



Washington State Auditor's Office

Independence • Respect • Integrity

Financial Statements Audit Report

City of Washougal

Clark County

For the period January 1, 2013 through December 31, 2014

Published October 19, 2015

Report No. 1015372





Washington State Auditor's Office

October 19, 2015

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,

JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

TABLE OF CONTENTS

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	4
Independent Auditor’s Report On Financial Statements	7
Financial Section.....	11
About The State Auditor’s Office.....	40

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

**City of Washougal
Clark County
January 1, 2013 through December 31, 2014**

Mayor and City Council
City of Washougal
Washougal, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Washougal, Clark County, Washington, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated October 13, 2015. As described in Note 10 to the financial statements, the City's 2012 financial statements have been restated to correct the classification of certain fund types and the designation of cash and investments balances.

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial

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

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

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

COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

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

A handwritten signature in blue ink that reads "Jan M. Jutte". The signature is fluid and cursive, with the first name "Jan" and last name "Jutte" clearly legible.

JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

October 13, 2015

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of Washougal Clark County January 1, 2013 through December 31, 2014

Mayor and City Council
City of Washougal
Washougal, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Washougal, Clark County, Washington, for the years ended December 31, 2014 and 2013, 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 Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the City of Washougal, for the years ended December 31, 2014 and 2013, 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, 2014 and 2013, or the changes in financial position or cash flows for the years 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 Regarding Material Reclassifications of Items in Previously Issued Financial Statements

As described in Note 10 to the financial statements, the City's 2012 financial statements have been restated to correct the classification of certain fund types and the designation of cash and investments balances. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules of Liabilities are 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 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 October 13, 2015 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 blue ink that reads "Jan M. Jutte". The signature is written in a cursive style with a large initial "J" and "M".

JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

October 13, 2015

FINANCIAL SECTION

**City of Washougal
Clark County
January 1, 2013 through December 31, 2014**

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2014
Fund Resources and Uses Arising from Cash Transactions – 2013
Notes to Financial Statements – 2014 and 2013

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2014
Schedule of Liabilities – 2013

City of Washougal
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2014

		Total for All Funds (Memo Only)	001 GENERAL FUND	101 STREET FUND
Beginning Cash and Investments				
30810	Reserved	13,203,183	-	-
30880	Unreserved	9,357,790	3,296,229	-
388 & 588	Prior Period Adjustments, Net	-	-	-
Operating Revenues				
310	Taxes	8,945,772	7,890,951	202,349
320	Licenses and Permits	661,925	504,117	131,199
330	Intergovernmental Revenues	1,193,942	371,810	300,744
340	Charges for Goods and Services	11,145,038	1,398,385	8,587
350	Fines and Penalties	1,449	134	-
360	Miscellaneous Revenues	276,005	80,186	6,564
Total Operating Revenues:		<u>22,224,131</u>	<u>10,245,584</u>	<u>649,442</u>
Operating Expenditures				
510	General Government	2,822,683	2,140,509	-
520	Public Safety	5,918,941	5,904,661	-
530	Utilities	4,454,562	13,485	-
540	Transportation	1,303,327	115,004	977,118
550	Natural and Economic Environment	536,886	536,886	-
560	Social Services	10,494	10,494	-
570	Culture and Recreation	573,644	521,551	-
Total Operating Expenditures:		<u>15,620,537</u>	<u>9,242,591</u>	<u>977,118</u>
Net Operating Increase (Decrease):		6,603,594	1,002,994	(327,676)
Nonoperating Revenues				
370-380, 395 & 398	Other Financing Sources	392,228	319,283	-
391-393	Debt Proceeds	8,870,472	-	-
397	Transfers-In	1,291,898	31,272	331,150
Total Nonoperating Revenues:		<u>10,554,598</u>	<u>350,555</u>	<u>331,150</u>
Nonoperating Expenditures				
580, 596 & 599	Other Financing Uses	3,311,632	313,406	-
591-593	Debt Service	2,885,666	-	-
594-595	Capital Expenditures	3,451,774	48,510	-
597	Transfers-Out	1,291,898	767,543	-
Total Nonoperating Expenditures:		<u>10,940,970</u>	<u>1,129,459</u>	<u>-</u>
Net Increase (Decrease) in Cash and Investments:		6,217,222	224,090	3,474
Ending Cash and Investments				
50810	Reserved	16,617,954	-	-
50880	Unreserved	12,160,241	3,520,319	3,474

The accompanying notes are an integral part of this statement.

