



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements Audit Report

## City of Duvall

For the period January 1, 2022 through December 31, 2023

*Published December 23, 2024*

Report No.1036127



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

December 23, 2024

Mayor and City Council  
City of Duvall  
Duvall, Washington

**Report on Financial Statements**

Please find attached our report on the City of Duvall's financial statements.

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

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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## INDEPENDENT AUDITOR'S REPORT

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

#### **City of Duvall January 1, 2022 through December 31, 2023**

Mayor and City Council  
City of Duvall  
Duvall, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Duvall, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated December 2, 2024.

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

### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

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

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

## **REPORT ON COMPLIANCE AND OTHER MATTERS**

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

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

## **PURPOSE OF THIS REPORT**

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

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

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, sweeping initial "P".

Pat McCarthy, State Auditor

Olympia, WA

December 2, 2024

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### City of Duvall January 1, 2022 through December 31, 2023

Mayor and City Council  
City of Duvall  
Duvall, Washington

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Unmodified and Adverse Opinions

We have audited the financial statements of the City of Duvall, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, as listed in the financial section of our report.

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

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the City of Duvall, and its changes in cash and investments, for the years ended December 31, 2023 and 2022, on the basis of accounting described in Note 1.

### Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Duvall, as of December 31, 2023 and 2022, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

## **Basis for Unmodified and Adverse Opinions**

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

## **Matter Giving Rise to Adverse Opinion on U.S. GAAP**

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the City in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

## **Matters of Emphasis**

As discussed in Note 5 to the financial statements, in 2022, the City adopted new accounting guidance for the presentation and disclosure of leases as required by the BARS Manual. Our opinion is not modified with respect to this matter.

As discussed in Note 6 to the financial statements, in 2023, the City adopted new accounting guidance for the presentation and disclosure of Subscription Based Information Technology Arrangements (SBITA) as required by the BARS Manual. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

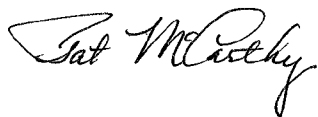
- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The 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 as a whole.

## OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2024 on our consideration of the City's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

December 2, 2024

**City of Duvall**  
**January 1, 2022 through December 31, 2023**

**FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2023  
Fund Resources and Uses Arising from Cash Transactions -- 2022  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2023  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2022  
Notes to Financial Statements – 2023  
Notes to Financial Statements – 2022

**SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2023  
Schedule of Liabilities – 2022

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

		<b>Total for All Funds (Memo Only)</b>	<b>001 General Fund</b>	<b>101 Street Fund</b>	<b>102 Transportation Benefit Dist.</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	37,579,080	5,264,397	109,251	482,744
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	7,324,772	5,532,301	370,196	405,705
320	Licenses and Permits	1,970,069	392,344	36,760	-
330	Intergovernmental Revenues	1,451,396	292,639	164,858	363,267
340	Charges for Goods and Services	12,721,559	354,145	-	-
350	Fines and Penalties	53,280	10,876	-	-
360	Miscellaneous Revenues	6,570,079	242,248	4,290	22,936
Total Revenues:		<u>30,091,155</u>	<u>6,824,553</u>	<u>576,104</u>	<u>791,908</u>
<b>Expenditures</b>					
510	General Government	4,713,590	1,523,547	-	-
520	Public Safety	2,985,272	2,979,236	-	-
530	Utilities	5,140,936	-	-	-
540	Transportation	1,132,502	422,543	530,838	8
550	Natural/Economic Environment	1,418,468	793,894	-	-
560	Social Services	51,738	51,738	-	-
570	Culture and Recreation	935,106	698,926	-	-
Total Expenditures:		<u>16,377,612</u>	<u>6,469,884</u>	<u>530,838</u>	<u>8</u>
Excess (Deficiency) Revenues over Expenditures:		13,713,543	354,669	45,266	791,900
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	2,480,764	554,447	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	31,370	6,700	-	-
Total Other Increases in Fund Resources:		<u>2,512,134</u>	<u>561,147</u>	<u>-</u>	<u>-</u>
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	6,582,317	23,153	32,089	635,813
591-593, 599	Debt Service	909,788	14,143	-	-
597	Transfers-Out	2,480,764	512,306	-	-
585	Special or Extraordinary Items	8,435	8,435	-	-
581, 582, 589	Other Uses	1,366,197	5,580	-	-
Total Other Decreases in Fund Resources:		<u>11,347,501</u>	<u>563,617</u>	<u>32,089</u>	<u>635,813</u>
<b>Increase (Decrease) in Cash and Investments:</b>		<b>4,878,176</b>	<b>352,199</b>	<b>13,177</b>	<b>156,087</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	10,559,579	49,854	-	638,831
50841	Committed	462,707	181,353	-	-
50851	Assigned	26,049,583	-	122,430	-
50891	Unassigned	5,385,384	5,385,384	-	-
<b>Total Ending Cash and Investments</b>		<b>42,457,253</b>	<b>5,616,591</b>	<b>122,430</b>	<b>638,831</b>

The accompanying notes are an integral part of this statement.

