, 599	Debt Service	-	-	-	2,669,972
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		430,831	523,481	4,997	3,744,052
Increase (Decrease) in Cash and Investments:		(179,723)	1,095,387	3	323,162
Ending Cash and Investments					
5081000	Reserved	-	1,110,193	-	9,846,435
5088000	Unreserved	91,331	106,253	3	6,414,776
Total Ending Cash and Investments		91,331	1,216,446	3	16,261,211

City of Washougal
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		403 Stormwater Fund	510 Employment Security Fund	520 Equipment Rental and Revolving Fund	704 Perpetual Care Fund
Beginning Cash and Investments					
30810	Reserved	-	-	-	355,396
30880	Unreserved	2,003,473	162,252	65,197	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	50,000	-	-	-
340	Charges for Goods and Services	1,558,785	-	-	7,686
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	43,874	3,548	497	-
Total Revenues:		1,652,659	3,548	497	7,686
Expenditures					
510	General Government	-	655	-	-
520	Public Safety	-	-	-	-
530	Utilities	1,182,214	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		1,182,214	655	-	-
Excess (Deficiency) Revenues over Expenditures:		470,445	2,893	497	7,686
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	86,341	-	205,000	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395,	Other Resources	-	-	15,153	1,960
398		-	-	-	-
Total Other Increases in Fund Resources:		86,341	-	220,153	1,960
Other Decreases in Fund Resources					
594-595	Capital Expenditures	24,579	-	230,491	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	94,464	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	19,528	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		119,043	19,528	230,491	-
Increase (Decrease) in Cash and Investments:		437,743	(16,635)	(9,841)	9,646
Ending Cash and Investments					
5081000	Reserved	-	-	-	365,042
5088000	Unreserved	2,441,216	145,617	55,356	-
Total Ending Cash and Investments		2,441,216	145,617	55,356	365,042

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

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 Council-Manager 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 GAAP 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.

Special Revenue Funds

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

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

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.

C. Cash and Investments.

See Note 3, *Deposit and Investments*.

D. 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.

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

E. 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 employee's wage rate at the time of separation. The total outstanding liability for compensated absences is reported on the Schedule of Liabilities (Schedule 09).

F. Long-Term Debt

See Note 6, *Debt Service Requirements*.

G. Reserved Portion of Ending Cash and Investments

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:

- General Fund – City policy is to reserve 16% of actual expenditures, reserved amount \$2,166,977.
- Cemetery Fund- To operate the City's Cemetery, reserved amount \$21,844.
- Hotel Motel Fund – For use on City tourism as approved by the Lodging Tax Committee, reserved amount \$13,394.
- PEG Fees – To bring local government to citizens through media such as television, reserved amount \$127,837.
- EMS Restricted Revenue – For use in the EMS services, reserved amount \$60,385.
- Drug Seizure Fund – For use in a narcotics program, reserved amount \$32,392.
- Woodburn/JKL Fund – For the payment of the local improvement assessment, reserved amount \$1,085,784.
- UTGO Debt Fund – For the payment of the General Obligation bond, reserved amount (\$7,770).

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

- Gifford Liedtke Fund – For the payment of the local improvement assessment, reserved amount \$4,899.
- Downtown Revitalization Bond Fund – For the payment of the General Obligation bond, reserved amount \$1,102,846.
- 1st Quarter REET Fund – For use on the City's Capital Improvement plan, reserved amount \$1,434,665.
- 2nd Quarter REET Fund – For use on the City's Capital Improvement plan, reserved amount \$472,307.
- Fire Impact Fees – For use in future capital facility needs, reserved amount \$329,452.
- Parks Capital Improvement Fund – For use on the City's Park Improvement plan, reserved amount \$624,375.
- Capital Projects Transportation Fund – For use on the Transportation Improvement plan, reserved amount \$1,110,193.
- Water/Sewer Utility Fund – For the bond funds issued for capital improvements, reserved amount \$9,846,435.
- Perpetual Care Fund – For the future care of the cemetery, reserved amount \$365,042.

