

**Washington State Auditor's Office**  
**Financial Statements Audit Report**

---

**Town of Coupeville**  
**Island County**

Audit Period  
**January 1, 2010 through December 31, 2011**

**Report No. 1009830**

Issue Date  
**June 3, 2013**



WASHINGTON  
**TROY KELLEY**  
STATE AUDITOR



**Washington State Auditor  
Troy Kelley**

June 3, 2013

Mayor and Town Council  
Town of Coupeville  
Coupeville, Washington

***Report on Financial Statements***

Please find attached our report on the Town of Coupeville's financial statements.

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

Sincerely,

**TROY KELLEY  
STATE AUDITOR**

Table of Contents

**Town of Coupeville  
Island County  
January 1, 2010 through December 31, 2011**

Independent Auditor’s Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards* ..... 1

Independent Auditor’s Report on Financial Statements..... 3

Financial Section..... 6

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

**Town of Coupeville  
Island County  
January 1, 2010 through December 31, 2011**

Mayor and Town Council  
Town of Coupeville  
Coupeville, 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 Town of Coupeville, Island County, Washington, as of and for the years ended December 31, 2011 and 2010, and the related notes to the financial statements, which collectively comprise the Town's financial statements, and have issued our report thereon dated March 29, 2013.

***INTERNAL CONTROL OVER FINANCIAL REPORTING***

In planning and performing our audits of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 Town's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be

material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **COMPLIANCE AND OTHER MATTERS**

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

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

## **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town'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.



**TROY KELLEY**  
STATE AUDITOR

March 29, 2013

# Independent Auditor's Report on Financial Statements

## Town of Coupeville Island County January 1, 2010 through December 31, 2011

Mayor and Town Council  
Town of Coupeville  
Coupeville, Washington

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the Town of Coupeville, Island County, Washington, for the years ended December 31, 2011 and 2010, and the related notes to the financial statements, which collectively comprise the Town's financial statements, as listed on page 6.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town of Coupeville, for the years ended December 31, 2011 and 2010, on the basis of accounting described in Note 1.

### ***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. As described in Note 1 to the financial statements, the financial statements are prepared in accordance with 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 basis of accounting other than accounting principles generally accepted in the United State of America. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Supplementary and Other Information***

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules of Liabilities are presented for purposes of additional analysis as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

### ***Purpose of this Report***

The report is intended for the information and use of the management and the Mayor and Town Council of the Town. 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.

## ***OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2013 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing,

and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Troy X. Kelley".

**TROY KELLEY**  
STATE AUDITOR

March 29, 2013



# Financial Section

**Town of Coupeville  
Island County  
January 1, 2010 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  
Fund Resources and Uses Arising from Cash Transactions – 2010  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2010  
Notes to Financial Statements – 2011  
Notes to Financial Statements – 2010

***SUPPLEMENTARY INFORMATION***

Schedule of Liabilities – 2011  
Schedule of Liabilities – 2010

Town of Coupeville

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2011

BARS CODE		Total for	001	101	104
		All Funds Total Amount	General Fund Actual Amount	Street Fund Actual Amount	Hotel/Motel Tax Fund Actual Amount
<b>Beginning Cash and Investments:</b>					
308.10	Reserved	\$109,754			
308.80	Unreserved	\$2,949,020	\$573,488	\$215,539	\$30,926
388.80 or 588.80	Prior Period Adjustments	\$0			
<b>Revenues and Other Sources:</b>					
310	Taxes	\$1,243,448	1,022,615	147,037	46,203
320	Licenses and Permits	\$49,995	49,995		
330	Intergovernmental	\$106,591	83,231		
340	Charges for Goods and Services	\$983,825	22,341	500	
350	Fines and Penalties	\$5,815	5,815		
360	Miscellaneous	\$38,113	32,940	637	66
370	Capital Contributions	\$0	0		
390	Other Financing Sources	\$355,529	189,635		
<b>Total Revenues and Other Financing Sources</b>		\$2,783,317	1,406,573	148,174	46,269
<b>Total Resources</b>		5,842,091	1,980,061	363,712	77,195
<b>Operating Expenditures:</b>					
510	General Government	\$456,937	456,937		
520	Public Safety	\$576,741	576,741		
530	Physical Environment	\$771,285	131,614		
540	Transportation	\$170,784		170,784	
550	Economic Environment	\$165,983	113,024		52,959
560	Mental and Physical Health	\$452	452		
570	Culture and Recreational	\$98,420	98,420		
<b>Total Operating Expenditures</b>		2,240,602	1,377,188	170,784	52,959
591-593	Debt Service	\$178,410			
594-595	Capital Outlay	\$284,950	12,853	15,095	
<b>Total Expenditures</b>		2,703,962	1,390,042	185,879	52,959
597-599	Other Financing Uses	\$341,359			
<b>Total Expenditures and Other Financing Uses</b>		3,045,321	1,390,042	185,879	52,959
<b>Excess (Deficit) of Resources Over Uses</b>		2,796,770	590,019	177,834	24,237
380	Nonrevenues (Except 384)	\$3,402	3,402		
580	Nonexpenditures (Except 584)	\$4,978	4,978		
<b>Ending Cash and Investments:</b>					
508.10	Reserved	\$109,804			
508.80	Unreserved	\$2,685,391	\$588,444	\$177,834	\$24,237

The Accompanying Notes Are An Integral Part Of This Statement.