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

		<b>104 Building &amp; Permit Fund</b>	<b>105 American Rescue Plan Act Fund</b>	<b>106 Big Rock Ball Park Fund</b>	<b>107 Sensitive Areas Mitigation Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	1,559,983	2,091,267	220,952	41,189
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	1,540,965	-	-	-
330	Intergovernmental Revenues	-	-	63,580	-
340	Charges for Goods and Services	3,261,614	-	174,553	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	92,008	-	9,792	1,540
Total Revenues:		<u>4,894,587</u>	<u>-</u>	<u>247,925</u>	<u>1,540</u>
<b>Expenditures</b>					
510	General Government	2,501,361	-	-	-
520	Public Safety	5,855	181	-	-
530	Utilities	-	-	-	-
540	Transportation	49,956	9,135	-	-
550	Natural/Economic Environment	624,574	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	207,312	-
Total Expenditures:		<u>3,181,746</u>	<u>9,316</u>	<u>207,312</u>	<u>-</u>
Excess (Deficiency) Revenues over Expenditures:		1,712,841	(9,316)	40,613	1,540
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	68,500	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		<u>-</u>	<u>-</u>	<u>68,500</u>	<u>-</u>
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	47,635	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	37,668	504,895	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>37,668</u>	<u>552,530</u>	<u>-</u>	<u>-</u>
<b>Increase (Decrease) in Cash and Investments:</b>		<b><u>1,675,173</u></b>	<b><u>(561,846)</u></b>	<b><u>109,113</u></b>	<b><u>1,540</u></b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	1,529,421	-	-
50841	Committed	-	-	281,354	-
50851	Assigned	3,235,157	-	48,712	42,729
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b><u>3,235,157</u></b>	<b><u>1,529,421</u></b>	<b><u>330,066</u></b>	<b><u>42,729</u></b>

The accompanying notes are an integral part of this statement.

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

		<b>206 LTGO - Debt Service Fund</b>	<b>303 Facilities CIP Fund</b>	<b>304 Real Estate Excise Tax I Fund</b>	<b>305 Real Estate Excise Tax II Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	21,500	82	2,468,444	2,224,423
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	508,285	508,285
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	62,859	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	722	99,200	89,934
Total Revenues:		-	63,581	607,485	598,219
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		-	63,581	607,485	598,219
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	469,617	1,170,579	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		469,617	1,170,579	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	1,135,893	-	-
591-593, 599	Debt Service	469,616	-	-	-
597	Transfers-Out	-	-	60,858	60,858
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		469,616	1,135,893	60,858	60,858
<b>Increase (Decrease) in Cash and Investments:</b>		<b>1</b>	<b>98,267</b>	<b>546,627</b>	<b>537,361</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	98,350	3,015,070	2,761,783
50841	Committed	-	-	-	-
50851	Assigned	21,502	-	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>21,502</b>	<b>98,350</b>	<b>3,015,070</b>	<b>2,761,783</b>

The accompanying notes are an integral part of this statement.

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

	<b>306 Main Street Improvement Fund</b>	<b>307 Street Capital Improvement</b>	<b>308 Parks Capital Improvement</b>	<b>401 Water Fund</b>	
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	94,789	970,170	2,312,559	7,923,751
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	374,684	63,580	-
340	Charges for Goods and Services	-	583,920	390,241	2,909,809
350	Fines and Penalties	-	-	-	42,404
360	Miscellaneous Revenues	997	29,743	52,216	2,165,977
Total Revenues:		997	988,347	506,037	5,118,190
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	2,115,677
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	1,103	-
Total Expenditures:		-	-	1,103	2,115,677
Excess (Deficiency) Revenues over Expenditures:		997	988,347	504,934	3,002,513
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	1,140,008	21,954	183,015
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	95,786	60,858	60,858	56,812
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	1,360,617	-
Total Other Decreases in Fund Resources:		95,786	1,200,866	1,443,429	239,827
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(94,789)</b>	<b>(212,519)</b>	<b>(938,495)</b>	<b>2,762,686</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	757,651	1,374,064	-
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	10,686,435
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>-</b>	<b>757,651</b>	<b>1,374,064</b>	<b>10,686,435</b>

The accompanying notes are an integral part of this statement.

