



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Washougal

For the period January 1, 2023 through December 31, 2023

Published November 12, 2024

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

November 12, 2024

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 activities and condition.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

City of Washougal January 1, 2023 through December 31, 2023

City Council
City of Washougal
Washougal, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Washougal, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated November 5, 2024.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

REPORT ON 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 its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

PURPOSE OF THIS REPORT

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

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

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

November 5, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Washougal January 1, 2023 through December 31, 2023

City Council
City of Washougal
Washougal, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of Washougal, as of and for the year ended December 31, 2023, and the related notes to the financial statements, as listed in the financial section of our report.

Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City has prepared these financial statements to meet the financial reporting requirements of state law and 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 accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the City of Washougal, and its changes in cash and investments, for the year ended December 31, 2023, on the basis of accounting described in Note 1.

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, 2023, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit unmodified and adverse opinions.

Matter Giving Rise to 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. As described in Note 1 of the financial statements, the financial statements are prepared by the City in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's financial statements. The Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS manual. This schedule is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to

prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2024 on our consideration of the City's internal control over financial reporting and on the 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

November 5, 2024

FINANCIAL SECTION

City of Washougal January 1, 2023 through December 31, 2023

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2023
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2023
Notes to Financial Statements – 2023

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2023

City of Washougal
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		Total for All Funds (Memo Only)	001 General Fund	101 Street Fund	103 Cemetery Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	41,568,922	10,672,777	1,597	13,312
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	14,962,270	13,734,381	-	-
320	Licenses and Permits	1,071,737	921,977	149,760	-
330	Intergovernmental Revenues	1,929,773	479,832	344,696	-
340	Charges for Goods and Services	23,097,266	2,702,925	9,198	40,826
350	Fines and Penalties	81,066	750	-	-
360	Miscellaneous Revenues	2,190,384	322,663	690,381	22,556
Total Revenues:		43,332,496	18,162,528	1,194,035	63,382
Expenditures					
510	General Government	4,028,493	4,028,493	-	-
520	Public Safety	9,775,757	9,771,969	-	-
530	Utilities	7,714,384	-	-	172,179
540	Transportation	1,151,423	175,475	975,948	-
550	Natural/Economic Environment	1,520,357	1,405,641	-	-
560	Social Services	17,810	17,810	-	-
570	Culture and Recreation	544,181	544,181	-	-
Total Expenditures:		24,752,405	15,943,569	975,948	172,179
Excess (Deficiency) Revenues over Expenditures:		18,580,091	2,218,959	218,087	(108,797)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	950,000	-	-	-
397	Transfers-In	5,760,156	9,318	289,328	111,075
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	119,154	73,149	-	-
Total Other Increases in Fund Resources:		6,829,310	82,467	289,328	111,075
Other Decreases in Fund Resources					
594-595	Capital Expenditures	7,513,043	260,102	-	-
591-593, 599	Debt Service	3,509,928	89,459	3,478	290
597	Transfers-Out	5,760,156	5,223,302	-	5,250
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	1,200	1,200	-	-
Total Other Decreases in Fund Resources:		16,784,327	5,574,063	3,478	5,540
Increase (Decrease) in Cash and Investments:		8,625,074	(3,272,637)	503,937	(3,262)
Ending Cash and Investments					
50821	Nonspendable	395,575	-	-	-
50831	Restricted	14,843,689	1,135,092	-	-
50841	Committed	8,011,743	-	-	-
50851	Assigned	21,707,599	1,029,658	505,534	10,050
50891	Unassigned	5,235,390	5,235,390	-	-
Total Ending Cash and Investments		50,193,996	7,400,140	505,534	10,050

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, 2023

		108 Hotel Motel Fund	120 Opioid Settlement Fund	127 Affordable Housing Fund	141 Drug Seizure Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	163,742	-	37,591	21,942
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	137,435	-	13,902	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	200
360	Miscellaneous Revenues	5,018	32,305	1,380	1,613
Total Revenues:		142,453	32,305	15,282	1,813
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	3,788
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	114,716	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		114,716	-	-	3,788
Excess (Deficiency) Revenues over Expenditures:		27,737	32,305	15,282	(1,975)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	-	-
Increase (Decrease) in Cash and Investments:		27,737	32,305	15,282	(1,975)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	185,409	30,999	51,493	17,763
50841	Committed	-	-	-	-
50851	Assigned	6,070	1,306	1,380	2,204
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		191,479	32,305	52,873	19,967