Town of Coupeville

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2011

BARS CODE		105	106	107	109
		Civic Improvement Fund	Drug Enforcement/ Dare Fund	Harbor Improvement Fund	Park Impact Fee Fund
		Actual Amount	Actual Amount	Actual Amount	Actual Amount
<b>Beginning Cash and Investments:</b>					
308.10	Reserved				
308.80	Unreserved	\$535,988	\$1,687	\$17,739	\$74,920
388.80 or 588.80	Prior Period Adjustments				
<b>Revenues and Other Sources:</b>					
310	Taxes	27,593			
320	Licenses and Permits				
330	Intergovernmental			1,369	
340	Charges for Goods and Services				
350	Fines and Penalties				
360	Miscellaneous	887	3	36	145
370	Capital Contributions				
390	Other Financing Sources				14,170
<b>Total Revenues and Other Financing Sources</b>		28,480	3	1,406	14,315
<b>Total Resources</b>		564,468	1,690	19,145	89,235
<b>Operating Expenditures:</b>					
510	General Government				
520	Public Safety				
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreational				
<b>Total Operating Expenditures</b>		0	0	0	0
591-593	Debt Service	27,063			
594-595	Capital Outlay	115,597			0
<b>Total Expenditures</b>		142,659	0	0	0
597-599	Other Financing Uses				
<b>Total Expenditures and Other Financing Uses</b>		142,659	0	0	0
<b>Excess (Deficit) of Resources Over Uses</b>		421,808	1,690	19,145	89,235
380	Nonrevenues (Except 384)				
580	Nonexpenditures (Except 584)				
<b>Ending Cash and Investments:</b>					
508.10	Reserved				
508.80	Unreserved	\$421,808	\$1,690	\$19,145	\$89,235

The Accompanying Notes Are An Integral Part Of This Statement.

Town of Coupeville

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2011

BARS CODE		401	Fund Number	Fund Number	Fund Number
		Utility fund	and Title	and Title	and Title
		Actual Amount	Actual Amount	Actual Amount	Actual Amount
<b>Beginning Cash and Investments:</b>					
308.10	Reserved	\$109,754			
308.80	Unreserved	\$1,498,733			
388.80 or 588.80	Prior Period Adjustments	\$0			
<b>Revenues and Other Sources:</b>					
310	Taxes	\$0			
320	Licenses and Permits	\$0			
330	Intergovernmental	\$21,991			
340	Charges for Goods and Services	\$960,984			
350	Fines and Penalties	\$0			
360	Miscellaneous	\$3,399			
370	Capital Contributions	\$0			
390	Other Financing Sources	\$151,724			
<b>Total Revenues and Other Financing Sources</b>		<b>\$1,138,098</b>			
<b>Total Resources</b>		<b>\$2,746,585</b>			
<b>Operating Expenditures:</b>					
510	General Government	\$0			
520	Public Safety	\$0			
530	Physical Environment	\$639,671			
540	Transportation	\$0			
550	Economic Environment	\$0			
560	Mental and Physical Health	\$0			
570	Culture and Recreational	\$0			
<b>Total Operating Expenditures</b>		<b>\$639,671</b>			
591-593	Debt Service	\$151,347			
594-595	Capital Outlay	\$141,405			
<b>Total Expenditures</b>		<b>\$932,423</b>			
597-599	Other Financing Uses	\$341,359			
<b>Total Expenditures and Other Financing Uses</b>		<b>\$1,273,782</b>			
<b>Excess (Deficit) of Resources Over Uses</b>		<b>\$1,472,803</b>			
380	Nonrevenues (Except 384)	\$0			
580	Nonexpenditures (Except 584)	\$0			
<b>Ending Cash and Investments:</b>					
508.10	Reserved	\$109,804			
508.80	Unreserved	\$1,362,999			

The Accompanying Notes Are An Integral Part Of This Statement.