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

		<b>402 Sewer Fund</b>	<b>404 Storm Drainage Fund</b>	<b>501 Vehicle &amp; Equip Maintenance</b>	<b>502 IT Services Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	8,354,936	2,288,195	640,523	190,895
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	65,929	-	-
340	Charges for Goods and Services	3,133,339	1,003,347	432,392	375,339
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	3,282,552	436,166	24,960	4,094
Total Revenues:		<u>6,415,891</u>	<u>1,505,442</u>	<u>457,352</u>	<u>379,433</u>
<b>Expenditures</b>					
510	General Government	-	-	-	577,593
520	Public Safety	-	-	-	-
530	Utilities	2,157,170	868,089	-	-
540	Transportation	-	-	120,022	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>2,157,170</u>	<u>868,089</u>	<u>120,022</u>	<u>577,593</u>
Excess (Deficiency) Revenues over Expenditures:		4,258,721	637,353	337,330	(198,160)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	217,621
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	24,670	-
Total Other Increases in Fund Resources:		-	-	24,670	217,621
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	3,122,815	7,260	235,949	(3,267)
591-593, 599	Debt Service	334,556	-	18,190	73,283
597	Transfers-Out	978,033	51,832	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>4,435,404</u>	<u>59,092</u>	<u>254,139</u>	<u>70,016</u>
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(176,683)</b>	<b>578,261</b>	<b>107,861</b>	<b>(50,555)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	334,555	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	7,843,701	2,866,455	748,384	140,340
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>8,178,256</b>	<b>2,866,455</b>	<b>748,384</b>	<b>140,340</b>

The accompanying notes are an integral part of this statement.

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

		<b>503 Building Maintenance Fund</b>
<b>Beginning Cash and Investments</b>		
308	Beginning Cash and Investments	319,030
388 / 588	Net Adjustments	-
<b>Revenues</b>		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	102,860
350	Fines and Penalties	-
360	Miscellaneous Revenues	10,704
	Total Revenues:	113,564
<b>Expenditures</b>		
510	General Government	111,089
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	27,765
	Total Expenditures:	138,854
	Excess (Deficiency) Revenues over Expenditures:	(25,290)
<b>Other Increases in Fund Resources</b>		
391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
	Total Other Increases in Fund Resources:	-
<b>Other Decreases in Fund Resources</b>		
594-595	Capital Expenditures	-
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
	Total Other Decreases in Fund Resources:	-
	<b>Increase (Decrease) in Cash and Investments:</b>	<b>(25,290)</b>
<b>Ending Cash and Investments</b>		
50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	293,738
50891	Unassigned	-
	<b>Total Ending Cash and Investments</b>	<b>293,738</b>

The accompanying notes are an integral part of this statement.

**City of Duvall**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		Total for All Funds (Memo Only)	001 General Fund	101 Street Fund	102 Transportation Benefit Dist.
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	31,476,456	4,244,211	184,500	498,541
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	6,984,185	5,245,071	340,949	410,805
320	Licenses and Permits	989,556	311,466	12,906	-
330	Intergovernmental Revenues	1,644,567	173,226	163,248	17,232
340	Charges for Goods and Services	9,717,716	484,734	-	-
350	Fines and Penalties	54,901	7,043	-	-
360	Miscellaneous Revenues	2,551,893	107,990	2,224	6,898
Total Revenues:		21,942,818	6,329,530	519,327	434,935
<b>Expenditures</b>					
510	General Government	2,590,287	961,694	-	-
520	Public Safety	2,476,601	2,460,152	-	-
530	Utilities	4,875,240	-	-	-
540	Transportation	1,080,405	264,208	657,693	-
550	Natural/Economic Environment	1,016,039	538,681	-	-
560	Social Services	21,139	21,139	-	-
570	Culture and Recreation	731,634	532,055	-	-
Total Expenditures:		12,791,345	4,777,929	657,693	-
Excess (Deficiency) Revenues over Expenditures:		9,151,473	1,551,601	(138,366)	434,935
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	982,294	-	64,720	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	11,296	1,695	-	-
Total Other Increases in Fund Resources:		993,590	1,695	64,720	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	2,226,549	36,160	1,602	450,732
591-593, 599	Debt Service	832,569	-	-	-
597	Transfers-Out	982,293	495,922	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	1,025	1,025	-	-
Total Other Decreases in Fund Resources:		4,042,436	533,107	1,602	450,732
<b>Increase (Decrease) in Cash and Investments:</b>		<b>6,102,627</b>	<b>1,020,189</b>	<b>(75,248)</b>	<b>(15,797)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	11,019,848	40,815	-	482,744
50841	Committed	308,305	114,227	-	-
50851	Assigned	21,141,572	-	109,251	-
50891	Unassigned	5,109,355	5,109,355	-	-
<b>Total Ending Cash and Investments</b>		<b>37,579,080</b>	<b>5,264,397</b>	<b>109,251</b>	<b>482,744</b>

The accompanying notes are an integral part of this statement.

