

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

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**City of Woodland**  
**Cowlitz County**

Audit Period  
January 1, 2011 through December 31, 2011

Report No. 1008209

Issue Date  
September 4, 2012



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



**Washington State Auditor  
Brian Sonntag**

September 4, 2012

Mayor and City Council  
City of Woodland  
Woodland, Washington

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

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

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

Sincerely,

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

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Cowlitz County  
January 1, 2011 through December 31, 2011**

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# Federal Summary

**City of Woodland  
Cowlitz County  
January 1, 2011 through December 31, 2011**

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

## **FINANCIAL STATEMENTS**

An unqualified opinion was issued on the financial statements.

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

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

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

## **FEDERAL AWARDS**

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

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

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

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

**Identification of Major Programs:**

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

<u>CFDA No.</u>	<u>Program Title</u>
11.010	Economic Development Cluster - Community Trade Adjustment Assistance

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

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

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

**City of Woodland  
Cowlitz County  
January 1, 2011 through December 31, 2011**

Mayor and City Council  
City of Woodland  
Woodland, Washington

We have audited the financial statements of the City of Woodland, Cowlitz County, Washington, as of and for the year ended December 31, 2011, and have issued our report thereon dated July 18, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

However, we noted certain matters that we have reported to the management of the City in a separate letter dated August 6, 2012.

## **COMPLIANCE AND OTHER MATTERS**

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

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

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

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with a large initial "B" and "S".

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

July 18, 2012

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

City of Woodland  
Cowlitz County  
January 1, 2011 through December 31, 2011

Mayor and City Council  
City of Woodland  
Woodland, Washington

**COMPLIANCE**

We have audited the compliance of the City of Woodland, Cowlitz County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2011. The City's major federal program is identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2011.

## **INTERNAL CONTROL OVER COMPLIANCE**

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

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

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

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



**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

July 18, 2012

# **Independent Auditor's Report on Financial Statements**

**City of Woodland  
Cowlitz County  
January 1, 2011 through December 31, 2011**

Mayor and City Council  
City of Woodland  
Woodland, Washington

We have audited the accompanying financial statements of the City of Woodland, Cowlitz County, Washington, for the year ended December 31, 2011. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the City of Woodland, for the year ended December 31, 2011, on the basis of accounting described in Note 1.

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

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

purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedule of Long-Term Debt is also presented for purposes of additional analysis as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information 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.

The report is intended for the information and use of the governing body and management of the City. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

July 18, 2012

# **Financial Section**

**City of Woodland  
Cowlitz County  
January 1, 2011 through December 31, 2011**

## ***FINANCIAL STATEMENTS***

Fund Resources and Uses Arising from Cash Transactions – 2011  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2011  
Notes to Financial Statements – 2011

## ***SUPPLEMENTARY INFORMATION***

Schedule of Long-Term Debt – 2011  
Schedule of Expenditures of Federal Awards – 2011  
Notes to the Schedule of Expenditures of Federal Awards – 2011

