

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

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**City of Washougal  
Clark County**

Audit Period  
**January 1, 2010 through December 31, 2010**

**Report No. 1006369**

Issue Date  
**September 26, 2011**



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



## Washington State Auditor Brian Sonntag

September 26, 2011

Mayor and City Council  
City of Washougal  
Washougal, Washington

### ***Report on Financial Statements and Federal Single Audit***

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag".

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

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Clark County  
January 1, 2010 through December 31, 2010**

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# Federal Summary

## City of Washougal Clark County January 1, 2010 through December 31, 2010

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

### **FINANCIAL STATEMENTS**

An unqualified opinion was issued on the financial statements.

#### **Internal Control Over Financial Reporting:**

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

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

### **FEDERAL AWARDS**

#### **Internal Control Over Major Programs:**

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

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

We reported no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

***Identification of Major Programs:***

The following was a major program during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

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

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

# Schedule of Prior Federal Audit Findings

## City of Washougal Clark County January 1, 2010 through December 31, 2010

This schedule presents the status of federal findings reported in prior audit periods. The status listed below is the representation of the City of Washougal. The State Auditor's Office has reviewed the status as presented by the City.

<b>Audit Period:</b> FY 2009	<b>Report Reference No:</b> 1004320	<b>Finding Reference No:</b> 1	<b>CFDA Number:</b> 20.205		
<b>Federal Program Name and Granting Agency:</b> Highway Planning and Construction, U.S. Department of Transportation		<b>Pass-Through Agency Name:</b> Department of Transportation			
<b>Finding Caption:</b> The City's internal controls were inadequate to ensure compliance with cost principles and the Davis-Bacon Act.					
<b>Background:</b> The City requested grant reimbursements from WSDOT which included overhead costs charged by the engineering firm at a 165.3 percent overhead rate; that rate was not audited and approved by WSDOT. In addition, the City did not have adequate internal controls in place to ensure that certified payrolls were collected and reviewed by the project administrator within seven days of the payroll payment date.					
<b>Status of Corrective Action: (check one)</b> <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> No Corrective Action Taken <input type="checkbox"/> Finding is considered no longer valid					
<b>Corrective Action Taken:</b> <i>The City had the indirect rate that the engineering firm charged audited by WSDOT and reconciled the difference on the final bill for the pedestrian tunnel. In the future, the City will ensure rates are approved prior to submitting them to WSDOT for reimbursement. The City has implemented stronger controls to ensure certified payrolls are collected and reviewed within the allowed timeframe.</i>					

# **Status of Prior Audit Findings**

## **City of Washougal Clark County January 1, 2010 through December 31, 2010**

The status of findings contained in the prior years' audit reports of the City of Washougal is provided below:

- 1. The City of Washougal needs to improve its internal controls over its accounting and financial statement preparation.**

Financial Statements and Federal Single Audit, Report No. 1004320, dated September 28, 2010

### **Background**

We found that during 2009, the City was not reconciling bank statements to their general ledger. We also noted that there was no secondary independent review of the accounting journal entries posted to the general ledger and the secondary review of the financial statements was not performed in sufficient detail to detect and identify errors. The City did not have adequate experience with the reporting requirements related to the American Recovery and Reinvestment Act (ARRA) presentation on the Schedule of Expenditures of Federal Awards.

The City experienced turnover in the Finance Director position during 2009, leaving the responsibilities of the position unfilled. In addition, they did not provide the necessary resources and training to ensure proper reporting of the financial statements.

### **Status**

The City continues to make progress toward full correction of internal control weaknesses identified in the fiscal year 2009 audit which resulted in the above noted finding.

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

**City of Washougal  
Clark County  
January 1, 2010 through December 31, 2010**

Mayor and City Council  
City of Washougal  
Washougal, Washington

We have audited the financial statements of the City of Washougal, Clark County, Washington, as of and for the year ended December 31, 2010, and have issued our report thereon dated September 9, 2011.

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.

## ***INTERNAL CONTROL OVER FINANCIAL REPORTING***

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

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## **COMPLIANCE AND OTHER MATTERS**

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

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

This report is intended for the information and use of management, the Mayor and City Council, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag".

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

September 9, 2011

# **Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133**

**City of Washougal  
Clark County  
January 1, 2010 through December 31, 2010**

Mayor and City Council  
City of Washougal  
Washougal, Washington

## **COMPLIANCE**

We have audited the compliance of the City of Washougal, Clark County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2010. The City's major federal program is identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2010.