103 CEMETERY FUND	108 HOTEL MOTEL FUND	118 PEG FEES FUND	125 EMS RESTRICTED REVENUE FUND	141 DRUG SEIZURE FUND	211 WOODBURN/JKL LID FUND
3,723	102,520	101,143	643,242	33,616	252,956
-	-	-	-	-	-
-	-	-	-	-	-
-	57,855	-	-	-	-
-	-	26,610	-	-	-
-	-	-	-	-	-
53,342	-	-	-	-	-
-	-	-	-	-	1,297
4,268	90	125	646	20,311	83,196
<u>57,611</u>	<u>57,945</u>	<u>26,734</u>	<u>646</u>	<u>20,311</u>	<u>84,493</u>
-	-	-	-	-	-
-	-	-	-	14,280	-
119,282	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	52,092	-	-	-	-
<u>119,282</u>	<u>52,092</u>	<u>-</u>	<u>-</u>	<u>14,280</u>	<u>-</u>
(61,671)	5,853	26,734	646	6,031	84,493
2,644	-	-	-	-	-
-	-	-	-	-	-
75,000	-	-	-	-	-
<u>77,644</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2,807	-	-	-	-	-
-	-	-	-	-	70,540
1,644	-	-	-	-	-
-	-	-	-	-	-
<u>4,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,540</u>
11,522	5,853	26,734	646	6,031	13,953
15,245	108,373	127,878	643,888	39,646	266,909
-	-	-	-	-	-

The accompanying notes are an integral part of this statement.

212 UTGO DEBT FUND	213 GIFFORD LIEDTKE LID FUND	215 DOWNTOWN BOND GUARANTEE FUND	304 1st QUARTER % REET FUND	305 PARK DEVELOPMENT FUND	306 2nd QUARTER % REET FUND
40,104	72,859	782,926	600,098	748,781	114,376
-	-	-	-	-	-
-	-	-	-	-	-
208,908	-	-	292,854	-	292,854
-	-	-	-	-	-
-	-	-	-	8,100	-
-	-	-	-	153,830	-
-	18	-	-	-	-
194	20,137	4,056	1,731	721	152
<u>209,102</u>	<u>20,155</u>	<u>4,056</u>	<u>294,585</u>	<u>162,651</u>	<u>293,006</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	211,205
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	211,205
<u>209,102</u>	<u>20,155</u>	<u>4,056</u>	<u>294,585</u>	<u>162,651</u>	<u>81,801</u>
-	-	50,263	-	-	-
-	-	3,278,422	-	-	-
-	-	379,080	-	-	-
-	-	<u>3,707,765</u>	-	-	-
-	-	2,925,000	-	-	-
113,823	57,188	731,762	-	-	-
-	-	-	-	44,409	-
-	-	-	189,540	-	189,540
<u>113,823</u>	<u>57,188</u>	<u>3,656,762</u>	<u>189,540</u>	<u>44,409</u>	<u>189,540</u>
<u>95,280</u>	<u>(37,033)</u>	<u>55,059</u>	<u>105,045</u>	<u>118,242</u>	<u>(107,739)</u>
135,384	35,826	837,984	705,143	867,023	6,638
-	-	-	-	-	-

The accompanying notes are an integral part of this statement.

310 TRANSPORTATION DEVELOPMENT FUND	326 FIRE IMPACT FEES FUND	350 CAPITAL PROJECTS FUND	351 BUILDING CONTINGENCY FUND	353 CAPITAL PROJECTS TRANSPORTATION FUND	401 WATER/SEWER UTILITY FUND
371,732	126,238	-	-	-	8,912,327
-	-	204,138	74,277	683,647	4,284,329
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	161,603	252,806	-
255,820	46,408	-	-	-	8,052,902
-	-	-	-	-	-
522	161	205	156	529	47,545
<u>256,342</u>	<u>46,569</u>	<u>205</u>	<u>161,760</u>	<u>253,335</u>	<u>8,100,447</u>
-	-	-	-	-	681,652
-	-	-	-	-	-
-	-	-	-	-	3,502,119
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	4,183,771
<u>256,342</u>	<u>46,569</u>	<u>205</u>	<u>161,760</u>	<u>253,335</u>	<u>3,916,676</u>
-	-	-	-	-	5,887
-	-	-	-	-	5,592,050
-	-	-	30,000	30,000	172,816
-	-	-	<u>30,000</u>	<u>30,000</u>	<u>5,770,753</u>
-	-	-	-	-	50,335
-	-	-	-	-	1,912,354
-	-	-	11,834	484,804	2,769,075
-	-	-	-	-	579
-	-	-	<u>11,834</u>	<u>484,804</u>	<u>4,732,343</u>
<u>256,342</u>	<u>46,569</u>	<u>205</u>	<u>179,926</u>	<u>(201,469)</u>	<u>4,955,086</u>
628,074	172,807	-	-	-	11,717,797
-	-	204,343	254,203	482,178	6,433,945

The accompanying notes are an integral part of this statement.