Town of Coupeville  
FIDUCIARY FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For The Year Ending December 31, 2011

	Total for All Funds	621 Community Commemorative Fund		631 Cafeteria Fund		802 Claims Clearing Fund		803 Payroll Clearing Fund		Fund Number and Title Actual Amount
		Actual Amount	Actual Amount	Actual Amount	Actual Amount	Actual Amount	Actual Amount	Actual Amount	Actual Amount	
<b>Beginning Cash and Investments</b>	\$206,368	\$6,661	\$1,764	\$104,035	\$93,908					
Prior Period Adjustments	\$0									
Revenue and Other Financing Sources	\$13,260	13	13,247							
<b>Total Resources</b>	219,628	6,674	15,011	104,035	93,908					0
<b>Expenditures And Other Financing Uses</b>	\$11,990		11,990							
<b>Excess (Deficit) of Resources Over Uses</b>	207,638	6,674	3,021	104,035	93,908					0
Nonrevenues (Except 384)	\$2,710,007			1,415,647	1,294,359					
Nonexpenditures (Except 584)	\$2,695,829			1,417,324	1,278,506					
<b>Ending Cash and Investments</b>	\$221,815	\$6,674	\$3,021	\$102,359	\$109,761					\$0

The Accompanying Notes Are An Integral Part Of This Statement.

**TOWN OF COUPEVILLE**  
**FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**  
**For the Year Ended December 31, 2010**

BARS CODE		Total for	001	101	104
		All Funds Total Amount	General Fund Actual Amount	Street Fund Actual Amount	Hotel/Motel Tax Fund Actual Amount
<b>Beginning Cash and Investments:</b>					
308.10	Reserved	\$209,754	\$100,000		
308.80	Unreserved	\$2,819,935	\$403,808	\$213,119	\$29,003
388.80 or 588.80	Prior Period Adjustments	\$0	\$0	\$0	\$0
<b>Revenues and Other Sources:</b>					
310	Taxes	\$1,084,338	990,688	0	46,060
320	Licenses and Permits	\$86,744	86,744	0	0
330	Intergovernmental	\$680,819	164,307	147,870	0
340	Charges for Goods and Services	\$1,033,966	38,773	500	0
350	Fines and Penalties	\$7,522	7,522	0	0
360	Miscellaneous	\$50,239	28,108	12,292	92
370	Capital Contributions	\$0		0	0
390	Other Financing Sources	\$401,088	218,564	0	0
<b>Total Revenues and Other Financing Sources</b>		\$3,344,715	1,534,705	160,663	46,153
<b>Total Resources</b>		\$6,374,404	2,038,513	373,782	75,156
<b>Operating Expenditures:</b>					
510	General Government	\$501,357	501,357	0	0
520	Public Safety	\$528,305	528,305	0	0
530	Physical Environment	\$802,706	190,227	0	0
540	Transportation	\$158,924	0	157,600	0
550	Economic Environment	\$142,618	98,388	0	44,229
560	Mental and Physical Health	\$478	478	0	0
570	Culture and Recreational	\$97,740	97,376	0	0
<b>Total Operating Expenditures</b>		\$2,232,128	1,416,132	157,600	44,229
591-593	Debt Service	\$178,815			0
594-595	Capital Outlay	\$502,521	47,813	643	0
<b>Total Expenditures</b>		\$2,913,463	1,463,945	158,243	44,229
597-599	Other Financing Uses	\$401,088	0	0	0
<b>Total Expenditures and Other Financing Uses</b>		\$3,314,552	1,463,945	158,243	44,229
<b>Excess (Deficit) of Resources Over Uses</b>		\$3,059,852	574,567	215,539	30,926
380	Nonrevenues (Except 384)	\$5,162	5,162	0	0
580	Nonexpenditures (Except 584)	\$6,241	6,241	0	0
<b>Ending Cash and Investments:</b>					
508.10	Reserved	\$134,804	25,000		
508.80	Unreserved	\$2,923,970	\$548,488	\$215,539	\$30,926

*The Accompanying Notes Are An Integral Part Of This Statement.*

TOWN OF COUPEVILLE

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2010

BARS CODE		105	106	107	109
		Civic Improvement Fund	Drug Enforcement/Dare Fund	Harbor Improvement Fund	Park Impact Fee Fund
		Actual Amount	Actual Amount	Actual Amount	Actual Amount
<b>Beginning Cash and Investments:</b>					
308.10	Reserved				
308.80	Unreserved	\$530,672	\$1,682	\$14,006	\$56,476
388.80 or 588.80	Prior Period Adjustments	\$0	\$0	\$0	\$0
<b>Revenues and Other Sources:</b>					
310	Taxes	47,591	0	0	0
320	Licenses and Permits	0	0	0	0
330	Intergovernmental	0	0	3,684	0
340	Charges for Goods and Services	0	0	0	18,270
350	Fines and Penalties	0	0	0	0
360	Miscellaneous	1,472	5	49	174
370	Capital Contributions	0			0
390	Other Financing Sources	0			0
<b>Total Revenues and Other Financing Sources</b>		49,063	5	3,733	18,444
<b>Total Resources</b>		579,734	1,687	17,739	74,920
<b>Operating Expenditures:</b>					
510	General Government	0	0	0	0
520	Public Safety	0	0	0	0
530	Physical Environment	0	0	0	0
540	Transportation	1,324	0	0	0
550	Economic Environment	0	0	0	0
560	Mental and Physical Health	0	0	0	0
570	Culture and Recreational	363	0	0	0
<b>Total Operating Expenditures</b>		1,687	0	0	0
591-593	Debt Service	27,063	0	0	0
594-595	Capital Outlay	14,997	0	0	0
<b>Total Expenditures</b>		43,747	0	0	0
597-599	Other Financing Uses	0	0	0	0
<b>Total Expenditures and Other Financing Uses</b>		43,747	0	0	0
<b>Excess (Deficit) of Resources Over Uses</b>		535,988	1,687	17,739	74,920
380	Nonrevenues (Except 384)	0	0	0	0
580	Nonexpenditures (Except 584)	0	0	0	0
<b>Ending Cash and Investments:</b>					
508.10	Reserved	0	0	0	0
508.80	Unreserved	\$535,988	\$1,687	\$17,739	\$74,920