## **INTERNAL CONTROL OVER COMPLIANCE**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of management, the Mayor and City Council, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

September 9, 2011

# Independent Auditor's Report on Financial Statements

**City of Washougal  
Clark County  
January 1, 2010 through December 31, 2010**

Mayor and City Council  
City of Washougal  
Washougal, Washington

We have audited the accompanying financial statements of the City of Washougal, Clark County, Washington, for the year ended December 31, 2010. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the City of Washougal, for the year ended December 31, 2010, on the basis of accounting described in Note 1.

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

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for

purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedule of Long-Term Debt is also presented for purposes of additional analysis as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Brian Sonntag".

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

September 9, 2011

## **Financial Section**

**City of Washougal  
Clark County  
January 1, 2010 through December 31, 2010**

### ***FINANCIAL STATEMENTS***

Fund Resources and Uses Arising from Cash Transactions – 2010  
Notes to Financial Statements – 2010

### ***SUPPLEMENTAL INFORMATION***

Schedule of Long-Term Debt – 2010  
Schedule of Expenditures of Federal Awards – 2010  
Notes to the Schedule of Expenditures of Federal Awards – 2010

**City of Washougal**  
**FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**  
**For the Year Ended December 31, 2010**

BARS CODE	Total for All Funds	001 General Fund	101 City Street	103 Cemetery Fund
		Actual Amount	Actual Amount	Actual Amount
<b>BEGINNING CASH AND INVESTMENTS</b>				
308.1 Reserved	4,430,358	1,881,801		10,356
308.8 Unreserved	5,389,083	1,920,555	503,026	
Prior Period Adjustments (388.80 and 588.80)	-	-	-	-
<b>REVENUES AND OTHER SOURCES</b>				
310 Taxes	8,312,994	6,740,354	1,050,316	-
320 Licenses and Permits	496,969	336,645	125,250	-
330 Intergovernmental	2,390,356	448,218	307,165	-
340 Charges for Goods and Services	6,740,194	998,115	3,100	31,412
350 Fines and Forfeits	-	-	-	-
360 Miscellaneous	211,399	62,508	1,689	2,361
390 Other Financing Sources	4,576,486	2,084,147	-	20,000
TOTAL REVENUES AND OTHER FINANCING SOURCES	22,728,397	10,669,988	1,487,519	53,774
<b>TOTAL RESOURCES</b>	32,547,838	14,472,344	1,990,545	64,130
<b>OPERATING EXPENDITURES</b>				
510 General Government	2,335,964	1,887,674	-	-
520 Security of Persons & Property	5,209,248	5,156,101	5,459	-
530 Physical Environment	3,191,172	333,152	-	56,144
540 Transportation	1,682,410	-	1,047,991	-
550 Economic Environment	562,454	437,939	-	-
560 Mental and Physical Health	3,455	3,455	-	-
570 Culture and Recreational	504,238	486,238	-	-
TOTAL OPERATING EXPENDITURES	13,488,941	8,304,559	1,053,450	56,144
591-93 Debt Service	882,235	-	-	-
594-95 Capital Outlay	2,263,808	332,156	32,265	-
TOTAL EXPENDITURES	16,634,984	8,636,714	1,085,714	56,144
597-599 Other Financing Uses	4,588,714	2,024,390	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	21,223,699	10,661,104	1,085,714	56,144
Excess (Deficit) of Resources Over Uses	11,324,139	3,811,240	904,831	7,986
380 Non-Revenues (except 384)	205,781	93,047	-	559
580 Non-Expenditures (except 584)	1,220,201	63,410	-	1,000
<b>ENDING CASH AND INVESTMENTS</b>				
508.1 Reserved	6,973,369	1,732,597		7,544
508.8 Unreserved	3,336,420	2,108,280	904,831	-