403 STORMWATER UTILITY FUND	404 SOLID WASTE FUND	510 EMPLOYMENT SECURITY FUND	520 ER&R FUND	704 PERPETUAL CARE FUND
-	-	-	-	296,541
484,159	30,716	220,857	79,437	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
98,879	-	-	-	-
1,165,430	556	-	-	9,777
-	-	-	-	-
2,230	-	284	139	1,857
<u>1,266,539</u>	<u>556</u>	<u>284</u>	<u>139</u>	<u>11,634</u>
-	-	523	-	-
-	-	-	-	-
819,676	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>819,676</u>	<u>-</u>	<u>523</u>	<u>-</u>	<u>-</u>
446,863	556	(239)	139	11,634
-	-	-	11,344	2,807
-	-	-	-	-
579	-	-	242,000	-
<u>579</u>	<u>-</u>	<u>-</u>	<u>253,344</u>	<u>2,807</u>
-	-	18,440	-	1,644
-	-	-	-	-
17,003	-	-	74,494	-
113,424	31,272	-	-	-
<u>130,427</u>	<u>31,272</u>	<u>18,440</u>	<u>74,494</u>	<u>1,644</u>
317,015	(30,716)	(18,679)	178,989	12,797
-	-	-	-	309,338
801,174	-	202,178	258,426	-

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, 2013

		Total for All Funds (Memo Only)	001 General Fund	101 Street Fund
Beginning Cash and Investments				
30810	Reserved	13,979,527	-	-
30880	Unreserved	8,190,925	3,008,472	294,396
388 & 588	Prior Period Adjustments, Net	-	-	-
Operating Revenues				
310	Taxes	8,586,961	7,759,472	192,086
320	Licenses & Permits	646,054	483,901	127,534
330	Intergovernmental Revenues	865,763	343,955	296,449
340	Charges for Goods and Services	10,492,525	1,303,621	6,749
350	Fines & Penalties	2,569	-	-
360	Miscellaneous Revenues	247,451	38,656	12,847
Total Operating Revenues:		<u>20,841,324</u>	<u>9,929,606</u>	<u>635,664</u>
Operating Expenditures				
510	General Government	2,629,695	2,100,585	-
520	Public Safety	5,377,640	5,363,094	-
530	Utilities	4,659,607	-	-
540	Transportation	1,217,417	133,577	943,032
550	Natural and Economic Environment	550,632	550,050	-
560	Social Services	10,077	10,077	-
570	Culture And Recreation	526,455	492,934	-
Total Operating Expenditures:		<u>14,971,522</u>	<u>8,650,317</u>	<u>943,032</u>
Net Operating Increase (Decrease):		5,869,801	1,279,289	(307,368)
Nonoperating Revenues				
370-380, 395 & 398	Other Financing Sources	763,450	393,423	285
391-393	Debt Proceeds	519,537	-	-
397	Transfers-In	1,318,134	-	12,687
Total Nonoperating Revenues:		<u>2,601,121</u>	<u>393,423</u>	<u>12,972</u>
Nonoperating Expenditures				
580, 596 & 599	Other Financing Uses	653,475	367,552	-
591-593	Debt Service	2,190,052	-	-
594-595	Capital Expenditures	3,918,741	258,090	-
597	Transfers-Out	1,318,134	759,314	-
Total Nonoperating Expenditures:		<u>8,080,401</u>	<u>1,384,956</u>	<u>-</u>
Net Increase (Decrease) in Cash and Investments:		390,520	287,756	(294,396)
Ending Cash and Investments				
50810	Reserved	13,203,183	-	-
50880	Unreserved	9,357,789	3,296,228	-

The accompanying notes are an integral part of this statement.

103 Cemetery Fund	108 Hotel Motel Fund	118 PEG Fees Fund	125 EMS Restricted Revenue	141 Drug Seizure Fund	211 Woodburn/JKL LID Fund
6,849	85,764	66,991	642,283	30,224	241,410
-	-	-	-	-	-
-	-	-	-	-	-
-	50,170	-	-	-	-
-	-	34,619	-	-	-
-	-	-	-	756	-
42,473	-	-	-	-	-
-	-	-	-	-	2,485
17,763	107	115	959	25,538	73,190
60,236	50,277	34,735	959	26,294	75,675
-	-	-	-	-	-
-	-	-	-	14,192	-
117,488	-	-	-	-	-
-	-	-	-	-	-
-	-	582	-	-	-
-	-	-	-	-	-
-	33,520	-	-	-	-
117,488	33,520	582	-	14,192	-
(57,252)	16,757	34,153	959	12,102	75,675
17,022	-	-	-	-	-
-	-	-	-	-	-
71,756	-	-	-	-	-
88,778	-	-	-	-	-
1,000	-	-	-	-	-
-	-	-	-	-	64,129
33,652	-	-	-	8,710	-
-	-	-	-	-	-
34,652	-	-	-	8,710	64,129
(3,126)	16,757	34,153	959	3,392	11,546
3,723	102,520	101,143	643,242	33,616	252,956
-	-	-	-	-	-

The accompanying notes are an integral part of this statement.