The Accompanying Notes Are An Integral Part Of This Statement.

**TOWN OF COUPEVILLE**  
**FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**  
**For the Year Ended December 31, 2010**

BARS CODE		401
		Utility Fund
		Actual Amount
<b>Beginning Cash and Investments:</b>		
308.10	Reserved	\$109,754
308.80	Unreserved	\$1,571,169
388.80 or 588.80	Prior Period Adjustments	\$0
<b>Revenues and Other Sources:</b>		
310	Taxes	\$0
320	Licenses and Permits	\$0
330	Intergovernmental	\$364,958
340	Charges for Goods and Services	\$976,423
350	Fines and Penalties	\$0
360	Miscellaneous	\$8,046
370	Capital Contributions	\$0
390	Other Financing Sources	\$182,524
<b>Total Revenues and Other Financing Sources</b>		<b>\$1,531,951</b>
<b>Total Resources</b>		<b>3,212,874</b>
<b>Operating Expenditures:</b>		
510	General Government	\$0
520	Public Safety	\$0
530	Physical Environment	\$612,479
540	Transportation	\$0
550	Economic Environment	\$0
560	Mental and Physical Health	\$0
570	Culture and Recreational	\$0
<b>Total Operating Expenditures</b>		<b>612,479</b>
591-593	Debt Service	\$151,752
594-595	Capital Outlay	\$439,068
<b>Total Expenditures</b>		<b>1,203,299</b>
597-599	Other Financing Uses	\$401,088
<b>Total Expenditures and Other Financing Uses</b>		<b>\$1,604,388</b>
<b>Excess (Deficit) of Resources Over Uses</b>		<b>1,608,486</b>
380	Nonrevenues (Except 384)	\$0
580	Nonexpenditures (Except 584)	\$0
<b>Ending Cash and Investments:</b>		
508.10	Reserved	\$109,804
508.80	Unreserved	\$1,498,683

*The Accompanying Notes Are An Integral Part Of This Statement.*



**TOWN OF COUPEVILLE**  
**FIDUCIARY FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**

For The Year Ending December 31, 2010

	Total for		621		631		802		803	
	All Funds	Total Amount	Community Commemorative Fund	Actual Amount	Cafeteria Fund	Actual Amount	Claims Clearing Fund	Actual Amount	Payroll Clearing Fund	Actual Amount
<b>Beginning Cash and Investments</b>		212,156	\$6,442	\$1,757		\$118,350		\$85,607		
Prior Period Adjustments		0	\$0	\$0		\$0				
Revenue and Other Financing Sources		226	218	8		0				
<b>Total Resources</b>		212,382	6,661	1,764		118,350		85,607		
<b>Expenditures And Other Financing Uses</b>		0	0	0						
<b>Excess (Deficit) of Resources Over Uses</b>		212,382	6,661	1,764		118,350		85,607		
Nonrevenues (Except 384)		2,959,436	0	5,815		1,786,114		1,167,507		
Nonexpenditures (Except 584)		2,965,450	0	5,815		1,800,429		1,159,206		
<b>Ending Cash and Investments</b>		206,368	\$6,661	\$1,764		\$104,035		\$93,908		

*The Accompanying Notes Are An Integral Part Of This Statement.*

TOWN OF COUPEVILLE  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2011

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

The Town of Coupeville 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 Town of Coupeville was incorporated on April 1910 and operates under the laws of the state of Washington applicable to a Town with a Mayor-Council form of government. The Town of Coupeville is a general purpose government and provides public safety, planning, street improvement, parks, and general administrative services. In addition the Town owns and operates a water/sewer system. The Town of Coupeville uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

**a. Fund Accounting**

The accounts of the Town of Coupeville 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 Town of Coupeville resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the Town of Coupeville:

**GOVERNMENTAL FUND TYPES:**

General Fund – Fund 001

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

Special Revenue Funds – Funds 100 Series

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the Town of Coupeville. The Special Revenue Funds for the Town of Coupeville are as follows (restricted or committed revenue source): Fund 101 Street (Capron and MVFT Tax); Fund 104 Civic Improvement Fund (Hotel/Motel Tax); 105 Capital Improvement Fund (Real Estate Excise Tax); Fund 106 Drug Enforcement/Dare Fund (Donations, Restitution); Fund 107 Harbor Improvements Fund (Harbor Lease Tax); Fund 109 Park Impact Fee Fund (Park Impact Fees).