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, 2010**

BARS CODE	104 Real Estate Excise 1st 1/4%	105 Park Development	106 REET 2nd 1/4%	108 Hotel Motel Tax
	Actual Amount	Actual Amount	Actual Amount	Actual Amount
<b>BEGINNING CASH AND INVESTMENTS</b>				
308.1 Reserved	288,477	551,690	597,820	22,313
308.8 Unreserved	-	-	-	-
Prior Period Adjustments (388.80 and 588.80)	-	-	-	-
<b>REVENUES AND OTHER SOURCES</b>				
310 Taxes	195,137	-	195,137	-
320 Licenses and Permits	-	-	-	-
330 Intergovernmental	1,216,977	-	-	35,501
340 Charges for Goods and Services	-	49,210	-	-
350 Fines and Forfeits	-	-	-	-
360 Miscellaneous	1,136	1,672	1,639	3,048
390 Other Financing Sources	-	-	-	-
TOTAL REVENUES AND OTHER FINANCING SOURCES	1,413,251	50,882	196,777	38,549
<b>TOTAL RESOURCES</b>	1,701,728	602,572	794,597	60,862
<b>OPERATING EXPENDITURES</b>				
510 General Government	-	-	-	-
520 Security of Persons & Property	-	-	-	-
530 Physical Environment	-	-	-	-
540 Transportation	-	-	150,000	-
550 Economic Environment	92,953	-	-	-
560 Mental and Physical Health	-	-	-	-
570 Culture and Recreational	-	-	-	18,000
TOTAL OPERATING EXPENDITURES	92,953	-	150,000	18,000
591-93 Debt Service	-	-	-	-
594-95 Capital Outlay	876,902	19,959	-	-
TOTAL EXPENDITURES	969,855	19,959	150,000	18,000
597-599 Other Financing Uses	95,000	-	149,000	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	1,064,855	19,959	299,000	18,000
Excess (Deficit) of Resources Over Uses	636,873	582,613	495,597	42,862
380 Non-Revenues (except 384)	-	-	-	-
580 Non-Expenditures (except 584)	-	-	-	-
<b>ENDING CASH AND INVESTMENTS</b>				
508.1 Reserved	636,873	582,613	495,597	42,862
508.8 Unreserved	-	-	-	-

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, 2010**

BARS CODE	110 Transportation Development	118 Peg Fees	125 EMS Restricted Revenue	141 Drug Seizure Fund
	Actual Amount	Actual Amount	Actual Amount	Actual Amount
<b>BEGINNING CASH AND INVESTMENTS</b>				
308.1 Reserved	773,708	77,574		27,409
308.8 Unreserved	-	-		-
Prior Period Adjustments (388.80 and 588.80)	-	-	-	-
<b>REVENUES AND OTHER SOURCES</b>				
310 Taxes	-	-	-	-
320 Licenses and Permits	-	35,074	-	-
330 Intergovernmental	40,515	-	-	23,628
340 Charges for Goods and Services	-	-	-	-
350 Fines and Forfeits	-	-	-	-
360 Miscellaneous	1,897	210	8	10,995
390 Other Financing Sources	-	-	600,000	-
TOTAL REVENUES AND OTHER FINANCING SOURCES	42,411	35,284	600,008	34,622
<b>TOTAL RESOURCES</b>	816,119	112,858	600,008	62,031
<b>OPERATING EXPENDITURES</b>				
510 General Government	-	-	-	-
520 Security of Persons & Property	-	-	-	29,237
530 Physical Environment	-	-	-	-
540 Transportation	-	-	-	-
550 Economic Environment	-	31,563	-	-
560 Mental and Physical Health	-	-	-	-
570 Culture and Recreational	-	-	-	-
TOTAL OPERATING EXPENDITURES	-	31,563	-	29,237
591-93 Debt Service	-	-	-	-
594-95 Capital Outlay	35,853	-	-	-
TOTAL EXPENDITURES	35,853	31,563	-	29,237
597-599 Other Financing Uses	380,987	-	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	416,840	31,563	-	29,237
Excess (Deficit) of Resources Over Uses	399,280	81,295	600,008	32,795
380 Non-Revenues (except 384)	-	-	-	-
580 Non-Expenditures (except 584)	-	-	-	-
<b>ENDING CASH AND INVESTMENTS</b>				
508.1 Reserved	399,280	81,295	600,008	32,795
508.8 Unreserved	-	-	-	-