212 UTGO Debt Fund	213 Gifford Liedtke LID Fund	215 Downtown Bond Guarantee	304 1st Quarter % REET Fund	305 Park Development Fund	306 2nd Quarter % REET Fund
26,494	57,550	732,000	520,112	551,954	251,552
-	-	-	-	-	-
-	-	-	-	-	-
123,421	-	-	230,906	-	230,906
-	-	-	-	-	-
-	-	-	-	68,580	-
-	-	-	-	195,520	-
-	85	-	-	-	-
83	27,412	3,109	2,003	1,437	414
123,504	27,496	3,109	232,909	265,537	231,320
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	140,808
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	140,808
123,504	27,496	3,109	232,909	265,537	90,512
-	-	50,495	-	-	-
-	-	-	-	-	-
-	-	374,356	-	-	-
-	-	424,851	-	-	-
-	-	-	-	-	-
109,894	12,188	377,035	-	-	-
-	-	-	6,254	68,710	-
-	-	-	146,669	-	227,687
109,894	12,188	377,035	152,923	68,710	227,687
13,610	15,308	50,925	79,986	196,827	(137,175)
40,104	72,859	782,926	600,098	748,781	114,376
-	-	-	-	-	-

The accompanying notes are an integral part of this statement.

310 Transportation Development Fund	326 Fire Impact Fees Fund	350 Capital Projects Fund	351 Building Contingency Fund	352 EECBG Fund	353 Capital Projects Transportation Fund
107,175	66,407	-	-	-	-
-	-	203,859	505,377	-	733,662
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	101,023
264,279	59,722	-	-	-	-
-	-	-	-	-	-
278	110	280	481	-	959
264,557	59,832	280	481	-	101,982
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
264,557	59,832	280	481	-	101,982
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	30,000	-	30,000
-	-	-	30,000	-	30,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	461,581	-	181,998
-	-	-	-	-	-
-	-	-	461,581	-	181,998
264,557	59,832	280	(431,100)	-	(50,016)
371,732	126,238	-	-	-	-
-	-	204,138	74,277	-	683,647

The accompanying notes are an integral part of this statement.

401 Water/Sewer Utility Fund	403 Stormwater Utility Fund	404 Solid Waste Fund	510 Employment Security Fund	520 ER&R Fund	704 Perpetual Care Fund
10,289,878	-	-	-	-	302,884
2,687,052	298,475	30,207	230,434	198,991	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,000	50,000	-	-	-	-
7,527,502	1,085,066	509	-	-	7,085
-	-	-	-	-	-
36,702	350	-	1,022	1,825	1,812
7,569,204	1,135,415	509	1,022	1,825	8,897
528,838	-	-	271	-	-
354	-	-	-	-	-
3,830,476	711,643	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,359,668	711,643	-	271	-	-
3,209,536	423,772	509	751	1,825	8,897
295,200	-	-	40	5,985	1,000
519,537	-	-	-	-	-
607,436	221	-	-	191,678	-
1,422,173	221	-	40	197,663	1,000
258,316	-	-	10,367	-	16,240
1,626,806	-	-	-	-	-
2,431,640	149,066	-	-	319,041	-
95,220	89,244	-	-	-	-
4,411,983	238,309	-	10,367	319,041	16,240
219,727	185,683	509	(9,576)	(119,553)	(6,343)
8,912,327	-	-	-	-	296,541
4,284,329	484,159	30,716	220,857	79,437	-

The accompanying notes are an integral part of this statement.

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013 and 2014

Note 1 – Summary of Significant Accounting Policies

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

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

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

A. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General Fund

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

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013 and 2014

Special Revenue Funds

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

Debt Service Funds

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

Capital Project Funds

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

Permanent Funds

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

PROPRIETARY FUND TYPES:

Enterprise Funds

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

Internal Service Funds

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

B. Basis of Accounting

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

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

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013 and 2014

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. 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.