City of Woodland

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2011

BARS  CODE		Total for	001	105
		All Funds 1/	General Fund 001,002,003,101,102, 104,224,225,300,301,303, 304,305,307,%312, 319,320,321,322	Document Recording Fee
		Total Amount		Actual Amount
<b>Beginning Cash and Investments</b>				
308.10	Reserved	\$1,163,350.41	\$128,386.91	\$0.00
308.80	Unreserved	\$1,640,530.47	\$792,861.68	\$9,644.86
388.80 or 588.80	Prior Period Adjustments	\$0.00	\$0.00	\$0.00
<b>Revenues and Other Sources</b>			\$0.00	
310	Taxes	\$2,978,078.80	\$2,947,606.56	\$6,000.00
320	Licenses and Permits	\$231,460.15	\$231,460.15	\$0.00
330	Intergovernmental	\$1,983,777.06	\$433,235.65	\$0.00
340	Charges for Goods and Services	\$2,970,198.40	\$119,234.32	\$0.00
350	Fines and Penalties	\$90,846.17	\$90,846.17	\$0.00
360	Miscellaneous	\$223,892.98	\$84,884.87	\$95.12
370	Capital Contributions	\$0.00	\$0.00	\$0.00
390	Other Financing Sources	\$1,747,725.67	\$1,510,530.09	\$0.00
<b>Total Revenues and Other Financing Sources</b>		\$10,225,979.23	\$5,417,797.81	\$6,095.12
<b>Total Resources</b>		<b>\$13,029,860.11</b>	<b>\$6,339,046.40</b>	<b>\$15,739.98</b>
Operating Expenditures:			\$0.00	
510	General Government	\$1,189,656.89	\$1,189,656.89	\$0.00
520	Public Safety	\$2,174,846.39	\$2,170,143.06	\$0.00
530	Physical Environment	\$2,103,628.46	\$17,416.55	\$0.00
540	Transportation	\$505,756.09	\$505,756.09	\$0.00
550	Economic Environment	\$225,855.44	\$186,723.60	\$15,700.00
560	Mental and Physical Health	\$1,326.70	\$1,326.70	\$0.00
570	Culture and Recreational	\$116,498.28	\$116,498.28	\$0.00
<b>Total Operating Expenditures</b>		<b>\$6,317,568.25</b>	<b>\$4,187,521.17</b>	<b>\$15,700.00</b>
591-593	Debt Service	\$302,412.01	\$241,376.66	\$0.00
594-595	Capital Outlay	\$2,876,514.25	\$563,674.84	\$0.00
<b>Total Expenditures</b>		<b>\$9,496,494.51</b>	<b>\$4,992,572.67</b>	<b>\$15,700.00</b>
596-599	Other Financing Uses	\$1,745,725.66	\$1,043,792.76	\$0.00
<b>Total Expenditures and Other Financing Uses</b>		<b>\$11,242,220.17</b>	<b>\$6,036,365.43</b>	<b>\$15,700.00</b>
Excess (Deficit) of Resources Over Uses		\$1,787,639.94	\$302,680.97	\$39.98
380	Nonrevenues (Except 384)	\$534,496.21	\$305,747.40	\$0.00
580	Nonexpenditures (Except 584)	\$818,458.40	\$209,465.85	\$0.00
<b>Ending Cash and Investments:</b>			\$0.00	
508.10	Reserved	\$259,778.82	\$21,559.87	\$0.00
508.80	Unreserved	\$1,243,898.93	\$377,402.65	\$39.98

1/ This column summarizes ALL reported funds, not just funds listed on this page  
The Accompanying Notes Are An Integral Part Of This Statement.