**City of Duvall**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>104 Building &amp; Permitting Fund</b>	<b>105 American Rescue Plan Act Fund</b>	<b>106 Big Rock Ball Park Fund</b>	<b>107 Sensitive Areas Mitigation Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	1,070,659	1,115,165	203,649	40,687
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	665,184	-	-	-
330	Intergovernmental Revenues	-	1,132,742	60,522	-
340	Charges for Goods and Services	1,406,596	-	54,724	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	17,413	-	2,616	503
Total Revenues:		<u>2,089,193</u>	<u>1,132,742</u>	<u>117,862</u>	<u>503</u>
<b>Expenditures</b>					
510	General Government	1,049,151	-	-	-
520	Public Safety	5,254	11,195	-	-
530	Utilities	-	-	-	-
540	Transportation	42,611	-	-	-
550	Natural/Economic Environment	474,153	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	2,652	174,559	-
Total Expenditures:		<u>1,571,169</u>	<u>13,847</u>	<u>174,559</u>	<u>-</u>
Excess (Deficiency) Revenues over Expenditures:		<u>518,024</u>	<u>1,118,895</u>	<u>(56,697)</u>	<u>503</u>
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	72,000	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	2,000	-
Total Other Increases in Fund Resources:		<u>-</u>	<u>-</u>	<u>74,000</u>	<u>-</u>
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	28,700	142,793	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>28,700</u>	<u>142,793</u>	<u>-</u>	<u>-</u>
<b>Increase (Decrease) in Cash and Investments:</b>		<b><u>489,324</u></b>	<b><u>976,102</u></b>	<b><u>17,303</u></b>	<b><u>503</u></b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	2,091,267	-	-
50841	Committed	-	-	194,078	-
50851	Assigned	1,559,983	-	26,874	41,189
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b><u>1,559,983</u></b>	<b><u>2,091,267</u></b>	<b><u>220,952</u></b>	<b><u>41,189</u></b>

The accompanying notes are an integral part of this statement.

**City of Duvall**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>206 LTGO - Debt Service Fund</b>	<b>303 Facilities CIP Fund</b>	<b>304 Real Estate Excise Tax I Fund</b>	<b>305 Real Estate Excise Tax II Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	21,501	2,925	2,034,742	1,767,521
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	493,680	493,680
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	28,004	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	80	28,929	25,614
Total Revenues:		-	28,084	522,609	519,294
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		-	28,084	522,609	519,294
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	469,450	84,459	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		469,450	84,459	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	115,386	-	-
591-593, 599	Debt Service	469,452	-	-	-
597	Transfers-Out	-	-	88,908	62,392
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		469,452	115,386	88,908	62,392
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(2)</b>	<b>(2,843)</b>	<b>433,701</b>	<b>456,902</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	82	2,468,444	2,224,423
50841	Committed	-	-	-	-
50851	Assigned	21,500	-	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>21,500</b>	<b>82</b>	<b>2,468,444</b>	<b>2,224,423</b>

The accompanying notes are an integral part of this statement.

**City of Duvall**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>306 Main Street Improvement Fund</b>	<b>307 Street Capital Improvement</b>	<b>308 Parks Capital Improvement</b>	<b>401 Water Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	308,614	1,270,589	2,031,032	6,766,250
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	60,522	-
340	Charges for Goods and Services	-	28,751	283,084	2,690,881
350	Fines and Penalties	-	-	-	47,858
360	Miscellaneous Revenues	2,872	13,746	31,424	828,770
Total Revenues:		<u>2,872</u>	<u>42,497</u>	<u>375,030</u>	<u>3,567,509</u>
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	2,177,144
540	Transportation	-	-	-	-
550	Natural/Economic Environment	3,205	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	3,358	-
Total Expenditures:		<u>3,205</u>	<u>-</u>	<u>3,358</u>	<u>2,177,144</u>
Excess (Deficiency) Revenues over Expenditures:		<u>(333)</u>	<u>42,497</u>	<u>371,672</u>	<u>1,390,365</u>
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	129,033	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		<u>-</u>	<u>129,033</u>	<u>-</u>	<u>-</u>
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	411,159	29,355	232,864
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	213,491	60,790	60,790	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>213,491</u>	<u>471,949</u>	<u>90,145</u>	<u>232,864</u>
<b>Increase (Decrease) in Cash and Investments:</b>		<b><u>(213,824)</u></b>	<b><u>(300,419)</u></b>	<b><u>281,527</u></b>	<b><u>1,157,501</u></b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	94,789	970,170	2,312,559	-
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	7,923,751
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b><u>94,789</u></b>	<b><u>970,170</u></b>	<b><u>2,312,559</u></b>	<b><u>7,923,751</u></b>

The accompanying notes are an integral part of this statement.