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, 2010**

BARS CODE	211 Combined LID - Woodburn #21 & JLK #23 Debt Service	212 UTGO Debt Service	213 Gifford Liedtke LID Bond	215 Downtown Revitalization
	Actual Amount	Actual Amount	Actual Amount	Actual Amount
<b>BEGINNING CASH AND INVESTMENTS</b>				
308.1 Reserved	43,292	12,043	8,185	135,690
308.8 Unreserved	-			
Prior Period Adjustments (388.80 and 588.80)	-	-	-	-
<b>REVENUES AND OTHER SOURCES</b>				
310 Taxes	-	132,029	-	-
320 Licenses and Permits	-	-	-	-
330 Intergovernmental	-	-	-	-
340 Charges for Goods and Services	-	-	-	-
350 Fines and Forfeits	-	-	-	-
360 Miscellaneous	52,602	19	40,568	1,542
390 Other Financing Sources	-	-	-	244,000
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	52,602	132,048	40,568	245,542
<b>TOTAL RESOURCES</b>	95,894	144,091	48,753	381,232
<b>OPERATING EXPENDITURES</b>				
510 General Government	-	-	-	-
520 Security of Persons & Property	-	-	-	-
530 Physical Environment	-	-	-	-
540 Transportation	-	-	-	-
550 Economic Environment	-	-	-	-
560 Mental and Physical Health	-	-	-	-
570 Culture and Recreational	-	-	-	-
<b>TOTAL OPERATING EXPENDITURES</b>	-	-	-	-
591-93 Debt Service	72,133	129,368	41,885	379,420
594-95 Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	72,133	129,368	41,885	379,420
597-599 Other Financing Uses	-	-	-	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	72,133	129,368	41,885	379,420
Excess (Deficit) of Resources Over Uses	23,762	14,724	6,868	1,812
380 Non-Revenues (except 384)	-	-	-	-
580 Non-Expenditures (except 584)	-	-	-	-
<b>ENDING CASH AND INVESTMENTS</b>				
508.1 Reserved	23,762	14,724	6,868	1,812
508.8 Unreserved	-	-	-	-

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, 2010**

BARS CODE	350 Capital Projects	351 Building Construction	352 EECBG FUND	401 Water/Sewer
	Actual Amount	Actual Amount	Actual Amount	Actual Amount
<b>BEGINNING CASH AND INVESTMENTS</b>				
308.1 Reserved				
308.8 Unreserved		682,871		1,777,694
Prior Period Adjustments (388.80 and 588.80)				
<b>REVENUES AND OTHER SOURCES</b>				
310 Taxes	-	-	-	-
320 Licenses and Permits	-	-	-	-
330 Intergovernmental	150,181	-	7,839	-
340 Charges for Goods and Services	-	-	-	4,916,935
350 Fines and Forfeits	-	-	-	-
360 Miscellaneous	-	1,276	-	26,789
390 Other Financing Sources	380,987	-	4,390	1,242,962
TOTAL REVENUES AND OTHER FINANCING SOURCES	531,168	1,276	12,229	6,186,686
<b>TOTAL RESOURCES</b>	531,168	684,147	12,229	7,964,380
<b>OPERATING EXPENDITURES</b>				
510 General Government	-	-	-	448,290
520 Security of Persons & Property	-	-	-	18,451
530 Physical Environment	-	-	-	2,798,780
540 Transportation	-	-	-	-
550 Economic Environment	-	-	-	-
560 Mental and Physical Health	-	-	-	-
570 Culture and Recreational	-	-	-	-
TOTAL OPERATING EXPENDITURES	-	-	-	3,265,522
591-93 Debt Service	-	-	-	259,430
594-95 Capital Outlay	530,729	-	-	110,248
TOTAL EXPENDITURES	530,729	-	-	3,635,200
597-599 Other Financing Uses	-	684,147	12,229	1,242,962
TOTAL EXPENDITURES AND OTHER FINANCING USES	530,729	684,147	12,229	4,878,162
Excess (Deficit) of Resources Over Uses	438	0	0	3,086,218
380 Non-Revenues (except 384)	-	-	-	-
580 Non-Expenditures (except 584)	-	-	-	1,036,420
<b>ENDING CASH AND INVESTMENTS</b>				
508.1 Reserved	438			2,049,798
508.8 Unreserved	-	-	-	-