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, 2023

		211 Woodburn/ JKL LID Fund	212 UTGO Debt Fund	215 Downtown Revitalization Bond Fund	304 1st Quarter % REET Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	510,477	9,168	1,120,683	1,230,714
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	538,276
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	26,609	150	7,252	63,221
Total Revenues:		26,609	150	7,252	601,497
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		26,609	150	7,252	601,497
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	356,600	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	356,600	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	356,600	-
597	Transfers-Out	-	9,318	-	425,672
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	9,318	356,600	425,672
Increase (Decrease) in Cash and Investments:		26,609	(9,168)	7,252	175,825
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	1,078,888	1,284,314
50841	Committed	-	-	-	-
50851	Assigned	537,086	-	49,047	122,225
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		537,086	-	1,127,935	1,406,539

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, 2023

		306 2nd Quarter % REET Fund	326 Fire Impact Fees Fund	350 Parks Capital Improvement	351 Building Contingency Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	1,379,598	398,182	446,815	43,201
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	538,276	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	26,736	788,809
340	Charges for Goods and Services	-	411,667	1,601,106	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	48,195	24,292	62,363	7,778
Total Revenues:		586,471	435,959	1,690,205	796,587
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		586,471	435,959	1,690,205	796,587
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	438,222	-	172,794	4,055,006
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		438,222	-	172,794	4,055,006
Other Decreases in Fund Resources					
594-595	Capital Expenditures	895,103	-	709,425	1,277,279
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		895,103	-	709,425	1,277,279
Increase (Decrease) in Cash and Investments:		129,590	435,959	1,153,574	3,574,314
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	809,503	834,141	1,422,817	3,155,846
50841	Committed	-	-	-	-
50851	Assigned	699,685	-	177,572	461,669
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		1,509,188	834,141	1,600,389	3,617,515

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, 2023

		353 Transportation Capital Projects	355 Art Project Fund	401 Water Sewer Fund	403 Stormwater Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	2,107,987	14,284	19,398,610	3,488,687
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	164,455	-	-	125,245
340	Charges for Goods and Services	1,509,707	-	14,916,356	1,905,481
350	Fines and Penalties	-	-	80,116	-
360	Miscellaneous Revenues	101,028	-	696,733	70,861
Total Revenues:		1,775,190	-	15,693,205	2,101,587
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	5,994,509	1,547,696
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	5,994,509	1,547,696
Excess (Deficiency) Revenues over Expenditures:		1,775,190	-	9,698,696	553,891
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	950,000	-
397	Transfers-In	111,675	5,000	96,614	109,274
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	(48,995)	95,000
Total Other Increases in Fund Resources:		111,675	5,000	997,619	204,274
Other Decreases in Fund Resources					
594-595	Capital Expenditures	761,394	-	3,220,263	389,477
591-593, 599	Debt Service	-	-	3,058,217	1,884
597	Transfers-Out	-	-	-	96,614
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		761,394	-	6,278,480	487,975
Increase (Decrease) in Cash and Investments:		1,125,471	5,000	4,417,835	270,190
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	3,151,634	-	1,685,790	-
50841	Committed	-	-	8,011,198	545
50851	Assigned	81,824	19,284	14,119,457	3,758,332
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		3,233,458	19,284	23,816,445	3,758,877