**City of Duvall**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>402 Sewer Fund</b>	<b>404 Storm Drainage Fund</b>	<b>501 Vehicle &amp; Equip Maintenance</b>	<b>502 IT Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	7,102,890	1,875,988	560,122	168,952
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	9,071	-	-
340	Charges for Goods and Services	2,909,615	897,104	374,025	352,963
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,225,245	245,890	7,271	1,133
Total Revenues:		<u>4,134,860</u>	<u>1,152,065</u>	<u>381,296</u>	<u>354,096</u>
<b>Expenditures</b>					
510	General Government	-	-	-	471,048
520	Public Safety	-	-	-	-
530	Utilities	1,958,240	739,856	-	-
540	Transportation	-	-	115,893	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>1,958,240</u>	<u>739,856</u>	<u>115,893</u>	<u>471,048</u>
Excess (Deficiency) Revenues over Expenditures:		<u>2,176,620</u>	<u>412,209</u>	<u>265,403</u>	<u>(116,952)</u>
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	162,632
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	7,601	-
Total Other Increases in Fund Resources:		<u>-</u>	<u>-</u>	<u>7,601</u>	<u>162,632</u>
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	590,022	-	174,399	13,377
591-593, 599	Debt Service	334,555	-	18,205	10,357
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>924,577</u>	<u>-</u>	<u>192,604</u>	<u>23,734</u>
<b>Increase (Decrease) in Cash and Investments:</b>		<b><u>1,252,043</u></b>	<b><u>412,209</u></b>	<b><u>80,400</u></b>	<b><u>21,946</u></b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	334,555	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	8,020,381	2,288,195	640,523	190,895
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b><u>8,354,936</u></b>	<b><u>2,288,195</u></b>	<b><u>640,523</u></b>	<b><u>190,895</u></b>

The accompanying notes are an integral part of this statement.

**City of Duvall**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>503 Building Maintenance Fund</b>
<b>Beginning Cash and Investments</b>		
308	Beginning Cash and Investments	207,918
388 / 588	Net Adjustments	-
<b>Revenues</b>		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	235,239
350	Fines and Penalties	-
360	Miscellaneous Revenues	3,275
Total Revenues:		238,514
<b>Expenditures</b>		
510	General Government	108,394
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	19,010
Total Expenditures:		127,404
Excess (Deficiency) Revenues over Expenditures:		111,110
<b>Other Increases in Fund Resources</b>		
391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		-
<b>Other Decreases in Fund Resources</b>		
594-595	Capital Expenditures	-
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>111,110</b>
<b>Ending Cash and Investments</b>		
50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	319,030
50891	Unassigned	-
<b>Total Ending Cash and Investments</b>		<b>319,030</b>

The accompanying notes are an integral part of this statement.

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

		<u>Custodial</u>
308	Beginning Cash and Investments	1,465
388 & 588	Net Adjustments	-
310-390	Additions	215,017
510-590	Deductions	<u>153,397</u>
	Net Increase (Decrease) in Cash and Investments:	61,620
508	Ending Cash and Investments	63,085

*The accompanying notes are an integral part of this statement.*

**City of Duvall**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<u>Custodial</u>
308	Beginning Cash and Investments	2,354
388 & 588	Net Adjustments	-
310-390	Additions	182,551
510-590	Deductions	183,440
	Net Increase (Decrease) in Cash and Investments:	(889)
508	Ending Cash and Investments	1,465

*The accompanying notes are an integral part of this statement.*

City of Duvall  
**Notes to the Financial Statements**  
For the year ended December 31, 2023

## Note 1 - Summary of Significant Accounting Policies

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The City of Duvall was incorporated in 1913 and operates under the laws of the state of Washington applicable to a non-charter code City. The City is a general-purpose local government and provides public safety, street improvements, parks and recreation, and general governmental services. Additionally, the City of Duvall owns and operates the water distribution system, sewer and sewer treatment systems, and storm water utility system.

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

1. Financial transactions are recognized on a cash basis of accounting as described below.
2. Component units are required to be disclosed but are not included in the financial statements.
3. Government-wide statements, as defined in GAAP, are not presented.
4. All funds are presented, rather than a focus on major funds.
5. The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
6. Supplementary information required by GAAP is not presented.
7. Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

### A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

#### GOVERNMENTAL FUND TYPES

##### General Fund

This fund is the primary operating fund of the government. 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 government.

##### 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.

#### Internal Service Funds

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

### FIDUCIARY FUND TYPES

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

#### Custodial Funds

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

## B. Basis of Accounting and Measurement Focus

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

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

## C. Cash and Investments

See Note 3 - Deposits and Investments.

## D. Capital Assets

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

## E. Compensated Absences

### Vacation Leave

Vacation leave may be accumulated and is payable upon separation or retirement. Limitations exist for the first six to twelve months of employment depending upon bargaining group. The accumulation rate also varies depending on bargaining group.

**Non-represented:** Non-represented employees may accumulate a maximum of two years vacation accrual with City Administrator approval. Employees with over 15 years of service may accumulate a maximum of 400 hours. Employees with less than 12 months of service accrue vacation but are ineligible for payout.

**Police Officers Guild:** Police Officers Guild employees may accumulate up to a maximum of 400 hours depending upon years of service. Officers may not carry over more than 240 hours from year to year.

Public Works and Office-Technical Union: Public Works and Office Technical Union employees may accumulate up to a maximum of 400 hours depending upon years of service. Employees may carry over up to 200 hours from year to year (additional hours may be allowed with City Administrator approval). Any hours above 200 are paid out on the employee's anniversary date.

#### Sick Leave

Sick leave may accumulate subject to bargaining group limitations. Upon separation or retirement, any unused sick leave is paid at twenty-five percent of the regular rate of pay in effect at the time of payment to all employees.