**PROPRIETARY FUND TYPES:**

Enterprise Funds – Funds 400 Series

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges. The Enterprise Fund for the Town of Coupeville is the Fund 401 - Utility Fund.

**FIDUCIARY FUND TYPES:**

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

Private-Purpose Trust Funds – Fund 621

These funds report all trust arrangements under which principal and income benefit individuals, private organizations or other governments. The Private Purpose Trust Fund for the Town of Coupeville is Fund 621 – Community Commemorative Fund.

Agency Funds – Fund 631

These funds are used to account assets that Town of Coupeville holds for others in an agency capacity. The Agency Fund for the Town of Coupeville is Fund 631 – Cafeteria Fund.

**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 Town of Coupeville 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 Town of Coupeville adopts annual appropriated budgets for general, special revenue, capital project, and enterprise funds. These budgets are appropriated at the fund level (except the general fund, where budget is adopted at the department 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/Department	Final Appropriated Amounts	Actual Expenditures	Variance
001 - General Fund	1,689,612	1,395,020	294,592
101 - Street Fund	269,076	185,879	83,197
104 - Hotel/Motel Tax Fund	52,240	52,959	(719)
105 - Capital Improvement Fund	212,084	142,659	69,425
106 - Drug Enforcement Fund	1,687	0	1,687
107 - Harbor Improvement Fund	20,825	0	20,825
109 - Park Impact Fee Fund	54,470	(14,170)	68,640
202 - 1979 Water/Sewer Rev Bond Fund	6,500	5,800	700
203 - 1975 Water/Sewer Rev Bond Fund	10,900	10,763	137
209 - 1994 PWTF Loan Fund	41,990	41,962	28
212 - 2002 WWTP Project Fund	92,824	92,823	1
303 - Water Capital Improvements Fund	652,000	70,555	581,445
304 - Sewer Capital Improvements Fund	527,845	22,767	505,078
401 - Utility Fund	1,146,288	1,029,112	117,176
621 - Community Commemorative Fund	7,750	0.00	7,750
631 - Cafeteria Fund	8,700	11,990	(3,290)

Budgeted amounts are authorized to be transferred between (departments within any fund/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 Town of Coupeville legislative body.

**d. Cash**

It is the Town of Coupeville 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 Town of Coupeville deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation (FDIC) and the Washington Public Deposit Protection Commission (WPDPC).

**f. Investments**

See NOTE 3 - INVESTMENTS

**g. Derivatives and Similar Transactions**

The Town of Coupeville had not used, held, or sold any derivatives or similar instruments for the fiscal year January 1, 2011 through December 31, 2011.

**h. Capital Assets**

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

**i. Compensated Absences**

Vacation leave may be accumulated up to 30 days and is payable upon separation or retirement.

Sick leave may be accumulated up to 960 hours. Upon separation (not retirement) employees do not receive payment for unused sick leave. Upon retirement employees may receive payment of 25% of unused sick leave.

**j. Long-Term Debt**

See NOTE 6 – LONG TERM DEBT

**k. Other Financing Sources or Uses**

The Town of Coupeville’s “Other Financing Sources or Uses” consist of transfers in, transfers out, grants and loan funds.

**l. Risk Management**

The Town of Coupeville 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 150 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 \$500,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

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

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

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 Town of Coupeville is committed to holding in reserve Beginning Balance and Ending Balance for the following three Debt Funds (Reserve amount): 202 Fund 1979 Water & Sewer Revenue Bond (\$6,550); 203 Fund 1975 Water & Sewer Revenue Bond (\$10,430); 212 Fund – 2002 Waste Water Treatment Plant Project (\$92,824). The Funds 202, 203, 209, 212, 303, and 304 have been rolled into the 401 Utility Fund on the Statement C-4.

**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 Town of Coupeville . Two funds had greater revenues and greater expenditures, appearing to exceed the appropriated budget, as follows: Fund 104 Hotel Motel Tax Fund received a larger amount from Hotel/Motel Tax, resulting in a greater amount paid to Island County, and exceeded the Final Appropriated Amount by \$719. Fund 631 Cafeteria Fund had greater employee participation, resulting in greater deposits and withdrawals, and exceeding the Final Appropriated Amount by \$3,290.