Note 2 – Budget Compliance

A. 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:

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

FUND		Final Appropriated Amounts	Actual Expenditures	Variance
001	GENERAL FUND	\$ 13,534,457	\$ 12,747,629	\$ 786,828
101	CITY STREET FUND	\$ 1,046,783	\$ 788,730	\$ 258,053
103	CEMETERY SERVICES FUND	\$ 237,777	\$ 198,994	\$ 38,783
108	HOTEL/MOTEL TAX	\$ 178,200	\$ 137,321	\$ 40,879
118	PEG FEES	\$ 10,000	\$ -	\$ 10,000
125	EMS RESTRICTED	\$ 59,020	\$ -	\$ 59,020
141	DRUG SEIZURE FUND	\$ 19,200	\$ 10,600	\$ 8,600
212	UTGO REDEMPTION	\$ 111,600	\$ 111,600	\$ -
215	DOWNTOWN REDEMPTION FUND	\$ 356,100	\$ 356,700	\$ (600)
304	REAL ESTATE EXCISE TAX 1	\$ 356,100	\$ 356,700	\$ (600)
306	REAL ESTATE EXCISE TAX 2	\$ 863,000	\$ 856,830	\$ 6,170
326	FIRE IMPACT FEE	\$ 53,300	\$ 53,300	\$ -
350	CAPITAL PROJECT	\$ 4,353,335	\$ 1,533,007	\$ 2,820,328
351	FACILITIES CAPITAL PROJECT	\$ 564,666	\$ 430,830	\$ 133,836
353	TRANSPORTATION CAPITAL PROJECT	\$ 4,119,846	\$ 523,482	\$ 3,596,364
355	ART PROJECT	\$ 5,000	\$ 4,997	\$ 3
401	WATER/SEWER FUND	\$ 12,911,403	\$ 9,525,622	\$ 3,385,781
403	STORMWATER UTILITY	\$ 1,514,548	\$ 1,301,257	\$ 213,291
510	EMPLOYMENT SECURITY	\$ 30,450	\$ 20,183	\$ 10,267
520	EQUIPMENT RENTAL & REVOLVING	\$ 247,100	\$ 230,491	\$ 16,609
704	PERPETUAL CARE	\$ -	\$ -	\$ -
Total		\$ 40,571,885	\$ 29,188,273	\$ 11,383,612

The finance director is authorized to transfer budgeted amounts between departments within any fund or 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 Council.

Fund 215 – Downtown Redemption Fund was over budget due to failure to budget for the administrative fee.

Fund 304 – Real Estate Excise Tax 1 was over budget due to failure to budget for the administrative fee.

Note 3 – Deposits and Investments

All deposit 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, 2019

Long term investments are presented at original cost while short term investments are presented at fair value. Deposits and investments by type at December 31, 2019 are as follows:

Type of Investment	Duration	City's own deposits and investments
Bank Deposits	Short Term	\$ 1,376,507
US Government Securities	Long Term	4,642,702
Local Government Investment Pool	Short Term	22,881,941
	Total	\$ 28,901,150

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

Investments in the State Local Government Investment Pool (LGIP)

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

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at www.tre.wa.gov.

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 throughout the 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 2019 was \$2.62 per \$1,000 on an assessed valuation of \$2,118,548,018 for a total regular levy of \$5,546,446.

In 2019, the City also levied \$.0405 per \$1,000 for public safety bonds for a total additional levy of \$85,000.

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

Note 5 – Interfund Loans

The following table displays interfund loan activity during 2019:

Borrowing Fund	Lending Fund	Balance			Balance		
		1/1/19	New Loans	Repayments	12/31/2019		
Cemetery Fund	Perpetual Care Fund	\$ 7,279	\$ -	\$ 1,788	\$ 5,491		
		<u>\$ 7,279</u>	<u>\$ -</u>	<u>\$ 1,788</u>	<u>\$ 5,491</u>		

Note 6 – Debt Service Requirements

Debt Service

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, 2019.

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
2020	2,543,441	1,090,787	3,634,228
2021	2,289,474	1,011,740	3,301,214
2022	2,106,773	932,235	3,039,008
2023	2,304,355	853,809	3,158,164
2024-2028	11,414,002	3,029,198	14,443,200
2029-2033	7,779,928	1,345,196	9,125,124
2034-2038	2,445,000	463,600	2,908,600
2039-2040	960,000	58,000	1,018,000
Totals	\$ 31,842,973	\$ 8,784,565	\$ 40,627,538

Note 7 – OPEB Plans

During the year ended December 31, 2019 the City adopted guidance for the presentation and disclosure of post-employment benefits other than pensions, as required by the BARS manual. This requirement resulted in the addition of a post-employment benefit liability reported on the Schedule of Liabilities.

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

The LEOFF 1 Retiree Medical Plan is a closed, single-employer, defined-benefit administered by the City as required by RCW 41.26. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2019, the plan had three members, all retirees. For the year ended December 31, 2019, the City's total OPEB liability was \$1,088,118, as calculated using the alternative measurement method. For the year ended December 31, 2019, the City paid \$24,690 in benefits.

Note 8 – Pension Plans

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.

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.

At June 30, 2019, the City's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability (Asset)	Employer Contribution
PERS 1	.029355%	\$1,128,804	\$210,490
PERS 2 and 3	.037883%	\$367,973	\$309,404
LEOFF 1	.006346%	(\$125,436)	\$0
LEOFF 2	.055209%	(\$1,279,023)	\$101,789

CITY OF WASHOUGAL

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

LEOFF Plan 1

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.

LEOFF Plan 2

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 9 – Risk Management

The 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 163 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 [1]. 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.

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

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

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

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

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 \$145,617.

Note 10 – 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, 2019, 261 cities/towns/non-city entities participate in the AWC Trust HCP.