Non-represented: Non-represented employees may accumulate up to 60 days (480 hours). After five years, employees may buy out, at twenty-five percent of their current rate of pay, up to 60 hours a year in excess of a 40-hour minimum. After ten years, employees may buy out up to 80 hours a year in excess of a 40-hour minimum, at twenty-five percent of their current pay rate.

Police Officers Guild: Police Officers Guild employees may accumulate up to 960 hours. At the end of each year, guild employees may buy out sick leave in excess of 480 hours, payable at twenty-five percent of their current regular straight-time hourly pay rate.

Public Works and Office Technical Union: Public Works and Office Technical Union employees have no maximum limit on accrued sick leave. After five years, employees may buy out hours in excess of 480 at twenty-five percent of their current pay rate.

#### Compensatory Time

Compensatory time may be accumulated subject to bargaining group limitations. Compensatory time is time off in lieu of pay at the rate of one and one-half hours for each overtime pay hour worked.

Non-Represented: Non represented employees may accumulate up to 80 hours, which may be paid out at separation. FLSA exempt employees do not qualify for this leave.

Police Officers Guild: Police Officers Guild employees may accumulate up to 120 hours annually and at any time may opt to receive cash reimbursement for any unused time accrued.

Public Works and Office Technical Union: Public Works and Office Technical Union employees may accumulate up to 100 hours. At the end of each calendar year, unused compensatory time is cashed out and paid in the first paycheck in January.

#### Banked Holiday

All employees receive eight hours of holiday pay for each holiday, including floating holidays (personal days). If an employee works a flexible schedule and a holiday falls on their day off, the employee receives eight hours of "banked holiday" to be used another time. Banked holiday hours can be rolled over from year to year and are paid out upon termination. Floating holidays must be used up by the end of the year and have no monetary value if unused.

Payments for compensated absences are recognized as expenditures when paid.

## F. Long-Term Debt

See Note 7 – Long-Term Debt.

## G. Restricted and Committed Portions of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when subject to restrictions on use imposed by external parties or due to internal commitments established by resolution or ordinance. When expenditures that meet restrictions are incurred, the City intends to use reserved resources first before using unreserved amounts.

Restricted and Committed portions of Ending Cash and Investments consist of:

### General Fund Restricted - \$49,854

Affordable Housing Sales & Use Tax - \$34,923

Restricted in use by RCW 82.14.530, Affordable Housing Sales Tax revenue collected is restricted in use for providing affordable housing options for those with income at or below 60 percent. Cities with populations under 100,000 may use the sale tax collected to provide rental assistance.

Drug Seizure Account - \$9,881

Restricted in use by RCW 10.105.010, drug enforcement funds are collected through drug related confiscation and can be used only for costs incurred for drug investigation.

Police Donation - \$5,050

Restricted in use for Police Department use by donor intent.

### Tree Mitigation - \$181,353

Tree mitigation revenue is committed by DMC 14.40.070 for the purchase and planting of new trees that meet the requirements of DMC 14.40.070 New development sites – Priorities and standards for supplemental trees. This revenue is reported in the **General Fund**.

### Transportation Benefit District Sales Tax Restricted - \$638,831

Restricted in use by Chapter 36.73 RCW, **Transportation Benefit District Fund** revenues are generated from a voted 0.2% sales tax for use on City transportation improvements projects, or the operation, preservation and maintenance of those projects.

### State and Local Fiscal Recovery Funds Restricted - \$1,529,421

Federal award grant revenues that are restricted in use by the State and Local Fiscal Recovery Funds (SLFRF) Interim Final Rule and Final rule. Under Final Rule guidance, the City elected to declare the SLFRF revenue it received as revenue loss. The City has flexibility in spending revenue loss funds on “activities to meet the diverse needs of the community” but cannot spend the funds on costs deemed ineligible per the Final Rule. The City tracks the use of SLFRF in its **American Rescue Plan Act Fund**.

### Activity Fees Committed - \$281,354

Committed per Resolution 18-16, 50% of **Big Rock Ballfield Fund** activity fees must be held for the repair and replacement of ballfield turf.

### Real Estate Excise Tax I Restricted- \$3,015,070

### Real Estate Excise Tax II Restricted - \$2,761,783

Restricted in use by RCW 82.43.010, Real Estate Excise Tax I and Real Estate Excise Tax II (REET I & REET II) must be used to finance capital projects that are specified in the City’s comprehensive plan or for housing relocation assistance under RCW 59.18.440 and 59.18.450. Restricted amounts are the ending balances of the **REET I** and **REET II** funds.

Street Impact Fees Restricted - \$757,651

Restricted by RCW 82.02.050 for the development of transportation facilities that constitute system improvements. Street impact fees are the ending balance of the **Street Capital Improvement Fund** balance.

Park Impact Fees Restricted - \$1,129,694

Park impact fees are restricted in use by RCW 82.02.050 for the development of parks, open space, passive recreation parks, linear trail parks, and recreational facilities to serve new growth and development in Duvall. Park Impact Fees are part of the **Park Capital Improvement Fund** balance.