**NOTE 3 - INVESTMENTS**

The Town of Coupeville’s investments are insured or held by the Town of Coupeville or its agent in the Town of Coupeville’s name. Investments are presented at cost. Investments by type at December 31, 2011 are as follows:

Type of Investment	Balance
Local Government Investment Pool (LGIP)	\$ 2,881,883.48
<b>Total Investments</b>	<b>\$ 2,881,883.48</b>

**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 the Town of Coupeville. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The Town of Coupeville regular levy for the year 2011 was \$1.2830522426 per \$1,000 on an assessed valuation of \$263,362,160 for a total regular levy of \$337,907.410.01.

**NOTE 5 - INTERFUND LOANS AND ADVANCES**

There were no interfund loans or advances in 2011.

**NOTE 6 - LONG-TERM DEBT**

The accompanying Schedule of Long-Term Debt (09) provides a listing of the outstanding debt of the Town of Coupeville and summarizes the Town’s debt transactions for the year 2011. The debt service payment for the fiscal year being reported and future payment requirements, including interest, are as follows:

Year	General Obligation	Revenue Debt	Total Debt
2011	27,062.74	151,347.43	178,410.17
2012	27,062.74	149,905.69	176,968.43
2013	27,062.74	149,451.37	176,514.11
2014	27,062.74	107,873.10	134,935.84
2015	27,062.74	97,823.10	124,885.84
2016 – 2020	135,313.70	481,728.00	617,041.40
2021 – 2025	36,859.46	417,703.83	454,563.29
2026 – 2030	0.00	0.00	0.00
<b>TOTALS</b>	<b>307,486.86</b>	<b>1,555,832.52</b>	<b>1,863,319.38</b>

## **NOTE 7 - PENSION PLANS**

Substantially all Town of Coupeville full-time and qualifying part-time employees participate in the PERS or LEOFF administered by the Washington State Department of Retirement Systems, 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 Town's 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 DISCLOSURES**

- a. *During the 2008-2009 audit by the State Auditor's Office (completed in December 2010), it was determined by the auditor that the Park Impact Fees could not be used in the construction of a sidewalk using \$14,170 in park impact fees. This did not meet the restriction established by state law. In order to remain in compliance with state law (RCW 82.02.050(3), they recommended the Town return these funds to the Park Improvement Fund. As a result of using the park impact fees for an unallowable purpose, fees totaling \$13,540 were not spent within six years of receipt (by 2009); and in order to comply with state law (RCW 82.02.080), the Town will notify the property owners that they are eligible for a refund. This was addressed in the 2011 fiscal year and \$14,170 was paid from the Street Fund (Fund 101) to the Park Improvements Fund (Fund 109) to replenish Park Improvements Fund; and the park impact fee refund letters were mailed to all parties eligible for refunds. **This was corrected 3-4-13 to show the payment of the \$14,170 as an expenditure in the Street Fund 101 to a Transfer In to the Park Impact Fee 109 on the Statement C-4.***
- b. In addition, park impact fees totaling \$12,740 (received in 2004) were not spent within six years of receipt (by 2010); and in order to comply with state law (RCW 82.02.080), the Town notified the property owners that they were eligible for a refund.
- c. Schedule 09 Liabilities – Compensated Absences: The beginning balances for 2011 are different from the ending balances from 2010 because the 2011 Annual Report Beginning Balance amounts for compensated absences reflect the gross wages payable, which includes employer paid benefits (which were not included in the 2010 Annual Report). The amounts for Compensated Absences – Sick Leave reflect the 25% amount that would be paid if all employees retired on December 31, 2011 (see NOTE 1, i. Compensated Absences).



TOWN OF COUPEVILLE  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2010

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

The Town of Coupeville 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 Town of Coupeville was incorporated on April 1910 and operates under the laws of the state of Washington applicable to a Town with a Mayor-Council form of government. The Town of Coupeville is a general purpose government and provides public safety, planning, street improvement, parks, and general administrative services. In addition the Town owns and operates a water/sewer system. The Town of Coupeville uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

**a. Fund Accounting**

The accounts of the Town of Coupeville 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 Town of Coupeville'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 Town of Coupeville:

**GOVERNMENTAL FUND TYPES:**

**General Fund – Fund 001**

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

**Special Revenue Funds – Funds 100**

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the Town of Coupeville. The Special Revenue Funds for the Town of Coupeville are as follows (restricted or committed revenue source): Fund 101 Street (Capron and MVFT Tax); Fund 104 Hotel/Motel Tax Fund (Hotel/Motel Tax); 105 Civic Improvement Fund (Real Estate Excise Tax); Fund 106 Drug Enforcement/Dare Fund (Donations, Restitution); Fund 107 Harbor Improvements Fund (Harbor Lease Tax); Fund 109 Park Impact Fee Fund (Park Impact Fees).

