

ANNUAL REPORT CERTIFICATION

CITY OF CLARKSTON

MCAG No. 0197

Submitted pursuant to RCW 43.09.230 to the Washington State Auditor's Office

For the Fiscal Year Ended **DECEMBER 31, 2012**

GOVERNMENT INFORMATION:

Official Mailing Address 829 5th Street Clarkston, WA 99403

Official Website Address www.clarkston-wa.com

Official E-mail Address clarkstoncity@cableone.net

Official Phone Number (509) 758-5541

PREPARER INFORMATION and CERTIFICATION:

Preparer Name and Title Vickie Storey – Clerk/Treasurer

Contact Phone Number (509) 769-0131

Contact E-mail Address clarkstoncity@cableone.net

I do hereby certify 29th day of May, 2013, that annual report information is complete, accurate and in conformity with the Budgeting, Accounting and Reporting Systems Manual, to the best of my knowledge and belief, having reviewed this information and taken all appropriate steps in order to provide such certification.

Moreover, I acknowledge and understand that management and the governing body are responsible for:

- The design and implementation of policies and procedures to safeguard public resources and ensure compliance with applicable laws and regulations, including internal controls to prevent and detect fraud.
- Compliance with applicable state and local laws and regulations.
- Immediately submitting corrected annual report information if any error in submitted information is subsequently identified.

Preparer Signature:



FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2012

BARS Code		Total for All funds*	001 Current Expense Fund	102 Rescue Unit One Fund	103 Street Fund
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	173,706	0	0	0
30880	Beg Fund Bal-Unreserved	6,152,870	1,907,751	9,150	302,419
38880/58880	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	3,980,516	3,021,033	0	345,381
320	Licenses & Permits	130,760	130,760	0	0
330	Intergovernmental Revenues	943,899	425,215	1,534	517,150
340	Charges for Goods and Services	2,831,901	17,662	0	0
350	Fines & Penalties	172,432	125,979	0	0
360	Miscellaneous Revenues	141,931	32,810	452	63,071
Total Operating Revenues:		8,201,440	3,753,459	1,986	925,601
Operating Expenditures					
510	General Government	539,147	539,147	0	0
520	Public Safety	3,486,619	2,591,491	1,503	0
530	Utilities And Environment	2,307,369	42,499	0	0
540	Transportation	634,893	0	0	634,893
550	Economic Environment	177,904	94,424	0	0
560	Mental & Physical Health	1,967	1,967	0	0
570	Culture And Recreation	140,957	140,957	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		7,288,855	3,410,484	1,503	634,893
Net Operating Increase (Decrease):		912,583	342,974	483	290,708
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	134,526	50,000	0	0
391-393	Debt Proceeds	1,287,022	0	0	0
397	Transfers-In	257,490	57,490	0	0
Total Nonoperating Revenues:		1,679,038	107,490	0	0
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	133,026	50,000	0	0
591-593	Debt Service	286,863	97,494	0	0
594-595	Capital Expenditures	2,289,944	178,090	3,210	392,213
597	Transfers-Out	257,490	200,000	0	0
Total Nonoperating Expenditures:		2,967,323	525,584	3,210	392,213
Increase (Decrease) in Cash and Investments		-375,702	-75,120	-2,727	-101,505
Ending Cash and Investments					
50810	End Fund Bal-Reserved	1,518,031	0	0	0
50880	End Fund Balance-Unreserved	4,432,844	1,832,632	6,423	200,915