Park Levy Proceeds Restricted - \$244,370

Park levy proceeds are part of the **Park Capital Improvement Fund** ending fund balance. Park levy proceeds are restricted in use by King County Proposition No. 1 Parks Levy, a six-year levy passed by voters in 2019. Park levy proceeds can be used for improving parks and trails and acquiring lands.

Department of Ecology Loan Reserve Restricted - \$ 334,555

In 2006 the City executed a loan agreement with the Department of Ecology to upgrade its wastewater facility plant. The reserve balance amount of \$334,555, which is reported as the restricted in the ending fund balance of the **Sewer Fund**, is required by the loan agreement until spent down with the final payments in 2024 and 2025.

## Note 2 – Budget Compliance

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### A. Budgets

The City adopts biennial appropriated budgets for the funds listed in the table on the following page. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Biennial appropriations for these funds lapse at end of the biennium.

Biennial appropriated budgets are adopted on the same basis of accounting as used for financial reporting. However, for financial reporting purposes, the following funds are rolled up and reported as one fund:

- The 002 Contingency Fund and 103 Strategic Fund are rolled up into the 001 General Fund
- The 407 Water CIP Fund is rolled up into the 401 Water Fund
- The 408 Sewer CIP Fund is rolled up into the 402 Sewer Fund
- The 409 Storm Drainage CIP Fund is rolled up into the 404 Storm Drainage Fund

The appropriated and actual expenditures for the legally adopted budgets are shown in Table 1 on the next page.

**Table 1: Budgeted Expenditures to Actual**

Fund	Description	2023 Budgeted Expenditures	2024 Budgeted Expenditures	BTD (Biennium to Date) Actual	BTD Budget to BTD Actual Variance
001	General Fund	8,204,697	8,754,449	6,972,759	1,231,938
002	Contingency Fund	-	-	-	-
101	Street Fund	554,267	566,120	562,926	(8,659)
102	Transportation Benefit Dist	741,784	259,035	635,822	105,962
103	Strategic Fund	612,500	387,500	60,745	551,755
104	Building & Permit Fund	3,021,912	3,127,599	3,219,414	(197,502)
105	American Rescue Plan Act	747,763	1,277,962	561,846	185,917
106	Big Rock Ball Park Fund	229,935	256,653	207,311	22,624
107	Sensitive Areas Mitigation Fnd	31,200	-	-	31,200
206	Ltgo - Debt Service Fund	469,616	469,531	469,616	1
303	Facilities Capital Improvement	851,000	2,050,000	1,135,892	(284,892)
304	Real Estate Excise Tax I Fund	60,858	2,344,149	60,858	-
305	Real Estate Excise Tax II Fund	115,858	1,802,894	60,858	55,000
306	Main Street Improvement Fund	-	-	95,786	(95,786)
307	Street Capital Improvement Fn	2,005,771	7,320,195	1,200,866	804,905
308	Parks Capital Improvement Fur	160,948	631,830	1,444,532	(1,283,584)
401	Water Fund	2,384,289	3,100,332	2,174,229	210,060
402	Sewer Fund	2,537,643	3,115,177	2,225,308	312,335
404	Storm Drainage Fund	940,434	1,005,787	908,117	32,317
407	Water Capital Improvement Fu	695,417	3,265,490	181,276	514,141
408	Sewer Capital Improvement Fu	3,756,645	4,864,401	4,367,265	(610,620)
409	Storm Drain Capital Imprv Func	59,590	255,936	19,066	40,524
501	Vehicle & Equip Maintenance	446,690	207,673	374,161	72,529
502	IT Services Fund	639,390	520,420	647,609	(8,219)
503	Building Maintenance Fund	138,460	112,700	138,856	(396)
<b>Total</b>		<b>\$29,406,667</b>	<b>\$45,695,833</b>	<b>\$27,725,117</b>	<b>\$1,681,550</b>

Budgeted amounts are authorized to be transferred between any account within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City's legislative body.

The 2023-2024 biennial budget and amendments can be found in Table 2 on the following page. The variance between the original 2023-2024 budget and the amended 2023-2024 Biennial Budget, can be found in the 2023-2024 Mid Biennium Budget column.