**PROPRIETARY FUND TYPES:**

Enterprise Funds– Funds 400

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges. The Enterprise Fund for the Town of Coupeville is the Fund 401 - Utility Fund.

**FIDUCIARY FUND TYPES:**

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

Private-Purpose Trust Funds – Funds 621-630

These funds report all trust arrangements under which principal and income benefit individuals, private organizations or other governments. The Private Purpose Trust Fund for the Town of Coupeville is Fund 621 – Community Commemorative Fund.

Agency Funds – Funds 631-699

These funds are used to account assets that Town of Coupeville holds for others in an agency capacity. The Agency Fund for the Town of Coupeville is Fund 631 – Cafeteria Fund.

**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 Town of Coupeville 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 Town of Coupeville appropriated budgets for the general, special revenue, capital project, and enterprise funds. These budgets are appropriated at the fund level (except the general fund, where budget is adopted at the department 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/Department	Final Appropriated Amounts	Actual Expenditures	Variance
001 - General Fund	1,734,584	1,470,186.13	264,397.89
101 - Street Fund	296,450	158,242.78	138,207.22
104 - Civic Improvement Fund	45,640	44,229.45	1,410.55
105 - Capital Improvement Fund	297,063	43,746.63	253,316.37
106 - Drug Enforcement Fund	1,670	0.00	1,670.00
107 - Harbor Improvement Fund	17,200	0.00	17,200.00
109 - Park Impact Fee Fund	52,880	0.00	52,880.00
202 - 1979 Water/Sewer Rev Bond Fund	6,500	6,000.00	500.00
203 - 1975 Water/Sewer Rev Bond Fund	10,400	10,175.00	225.00
209 - 1994 PWTF Loan Fund	42,760	42,753.56	6.44
212 - 2002 WWTP Project Fund	92,824	92,823.10	.90
303 - Water Capital Improvements Fund	1,077,593	410,792.22	666,800.78
304 - Sewer Capital Improvements Fund	635,850	17,840.68	618,009.32
401 - Utility Fund	1,168,354	1,024,002.94	144,351.06
621 - Community Commemorative Fund	3,950	0.00	3950.00
631 - Cafeteria Fund	3,500	5,815.44	(2,315.44)

Budgeted amounts are authorized to be transferred between (departments within any fund/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 Town of Coupeville's legislative body.

**d. Cash**

It is the Town of Coupeville 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 Town of Coupeville deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation (FDIC) and the Washington Public Deposit Protection Commission (WPDPC).

**f. Investments**

See NOTE 3 - INVESTMENTS

**g. Derivatives and Similar Transactions**

The Town of Coupeville had not used, held, or sold any derivatives or similar instruments for the fiscal year January 1, 2010 through December 31, 2010.

**h. Capital Assets**

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

**i. Compensated Absences**

Vacation leave may be accumulated up to 30 days and is payable upon separation or retirement.

Sick leave may be accumulated up to 960 hours. Upon separation of employment employees do not receive payment for unused sick leave; except upon retirement or death, then employees receive a lump sum payment of 25% of any unused sick leave.

**j. Long-Term Debt**

See NOTE 6 – LONG TERM DEBT

**k. Other Financing Sources or Uses**

The Town of Coupeville’s “Other Financing Sources or Uses” consist of transfers in, transfers out, grants and loan funds.

**l. Risk Management**

The Town of Coupeville 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 145 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 \$500,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

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

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

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

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

**m. Reserved Fund Balance**

The Town of Coupeville adopted fiscal policies for the 2010 Budget that the General Fund Ending Balance should be maintained at a minimum of \$100,000; and the Utility Fund Ending Balance should be maintained at a minimum of \$50,000. Also, the Town is committed to holding in reserved ending balance for the following three Debt Funds (reserve amount): 202 Fund 1979 Water & Sewer Revenue Bond (\$6,550); 203 Fund 1975 Water & Sewer Revenue Bond (\$10,430); 212 Fund – 2002 Waste Water Treatment Plant Project (\$92,824)

**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 Town of Coupeville. Fund 631 Cafeteria Fund had greater employee participation, resulting in greater deposits and withdrawals, therefore appearing to exceed the appropriated budget.

**NOTE 3 - INVESTMENTS**

The Town of Coupeville’s investments are insured or held by the Town of Coupeville or its agent in the Town of Coupeville’s name. Investments are presented at cost. Investments by type at December 31, 2010 are as follows:

Type of Investment	Balance
Local Government Investment Pool (LGIP)	\$ 2,854,309.64
Total Investments	\$ 2,854,309.64

**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 the Town of Coupeville. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The Town of Coupeville’s regular levy for the year 2010 was \$1.15038852 per \$1,000 on an assessed valuation of \$285,804,461 for a total regular levy of \$328,786.17.