BARS Code		108 Drug Enforcement Fund	120 Ambulance / Ems Fund	130 Lodging Tax Fund	202 Municipal Cap Imprvment Fund
Beginning Cash and Investments					
30810	Beg Fund Bal-Reserved	0	0	0	0
30880	Beg Fund Bal-Unreserved	53,446	50,666	535,443	53,238
38880/58880	Prior Period Adjustments, net	0	0	0	0
Operating Revenues					
310	Taxes	0	499,859	81,835	32,409
320	Licenses & Permits	0	0	0	0
330	Intergovernmental Revenues	0	0	0	0
340	Charges for Goods and Services	0	377,439	0	0
350	Fines & Penalties	8,115	0	0	0
360	Miscellaneous Revenues	235	414	2,119	368
Total Operating Revenues:		8,350	877,711	83,953	32,777
Operating Expenditures					
510	General Government	0	0	0	0
520	Public Safety	32	893,593	0	0
530	Utilities And Environment	0	0	0	0
540	Transportation	0	0	0	0
550	Economic Environment	0	0	83,480	0
560	Mental & Physical Health	0	0	0	0
570	Culture And Recreation	0	0	0	0
598	Intergovernmental Payments	0	0	0	0
Total Operating Expenditures:		32	893,593	83,480	0
Net Operating Increase (Decrease):		8,318	-15,882	474	32,777
Nonoperating Revenues					
370, 380, 395, 398	Other Financing Sources	0	50,000	0	0
391-393	Debt Proceeds	0	0	0	0
397	Transfers-In	0	100,000	0	0
Total Nonoperating Revenues:		0	150,000	0	0
Nonoperating Expenditures					
580, 596, 599	Other Financing Uses	0	50,000	0	0
591-593	Debt Service	0	24,036	0	0
594-595	Capital Expenditures	0	6,929	0	0
597	Transfers-Out	0	8,150	0	49,340
Total Nonoperating Expenditures:		0	89,115	0	49,340
Increase (Decrease) in Cash and Investments		8,318	45,004	474	-16,563
Ending Cash and Investments					
50810	End Fund Bal-Reserved	0	0	0	0
50880	End Fund Balance-Unreserved	61,764	95,669	535,916	36,675

The accompanying notes are an integral part of this Statement.

BARS Code		400 Sewer M & O Fund	409 Fund Number	410 Util & Ent (sanitation Fund)
Beginning Cash and Investments				
30810	Beg Fund Bal-Reserved	173,706	0	0
30880	Beg Fund Bal-Unreserved	2,799,716	45,912	395,129
38880/58880	Prior Period Adjustments, net	0	0	0
Operating Revenues				
310	Taxes	0	0	0
320	Licenses & Permits	0	0	0
330	Intergovernmental Revenues	0	0	0
340	Charges for Goods and Services	1,243,352	246,553	946,895
350	Fines & Penalties	14,926	8,486	14,926
360	Miscellaneous Revenues	10,819	29,391	2,252
Total Operating Revenues:		1,269,097	284,430	964,074
Operating Expenditures				
510	General Government	0	0	0
520	Public Safety	0	0	0
530	Utilities And Environment	900,901	370,157	993,812
540	Transportation	0	0	0
550	Economic Environment	0	0	0
560	Mental & Physical Health	0	0	0
570	Culture And Recreation	0	0	0
598	Intergovernmental Payments	0	0	0
Total Operating Expenditures:		900,901	370,157	993,812
Net Operating Increase (Decrease):		368,196	-85,727	-29,739
Nonoperating Revenues				
370, 380, 395, 398	Other Financing Sources	1,500	0	33,026
391-393	Debt Proceeds	1,287,022	0	0
397	Transfers-In	0	100,000	0
Total Nonoperating Revenues:		1,288,522	100,000	33,026
Nonoperating Expenditures				
580, 596, 599	Other Financing Uses	0	0	33,026
591-593	Debt Service	165,334	0	0
594-595	Capital Expenditures	1,709,502	0	0
597	Transfers-Out	0	0	0
Total Nonoperating Expenditures:		1,874,836	0	33,026
Increase (Decrease) in Cash and Investments		-218,118	14,273	-29,739
Ending Cash and Investments				
50810	End Fund Bal-Reserved	1,518,031	0	0
50880	End Fund Balance-Unreserved	1,237,273	60,185	365,391

The accompanying notes are an integral part of this Statement.