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, 2023

		510 Employment Security Fund	704 Perpetual Care Fund
Beginning Cash and Investments			
308	Beginning Cash and Investments	119,230	390,325
388 / 588	Net Adjustments	-	-
Revenues			
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	-	-
340	Charges for Goods and Services	-	-
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	5,986	-
Total Revenues:		5,986	-
Expenditures			
510	General Government	-	-
520	Public Safety	-	-
530	Utilities	-	-
540	Transportation	-	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		-	-
Excess (Deficiency) Revenues over Expenditures:		5,986	-
Other Increases in Fund Resources			
391-393, 596	Debt Proceeds	-	-
397	Transfers-In	-	5,250
385	Special or Extraordinary Items	-	-
381, 382, 389, 395, 398	Other Resources	-	-
Total Other Increases in Fund Resources:		-	5,250
Other Decreases in Fund Resources			
594-595	Capital Expenditures	-	-
591-593, 599	Debt Service	-	-
597	Transfers-Out	-	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	-
Total Other Decreases in Fund Resources:		-	-
Increase (Decrease) in Cash and Investments:		5,986	5,250
Ending Cash and Investments			
50821	Nonspendable	-	395,575
50831	Restricted	-	-
50841	Committed	-	-
50851	Assigned	125,216	-
50891	Unassigned	-	-
Total Ending Cash and Investments		125,216	395,575

The accompanying notes are an integral part of this statement.

City of Washougal
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		Custodial
308	Beginning Cash and Investments	5,170
388 & 588	Net Adjustments	-
310-390	Additions	62,458
510-590	Deductions	61,593
	Net Increase (Decrease) in Cash and Investments:	865
508	Ending Cash and Investments	6,035

The accompanying notes are an integral part of this statement.

CITY OF WASHOUGAL

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

Note 1 – Summary of Significant Accounting Policies

The City of Washougal was incorporated in November 1908 and operates under the laws of the state of Washington applicable to a non-charter Code City Council-Manager form of government. The City is a general-purpose government and provides public safety, fire prevention, street improvement, parks and recreation, health and social services and general administrative services. In addition, the City owns and operates water, sewer and stormwater 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 (see Note 14 -Joint Ventures and Related Parties).
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications 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, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

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

Special Revenue Funds

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

Debt Service Funds

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

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.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the government in a trustee capacity or as a custodian on behalf of others.

Custodial Funds

These funds are used to account for assets that the government holds on behalf of others in a custodial capacity.

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

B. Basis of Accounting and Measurement Focus

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

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

C. Cash and Investments.

See Note 3, *Deposit and Investments*.

D. Capital Assets

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

E. 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.

Sick leave may be accumulated up to 1040 hours for 307-W Union members, and 960 hours for police officers and non-represented employees. Upon separation or retirement, employees are eligible for 25% accrued balances as follows:

- Non-represented employees hired before July 6, 2010
- Police hired before December 31, 2010
- 307-W represented employees hired before December 31, 2013

All sick and vacation payouts are calculated at the employee's wage rate at the time of separation and recognized as expenditures when paid. The total outstanding liability for compensated absences is reported on the Schedule of Liabilities (Schedule 09).

F. Long-Term Debt

See Note 7, Long-Term Debt.

G. Restricted and Committed Portion of Ending Cash and Investments

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

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

Restrictions and commitments of Ending Cash and Investments consist of the following:

- General Fund – \$1,135,092 restricted grant funding, EMS services, and payments to others
- Hotel Motel Fund – \$185,409 restricted for tourism
- Opioid Settlement Fund - \$30,999 restricted for opioid abatement
- Affordable Housing Fund - \$51,493 restricted for affordable housing, behavioral health programs
- Drug Seizure Fund – \$17,763 restricted for investigations
- Downtown Revitalization Bond Fund – \$1,078,888 restricted by bond issuance
- 1st Quarter REET Fund – \$1,284,314 restricted for capital projects
- 2nd Quarter REET Fund – \$809,503 restricted for capital projects
- Fire Impact Fees – \$834,141 restricted for future fire capital expenditures
- Parks Capital Improvement Fund – \$1,422,817 restricted for city park improvements
- Building Contingency Fund - \$3,155,846 restricted grant funding for facility improvements
- Transportation Capital Projects Fund – \$3,151,634 restricted for transportation improvements
- Water/Sewer Fund – \$1,685,790 restricted by bond issuance; \$8,011,198 committed for future infrastructure improvements
- Stormwater Fund \$545 committed for utility assistance
- Custodial Fund – \$6,035 restricted for payments to others