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, 2010**

BARS CODE	403 Stormwater Utility	404 Solid Waste Garbage	510 Employment Security Fund	520 Vehicle Rental Fund
	Actual Amount	Actual Amount	Actual Amount	Actual Amount
<b>BEGINNING CASH AND INVESTMENTS</b>				
308.1 Reserved				
308.8 Unreserved	212,512	12,876	279,514	35
Prior Period Adjustments (388.80 and 588.80)	-	-	-	-
<b>REVENUES AND OTHER SOURCES</b>				
310 Taxes	-	20	-	-
320 Licenses and Permits	-	-	-	-
330 Intergovernmental	160,332	-	-	-
340 Charges for Goods and Services	721,393	20,029	-	-
350 Fines and Forfeits	-	-	-	-
360 Miscellaneous	608	-	831	-
390 Other Financing Sources	-	-	-	-
TOTAL REVENUES AND OTHER FINANCING SOURCES	882,333	20,049	831	-
<b>TOTAL RESOURCES</b>	1,094,845	32,925	280,345	35
<b>OPERATING EXPENDITURES</b>				
510 General Government	-	-	-	-
520 Security of Persons & Property	-	-	-	-
530 Physical Environment	-	3,096	-	-
540 Transportation	484,419	-	-	-
550 Economic Environment	-	-	-	-
560 Mental and Physical Health	-	-	-	-
570 Culture and Recreational	-	-	-	-
TOTAL OPERATING EXPENDITURES	484,419	3,096	-	-
591-93 Debt Service	-	-	-	-
594-95 Capital Outlay	325,696	-	-	-
TOTAL EXPENDITURES	810,115	3,096	-	-
597-599 Other Financing Uses	-	-	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	810,115	3,096	-	-
Excess (Deficit) of Resources Over Uses	284,730	29,828	280,345	35
380 Non-Revenues (except 384)	-	-	112,175	-
580 Non-Expenditures (except 584)	50,125	-	69,247	-
<b>ENDING CASH AND INVESTMENTS</b>				
508.1 Reserved	234,605	29,898		
508.8 Unreserved	-	-	323,274	35

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, 2010

	Total For All Funds	604 Cemetery Perpetual Care Fund	608 Woodburn & JKL Guarantee Fund	610 Downtown Guarantee Bond Fund	612 Gifford/Liedtke Guarantee Fund
	Total Amount	Actual Amount	Actual Amount	Actual Amount	Actual Amount
BEGINNING CASH AND INVESTMENTS Prior Period Adjustments (388.80 and 588.80)	1,309,403	287,347	467,818	516,590	37,648
REVENUES AND OTHER SOURCES TOTAL RESOURCES	1,313,896	4,493 - 288,825	1,478 - 467,818	3,015 519,605	- 37,648
TOTAL EXPENDITURES AND OTHER FINANCING USES Excess (Deficit) of Resources Over Uses 380 Non-Revenues (except 384) 580 Non-Expenditures (except 584)	72,600 1,241,296 101,000 - 1,342,296	288,825 - 1,000 - 289,825	69,600 398,218 519,605 - 398,218	100,000 619,605 - 34,648	3,000 34,648 - 34,648
ENDING CASH AND INVESTMENTS					

**CITY OF WASHOUGAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2010**

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

The City of Washougal reports financial activity using the revenue and expenditure classifications, statements, and schedules contained in the Cash Basis *Budgeting, Accounting and Reporting System* (BARS) manual. This basis of accounting and reporting is an other comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

The City of Washougal was incorporated in November 1908 and operates under the laws of the state of Washington applicable to a non-charter 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 uses single entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

### **A. Fund Accounting**

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

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

##### **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.

##### **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.

**CITY OF WASHOUGAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2010**

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**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**

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

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

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

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**C. Budgets**

The City adopts annual appropriated budgets for all governmental fund types 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.

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

**CITY OF WASHOUGAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2010**

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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:

<b>Description</b>	<b>Final Appropriations Amount</b>	<b>Actual Expenditure</b>	<b>Variance</b>
001 - General Fund	\$9,816,919	\$9,324,514	\$492,405
002 - Fire Service Fund	\$1,400,000	\$1,400,000	\$0
101 - City Street Fund	\$1,324,050	\$1,085,714	\$238,336
103 - Cemetery Fund	\$55,243	\$56,144	-\$901
604 - Cemetery Perpetual Care Fund	\$0	\$0	\$0
104 - REET-1st 1/4%	\$1,762,000	\$1,064,855	\$697,145
105 - Park Development Fund	\$105,000	\$19,959	\$85,041
106 - REET-2nd 1/4%	\$813,000	\$299,000	\$514,000
610 - Downtown Bond Guarantee Fund	\$0	\$0	\$0
108 - Hotel Motel Tax	\$30,000	\$18,000	\$12,000
110 - Transportation Development	\$850,000	\$416,840	\$433,160
118 - Peg Fees	\$57,000	\$31,563	\$25,437
125 - EMS Restricted	\$0	\$0	\$0
141 - Drug Seizure Fund	\$38,800	\$29,237	\$9,563
212 - UTGO Bond Redemption Fund	\$125,000	\$129,368	-\$4,368
315 - Downtown Revitalization Project	\$0	\$379,420	-\$379,420
350 - Capital Projects Fund	\$5,424,462	\$530,729	\$4,893,733
351 - Building Contingency Fund	\$681,000	\$684,147	-\$3,147
352 - EECBG Fund	\$415,000	\$12,229	\$402,771
401 - Water/Sewer Fund	\$5,064,404	\$4,471,493	\$592,911
403 - Stormwater Utility Fund	\$859,654	\$860,240	-\$586
404 - Garbage Fund	\$0	\$3,096	-\$3,096
406 - Water/Sewer Constr. Reserve	\$3,900,000	\$200,127	\$3,699,873
408 - Water/Sewer Bond Redemption	\$583,665	\$582,665	\$1,000
410 - PWTF Loan Redemption	\$560,949	\$560,949	\$0
412 - Water/Sewer Bond Redemption	\$124,537	\$99,348	\$25,189
510 - Empl. Security Reserve Fund	\$75,000	\$69,247	\$5,753
520 - Vehicle Rental Fund	\$0	\$0	\$0
 <b>Total City Funds</b>	 <b>\$34,065,683</b>	 <b>\$22,328,883</b>	 <b>\$11,736,800</b>