FIDUCIARY FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2012

BARS Code		Total for All funds	635 Agency Fund - Trust Account
308	Beginning Cash and Investments	-5,953	-5,953
388 and 588	Prior Period Adjustments, net	0	0
310-360	Revenues	0	0
370-390	Other Increases and Financing Sources	77,752	77,752
510-570	Expenditures	0	0
580-590	Other Decreases and Financing Uses	76,987	76,987
Increase (Decrease) in Cash and Investments		765	765
508	Ending Cash and Investments	-5,188	-5,188

City of Clarkston

MCAG NO. 0197

**SCHEDULE OF DISBURSEMENT ACTIVITY
For the Year Ending December 31, 2012**

Fund No.	Fund Title	Beginning Outstanding Items 01/01/2012	Issued During the Year	Redeemed During the Year	Canceled During the Year	Ending Outstanding Items 12/31/2012	Prior Year Open Period Items	Current Year Open Period Items	Disbursements 12/31/2012
001	Current Expense Fund	\$168,471	\$3,803,216	\$3,785,570	\$0	\$186,116	\$83,342	\$41,949	\$3,761,823
102	Rescue Unit One Fund	\$0	\$4,713	\$4,713	\$0	\$0	\$0	\$0	\$4,713
103	Street Fund	\$17,815	\$1,030,515	\$1,032,882	\$0	\$15,447	\$16,828	\$14,011	\$1,027,697
108	Drug Enforcement Fund	\$0	\$36	\$36	\$0	\$0	\$4	\$0	\$32
120	Ambulance / Ems Fund	\$54,665	\$923,448	\$925,144	\$0	\$52,970	\$4,190	\$7,381	\$926,639
130	Lodging Tax Fund	\$0	\$87,514	\$85,369	\$0	\$2,145	\$4,034	\$0	\$83,480
400	Sewer M & O Fund	\$103,306	\$2,129,629	\$2,202,640	\$0	\$30,294	\$189,842	\$846,535	\$2,786,321
409	Fund Number	\$20	\$386,293	\$384,488	\$0	\$1,825	\$384	\$394	\$386,303
410	Util & Ent (sanitation Fund)	\$34,147	\$1,013,803	\$1,009,087	\$0	\$38,862	\$26,069	\$24,140	\$1,011,873
635	Agency Fund - Trust Account	\$0	\$77,576	\$77,576	\$0	\$0	\$6,124	\$5,535	\$76,987
TOTAL		\$378,424	\$9,456,743	\$9,507,507	\$0	\$327,660	\$330,818	\$939,944	\$10,065,869

City of Clarkston

Schedule of Liabilities

For the year ended December 31, 2012

Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2012	Additions	Reductions	BARS Code for Redemption of Debt Only	Ending Balance December 31, 2012
General Obligations								
	251.11	GO Bond, City Hall	12/1/2012	1,225,000	0	45,000	59119	1,180,000
	259.11	Compensated Balances		395,727	253,367	250,002		399,092
	263.96	LOCAL #0197-3-1, Ambulance	12/1/2012	58,310	0	22,975	58226	35,335
		Total General Obligations:		1,679,037	253,367	317,977		1,614,427
Revenue Obligations								
	263.82	PWTF Loan, PC12-951-035	6/1/2013	0	626,542	0	58235	626,542
	263.82	SRF Loan, L9700039	9/1/2012	216,785	0	29,577	58235	187,208
	252.11	Sewer REvenue Bond, 2011	12/1/2012	2,210,000	0	45,000	58235	2,165,000
	259.12	Compensated Balances		155,716	54,874	65,248		145,342
	263.82	SRF Loan #L1200009	6/30/2013	0	660,480	0	58235	660,480
		Total Revenue Obligations:		2,582,501	1,341,896	139,825		3,784,572
		Total Liabilities:		4,261,538	1,595,263	457,802		5,398,999

**City of Clarkston
Schedule of Limitation of Indebtedness
As of December 31, 2012**

		Remaining Debt Capacity
Total Taxable Property Value	\$ 396,537,460	
2.5% General purpose limit is allocated between:	9,913,437	
Up to 1.5% debt without a vote	5,948,062	
Less: Outstanding Debt	1,614,426	
Less: Excess of Debt with a Vote	0	
Add: Available Assets	1,907,751	
Equals remaining debt capacity without a vote		\$6,241,387
Up to 2.5% debt with a vote	10,206,762	
Less: Outstanding Debt	0	
Add: Available Assets	0	
Equals remaining debt capacity with a vote		\$10,206,762
2.5% Utility purpose limit, voted	9,913,437	
Less: Outstanding Debt	0	
Less: Contracts Payable	0	
Add: Available Assets	0	
Equals remaining debt capacity- Utility purpose, voted		\$9,913,437
2.5% Open Space, park & capital facilities, voted	9,913,437	
Less: Outstanding Debt	0	
Less: Contracts Payable	0	
Add: Available Assets	0	
Equals remaining debt capacity - Open space, park & capital facilities voted		\$9,913,437