City of Woodland

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2011

BARS CODE		107	108	316
		Hotel/Motel Tax	Criminal Justice Funding	SR-503 Improvements
		Actual Amount	Actual Amount	Actual Amount
<b>Beginning Cash and Investments</b>				
308.10	Reserved	\$8,995.46	\$9,442.08	\$250,597.23
308.80	Unreserved	\$0.00	\$0.00	\$0.00
388.80 or 588.80	Prior Period Adjustments	\$0.00	\$0.00	\$0.00
<b>Revenues and Other Sources</b>				
310	Taxes	\$24,472.24	\$0.00	\$0.00
320	Licenses and Permits	\$0.00	\$0.00	\$0.00
330	Intergovernmental	\$0.00	\$6,955.81	\$0.00
340	Charges for Goods and Services	\$0.00	\$0.00	\$0.00
350	Fines and Penalties	\$0.00	\$0.00	\$0.00
360	Miscellaneous	\$98.25	\$22.23	\$215.91
370	Capital Contributions	\$0.00	\$0.00	\$0.00
390	Other Financing Sources	\$0.00	\$0.00	\$2,402.00
<b>Total Revenues and Other Financing Sources</b>		\$24,570.49	\$6,978.04	\$2,617.91
<b>Total Resources</b>		\$33,565.95	\$16,420.12	\$253,215.14
<b>Operating Expenditures:</b>				
510	General Government	\$0.00	\$0.00	\$0.00
520	Public Safety	\$0.00	\$4,703.33	\$0.00
530	Physical Environment	\$0.00	\$0.00	\$0.00
540	Transportation	\$0.00	\$0.00	\$0.00
550	Economic Environment	\$23,040.00	\$0.00	\$0.00
560	Mental and Physical Health	\$0.00	\$0.00	\$0.00
570	Culture and Recreational	\$0.00	\$0.00	\$0.00
<b>Total Operating Expenditures</b>		\$23,040.00	\$4,703.33	\$0.00
591-593	Debt Service	\$0.00	\$0.00	\$0.00
594-595	Capital Outlay	\$0.00	\$0.00	\$102,747.11
<b>Total Expenditures</b>		\$23,040.00	\$4,703.33	\$102,747.11
596-599	Other Financing Uses	\$0.00	\$11,333.32	\$0.00
<b>Total Expenditures and Other Financing Uses</b>		\$23,040.00	\$16,036.65	\$102,747.11
<b>Excess (Deficit) of Resources Over Uses</b>		\$10,525.95	\$383.47	\$150,468.03
380	Nonrevenues (Except 384)	\$0.00	\$0.00	\$4,000.00
580	Nonexpenditures (Except 584)	\$0.00	\$0.00	\$154,254.57
<b>Ending Cash and Investments:</b>				
508.10	Reserved	\$10,525.95	\$383.47	\$213.46
508.80	Unreserved	\$0.00	\$0.00	\$0.00

1/ This column summarizes ALL reported funds, not just funds listed on this page  
The Accompanying Notes Are An Integral Part Of This Statement.

City of Woodland

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2011

BARS CODE		323	351	352
		Schurman Way Repair Project	Impact Fees: Fire	Impact Fees: Park
		Actual Amount	Actual Amount	Actual Amount
<b>Beginning Cash and Investments</b>				
308.10	Reserved	\$640,174.87	\$930.48	\$124,823.38
308.80	Unreserved	\$0.00	\$0.00	\$0.00
388.80 or 588.80	Prior Period Adjustments	\$0.00	\$0.00	\$0.00
<b>Revenues and Other Sources</b>				
310	Taxes	\$0.00	\$0.00	\$0.00
320	Licenses and Permits	\$0.00	\$0.00	\$0.00
330	Intergovernmental	\$1,508,360.60	\$0.00	\$0.00
340	Charges for Goods and Services	\$0.00	\$12,240.00	\$8,928.00
350	Fines and Penalties	\$0.00	\$0.00	\$0.00
360	Miscellaneous	\$108,617.99	\$2.61	\$618.44
370	Capital Contributions	\$0.00	\$0.00	\$0.00
390	Other Financing Sources	\$0.00	\$0.00	\$0.00
<b>Total Revenues and Other Financing Sources</b>		\$1,616,978.59	\$12,242.61	\$9,546.44
<b>Total Resources</b>		\$2,257,153.46	\$13,173.09	\$134,369.82
Operating Expenditures:				
510	General Government	\$0.00	\$0.00	\$0.00
520	Public Safety	\$0.00	\$0.00	\$0.00
530	Physical Environment	\$0.00	\$0.00	\$0.00
540	Transportation	\$0.00	\$0.00	\$0.00
550	Economic Environment	\$0.00	\$0.00	\$0.00
560	Mental and Physical Health	\$0.00	\$0.00	\$0.00
570	Culture and Recreational	\$0.00	\$0.00	\$0.00
<b>Total Operating Expenditures</b>		\$0.00	\$0.00	\$0.00
591-593	Debt Service	\$0.00	\$0.00	\$0.00
594-595	Capital Outlay	\$2,033,914.79	\$0.00	\$130,521.75
<b>Total Expenditures</b>		\$2,033,914.79	\$0.00	\$130,521.75
596-599	Other Financing Uses	\$0.00	\$65,156.00	\$0.00
<b>Total Expenditures and Other Financing Uses</b>		\$2,033,914.79	\$65,156.00	\$130,521.75
Excess (Deficit) of Resources Over Uses		\$223,238.67	(\$51,982.91)	\$3,848.07
380	Nonrevenues (Except 384)	\$0.00	\$52,075.00	\$0.00
580	Nonexpenditures (Except 584)	\$0.00	\$82.76	\$0.00
<b>Ending Cash and Investments:</b>				
508.10	Reserved	\$223,238.67	\$9.33	\$3,848.07
508.80	Unreserved	\$0.00	\$0.00	\$0.00

1/ This column summarizes ALL reported funds, not just funds listed on this page  
The Accompanying Notes Are An Integral Part Of This Statement.