Note 2 – Budget Compliance

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

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

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

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

FUND	Final Appropriated Amounts	Actual Expenditures	Variance
001 GENERAL FUND	\$ 23,828,455	\$ 21,517,632	\$ 2,310,823
101 CITY STREETS FUND	\$ 1,106,258	\$ 979,426	\$ 126,832
103 CEMETERY FUND	\$ 231,600	\$ 177,719	\$ 53,881
108 HOTEL/MOTEL FUND	\$ 120,500	\$ 114,716	\$ 5,784
120 OPIOID SETTLEMENT FUND	\$ 5,000	\$ -	\$ 5,000
127 AFFORDABLE HOUSING FUND	\$ 38,000	\$ -	\$ 38,000
141 DRUG SEIZURE FUND	\$ 6,000	\$ 3,788	\$ 2,212
212 UTGO DEBT FUND	\$ 9,350	\$ 9,318	\$ 32
215 DOWNTOWN REVITALIZATION FUND	\$ 356,600	\$ 356,600	\$ -
304 1ST QUARTER REET FUND	\$ 425,700	\$ 425,672	\$ 28
306 2ND QUARTER REET FUND	\$ 1,046,000	\$ 895,103	\$ 150,897
326 FIRE IMPACT FEES FUND	\$ -	\$ -	\$ -
350 PARKS CAPITAL IMPROVEMENT FUND	\$ 1,495,100	\$ 709,425	\$ 785,675
351 BUILDING CONTINGENCY FUND	\$ 6,324,628	\$ 1,277,279	\$ 5,047,349
353 TRANSPORTATION CAPITAL PROJECTS FUND	\$ 3,436,900	\$ 761,394	\$ 2,675,506
355 ART PROJECTS FUND	\$ 19,000	\$ -	\$ 19,000
401 WATER/ SEWER FUND	\$ 16,053,065	\$ 12,272,989	\$ 3,780,076
403 STORMWATER FUND	\$ 2,586,880	\$ 2,035,671	\$ 551,209
510 EMPLOYMENT SECURITY FUND	\$ 30,450	\$ -	\$ 30,450
704 PERPETUAL CARE FUND	\$ -	\$ -	\$ -
Total	\$ 57,119,486	\$ 41,536,732	\$ 15,582,754

Budgeted amounts are authorized to be transferred 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.

Note 3 – Deposits and Investments

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

Long term investments are reported at original cost while short term investments are reported at fair value. Deposits and investments by type at December 31, 2023 are as follows:

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

Type of Investment	Duration	City's own deposits and Investments	Deposits held by the City as custodian for other local governments, individuals, or private organizations	Total
Bank Deposits	Short Term	\$ 9,744,689	\$ 6,035	\$ 9,750,724
US Government Securities	Long Term	19,227,251	-	19,227,251
Local Government Investment Pool	Short Term	21,222,056	-	21,222,056
	TOTAL	\$ 50,193,996	\$ 6,035	\$ 50,200,031

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

Investments in the State Local Government Investment Pool (LGIP)

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

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

Note 4 – Property Taxes

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

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

The City's regular levy for 2023 was \$1.94 per \$1,000 on an assessed valuation of \$3,223,729,217 for a total regular levy of \$6,261,232.

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

Note 5 – Leases

The City leases two postage machines and one folding/ inserting machine from Pitney Bowes under a 5-year lease agreement that expired in December 2023. There is no option to extend these contracts; new equipment will be leased in 2024. Lease liabilities are reported on the Schedule of Liabilities.

Pitney Bowes Equipment	Term	Expiration	Remaining Contract
Postage Machine - Police	60 months	12/29/2023	\$ -
Postage Machine & Inserter - City Hall	60 months	12/29/2023	\$ -

The total amount paid for leases in 2023 was \$10,971. As of December 31, 2023, the City is not under a lease contract.

Note 6 – Subscription Based Information Technology Arrangements (SBITA)

During the year ended December 31, 2023, the City adopted guidance for the presentation and disclosure of Subscription Based IT Arrangements (SBITAs), as required by the BARS manual. This requirement resulted in the addition of subscription liability reported on the Schedule of Liabilities, and an increase of \$134,929 to the beginning balance.