City of Clarkston

SCHEDULE OF CASH ACTIVITY

For the Year Ended December 31, 2012

Fund Number	Fund Title	Beginning Cash and Investments	Receipts	Transfers-In	Other Revenue	Netted Transactions	Total Increase (4+5+6-7)	Disbursements	Transfers-Out	Other Expenditures	Total Decrease (9+10+11-7)	Ending Cash & Investments (3+8-12)
001	Current Expense Fund	\$1,907,751.41	\$3,817,123.60	\$57,490.00	\$62,005.40	\$75,754.53	\$3,860,864.47	\$3,761,822.92	\$200,000.00	\$50,000.00	\$3,936,068.39	\$1,832,547.49
102	Rescue Unit One Fund	\$9,149.74	\$1,986.29	\$0.00	\$0.00	\$0.00	\$1,986.29	\$4,713.41	\$0.00	\$0.00	\$4,713.41	\$6,422.62
103	Street Fund	\$302,419.20	\$908,192.94	\$0.00	\$20,000.00	\$2,592.00	\$925,600.94	\$1,027,697.23	\$0.00	\$2,000.00	\$1,027,105.23	\$200,914.91
108	Drug Enforcement Fund	\$53,446.07	\$8,350.44	\$0.00	\$0.00	\$0.00	\$8,350.44	\$32.02	\$0.00	\$0.00	\$32.02	\$61,764.49
130	Lodging Tax Fund	\$535,443.14	\$83,953.47	\$0.00	\$0.00	\$0.00	\$83,953.47	\$83,480.18	\$0.00	\$0.00	\$83,480.18	\$535,916.43
202	Municipal Cap Imprvment Fund	\$53,237.58	\$32,777.15	\$0.00	\$0.00	\$0.00	\$32,777.15	\$0.00	\$49,340.00	\$0.00	\$49,340.00	\$36,674.73
203	86 Conv Cnt Bond Redemptn Fund	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
377	Rental Rehab Housing Fund	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
400	Sewer M & O Fund	\$2,973,422.45	\$2,572,659.56	\$0.00	\$0.00	\$14,583.67	\$2,558,075.89	\$2,786,321.16	\$0.00	\$4,000.00	\$2,775,737.49	\$2,755,760.85
409	Fund Number	\$45,911.56	\$302,459.12	\$100,000.00	\$0.00	\$18,146.16	\$384,312.96	\$386,302.99	\$0.00	\$2,000.00	\$370,156.83	\$60,067.69
410	Util & Ent (sanitation Fund)	\$395,128.94	\$1,005,850.39	\$0.00	\$0.00	\$9,035.42	\$996,814.97	\$1,011,872.85	\$0.00	\$24,000.00	\$1,026,837.43	\$365,106.48
420	Ambulance / Ems Fund	\$50,665.50	\$879,797.83	\$100,000.00	\$50,000.00	\$2,086.82	\$1,027,711.01	\$926,639.02	\$8,150.00	\$50,005.40	\$982,707.60	\$95,668.91
635	Agency Fund - Trust Account	(\$5,952.65)	\$77,751.92	\$0.00	\$0.00	\$0.00	\$77,751.92	\$76,987.29	\$0.00	\$0.00	\$76,987.29	(\$5,188.02)
999	Treasurer's Surplus Cash	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL		\$6,320,622.94	\$9,690,902.71	\$257,490.00	\$132,005.40	\$122,198.60	\$9,958,199.51	\$10,065,869.07	\$257,490.00	\$132,005.40	\$10,333,165.87	\$5,945,656.58