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.

**CITY OF WASHOUGAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2010**

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**D. Cash**

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

**E. Deposits**

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

**F. Investments (See Note 3)**

**G. Capital Assets**

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

**H. Compensated Absences**

Vacation leave for general employees and police officers, may be accumulated up to 360 hours and is payable upon separation from service or retirement. Vacation leave for fire fighters may accumulate up to 450 hours and is payable upon separation from service or retirement. Sick leave may be accumulated up to 960 hours for general employees and police officers. Fire department personnel may accumulate up to 1200 hours of sick leave. Upon separation or retirement employees with five years or more service, receive payment for 25% of their sick leave balance calculated at the employees wage rate at the time of separation.

**I. Long-Term Debt (See Note 6)**

The City issues general obligation and revenue bonds to finance the purchase of fire suppression vehicles and the acquisition or construction of government and community facilities and water/sewer improvements. Bonded indebtedness has also been entered into to advance refund several general obligation and revenue bonds. General obligation bonds have been issued for both general government and proprietary activities and are being repaid from the applicable resources. Proprietary fund revenues are repaying the revenue bonds. The City is also liable for Public Work Trust Fund Loans for the construction of utility infrastructure. These loans are considered obligations of the proprietary funds and are being repaid from the applicable resources.

**J. Other Financing Sources or Uses**

The City's "Other Financing Sources or Uses" consists of operating transfers in, operating transfers out and sale of fixed assets.

**K. 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 136 members.

**CITY OF WASHOUGAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2010**

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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, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$500,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

In-house services include risk management consultation, loss control field services, claims and litigation administration and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage 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.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines. These revenues directly offset portions of the membership's annual assessment.

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.

**L. Reserve Fund Balance**

The City strives to maintain unencumbered general fund reserves of at least 16% of total general, street and fire expenses.

**CITY OF WASHOUGAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2010

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## **Note 2 – Compliance and Accountability**

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

The following non-debt related funds exceeded their appropriations:

<b>Fund</b>	<b>Amount</b>	<b>Reason</b>
103 – Cemetery Fund	\$901	This fund was over by an immaterial amount.
351 – Building Contingency Fund	\$3,147	This fund was closed during 2010 and transferred to the general fund.
403 – Stormwater Utility Fund	\$586	True up to indirect costs led to an overage in this Fund.
404 – Garbage Fund	\$3,096	Fund has been inactive since 2009. Expenditures are from collections on A/R which then are subject to state taxes.

## **Note 3 – Investments**

The City's investments are either insured, registered or held by the City or its agent in the City's name. The City's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) by collateral held in multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). The City does not hold any investments as an agent for other local governments, individuals or private organizations.

Investments are presented at fair market value.

Investments by type at December 31 are as follows:

<u>Type of Investment</u>	<u>2010 Balance</u>
Local Government Investment Pool	\$ <u>10,565,155</u>
Total	\$ <u><u>10,565,155</u></u>

## **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.

**CITY OF WASHOUGAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2010**

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The City's regular levy for 2010 was \$2.933 per \$1,000 on an assessed valuation of \$1,386,373,528 for a total regular levy of \$4,066,517.

In 2010, the City also levied \$.441 per \$1,000 for emergency medical services for an additional levy of \$611,871.

In 2010, the City also levied \$.094 per \$1,000 for public safety bonds for a total additional levy of \$129,500.