The City makes annual subscription payments for the software outlined below. When the initial contracts expire, they become renewable annually where neither party is contractually obligated for more than one year at a time.

SBITAs	Term	Expiration	Remaining Contract
Police Body Camera Software	60 months	12/31/2027	\$ 51,792.00
Procurement Software	60 months	5/31/2027	\$ 41,337.00
ERP Software	84 months	8/31/2024	\$ -
Fleet Licenses	36 months	1/25/2025	\$ 13,356.00

The total amount paid for SBITA's in 2023 was \$93,184. As of December 31, 2023, the future SBITA payments are as follows:

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

Year Ended December 31	Total
2024	\$ 40,083
2025	\$ 26,727
2026	\$ 26,727
2027	\$ 12,948
TOTAL	\$ 106,485

Note 7 – Long-Term Debt

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the City and summarizes the City's debt transactions for year ended December 31, 2023.

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

	Principal	Interest	Total
2024	2,539,904	764,426	3,304,329
2025	2,622,904	676,518	3,299,422
2026	2,654,257	598,513	3,252,770
2027	2,043,779	522,649	2,566,428
2028	2,102,779	460,344	2,563,123
2029-2033	7,779,928	1,345,196	9,125,124
2034-2038	2,445,000	463,600	2,908,600
2039-2040	960,000	58,000	1,018,000
Totals	\$ 23,148,550	\$ 4,889,246	\$ 28,037,796

The City has an installment agreement with a developer to purchase water infrastructure, including a water tank and pump station, equal to the actual cost of construction plus 3.5% interest. The total principal paid to the developer in 2023 was \$441,016. The remaining principal balance as of December 31, 2023, is \$2,165,135. This debt is paid using System Development Charges (SDCs) collected in zones 3 and zones 5 until the balance is paid in full.

The City has an installment agreement with a developer to purchase sewer infrastructure, including a sewage lift station, pressure line, and upgrade to Pump Station 8 plus 3.5% interest. The total principal paid to the developer in 2023 was \$871,690; with a remaining balance of \$5,090 as of December 31, 2023. This debt is paid using System Development Charges (SDCs) collected in zones 3 and zones 5 until the balance is paid in full.

The City also has installment agreements to purchase three copy machines over five years. The total paid to vendors in 2023 was \$8,401. The remaining principal balance as of December 31, 2023, is \$21,856.

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

Equipment and Infrastructure	Term	Expiration	Remaining Contract
Water Infrastructure			\$ 2,165,135
Sewer Infrastructure			\$ 5,090
Copy Machine - Police	60 months	9/30/2025	\$ 4,605
Copy Machine - City Hall	60 months	5/8/2027	\$ 10,441
Copy Machine - Community Development	60 months	8/5/2026	\$ 6,810

On September 8, 2023, the Washington Public Works Board (PWB) conditionally awarded a \$10 million construction loan to the City of Washougal for the Biosolids Handling Facility project in the Water/Sewer fund. To date, the City has not drawn down on these funds.

Note 8 – Pollution Remediation (Environmental)/ Retirement of Certain Assets

The City has four sewage lagoons at the wastewater treatment plant requiring decommissioning over the next several years. The decommissioning of all four lagoons will take place from 2024 through 2025. The project will operate under the authority of the Washington State Department of Ecology and is estimated to cost \$3.9 million. This liability is reported on the Schedule of Liabilities.

The City has nine water wells. The Department of Ecology prohibits the abandonment of water wells without proper decommissioning (RCW 18.104 and WAC 173-160-381). The City plans to use these assets in perpetuity; however, if a failure occurs or a well becomes unusable, the City will properly decommission them.

The City has nineteen resource protection wells. The Department of Ecology requires a Notice of Intent to construct or decommission a resource protection well. Currently, the City has no intentions to decommission the resource protection wells.