City of Woodland

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2011

BARS CODE		401	402	403
		Water Utility 226, % 302, % 312, 401, 404, 408, % 411	Sewer Utility 227, % 302, % 312, 402, 407, % 411	Garbage Collection
		Actual Amount	Actual Amount	Actual Amount
<b>Beginning Cash and Investments</b>				
308.10	Reserved	\$0.00	\$0.00	\$0.00
308.80	Unreserved	\$439,199.97	\$370,400.03	\$28,423.93
388.80 or 588.80	Prior Period Adjustments	\$0.00	\$0.00	\$0.00
<b>Revenues and Other Sources</b>				
310	Taxes	\$0.00	\$0.00	\$0.00
320	Licenses and Permits	\$0.00	\$0.00	\$0.00
330	Intergovernmental	\$35,225.00	\$0.00	\$0.00
340	Charges for Goods and Services	\$914,718.81	\$1,305,844.27	\$609,233.00
350	Fines and Penalties	\$0.00	\$0.00	\$0.00
360	Miscellaneous	\$19,656.71	\$9,280.98	\$399.88
370	Capital Contributions	\$0.00	\$0.00	\$0.00
390	Other Financing Sources	\$22,100.00	\$212,693.58	\$0.00
<b>Total Revenues and Other Financing Sources</b>		\$991,700.52	\$1,527,818.83	\$609,632.88
<b>Total Resources</b>		<b>\$1,430,900.49</b>	<b>\$1,898,218.86</b>	<b>\$638,056.81</b>
Operating Expenditures:				
510	General Government	\$0.00	\$0.00	\$0.00
520	Public Safety	\$0.00	\$0.00	\$0.00
530	Physical Environment	\$687,189.50	\$881,013.85	\$518,008.56
540	Transportation	\$0.00	\$0.00	\$0.00
550	Economic Environment	\$195.92	\$195.92	\$0.00
560	Mental and Physical Health	\$0.00	\$0.00	\$0.00
570	Culture and Recreational	\$0.00	\$0.00	\$0.00
<b>Total Operating Expenditures</b>		\$687,385.42	\$881,209.77	\$518,008.56
591-593	Debt Service	\$24,663.82	\$36,371.53	\$0.00
594-595	Capital Outlay	\$23,056.04	\$22,599.72	\$0.00
<b>Total Expenditures</b>		\$735,105.28	\$940,181.02	\$518,008.56
596-599	Other Financing Uses	\$232,457.00	\$300,687.58	\$92,299.00
<b>Total Expenditures and Other Financing Uses</b>		\$967,562.28	\$1,240,868.60	\$610,307.56
<b>Excess (Deficit) of Resources Over Uses</b>		\$463,338.21	\$657,350.26	\$27,749.25
380	Nonrevenues (Except 384)	\$72,083.23	\$83,247.42	\$17,343.16
580	Nonexpenditures (Except 584)	\$133,807.74	\$293,050.31	\$27,797.17
<b>Ending Cash and Investments:</b>				
508.10	Reserved	\$0.00	\$0.00	\$0.00
508.80	Unreserved	\$401,613.70	\$447,547.37	\$17,295.24

1/ This column summarizes ALL reported funds, not just funds listed on this page  
The Accompanying Notes Are An Integral Part Of This Statement.