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013 and 2014

The appropriated and actual expenditures for the legally adopted budgets were as follows for 2013:

Fund	Fund Description	Final Appropriations Amount	Actual Expenditures	Variance
001	General Fund	10,828,861.00	10,035,272.00	793,589.00
101	City Street Fund	1,027,490.00	943,032.00	84,458.00
103	Cemetery Services Fund	137,794.00	152,140.00	(14,346.00)
108	Hotel/Motel Tax	80,000.00	33,520.00	46,480.00
118	Peg Fees	55,250.00	582.00	54,668.00
125	EMS Restricted	394,542.00	-	394,542.00
141	Drug Seizure Fund	21,650.00	22,902.00	(1,252.00)
212	UTGO Redemption	19,013.00	109,894.00	(90,881.00)
215	Downtown Redemption Fund	594,805.00	377,035.00	217,770.00
304	Real Estate Excise 1st Qtr	297,403.00	152,923.00	144,480.00
305	Park Impact Fee	630,000.00	68,710.00	561,290.00
306	Real Estate Excise 2nd Qtr	447,403.00	368,495.00	78,908.00
310	Transportation Impact Fee	146,000.00	-	146,000.00
326	Fire Impact Fee	-	-	-
350	Capital Project	-	-	-
351	Facilities Capital Project	430,000.00	461,581.00	(31,581.00)
353	Transportation Capital Project	3,602,000.00	181,998.00	3,420,002.00
401	Water/Sewer Fund	14,007,838.00	8,773,675.00	5,234,163.00
403	Stormwater Utility	1,192,058.00	949,952.00	242,106.00
404	Solid Waste Fund	-	-	-
510	Employment Security	61,500.00	10,638.00	50,862.00
520	ER&R Fund	318,828.00	319,041.00	(213.00)
704	Perpetual Care	30,000.00	16,240.00	13,760.00
		34,322,435.00	22,977,630.00	11,344,805.00

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013 and 2014

The appropriated and actual expenditures for the legally adopted budgets were as follows for 2014:

Fund	Fund Description	Final Appropriations Amount	Actual Expenditures	Variance
001	General Fund	10,386,660.00	10,058,518.01	328,141.99
101	City Street Fund	1,041,973.00	977,118.00	64,855.00
103	Cemetery Services Fund	130,814.00	120,926.00	9,888.00
108	Hotel/Motel Tax	66,500.00	52,092.43	14,407.57
118	Peg Fees	6,350.00	-	6,350.00
125	EMS Restricted	266,000.00	-	266,000.00
141	Drug Seizure Fund	22,850.00	14,280.00	8,570.00
212	UTGO Redemption	204,013.00	113,822.50	90,190.50
215	Downtown Redemption Fund	4,079,080.00	3,656,762.44	422,317.56
304	Real Estate Excise 1st Qtr	190,000.00	189,540.00	460.00
305	Park Impact Fee	1,110,000.00	44,409.18	1,065,590.82
306	Real Estate Excise 2nd Qtr	402,000.00	400,744.83	1,255.17
310	Transportation Impact Fee	422,000.00	-	422,000.00
326	Fire Impact Fee	-	-	-
350	Capital Project	204,076.00	-	204,076.00
351	Facilities Capital Project	345,000.00	11,834.32	333,165.68
353	Transportation Capital Project	1,500,000.00	484,803.91	1,015,196.09
401	Water/Sewer Fund	15,725,935.00	8,920,291.77	6,805,643.23
403	Stormwater Utility	1,090,703.00	950,103.00	140,600.00
404	Solid Waste Fund	30,207.00	31,272.23	(1,065.23)
510	Employment Security	61,500.00	18,962.68	42,537.32
520	ER&R Fund	216,397.00	74,493.72	141,903.28
704	Perpetual Care	1,645.00	1,644.21	0.79
		37,503,703.00	26,121,619.23	11,382,083.77

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.

D. Cash

See Deposit and Interments Note 3.

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013 and 2014

E. Deposits

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

F. Investments (See Note 3)

G. 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.

H. 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. Fire department personnel may accumulate up to 1200 hours of sick leave. 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.
- Fire employees receive a 25% payout of accrued balance in the event of retirement only.
- 307-W union receives 25% of accrued hours upon leaving employment.

All sick and vacation payouts are calculated at the employees wage rate at the time of separation.

I. Long-Term Debt (See Note 6)

J. Other Financing Sources or Uses

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

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013 and 2014

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 175 Members.

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

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, 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 \$750,000, 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.

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013 and 2014

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.

Other Self-Insurance Funds

The City is self-insured for claims regarding unemployment insurance. Resources set aside as of financial statement presentation date for unemployment claims are approximately \$220,857 for 2013 and \$202,178 for 2014.