The City has three functioning septic tanks, or On-site Sewage System (OSS), maintained according to state law (WAC 246-272A). The tanks located at the Cemetery, Hartwood Park, and the rental property on 352nd Ave. The City currently has no plans to decommission these tanks until public sewer is available to the sites. Once the sites are connected to public sewer, the City will properly decommission the septic tanks per all applicable state laws.

Note 9 – Significant commitments or obligations

The City has active capital projects as of December 31, 2023. At year-end the City's current and future financial commitments are as follows:

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

Facilities Capital Projects	Spent through 2023	Remaining Commitment
Downtown Revitalization Project	\$84,000	\$10MM (\$8.9MM external funding)
Social Service Building Remodel	\$910,000	\$50K (100% external funding)
Security Improvements City Facilities	\$110,400	\$0
PW Ops Center Renovation	\$234,400	\$1.8MM
ADA Transition Plan	\$0	\$150K
Washougal Fire Stn 43 Replacement - Design	\$0	\$256K
Transportation Capital Projects	Spent through 2023	Remaining Commitment
32nd St Underpass Design & Planning	\$8.5K	\$50MM (100% external funding)
Evergreen Way Sidewalks: 39th to 42nd	\$220,300	\$0K
Evergreen Way 42nd to Schmid Field	\$0	\$616K (\$524K external funding)
27th St Shared Use Path Design Phase	\$2,500	\$240K (\$224K external funding)
39th Street / Evergreen Blvd Realignment	\$164,000	\$7K
Columbia River Trail Lighting	\$50	\$200K (100% external funding)
32nd St Safety Improvements	\$0	\$896K (100% external funding)
Railroad Crossing Improvements	\$7,900	\$192K (100% external funding)
32nd St Widening Project Design	\$0	\$1.3MM (\$660K external funding)
Parks Capital Projects	Spent through 2023	Remaining Commitment
Hamlik Park Basket Ball Court	\$0	\$259K (\$179K external funding)
Hathaway Park Security Lighting	\$0	\$70K
Schmid Family Park Conceptual Design	\$0	\$100K
Water/ Sewer Capital Projects	Spent through 2023	Remaining Commitment
Northside Water Reservoir & Pump Stn	\$2,745,000	\$2.16MM
Automatic Meter Reading	\$520,400	\$481K
Water Main Installation 32/ 34th St	\$0	\$421K
New Service Line 32nd St - "G" - "K"	\$0	\$416K
System Looping 4th St -Shepherd Rd	\$0	\$607K
Northside: Shepherd Rd Sewer Lift Stn 8	\$871,680	\$5K
Biosolids & Anoxic Selector Management	\$1.78MM	\$30MM
SCADA System Upgrade	\$96,500	\$21K
Lift Station 1 Relocation	\$285,400	\$2.48MM
Stormwater Capital Projects	Spent through 2023	Remaining Commitment
Jemtegaard Trail Drainage Repairs	\$23,500	\$335K
Campen Creek Stormwater Improvements	\$0	\$390K (100% external funding)
Downtown Revitalization Project	\$0	\$200K
Lift Station #1 Relocation	\$0	\$326K

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

The City has budgeted for \$21.8 million of the \$41.8 million remaining committed balance; and continues to seek federal, state, and local funding when there is opportunity.

Note 10 – Other Postemployment Benefits (OPEB)

The LEOFF 1 Retiree Medical Plan is a closed, single-employer, defined-benefit administered by the City as required by RCW 41.26. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. The City restated the 2023 beginning OPEB liability from \$993,447 to \$595,173 as it was determined one of the two retirees did not qualify as a LEOFF 1 retiree. As of December 31, 2023, the plan had one member, a retiree. For the year ended December 31, 2023, the City's total OPEB liability was \$617,502 as calculated using the alternative measurement method. For the year ended December 31, 2023, the City paid \$17,256 in benefits.

Note 11 – Pension Plans

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

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

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

At June 30, 2023 (the measurement date of the plans), the City's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan	Employer Contribution	Allocation %	Liability (Asset)
PERS 1	\$ 187,035	0.027447%	\$ 626,541
PERS 2 /3	\$ 310,781	0.035347%	\$ (1,448,761)
LEOFF 1	\$ -	0.004742%	\$ (140,744)
LEOFF 2	\$ 126,590	0.056084%	\$ (1,345,230)

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

LEOFF Plan 1

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

LEOFF Plan 2

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

Note 12 – 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 169 members.