City of Woodland

FIDUCIARY FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2011

	350		412		801		802	
	Total for All Funds 1/	Impact Fees: School	Water/Sewer Deposits	Actual Amount	Payroll Clearing Fund	Actual Amount	Claims Clearing Fund	Actual Amount
<b>Beginning Cash and Investments</b>	\$466,084.63	\$0.00	\$54,052.05	\$143,768.03	\$268,264.55	\$0.00	\$0.00	\$0.00
Prior Period Adjustments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Revenue and Other Financing Sources	\$22,572.59	\$22,000.00	\$572.59	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Resources</b>	\$488,657.22	\$22,000.00	\$54,624.64	\$143,768.03	\$268,264.55	\$0.00	\$0.00	\$0.00
<b>Expenditures And Other Financing Uses</b>	\$22,000.00	\$22,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Excess (Deficit) of Resources Over Uses</b>	\$466,657.22	\$0.00	\$54,624.64	\$143,768.03	\$268,264.55	\$0.00	\$0.00	\$0.00
Nonrevenues (Except 384)	\$9,562,677.85	\$0.00	\$29,502.83	\$1,900,732.55	\$7,632,442.47	\$0.00	\$0.00	\$0.00
Nonexpenditures (Except 584)	\$9,484,279.99	\$0.00	\$30,765.66	\$1,907,173.43	\$7,546,340.90	\$0.00	\$0.00	\$0.00
<b>Ending Cash and Investments</b>	\$545,055.08	\$0.00	\$53,361.81	\$137,327.15	\$354,366.12	\$0.00	\$0.00	\$0.00

1/ This column summarizes ALL reported funds, not just funds listed on this page

The Accompanying Notes Are An Integral Part Of This Statement.

**CITY OF WOODLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**January 1, 2011 through December 31, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The City of Woodland was incorporated on March 26, 1906 and operates under the laws of the State of Washington applicable to optional code cities (Title 35A RCW). All code cities have statutory authorization to exercise the powers of initiative and referendum but must formally adopt these powers before they are available. The City of Woodland formally adopted these powers as set forth in RCW 35A.11 by Ordinance 333 in 1970.

The city is a general purpose government and provides major types of services such as: public safety, fire protection, street improvements, parks, and general administrative services. In addition, the city operates a sewer and water system; and contracts for the garbage service. The City uses single-entry, cash basis of accounting which is a departure from generally accepted accounting principles (GAAP).

**A. Fund Accounting**

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

**GOVERNMENTAL FUND TYPES:**

General Fund

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

Special Revenue Funds (Funds in the 100 series)

These funds account for revenues that are legally restricted or designated to finance particular activities of the City.

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 Projects 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.

### **PROPRIETARY FUND TYPES:**

#### Enterprise Funds

These funds account for operations that provide goods and services to the general public and are supported primarily through user charges for certain types of services, for example, water and sewer.

### **FIDUCIARY FUND TYPES:**

#### Agency Funds

These funds are used to account for cash and other assets received and held by the city acting in the capacity of custodian.

### **B. Basis of Accounting**

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

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

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

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

### C. Budgets

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting. The appropriated and actual expenditures for the legally adopted budgets were as follows:

FUND #	DESCRIPTION	Final Appropriated Amount	Actual Expenditure	Variance
001	General Fund	4,098,212	3,982,093	116,119
002	Petty Cash/Change	850	0	850
003	Travel	2,000	0	2,000
101	Park	197,035	171,183	25,852
102	Library	38,183	32,080	6,103
104	Street	922,513	764,350	158,163
105	Document Recording Fee	15,745	15,700	45
107	Hotel/Motel	34,995	23,040	11,955
108	Criminal Justice	21,323	16,037	5,286
224	94 PWTF Loans-Industrial Park	178,491	123,992	54,499
225	CLID #94-01/94-02	40,500	4,303	36,197
226	CERB Loan-Water	83,345	34,150	49,195
227	CERB Loan-Sewer	53,931	41,883	12,048
300	Park Acquisition/Impvmt	395,764	395,307	457
301	CPR: General Reserve	642,268	391,999	250,269
302	CPR: Utilities Reserve	328,485	0	328,485
303	Fire Dept. Reserve	64,514	64,120	394
304	Equipment Acquisition Reserve	85,703	62,150	23,553
305	Downtown Revitalization	4,907	4,782	125
307	Dike Road Interchange	5,491	5,491	(0)
312	P/W Shop Acquisition	37,889	588	37,301
316	SR503 Improvements	1,558,999	257,002	1,301,997
319	Public Safety Facility	86,013	76,081	9,932
320	TIB Sidewalk Project	267,525	157,502	110,023
321	Horseshoe Lake Park Trail	10,200	10,200	0
322	Goerig Park	3	3	0
323	Schurman Way Repair	2,892,594	2,033,915	858,679
350	Impact Fees - School	27,500	22,000	5,500
351	Impact Fees - Fire	94,236	65,239	28,997
352	Impact Fees - Park	136,983	130,522	6,461
401	Water	1,088,591	948,646	139,945
402	Sewer	1,697,699	1,369,028	328,671
403	Garbage Collection	732,332	638,105	94,227
404	Davidson Alley Waterline	35,707	14,496	21,211
407	Restroom Project	18,930	18,930	0
408	Water Pumping Treatment	1,069	0	1,069
411	Water Sewer Main Street Refurbishment Project	326,563	207,764	118,799
412	Utility Deposits	83,852	30,766	53,086
	<b>Grand Total</b>	<b>16,310,940</b>	<b>12,113,444</b>	<b>4,197,496</b>

The Clerk-Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, or other conditions of employment must be approved by the city council.

#### **D. Cash**

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

#### **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**

As required by state law, all deposits and investments of the city's funds are in the State Treasurer's Investment Pool (LGIP) or deposits with Washington State banks and savings and loan institutions. (See Note #3).

#### **G. Capital Assets**

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

#### **H. Compensated Absences**

Unless otherwise approved by the Mayor, a maximum of one (1) year accrued vacation plus the unused vacation accrual of the current anniversary year may be carried over. However, at the end of any anniversary year, any annual leave balance above the unused vacation accrual of the current anniversary plus a maximum of one (1) year will lapse; that is, an employee at the beginning of any anniversary year shall have no more than two (2) years accrued vacation. It is payable at the current rate of pay upon resignation, retirement or death.

Sick leave is accrued up to 1,600 hours. Sick leave can be used for paid time off for the illness of the employee or a dependent, hospitalization, or outpatient medical care, medical quarantine, personal dental care, or death of a member of the employee's immediate family. Upon resignation, termination, retirement or death, an employee (or a deceased employee's beneficiary) shall receive payment equal to twenty-five percent (25%) of such employee's then accrued and unused sick leave hours at the employee's last hourly rate of pay; provided, however, that under no circumstances may an employee's payment for accumulated sick leave and vacation leave when combined exceed two hundred forty (240) hours.

Compensatory time is earned by union employees with a maximum accrual of 48 hours. It shall be taken within a reasonable amount of time, but no more than twelve months after it is earned, unless the Department Head or Mayor determines that such would be unduly disruptive to the City's operations. In the event of separation of an employee, any accumulated compensatory time shall be paid at the employee's current rate of pay.

Outstanding balances for Compensated Absences that would be due upon separation of service are included on Schedule 9 – Schedule of Long Term Debt. The BARS codes for redemption of these costs vary depending on the department or departments the employee has been assigned to work in and could be allocated to several at the time of payment.

### **I. Long-Term Debt**

See Note #6.

### **J. Other Financing Sources/Uses**

The City's "Other Financing Sources/Uses" consist of the following for 2011 Interfund transactions:

- a. Transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the city.
- b. Transfers to support the operations of other funds are recorded as "Operating Transfers" and classified with "Other Financing Sources or Uses."

### **K. Risk Management**

The City is a member of the Cities Insurance Association of Washington. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.43 RCW, the Interlocal Cooperative Act. The pool was formed on September 1, 1988 when 34 cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of Sept 1, 2011, there are 254 members in the pool.