L. Reserved Ending Cash

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 for 2013 and 2014 respectively:

- Cemetery Fund- To operate the City's Cemetery, reserved amount \$3,723 and \$15,245.
- 1st Quarter REET Fund – For use on the City's Capital Improvement plan, reserved amount \$600,098 and \$705,143.
- Park Development Fund – For use on the City's Park Improvement plan, reserved amount \$748,781 and \$867,023.
- 2nd Quarter REET Fund – For use on the City's Capital Improvement plan, reserved amount \$114,376 and \$6,638.
- Hotel Motel Fund – For use on City tourism as approved by the Lodging Tax Committee, reserved amount \$102,520 and \$108,373.
- Transportation Development Fund – For use on the Transportation Improvement plan, reserved \$371,732 and \$628,074.
- PEG Fees – To bring local government to citizens through media such as television, reserved amount \$101,143 and \$127,878.
- EMS Restricted Revenue – For use in the EMS services, reserved amount \$643,242 and \$643,888.
- Fire Impact Fees – For use in future capital facility needs, reserved amount \$126,238 and \$172,807.

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013 and 2014

- Drug Seizure Fund – For use in a narcotics program, reserved amount \$33,616 and \$39,646.
- Woodburn/JKL Fund – For the payment of the local improvement assessment, reserved amount \$252,956 and \$266,909.
- UTGO Debt Fund – For the payment of the General Obligation bond, reserved amount \$40,104 and \$135,384.
- Gifford Liedtke Fund – For the payment of the local improvement assessment, reserved amount \$72,859 and \$35,826.
- Downtown Revitalization Bond Fund – For the payment of the General Obligation bond, reserved amount \$782,926 and \$837,984.
- Water/Sewer Utility Fund – For the bond funds issued for capital improvements, reserved amount \$8,912,327 and \$11,717,797.
- Perpetual Care Fund – For the future care of the cemetery, reserved amount \$296,541 and \$309,338.

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013 and 2014

Note 2 – Compliance and Accountability

The following non-debt related funds exceeded their appropriations in 2013:

Fund	Amount	Reason
103 – Cemetery	\$14,346	We were notified that our seasonal employees were required to be part of the PERS retirement system. The Department of Retirement Systems required an audit to true up past seasonal employees which was completed at the end of the year. As a result this fund exceeded its budget.
212 – UTGO Debt Service	\$90,882	The bond company called a principal payment not included on our amortization schedule at the end of 2013.
351- Capital Facilities Fund	\$31,581	Projects approved in prior years were expended in 2013 causing the fund to go over its 2013 budget.
520- ER&R	\$213	The IT upgrades were slightly more than budgeted for.
141 – Drug Seizure Fund	\$1,252	The purchase of the drug dog was more than budgeted.

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013 and 2014

The following non-debt related funds exceeded their appropriations in 2014:

Fund	Amount	Reason
404 – Solid Waste	\$1,065.23	Prior to the City closing this fund, we received old delinquent payments to this fund. Thereby increasing the fund balance and the amount to close the fund.

Note 3 – Investments

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

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

All investments are presented at fair value.

Investments by type at December 31, 2013 are as follows:

Type of Investment	Balance
Local Government Investment Pool	\$17,673,144.93
US Government Securities	\$5,002,206.10
TOTAL:	\$22,675,351.03

Investments by type at December 31, 2014 are as follows:

Type of Investment	Balance
Local Government Investment Pool	\$14,263,509.17
US Government Securities	\$4,995,389.04
Money Market Account	\$3,703,929.16
TOTAL:	\$22,962,827.37

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013 and 2014

Note 4 – Property Taxes

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed after the end of each month.

Property tax revenues are recognized when cash is received by the City. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The City’s regular levy for 2013 was \$3.10 per \$1,000 on an assessed valuation of 1,166,188,970 for a total regular levy of \$3,615,186.

In 2013, the City also levied \$.50 per \$1,000 for emergency medical services for an additional levy of \$583,094.

In 2013, the City also levied \$.106 per \$1,000 for public safety bonds for a total additional levy of \$115,000.

The City’s regular levy for 2014 was \$2.90 per \$1,000 on an assessed valuation of 1,294,782,136 for a total regular levy of \$3,758,650.54.

In 2014, the City also levied \$.4928 per \$1,000 for emergency medical services for an additional levy of \$638,099.

In 2014, the City also levied \$.159 per \$1,000 for public safety bonds for a total additional levy of \$205,000.