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

Liability coverage is written on an occurrence basis, without deductibles [1]. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices, prior wrongful acts, and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually

All Members are provided a separate cyber risk policy and premises pollution liability coverage group purchased by WCIA. The cyber risk policy provides coverage and separate limits for security & privacy, event management, and cyber extortion, with limits up to \$1 million and subject to member deductibles, sublimits, and a \$5 million pool aggregate. Premises pollution liability provides Members with a \$2 million incident limit and \$10 million pool aggregate subject to a \$100,000 per incident Member deductible.

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$1,000,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

CITY OF WASHOUGAL

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

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

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

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

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

Self-Insurance Fund

The City is self-insured for claims regarding unemployment insurance. Resources set aside as of financial statement presentation date for unemployment claims are approximately \$125,216.

Note 13 – Health and Welfare

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

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

As of December 31, 2023, 264 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

In April 2020, the Board of Trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members.

CITY OF WASHOUGAL

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The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2023, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of \$2 million through United States Fire Insurance Company. The aggregate policy is for 200% of expected medical claims.

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

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

Note 14 – Joint Ventures and Related Parties

Camas/Washougal Fire Department

Since May of 2014, the City of Washougal and the City of Camas have combined fire services through an interlocal agreement (ILA). The City of Camas assumed responsibility of managing the fire services with the

CITY OF WASHOUGAL

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

City of Washougal paying a monthly fee to the City of Camas for fire services and Emergency Medical Services (EMS). The ILA has been amended several times over the years, with the latest amendment covering cost sharing of a mutually agreed upon staffing level for fiscal years 2023 through 2026. The amendment also provides a path forward for both communities by pursuing a Regional Fire Authority (RFA).

The budget and payment commitments for fiscal years 2023 and 2024 are based on a 3-part formula set in 2021: 50% property tax (structural assessed value), 25% population, and 25% call volume. For fiscal years 2025 and 2026, the budget and payment commitments are set percentages of 63% Camas / 37% Washougal and 64% Camas / 36% Washougal, respectively. The ILA outlines a “true-up” process of payments to actual expenses to be completed once the fiscal year is closed with the result to be assessed in the following fiscal year (2-year lag). However, pursuant to the recent amendment, the fiscal year 2022 “true-up” of \$335,598 was due and paid in fiscal year 2023. In addition to the “true-up” payment, the City paid \$4,721,745 representing its 2023 budget and payment commitment for a total of \$5,057,343 paid throughout the year. In 2024, the City has budgeted \$5,250,705 for its payment commitment.

Emergency Services – CRESA

Clark Regional Emergency Services Agency (CRESA) was created under the Interlocal Cooperation Act (RCW 39.40) by agreement between the City and other governmental units and political districts. Its purpose is to provide a consolidated public safety community actions service to participating cities, political districts, and Clark County. Payment to CRESA for emergency management in 2023 totaled \$188,721. Current liabilities are comprised of amounts owed to vendors, other governments, and accrued employee leave liabilities. The entity’s long-term debt consists solely of compensated absences. The entity’s long-term debt is unsecured. Clark County maintains the accounting records for CRESA. Detailed financial statements for this entity can be obtained from CRESA, 710 W. 13th Street, Vancouver, Washington 98660.

Note 15 – Subsequent Events

The City is on the Dept of Ecology’s FY2025 CWSRF Estimated Schedule of Binding Commitments for a \$22,564,700 loan at 1.6% interest. Ecology publishes a Final List following the final approval of the state’s budget that provides appropriation authority for funding and the awarding of federal grants supporting the CWSRF and Section 319 programs. This typically occurs on or before July 1. Funding recipients will also receive an offer of funding via letter. These offers are a maximum funding award and are conditional upon recipients meeting all funding conditions and the successful negotiation of a project scope of work and final budget.