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

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

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 2019, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Commencement Bay Risk Management, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC Trust 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 AWC Trust 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 AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust 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 AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. 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 11 – Joint Ventures and Related Parties

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

CITY OF WASHOUGAL

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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 \$0 during 2019 to this organization.

The board of directors for this organization are:

Larry Keister, Port Camas-Washougal Commissioner
Molly Coston, Washougal Mayor
Shannon Turk, Camas Mayor
David Ripp, Camas-Washougal Port Executive Director
Ray Kutch, Washougal City Council
Steve Hogan, Camas City Council
David Scott, Washougal City Manager
Pete Capell, Camas City Administrator

CWEDA Board Meetings are held 4th Thursday of each month from 1:30-3:00 p.m. at the Port of Camas-Washougal located at 24 South A 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 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 2019, the City of Washougal paid approximately \$278,177 a month totaling \$3,338,124 for the year. The total monthly payment for these services in 2020 is \$291,706 for an estimated yearly cost of \$3,500,472.

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. Payment to CRESA for emergency management in 2019 totaled \$209,742. 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.

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

Clark County maintains the accounting records for CRESA. Detailed financial statements for this entity can be obtained from CRESA, 710 W. 13th Street, Vancouver, Washington 98660.

Note 12 – Subsequent Events

CWEDA

The cities of Camas and Washougal and the Port of Camas-Washougal signed an interlocal agreement amendment December 2019 agreeing to terminate the Camas-Washougal Economic Development Association (CWEDA) June 1, 2020.

COVID19 Pandemic

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

The City has estimated a \$1.6M loss of revenue due to the pandemic. Due to the projected loss, the City is deferring capital projects, eliminating certain programs, reducing expenses where possible, freezing hiring, and reducing the amount of money in the Equipment Replacement Program to offset the potential revenue losses.

The length of time these measures will be in place, and the full extent of the financial impact on the City of Washougal is unknown at this time.

City of Washougal
Schedule of Liabilities
For the Year Ended December 31, 2019

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.12	GO Bonds refunded voted 9/12	12/1/2022	410,000	-	100,000	310,000
251.11	GO Bonds non-voted 12/14	12/1/2026	2,405,000	-	265,000	2,140,000
263.98	Real Estate Purchase Agreement with Port of Camas/Washougal	7/1/2025	489,566	-	57,257	432,309
Total General Obligation Debt/Liabilities:			3,304,566	-	422,257	2,882,309
Revenue and Other (non G.O.) Debt/Liabilities						
263.88	Public Works Trust Fund Loan 6/05	7/1/2025	305,527	-	43,647	261,880
263.88	Public Works Trust Fund Loan 6/12	6/1/2031	423,293	-	32,561	390,732
263.88	Public Works Trust Fund Loan 6/12	6/1/2031	183,060	-	14,082	168,978
263.88	Public Works Trust Fund Loan 6/06	7/1/2026	767,824	-	95,978	671,846
263.88	Public Works Trust Fund Loan 6/08	7/1/2028	1,031,364	-	103,136	928,228
252.11	Revenue Bonds non-voted 6/05	9/1/2020	85,000	-	-	85,000
252.11	Revenue Bonds non-voted 5/11	9/1/2025	5,620,000	-	345,000	5,275,000
252.11	Revenue Bonds non-voted 12/14	9/1/2034	4,285,000	-	200,000	4,085,000
252.11	Revenue Bonds non-voted 12/15	9/1/2040	7,900,000	-	740,000	7,160,000
252.11	Revenue Bonds non-voted 3/17	9/1/2031	9,844,000	-	85,000	9,759,000
264.30	Net Pension Liability		2,048,825	-	552,048	1,496,777
264.40	OPEB Liability		1,077,761	10,357	-	1,088,118
259.12	Compensated Absences General and Street Funds		558,876	12,630	-	571,506
259.12	Compensated Absences Water/Sewer Funds		116,906	11,590	-	128,496
259.12	Compensated Absences Stormwater Fund		30,600	-	1,757	28,843
Total Revenue and Other (non G.O.) Debt/Liabilities:			34,278,036	34,577	2,213,209	32,099,404
Assessment Debt/Liabilities (with commitments)						
253.63	Woodburn Hill Local Improvement District 2/00	2/15/2020	45,000	-	35,000	10,000
253.63	Gifford Liedtke Local Improvement District 9/04	10/1/2021	165,000	-	-	165,000
Total Assessment Debt/Liabilities (with commitments):			210,000	-	35,000	175,000
Total Liabilities:			37,792,602	34,577	2,670,466	35,156,713

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.

Contact information for the State Auditor's Office

Public Records requests	<u>PublicRecords@sao.wa.gov</u>
Main telephone	(564) 999-0950
Toll-free Citizen Hotline	(866) 902-3900
Website	<u>www.sao.wa.gov</u>