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2012

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other Award I.D. Number	Expenditures			Foot Note Ref.
				From Pass-Through Awards	From Direct Awards	Total Amount	
Violence Against Women Office, Department Of Justice/Commerce	Violence Against Women Formula Grants	16.588	F11-31103-005	15,189		15,189	1,2
Bureau Of Justice Assistance, Department Of Justice/	Bulletproof Vest Partnership Program	16.607	n/a		1,094	1,094	1,2
Bureau Of Justice Assistance, Department Of Justice/Whitman County	Edward Byrne Memorial Justice Assistance Grant Program	16.738	M12-34021-018	36,001		36,001	1,2
National Highway Traffic Safety Administration (nhtsa), Department Of Transportation/WA Traffic Safety Commission	State and Community Highway Safety	20.600	n/a	1,927		1,927	1,2
National Highway Traffic Safety Administration (nhtsa), Department Of Transportation/WA Traffic Safety Commission	Occupant Protection Incentive Grants	20.602	n/a	1,265		1,265	1,2

Office Of Water, Environmental Protection Agency/WA ST. Dept of Ecology	Capitalization Grants for Clean Water State Revolving Funds	66.458	L1200009	380,840		380,840	1,2
Department Of Homeland Security/	Assistance to Firefighters Grant	97.044	EMW-2010-FR-00253		91,113	91,113	1,2,4
Department Of Homeland Security/Asotin County	Homeland Security Grant Program	97.067	2010-SS-TO-0084	16,193		16,193	1,2,3
Department Of Homeland Security/	Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2008-FF-01250		20,957	20,957	1,2
Department Of Homeland Security/	Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2011-FH-00998		53,730	53,730	1,2
Total CFDA 97.083				0	74,687	74,687	
Total Federal Awards Expended:				451,415	166,894	618,309	

City of Clarkston

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2012**

NOTE 1 - BASIS OF ACCOUNTING

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

NOTE 2 - PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the City's portion, may be more than shown.

NOTE 3 - NONCASH AWARDS - EQUIPMENT

The City received equipment and supplies that were purchased with federal Homeland Security funds by Asotin County. The amount reported on the schedule is the value of the property on the date it was received by City and priced by Asotin County.

NOTE 4 - AMOUNTS AWARDED TO SUBRECIPIENTS

Included in the total amount expended for this program is \$9,352 in equipment that was passed through to a subrecipient.

MCAG NO. 0197

City of Clarkston

Schedule 16

City/Town

SCHEDULE OF STATE FINANCIAL ASSISTANCE

For the Year Ended December 31, 2012

Grantor	Program Title	Identificaton Number	Amount
3340490 - Health			
	Pre-Hospital	n/a	1,534
		Sub-total:	1,534
3340420 - Commerce			
	Small Communities in Rural Counties Grant	CJ09-951-118	412,532
		Sub-total:	412,532
		Grand total:	414,066

City of Clarkston
 LABOR RELATIONS CONSULTANT
 For the Year Ending December 31, 2012

Has your government engaged labor relations consultants? Yes No

If yes, please provide the following information for each consultant(s):

Name of Firm	THE WESLEY GROUP
Name of Consultant	KEVIN WESLEY
Business Address	P O BOX 7164 KENNEWICK, WA 99336
Amount Paid to Consultant During Fiscal Year	\$11,326
Terms and Conditions, As Applicable, Including:	
Rates (E.g., Hourly, Etc.)	\$8,400 Annually Plus \$80 per hr. for Arbitration, Mediation, ULP's, etc. mileage @ Federal rate
Maximum Compensation Allowed	N/A
Duration of Service	January 1, 2012 through December 31, 2012
Services Provided	Labor Negotiations and Contract Administration

City of Clarkston
LOCAL GOVERNMENT RISK ASSUMPTION
For the Year Ending December 31, 2012

Program Manger Vickie Storey, City Clerk
Address: 829 5th Street
 Clarkston, WA 99403
Phone: (509) 758-5541
Email: clarkstoncity@cableone.net

1. No. Does the entity self-insure for any class of risk, including liability, property, health and welfare, unemployment compensation, workers' compensation?

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Clarkston 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 Clarkston was incorporated in 1902 and operates under the laws of the state of Washington applicable to a non-charter code city. The City is a general purpose government and provides police, fire, ambulance, community development, parks, sewer, streets, surface water management and sanitation services. The City uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

a. Fund Accounting

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

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital 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 or services to the general public and are supported primarily through user charges.

FIDUCIARY FUND TYPES:

CITY OF CLARKSTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others.