The City of Woodland entered into a contract with CIAW and became a member of the pool commencing May 6, 1989.

The pool provides the following forms of joint self-insurance and excess coverage for its members: Property, including automobile comprehensive and collision, equipment

breakdown and crime protection, and liability, including general, automobile and wrongful acts, are included to fit members' various needs.

The pool acquires liability insurance through their Administrator, Canfield, that is subject to a per-occurrence self insured retention of \$100,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$99,000. Insurance carriers cover insured losses over \$100,000 to the limits of each policy. Since the pool is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$99,000 portion of the self insured retention. The pool also purchases a Stop Loss Policy with a limit of \$2,545,000 to cap the total claims paid by the pool in any one year.

Property insurance is subject to a per-occurrence self insured retention of \$25,000. Members are responsible for the first \$1,000 of the deductible for each claim. The pool bears the \$25,000 self insured retention in addition to the deductible.

Equipment breakdown insurance is subject to a per occurrence deductible of \$2,500. Members are responsible for the deductible amount of each claim. There is no pool self insured retention on this coverage.

Members contract to remain in the pool for a minimum of one year, and must give notice before August 31 terminating participation for the following September 1. The Interlocal Agreement is renewed automatically for each year. In the event of termination, a member is still responsible for contributions to the pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the pool. The pool has no employees, but has contracted with a third-party administrator, Canfield, to perform the daily administration of the pool, including underwriting, brokerage, account education, risk management, and claims administration.

#### **L. Reserved Fund Balance**

The City of Woodland may disclose reserved fund balances on the financial statements in certain funds if needed or required by grant, loans, etc.

### **NOTE 2 - COMPLIANCE AND ACCOUNTABILITY**

There have been no material violations of finance-related legal or contractual provisions. There have been no expenditures exceeding legal appropriations in any of the funds of the City.

### **NOTE 3 - INVESTMENTS**

The City's investments are either insured, registered or held by the city or its agent in the city's name. The investments are presented at cost.

Investments by type at December 31 are as follows:

<u>Type of Investment</u>	<u>2011 Balance</u>
L.G.I.P.	\$ 10,293.04
U.S. Bank	1,597,245.10
Columbia Bank	<u>441,194.16</u>
Total	<u>\$2,048,732.83</u>

**NOTE 4 - PROPERTY TAXES**

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

The City's regular levy for 2011 was \$1.937361 per \$1,000 on an assessed valuation of 581,834,946 in Cowlitz County, and 6,123,777 in Clark County, for a combined total of 587,958,723 for a regular total levy of \$1,139,088.

**NOTE 5 - INTERFUND LOANS AND ADVANCES**

The following table displays interfund loan activity during 2011:

<b>Ord #</b>	<b>Borrowing Fund</b>	<b>Lending Fund</b>	<b>Balance 1/1/2011</b>	<b>New Loans</b>	<b>Repayments</b>	<b>Balance 12/31/2011</b>
1082/1106/1129	226	302	47,248			<b>47,248</b>
1189/1209	316	301	154,000		154,000	<b>0</b>
1233	316	301	0	4,000		<b>4,000</b>
1201	351	301	43,000	52,075		<b>95,075</b>
1150&1174	227	302	26,800			<b>26,800</b>
BA - 1218	300	301	0	48,390		<b>48,390</b>
	<b>TOTALS</b>		<b>271,048</b>	<b>104,465</b>	<b>154,000</b>	<b>221,513</b>

**NOTE 6 - LONG TERM DEBT**

**A. LONG TERM DEBT**

The accompanying Schedule of Long-term Debt provides a listing of the outstanding debt of the city and summarizes the city's debt transactions for 2011. The service requirements, including interest, are as follows:

<b>Outstanding Debt totals by year:</b>			
<b>Year</b>	<b>General Obligation Debt</b>	<b>Revenue Bonded Debt</b>	<b>2011 TOTAL Debt</b>
2011	241,075	478,648	634,723
2012	235,593	473,960	794,554
2013	234,427	469,272	703,700
2014	233,261	464,584	697,846
2015	111,978	459,897	571,875
2016-2020	309,557	1,388,771	1,698,328
2021-2025	0	262,655	262,655
<b>TOTALS</b>	<b>1,365,891</b>	<b>3,997,787</b>	<b>5,363,678</b>

## **B. SPECIAL ASSESSMENT DEBT**

Assessment debt is excluded from the amortization schedule above because debt service requirements for special assessment bonds will be met by the collection of assessments receivable that have been levied against property owners. The assessments are liens against the property and subject to foreclosure.