### **Note 5 – Interfund Loans and Advances**

The following table displays interfund loan activity during 2010:

<i>Borrowing Fund</i>	<i>Lending Fund</i>	<i>Balance 1/1/10</i>	<i>New Loans</i>	<i>Repayments</i>	<i>Balance 12/31/10</i>
Cemetery Fund	Cemetery Perpetual Care	\$ 9,000	\$	\$ 1,000	\$ 8,000
Stormwater Utility Fund	Downtown Gurantee Bond Fund	50,000	0	50,000	0
Water-Sewer	Downtown Gurantee Bond Fund	450,000	0	50,000	400,000
<b>TOTALS</b>		<b>\$ 509,000</b>	<b>\$ 0</b>	<b>\$ 101,000</b>	<b>\$ 408,000</b>

### **Note 6 – Long Term Debt**

The accompanying Schedule of Long-Term Debt (09) provides a listing of the outstanding debt of the City and summarizes the City's debt transactions for 2010. The debt service payment for the fiscal year reported and future payment requirements, including interest, are as follows:

	<i>Gov't Loans</i>	<i>GO Bonds</i>	<i>Revenue Bonds</i>	<i>Assessment Debt</i>	<i>Total</i>
2010	560,949	608,136	582,666	186,813	1,938,564
2011	343,157	603,221	584,786	313,648	1,844,812
2012	341,067	607,970	580,743	30,665	1,560,445
2013	338,976	602,079	581,080	30,665	1,552,800
2014	336,887	605,926	583,480	30,665	1,556,958
2015	334,796	569,512	575,080	30,665	1,510,052
2016-2020	1,642,620	1,702,375	2,475,845	403,325	6,224,165
2021-2025	1,590,357	1,838,940	0	308,665	3,737,962
2026-2029	580,478	1,734,700	0	0	2,315,178
Totals	6,069,287	8,872,859	5,963,680	1,335,111	22,240,936
Less Interest	320,442	2,630,854	1,188,738	394,915	4,534,948
Principal Due	<b>\$ 5,748,845</b>	<b>\$ 6,242,005</b>	<b>\$ 4,774,943</b>	<b>\$ 940,196</b>	<b>\$ 17,705,987</b>

Additionally, a contract with a developer is included on the Schedule of Long-Term Debt – Revenue Debt (09) in the amount of \$656,985. This contract payable is due only as certain revenues within the Water Sewer Enterprise Fund are collected. As a result, this is not included in the schedule above.

**CITY OF WASHOUGAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2010**

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**Note 7 – Pension Plans**

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

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

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

Additionally, the Volunteer Fire Fighters' Relief and Pension Fund System is a cost-sharing multiple-employer retirement system, which was created by the Legislature in 1945 under Chapter 41.24 RCW. It provides pension, disability and survivor benefits. Membership in the system requires service with a fire department of an electing municipality of Washington State except those covered by LEOFF. The system is funded through employer contributions of \$90 per year and 40 percent of the Fire Insurance Premium Tax. Members do not earn interest on their contributions; however, they may elect to withdraw their contribution upon termination.

**Note 8 – Subsequent Events**

The City increased the Water, Sewer and Stormwater Rates effective January 1, 2011 by 13.5%, 28.5% and 14.5% respectively. In addition, on May 3, 2011 the City issued \$16.1 million in utility backed revenue bonds to support the Capital Facility plans of the Enterprise funds for the next three years.

**CITY OF WASHOUGAL**  
**SCHEDULE OF LONG-TERM DEBT**  
**SCHEDULE 9**  
**For The Year Ending December 31, 2010**

ID. No.	Date of Original Issue	Beginning Balance 1/1/10	Additions	Reductions	BARS Code For Redemption	Ending Outstanding Debt 12/31/10	Redeeming Fund Number
251.11	4/00	\$ 464,142	\$ 0	74,154	582,380.73	\$ 389,988	412
251.12	12/02	1,235,000	0	75,000	591,355.71	1,160,000	212
251.11	11/06	4,530,000	0	195,000	591,355.71	4,335,000	215/610
251.11		21,611	0	21,611	582,350.73	0	410
263.82	7/90	615,000	0	300,000	582,350.73	315,000	408
252.11	8/99	698,349	0	43,647	582,350.73	654,702	410
263.82	6/05	683,585	0	26,600	582,350.73	656,985	408
263.92	11/03	4,160,000	0	90,000	582,350.73	4,070,000	408
252.11	6/05	1,865,421	0	109,731	582,350.73	1,755,690	410
263.82	6/06	97,875	0	97,875	582,350.73	0	410
263.82	6/05	94,403	0	94,403	582,350.73	0	410
263.82	6/05	2,945,000	0	155,000	582,350.73	2,790,000	410
263.63	2/00	615,000	0	100,000	592,380.71	515,000	211/608
253.11	9/04	325,000	0	30,000	592,380.71	295,000	213/612
259.11	1/10	0	565,259	0	xxx.xxx.21	565,259	001/101
259.12	1/10	0	114,955	0	xxx.xxx.21	114,955	401
259.12	1/10	0	28,064	0	xxx.xxx.21	28,064	403
		<b>\$ 18,350,386</b>	<b>\$ 708,277</b>	<b>1,413,021</b>		<b>\$ 17,645,643</b>	