**NOTE 5 - INTERFUND LOANS AND ADVANCES**

There were no interfund loans or advances in 2010.

**NOTE 6 - LONG-TERM DEBT**

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

Year	General Obligation	Revenue Debt	Total Debt
2010	27,062.74	151,751.65	178,814.39
2011	27,062.74	151,347.43	178,410.17
2012	27,062.74	149,905.69	176,968.43
2013	27,062.74	149,451.37	176,514.11
2014	27,062.74	107,873.10	134,935.84
2015 – 2019	135,313.70	487,790.50	623,104.20
2020 – 2024	63,922.20	464,115.50	528,037.70
2025 – 2029	0.00	46,411.43	46,411.43
<b>TOTALS</b>	<b>334,549.60</b>	<b>1,708,646.67</b>	<b>2,043,196.27</b>

## **NOTE 7 - PENSION PLANS**

Substantially all Town of Coupeville full-time and qualifying part-time employees participate in the PERS or LEOFF plans administered by the Washington State Department of Retirement Systems, 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 Town's 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 DISCLOSURES**

- a. During the 2008-2009 audit by the State Auditor's Office (completed in December 2010), it was determined by the auditor that the Park Impact Fees could not be used in the construction of a sidewalk using \$14,170 in park impact fees, as it did not meet the restriction established by state law. In order to remain in compliance with state law (RCW 82.02.050(3)), they recommended the Town return these funds to the Park Improvement Fund. As a result of using the park impact fees for an unallowable purpose, fees totaling \$13,540 were not spent within six years of receipt (by 2009); and in order to comply with state law (RCW 82.02.080), the Town will notify the property owners that they are eligible for a refund. This will be addressed in the 2011 fiscal year and \$14,170 will be transferred from the Capital Improvement Fund (Fund 105) to replenish Park Improvements Fund (Fund 109), and the refunds due will be paid directly from the Park Impact Fee Fund.
- b. In addition, park impact fees totaling \$12,740 (received in 2004) were not spent within six years of receipt (by 2010); and in order to comply with state law (RCW 82.02.080), the Town will notify the property owners that they are eligible for a refund by December 31, 2011.





**TOWN OF COUPEVILLE  
SCHEDULE OF LIABILITIES**

**For the Year Ended December 31, 2010**

	(1)	(2)	(3)	(4)		
ID. No.	Description (Original Date of Issue)	Beginning Balance 01/01/2010	Additions	Reductions	BARS Code for Redemption of Debt Only	Ending Balance Debt 12/31/2010 (1)+(2)-(3)
251.11	GO Debt - OSPC Property (3/1/2000)	114,252	0	7,558	105.591 - Cap	106,694
251.11	GO Debt - Ciarolo Property (8/27/2003)	113,041	0	5,274	105.591 - Cap	107,767
252.11	1979 Wtr/Swr Rev Bond (1/29/1978)	41,000	0	4,000	202.591 - '79 W/S	37,000
252.11	1975 Wtr/Swr Rev Bond (9/23/1975)	45,500	0	8,000	203.591 - '75 W/S	37,500
263.82	1995 PWTF Loan (6/29/1993)	158,346	0	39,587	209.591 - '95	118,760
263.82	2003 WWTP Loan (6/25/2005)	1,438,758	0	92,823	212.591 - '03	1,345,935
259.11	Compensated absences-Vacation					67,332
259.11	Compensated absences-Sick Leave (1)					32,338
	<b>TOTALS</b>	<b>1,910,897</b>		<b>157,241</b>		<b>1,853,327.13</b>

(1) See NOTE 1, i. Sick leave may be accumulated up to 960 hours. Upon separation of employment employees do not receive payment for unused sick leave; except upon retirement or death, then employees receive a lump sum payment of 25% of any unused sick leave.



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

---

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

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

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

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

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

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

**State Auditor**  
**Chief of Staff**  
**Director of State and Local Audit**  
**Director of Performance Audit**  
**Deputy Director of State and Local Audit**  
**Deputy Director of State and Local Audit**  
**Deputy Director of State and Local Audit**  
**Deputy Director of Quality Assurance**  
**Local Government Liaison**  
**Public Records Officer**  
**Main number**  
**Toll-free Citizen Hotline**

**Troy Kelley**  
**Doug Cochran**  
**Chuck Pfeil, CPA**  
**Larisa Benson**  
**Kelly Collins, CPA**  
**Jan M. Jutte, CPA, CGFM**  
**Sadie Armijo**  
**Barb Hinton**  
**Mike Murphy**  
**Mary Leider**  
**(360) 902-0370**  
**(866) 902-3900**

**Website**  
**Subscription Service**

**[www.sao.wa.gov](http://www.sao.wa.gov)**  
**<https://www.sao.wa.gov/EN/News/Subscriptions>**