Agency Funds

These funds are used to account assets that City holds for others in an agency capacity.

b. Basis of Accounting

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

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

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

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

c. Budgets

The City adopts annual appropriated budgets for all funds. 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 follow:

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
001 – General Fund	\$4,312,715	\$3,968,573	\$344,142
004 - CE Reserve	\$0	\$0	\$0
006 – Emp Benefit Reserve	\$0	\$0	\$0
007 – Community Projects	\$16,000	\$12,000	\$4,000
010 - National Night Out	\$1,600	\$621	\$979
011 – Victims’ Rights	\$4,000	\$2,893	\$1,107
016 - Vehicle Reserve	\$29,000	\$29,000	\$0
017 - DARE Fund	\$4,750	\$3,982	\$768
037 – CDBG Fund	\$25,000	\$0	\$25,000
102 – Rescue One	\$7,700	\$4,713	\$2,987
103 – Street Fund	\$1,146,888	\$1,027,106	\$119,782
105 – Street Reserve	\$0	\$0	\$0
108- Drug Enforcement	\$7,500	\$32	\$7,468
120-Ambulance	\$1,108,300	\$991,707	\$116,593
121-EMS Capital Reserve	\$6,700	\$6,700	\$0
130 – Lodging Tax	\$83,580	\$83,480	\$100
202 – Capital Improvement	\$49,340	\$49,340	\$0
400 – Sewer O & M	\$1,293,360	\$1,237,476	\$55,884

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SCHEDULE F-3

401 – Sewer Equip Reserve	\$0	\$0	\$0
402 – Sewer Line Reserve	\$0	\$0	\$0
403 – Sewer Cap Replacement	\$0	\$0	\$0
404 – Sewer Reserve	\$0	0	\$0
405 – Sewer Construction	\$4,937,640	\$1,949,667	\$2,987,973
406 – Sewer Revenue Bond	\$85,400	\$81,750	\$3,650
407 – PWTF Loan Fund	\$25,000	\$0	\$25,000
408 – SRF Loan Fund	\$63,625	\$38,585	\$25,040
409 – Stormwater O & M	\$465,360	\$370,157	\$95,203
410 – Sanitation O & M	\$1,077,510	\$1,046,837	\$30,673
411 – Sanitation Equip Rsrv	\$0	0	0

Budgeted amounts are authorized to be transferred between 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 legislative body.

d. Cash

It is the City's policy to invest all temporary cash surpluses. The amount is included in the 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 deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission.

f. Investments See Note #3.

g. Capital Assets

Capital assets are assets with an initial individual cost of more than \$2,500. The capital assets of the City are recorded as expenditures when purchased.

h. Compensated Absences

Vacation leave may be accumulated up to 1.5 x the annual earnable amount for each employee and is payable upon separation or retirement.

Sick leave may be accumulated up to 960 hours for general employees with larger accumulative amounts as determined by collective bargaining agreements. Upon separation or retirement employees with a hire date prior to January 1, 1985 will be compensated for a portion of unused sick leave.

j. Long-Term Debt See Note #6

k. Other Financing Sources or Uses

The City's *Other Financing Sources or Uses* consist of operating transfers in and out.

l. Risk Management

The City of Clarkston is a member of 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 153 Members.

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

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

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

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

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

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.

m. Reserved Fund Balance

The City has three funds with Reserved Ending Balances. They are the WWTP Construction Fund with a reserve of \$1,344,325, which is dedicated to a construction project funded with a revenue bond and Public Works Trust Fund Loan; the Sewer Revenue Bond Fund with a reserve of \$135,106 required by bond covenants; and the SRF Loan Fund with a reserve of \$38,600 required by the loan agreement.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

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

CITY OF CLARKSTON
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There have been no expenditures exceeding legal appropriations in any of the funds of the City.

NOTE 3 - INVESTMENTS

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

Investments are presented at face value.

Investments by type at December 31, 2012 are as follows:

Type of Investment	(City/County/District's) own investments	Investments held by City as an agent for other local governments, individual or private organizations.	Total
L.G.I.P.	\$2,152,739.23	\$	\$2,152,739.23
US Bank (US Gov Securities)	\$3,635,000.00		\$3,635,000.00
Banner Bank (CD)	\$ 245,000.00		\$ 245,000.00
Twin River Bank (CD)	\$ 245,000.00		\$ 245,000.00
Total	\$6,277,739.23	\$ 0	\$6,277,739.23

NOTE 4 - PROPERTY TAX

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

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

The City's regular levy for the year 2012 was \$2.20946456 per \$1,000 on an assessed valuation of \$402,635,560 for a total regular levy of \$889,609.