Note 5 – Interfund Loans and Advances

The following table displays interfund loan activity during 2013:

<i>Borrowing Fund</i>	<i>Lending Fund</i>	<i>Balance 1/1/13</i>	<i>New Loans</i>	<i>Repayments</i>	<i>Balance 12/31/13</i>
Cemetery Fund	Cemetery Perpetual Care	\$ 6,000	\$ 0	\$ 1,000	\$ 5,000
Cemetery Fund	Cemetery Perpetual Care	-	16,240.01	-	16,240.01
Water-Sewer	Downtown Gurantee Bond Fund	300,000	0	50,000	250,000
TOTALS		<u>\$ 306,000</u>	<u>\$ 16,240</u>	<u>\$ 51,000</u>	<u>\$ 271,240</u>

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013 and 2014

The following table displays interfund loan activity during 2014:

<u>Borrowing Fund</u>	<u>Lending Fund</u>	<u>Balance 1/1/14</u>	<u>New Loans</u>	<u>Repayments</u>	<u>Balance 12/31/14</u>
Cemetery Fund	Cemetery Perpetual Care	\$ 5,000	\$ -	\$ 1,000	\$ 4,000
Cemetery Fund	Cemetery Perpetual Care	\$ 16,240	\$ -	\$ 1,807	\$ 14,433
Water Sewer	Downtown Guarantee Bond Fund	\$ 250,000	\$ -	\$ 50,000	\$ 200,000
		<u>\$ 271,240</u>	<u>\$ -</u>	<u>\$ 52,807</u>	<u>\$ 218,433</u>

Note 6 – Debt Service Requirements

The accompanying Schedules 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, 2013 and 2014.

The debt service requirements for general obligation bonds, revenue bonds, public works trust fund loans, and assessment debt including both principle and interest are as follows for 2013 and 2014 respectively:

	General Obligation Bonds	Revenue Bonds	Other Debt	Total Debt
2014	492,193	1,498,186	427,138	2,417,517
2015	503,030	1,550,399	375,887	2,429,316
2016	498,063	1,600,099	324,250	2,422,411
2017	242,525	1,596,989	322,385	2,161,899
2018	750,525	1,066,824	320,520	2,137,869
2019-2023	1,763,280	8,609,983	1,923,432	12,296,695
2024-2028	1,884,100	6,698,200	1,076,081	9,658,381
2028-2033	-	6,395,625	100,560	6,496,185
Totals	<u>6,133,715</u>	<u>29,016,303</u>	<u>4,870,254</u>	<u>40,020,272</u>
Less Interest	<u>1,508,715</u>	<u>9,871,303</u>	<u>398,466</u>	<u>11,778,484</u>
Total Principal Due	<u>\$ 4,625,000</u>	<u>\$ 19,145,000</u>	<u>\$ 4,471,788</u>	<u>\$ 28,241,788</u>

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013 and 2014

	General Obligation Bonds	Revenue Bonds	Other Debt	Total Debt
2015	474,668	1,798,041	351,940	2,624,648
2016	476,784	1,965,799	328,691	2,771,273
2017	471,400	1,963,989	326,799	2,762,187
2018	471,900	1,440,024	324,907	2,236,831
2019	467,100	1,436,748	323,016	2,226,863
2020-2024	2,110,450	10,976,360	1,840,217	14,927,027
2025-2029	710,400	7,214,925	894,566	8,819,891
2030-2034	-	8,090,100	93,879	8,183,979
Totals	5,182,701	34,885,984	4,484,015	44,552,700
Less Interest	962,701	11,410,984	283,535	12,657,220
Total Principal Due	\$ 4,220,000	\$ 23,475,000	\$ 4,200,480	\$ 31,895,480

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 member contributions of \$30 per year; employer contributions of \$30 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.

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013 and 2014

Note 8 – Joint Ventures and Related Parties

In 2011 The City of Washougal together with the City of Camas, The port of Camas-Washougal, Downtown Camas Association, Columbia River Economic Development Council, Camas-Washougal Chamber of Commerce, Southwest Washington Work Force Development Council and Innovate Washington formed Camas-Washougal Economic Development Association (CWEDA). This quasi-municipal entity was created so the leadership from forming organizations are able to work together for the economic health of the entire area. The primary mission is to support existing business and to bring new businesses and jobs into the local area. The City of Washougal contributed \$50,625 during 2013 and \$71,875 during 2014 to this organization.

The board of directors for this organization are:

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

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

Note 9 – Subsequent event

The City of Washougal issued 10,030,000 in revenue bonds in September 2015. Of this issue, a portion was used to refund revenue bonds previously issued in 2005 in the amount of \$2,180,000.

Note 10 – Other

Change of Reserved and Unreserved Cash Presentation

The City has changed its presentation of reserved and unreserved fund balance to not be more restrictive than the fund's purpose to be in compliance with accounting guidelines. This is a change from our previous year's financial statements. Funds affected were the General Fund, Street Fund, Capital Project Funds, and Enterprise Funds.