**CITY OF WASHOUGAL**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended December 31, 2010

Grantor/ Pass-Through Grantor Program Title	Name of Award	CFDA Number	Other Identification Number	Expenditures			Notes to Schedule
				From Pass - through Award	From Direct Awards	Total	
Department of Housing and Urban Development/Pass-Through Clark County	Community Development Block Grant/Entitlement	14.218	#2009-CDBG-0905	30,862	-	30,862	
State Department of Transportation/Pass Through	Highway Planning and Construction	20.205	SR 14 Pedestrian Tunnel. LA 6090	955,121	-	955,121	3
State Department of Transportation/Pass Through	Highway Planning and Construction	20.205	LA 6058 Total for Department of Transportation	78,265	-	78,265	
				1,033,386	-	1,033,386	
Department of Justice - Office of Justice Programs/ Pass Through Clark County	ARRA - Edward Byrne Memorial Formula Grant Program	16.579	2009-SB-B9-1974	11,140	-	11,140	5
Department of Justice - Criminal Division	Equitable Sharing Agreement	16.000	WA0060400	-	7,336	7,336	
Department of the Treasury	Equitable Sharing Agreement	21.000	WA0060400	12,552	-	12,552	
Department of Homeland Security/ Pass Through Washington Military Department - Emergency Management Division	Disaster Grants - Public Assistance	97.036	FEM-1825-DR-WA	5,695	-	5,695	6
Department of Transportation - National Highway Traffic Safety Administration	Alcohol Impaired Driving Countermeasures	20.601	X52 DUI Patrol	1,388	-	1,388	
Department of Energy/ Pass Through Washington State Department of Commerce	ARRA - Energy Efficiency and Conservation Block Grant	81.128	DE-EE0000849	7,839	-	7,839	4,5
				1,090,311	-	19,888	1,110,199

**CITY OF WASHOUGAL**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE/LOCAL FINANCIAL ASSISTANCE**

**NOTE 1 BASIS OF ACCOUNTING**

The Schedule of Financial Assistance is prepared on the same basis of accounting as the city's financial statements. The city uses the single entry, cash basis accounting.

**NOTE 2 PROGRAM COSTS**

The amounts shown as current year expenditures represent only federal and state/local grant portions of the program costs. Entire program costs, including the city's portion may be more than shown.

**NOTE 3 INDIRECT COST RATE**

The amount expended includes \$30,295 claimed as an indirect cost recovery using an indirect cost rate of 165.30%. The indirect cost recovery rate was audited in late 2010 and was approved at 127.06%, a difference of \$7,009 for the year. The City corrected this difference in 2011.

**NOTE 4 AMOUNTS AWARDED TO SUBRECIPIENTS**

Included in the total amount expended for this program is \$ 7,063 that was passed through to a subrecipient for this program by ARRA

**NOTE 5 AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) of 2009**

Expenditures for this program were funded by ARRA.

**NOTE 6 FEMA DISASTER ASSISTANCE - CFDA 97.036**

Expenses were incurred in 2008. However, project costs were not officially approved until 2010.



## **ABOUT THE STATE AUDITOR'S OFFICE**

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

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

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

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

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

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

**State Auditor**

**Chief of Staff**

**Deputy Chief of Staff**

**Chief Policy Advisor**

**Director of Audit**

**Director of Performance Audit**

**Director of Special Investigations**

**Director for Legal Affairs**

**Director of Quality Assurance**

**Local Government Liaison**

**Communications Director**

**Public Records Officer**

**Main number**

**Toll-free Citizen Hotline**

**Brian Sonntag, CGFM**

**Ted Rutt**

**Doug Cochran**

**Jerry Pugnetti**

**Chuck Pfeil, CPA**

**Larisa Benson**

**Jim Brittain, CPA**

**Jan Jutte, CPA, CGFM**

**Ivan Dansereau**

**Mike Murphy**

**Mindy Chambers**

**Mary Leider**

**(360) 902-0370**

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