In 2012 the City also levied \$1.29549122 per \$1,000 of the assessed valuation of \$395,062,500 (which is the adjusted assessed valuation deducting the senior citizen exemptions) for an E.M.S. levy for a total additional levy of \$511,800.

NOTE 5 - INTERFUND LOANS AND ADVANCES

The following table displays interfund loan activity during 2012:

Borrowing Fund	Lending Fund	Balance 1/1/2012	New Loans	Repayments	Balance 12/31/2012
120	001	\$0	\$50,000	\$50,000	\$0
	Totals	\$0	\$50,000	\$50,000	\$0

NOTE 6 – DEBT SERVICE REQUIREMENTS

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liabilities of the City and summarizes the City's debt transactions for the year ended December 31, 2012

The debt service requirements for general obligation bonds, revenue bonds, notes and public works loan, including both principle and interest, are as follows:

	General Obligation Bonds	Revenue Bonds	Other Debt	Total Debt
2012	\$121,524	\$164,749	\$0	\$286,273
2013	\$120,174	\$217,381	\$23,058	\$360,613
2014	\$111,809	\$216,381	\$24,630	\$352,820
2015	\$98,294	\$215,381	\$24,522	\$338,197
2016	\$96,794	\$214,131	\$24,414	\$335,339
2017	\$99,794	\$212,881	\$24,306	\$336,981
2018 - 2022	\$485,070	\$896,551	\$119,905	\$1,501,526
2023 - 2027	\$484,288	\$862,957	\$117,205	\$1,464,450
2028 - 2032	\$296,809	\$856,657	\$114,505	\$1,267,971
2033 - 2037	-0-	\$636,500	\$111,805	\$748,305
2038 - 2042	-0-	\$501,750	\$87,503	\$589,253
Totals	\$1,914,556	\$4,995,319	\$671,853	\$7,581,728

The City has been awarded a Public Works Trust Fund Loan for \$10,000,000 at an interest rate of 0.05% for a Wastewater Treatment Plant Improvement project. As of December 31, 2012 the City had drawn \$671,853. The loan payments are reflected in the "Other Debt" column.

NOTE 7 - PENSION PLANS

Substantially all City full-time and qualifying part-time employees participate in PERS, LEOFF, or Volunteer Firefighters Relief & Pension Fund administered by the Washington State Department of Retirement Systems or the Board of Volunteer Firefighters, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the City financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

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

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

NOTE 8 - OTHER DISCLOSURESOPEB

The City has a commitment to pay for post-employment benefits for employees that belong to the LEOFF I retirement system. These benefits include health insurance, medical, vision, nursing care and related expenses. Twelve retirees received benefits during the year and \$208,237 was paid out for those benefits during the year.

Ongoing Litigation

The City is involved in litigation with Skyline Contractors, Inc. The City contracted with Skyline in 2011 to remodel the Public Safety Building. Substantial completion date of the project according to the contract was to have been January 15, 2012. The City issued a letter of substantial completion on March 21, 2012. However, the City has received claims against the bond and retainage totaling \$178,000. The bonding company is nonresponsive to the claims and they are still outstanding. Skyline filed suit against the City in the amount of \$870,000. The City is in possession of retainage in the amount of \$37,600 and the outstanding contract balance of \$52,000. Skyline has subsequently filed for bankruptcy protection. There is no anticipated date for resolution of this case.

Construction Commitment

The City has an active construction project as of December 31, 2012. The project is an upgrade of the Wastewater Treatment Plant.

At year-end the city's commitment with the contractor is as follows:

Project	Spent to Date	Remaining Commitment
WWTP Upgrade	\$1,100,596	\$14,403,260

The City received a Public Works Trust Fund loan for \$10,000,000 to be repaid over thirty years at an interest rate of 0.05%. The City also issued a sewer revenue bond for \$2,210,000 in 2011 with final maturity in 2041 at an interest rate of 4.26%. The City plans to issue additional sewer revenue bonds to complete the project in 2013 for approximately \$2,500,000.