In 2024 the City made full payment of the remaining SBITA contract for police body-worn cameras to allow for reimbursement from a Federally funded Department of Justice COPS Technology and Equipment Program (TEP) grant which expires 12/31/24.

CITY OF WASHOUGAL
NOTES TO THE FINANCIAL STATEMENTS
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In April 2024 the City signed two new 5-year lease agreements with Pitney Bowes for postage machines at the Police Department and City Hall. The commitment for both leases total \$27,238 and will be reported on the Schedule of Liabilities beginning in 2024.

In August 2024, voters approved Proposition No. 12, which authorized the City to finance the construction and equipping of a new fire station to replace Fire Station 43; adjacent to and including shared facilities with the police station. The City may issue up to \$15,725,000 of general obligation bonds maturing within a maximum term of 29 years.

**City of Washougal
Schedule of Liabilities
For the Year Ended December 31, 2023**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	GO Bonds non-voted 12/14	12/1/2026	1,290,000	-	305,000	985,000
Total General Obligation Debt/Liabilities:			1,290,000	-	305,000	985,000
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	Revenue Bonds non-voted 5/11	9/1/2025	2,440,000	-	1,055,000	1,385,000
252.11	Revenue Bonds non-voted 12/14	9/1/2034	3,450,000	-	230,000	3,220,000
252.11	Revenue Bonds non-voted 12/15	9/1/2040	6,445,000	-	255,000	6,190,000
252.11	Revenue Bonds non-voted 3/17	9/1/2031	9,488,000	-	96,000	9,392,000
259.12	Compensated Absences General and Street Funds		621,389	98,745	-	720,134
259.12	Compensated Absences Water/Sewer Funds		186,336	7,424	-	193,760
259.12	Compensated Absences Stormwater Fund		54,028	15,112	-	69,140
263.52	Installment Purchase - Water Infrastructure		2,606,151	-	441,017	2,165,134
263.52	Installment Purchase - Sewer Infrastructure		-	876,780	871,690	5,090
263.52	Installment Purchase - CIT Bank Copier (Police)	9/30/2025	7,237	-	2,632	4,605
263.52	Installment Purchase - US Bank Copier (City Hall)	5/8/2027	13,574	-	3,132	10,442
263.52	Installment Purchase - US Bank Copier (Community Development)	8/5/2026	9,446	-	2,636	6,810
263.93	Environmental Liability - Sewer Lagoons		6,545,000	-	2,624,244	3,920,756
264.30	Net Pension Liability		766,536	-	139,995	626,541
264.40	OPEB Liability		595,173	22,329	-	617,502
263.88	Public Works Trust Fund Loan 6/05	7/1/2025	130,940	-	43,647	87,293
263.88	Public Works Trust Fund Loan 6/12	6/1/2031	293,049	-	32,561	260,488
263.88	Public Works Trust Fund Loan 6/12	6/1/2031	126,734	-	14,082	112,652
263.88	Public Works Trust Fund Loan 6/06	7/1/2026	383,912	-	95,978	287,934
263.88	Public Works Trust Fund Loan 6/08	7/1/2028	618,818	-	103,136	515,682
263.88	Public Works Trust Fund Loan 6/23	6/1/2026	-	950,000	237,500	712,500
263.57	SBITA - Police Body Camera Software	12/31/2027	-	64,740	12,948	51,792

**City of Washougal
Schedule of Liabilities
For the Year Ended December 31, 2023**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
263.57	SBITA - Procurement Software	5/31/2027	55,116	-	13,779	41,337
263.57	SBITA - ERP Software	8/31/2024	53,101	-	53,101	-
263.57	SBITA - Fleet Licenses	1/25/2025	26,712	-	13,356	13,356
263.57	Pitney Bowes Lease - Postage Machine (Police)	12/29/2023	761	-	761	-
263.57	Pitney Bowes Lease - Postage and Inserting Machine (City Hall)	12/29/2023	10,210	-	10,210	-
Total Revenue and Other (non G.O.) Debt/Liabilities:			34,927,223	2,035,130	6,352,405	30,609,948
Total Liabilities:			36,217,223	2,035,130	6,657,405	31,594,948

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

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

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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