The beginning outstanding debt as of 01/01/10 was \$245,000 with zero (0) issued in 2010 and 2011. The amount redeemed in 2010 was \$245,000 leaving an ending outstanding balance of \$0. The City issued an early call to the bond holders in 2010. There are still remaining assessments payable in fund 225 CLID until 2015 from the property owners in this assessment area.

### **NOTE 7 - PENSION PLANS**

Substantially all city full-time and qualifying part-time employees participate in one of the following statewide local government retirement systems administered by the State of Washington Department of Retirement Systems, under cost-sharing multiple-employer public employee retirement systems. 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 plan benefits. The City participates in the Public Employees Retirement Systems (PERS 1 and PERS 2) and Law Enforcement Officers and Firefighters (LEOFF 1 and LEOFF 2).

The City of Woodland also participates in the Washington State Volunteer Firemen Relief and Pension Fund.

Historical trend or other information regarding each plan is presented in the State Department of Retirement Systems 2011 annual financial report. A copy of this report may be obtained at:

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

**NOTE 8 - DEFERRED COMPENSATION PLAN**

The city offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is with the State of Washington Department of Retirement Systems Committee for Deferred Compensation. The plan, available to eligible employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In June, 1998 the State of Washington Deferred Compensation Program plan assets were placed into trust for the exclusive benefit of participants and their beneficiaries. Pursuant to Governmental Accounting Standards Board (GASB) Statement 32, since the City is no longer the owner of these assets, as of 12-31-98, the plan assets and liabilities are no longer reported as an Agency Fund.

**NOTE 9 - CLAIMS AND JUDGMENTS**

It is the general policy of the city council to formally reject all claims filed against the city and refer them to the Cities Insurance Association through Canfield & Associates, Inc., the third party administrator for the pool. At this time there are no pending judgments against the city.

**NOTE 10 - CONTINGENCIES AND LITIGATION**

In the opinion of management, the city's insurance policies are adequate to pay all known or pending claims. The city participates in a number of federal and state-assisted programs. These grants are outlined on Schedule 16 and are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. The city management believes that such disallowances, if any, will be immaterial.

**NOTE 11 – SUBSEQUENT EVENTS**

The City of Woodland issued new Long Term General Obligation Debt (LTGO) in May, 2012 in the amount of \$2,000,000 which will be used to construct a new Police Station and Community Meeting room at the city property located at 300 E. Scott Avenue, Woodland, WA. The funding source for the repayment of this debt is a new Public Safety Sales tax in the amount of 0.10% which is dedicated to Public Safety. This was adopted by Ordinance No. 1225 which was effective April 1, 2012.







**City of Woodland**

MCAG NO. 0271

**NOTES TO THE EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ending December 31, 2011**

Note 1 - Basis of Accounting

This schedule is prepared on the same basis of accounting as the city's financial statements. The city uses the cash basis of accounting.

Note 2 - Program Costs

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

Note 3 - American Recovery and Reinvestment Act (ARRA) of 2009

Expenditures for this program were funded by ARRA.



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

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

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

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

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

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**Deputy Chief of Staff**  
**Chief Policy Advisor**  
**Director of Audit**  
**Director of Performance Audit**  
**Director of Special Investigations**  
**Director for Legal Affairs**  
**Director of Quality Assurance**  
**Local Government Liaison**  
**Communications Director**  
**Public Records Officer**  
**Main number**  
**Toll-free Citizen Hotline**

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**Ted Rutt**  
**Doug Cochran**  
**Jerry Pugnetti**  
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