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013 and 2014

Change of Fund Presentation

The City has changed its presentation of its impact fee funds to capital project funds, as well as rolling its debt guarantee funds into the associated debt fund. This is a change from our previous year's financial statements.

**City of Washougal
Schedule of Liabilities
For the Year Ended December 31, 2014**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligations						
263.91	Line of Credit - Bank of America	3/31/2015	141,072	-	92,668	48,404
251.12	GO Bonds refunded voted 9/12	12/1/2022	915,000	-	95,000	820,000
251.11	GO Bonds non-voted 11/06	12/1/2016	3,710,000	-	3,235,000	475,000
251.12	GO Bonds refunded non-voted 12/14	12/1/2026	-	2,925,000	-	2,925,000
263.81	Public Works Trust Fund Loan 6/05	6/1/2031	523,761	-	43,647	480,114
263.81	Public Works Trust Fund Loan 10/12	6/1/2031	557,925	26,608	30,996	553,537
263.81	Public Works Trust Fund Loan 10/12	6/1/2031	39,270	203,730	3,613	239,387
263.81	Public Works Trust Fund Loan 06/06	6/1/2031	1,247,715	-	95,978	1,151,737
263.81	Public Works Trust Fund Loan 06/08	6/1/2020	1,547,046	-	103,137	1,443,909
259.11	Compensated absences general and street funds		558,140	-	91,656	466,484
259.11	Compensated absences water/sewer funds		132,256	19,436	-	151,692
259.11	Compensated absences stormwater fund		57,029	-	21,563	35,466
Total General Obligations:			9,429,214	3,174,774	3,813,258	8,790,730
Revenue Obligations						
252.11	Revenue Bonds non-voted 06/05	9/1/2020	3,110,000	-	460,000	2,650,000
252.11	Revenue Bonds non-voted 5/11	9/1/2031	16,035,000	-	195,000	15,840,000
252.11	Revenue Bonds non-voted 12/14	9/1/2034	-	4,985,000	-	4,985,000
Total Revenue Obligations:			19,145,000	4,985,000	655,000	23,475,000
Assessment Obligations						
263.63	Woodburn Hill Local Improvement District 9/04	10/1/2021	155,000	-	60,000	95,000
263.63	Gifford Liedtke Local improvement District 9/04	10/1/2021	260,000	-	45,000	215,000
Total Assessment Obligations:			415,000	-	105,000	310,000
Total Liabilities:			28,989,214	8,159,774	4,573,258	32,575,730

City of Washougal
Schedule of Liabilities
For the Year Ended December 31, 2013

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligations						
263.91	Line of Credit - Bank of America	12/1/2022	228,724	-	87,665	141,059
251.12	GO Bonds refunded voted 9/12	12/1/2022	1,005,000	-	90,000	915,000
251.11	GO Bonds non-voted 11/06	12/1/2026	3,925,000	-	215,000	3,710,000
263.81	Public Works Trust Fund Loan 6/05	7/1/2025	567,408	-	43,647	523,761
263.81	Public Works Trust Fund Loan 10/12	6/1/2031	81,972	480,267	4,314	557,925
263.81	Public Works Trust Fund Loan 10/12	6/1/2031	-	39,270	-	39,270
263.91	Latecomer Agreement Washougal Water LLC	10/1/2013	130,539	-	130,539	-
263.81	Public Works Trust Fund Loan 6/06	12/1/2026	1,303,885	-	56,170	1,247,715
263.81	Public Works Trust Fund Loan 6/08	7/1/2028	1,650,182	-	103,136	1,547,046
251.11	Gifford Liedtke Local Improvement District 9/04	2/15/2020	205,000	-	50,000	155,000
259.11	Compensated Absences General and Street Funds		635,387	-	77,247	558,140
259.11	Compensated Absences Water/Sewer Funds		108,889	23,367	-	132,256
259.11	Compensated Absences Stormwater Fund		32,975	24,054	-	57,029
	Total General Obligations:		9,874,961	566,958	857,718	9,584,201
Revenue Obligations						
252.11	Revenue Bonds non-voted 6/05	9/1/2020	3,550,000	-	440,000	3,110,000
252.11	Revenue Bonds non-voted 5/11	9/1/2031	16,035,000	-	-	16,035,000
	Total Revenue Obligations:		19,585,000	-	440,000	19,145,000
Assessment Obligations						
263.63	Woodburn Hill Local Improvement District 2/00	2/15/2020	260,000	-	-	260,000
	Total Assessment Obligations:		260,000	-	-	260,000
	Total Liabilities:		29,719,961	566,958	1,297,718	28,989,201

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

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

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

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

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