**Table 2: Changes to Budget by Ordinance**

Fund	Description	2023-2024				
		2023 Adopted Biennium Budget	2024 Adopted Biennium Budget	Mid Biennium Admendment s	2023 Amended Biennium Budget	2024 Amended Biennium Budget
001	General Fund	8,145,532	8,266,414	59,165	8,204,697	8,754,449
002	Contingency Fund					
101	Street Fund	548,956	543,915	27,516	554,267	566,120
102	Transportation Benefit District	386,884	259,873	354,062	741,784	259,035
103	Strategic Fund	612,500	387,500	-	612,500	387,500
104	Building and Permitting	3,013,538	3,087,657	48,316	3,021,912	3,127,599
105	American Rescue Plan Act	907,763	1,117,962	-	747,763	1,277,962
106	Big Rock Ball Park Maintenance	235,176	237,761	13,651	229,935	256,653
107	Sensitive Areas Mitigation Fund	31,200		750	31,200	-
206	2016 LTGO - Main St Debt Svc	469,616	469,531	-	469,616	469,531
303	Facilities CIP Fund	1,500,000	500,000	1,000	851,000	2,050,000
304	Real Estate Excise Tax Fund 1	60,858	2,344,149	-	60,858	2,344,149
305	Real Estate Excise Tax Fund 2	115,858	1,802,894	-	115,858	1,802,894
306	Main Street Improvement Fund	-	-	-	-	-
307	Street CIP Fund	1,300,771	7,266,657	758,538	2,005,771	7,320,195
308	Parks CIP Fund	695,948	97,147	(317)	160,948	631,830
401	Water Fund	2,663,036	2,690,080	131,505	2,384,289	3,100,332
402	Sewer Fund	2,471,129	3,009,574	172,117	2,537,643	3,115,177
404	Storm Drainage Fund	946,329	993,581	6,311	940,434	1,005,787
407	Water CIP Fund	2,195,417	1,766,053	(563)	695,417	3,265,490
408	Sewer CIP Fund	5,081,645	5,110,638	(125,000)	3,756,645	4,864,401
409	Storm Drainage CIP Fund	159,590	156,253	(317)	59,590	255,936
501	Equipment Fund	462,690	162,673	29,000	446,690	207,673
502	IT Fund	529,882	504,303	125,625	639,390	520,420
503	Building Maintenance Fund	102,860	97,410	50,890	138,460	112,700
<b>Total</b>		<b>\$32,637,178</b>	<b>\$40,872,025</b>	<b>\$1,652,249</b>	<b>\$29,406,667</b>	<b>\$45,695,833</b>

Major budget amendments include:

- An increase of expenditures in the **Transportation Benefit District Fund** to reflect additional Council approved overlay projects.
- An increase in **Street CIP Fund** expenditures for 142<sup>nd</sup> Sidewalk Project and 3<sup>rd</sup> Ave NE Road/Sidewalk Improvements approved by council.

## Note 3 – Deposits and Investments

Investments are reported at face value. Deposits and investments by type at December 31, 2023 are shown in Table 3.

**Table 3: Deposits and Investments by Account**

Account	City's Own Deposits & Investments	Deposits held by the City as a custodian for other local governments or private organizations	Total
WA FD Bank Checking	\$2,194,925	\$63,085	\$2,258,010
WA FD Savings	\$193,626		\$193,626
U.S. Government Securities & Treasury Obligations	\$14,799,243		\$14,799,243
State Local Government Investment Pool	\$25,257,580		\$25,257,580
Controlled Substance Checking	\$9,881		\$9,881
Petty Cash Revolving Funds	\$2,000		\$2,000
<b>Total Cash and Investments</b>	<b>\$42,457,255</b>	<b>\$63,085</b>	<b>\$42,520,340</b>

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

### Investments in the State Local Government Investment Pool (LGIP)

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

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

### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the City would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The City's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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

## Note 4 – Health and Welfare

The City is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of

insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

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

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

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

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

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

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

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

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

Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

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

### Note 5 – Leases (Lessees)

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During the year ended 2023, the City adopted guidance for the presentation and disclosure of leases, as required by the BARS manual. This requirement resulted in the addition of a lease liability reported on the Schedule of Liabilities.

The City leases 4 copy machines. The lease for the copiers will end in 2025.

The City leases a postage machine which is housed at City Hall. This lease expires in 2026.

The City leases Police Body Cameras. This lease expires in 2027.

The lease for the plotter for Public Works/Engineering ended in 2023 and will not be renewed.

The total amount paid for leases in 2023 was \$27,993. As of December 31, 2023, the future lease payments are as follows:

Year ended December 31	Total
2024	\$25,915
2025	\$18,389
2026	\$14,577
2027	\$14,143
2028	0
2029 - 2033	0
Total	\$73,024

### Note 6 – Subscription Based Information Technology Arrangements (Lessees)

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During the year ended 2023, the City adopted guidance for the presentation and disclosure of Subscription Based Information Technology Arrangements (SBITA), as required by the BARS manual. This requirement resulted in the addition of a subscription liability reported on the Schedule of Liabilities.

The City made an annual payment of \$52,500 in 2023 for general ledger, payroll, utility billing, & permitting software. The SBITA contract is for 10 years and ends in 2030

The City made an annual payment of \$6,933 for contract management software. The SBITA contract is for 3 years and ends in 2025.

The total paid for SBITA in 2023 was \$59,433. As of December 31, 2023, the future SBITA payments are as follows:

Year ended December 31	Total
2024	\$59,433
2025	\$62,163
2026	\$55,230
2027	\$55,230
2028	\$58,097
2029 - 2033	\$116,193
<b>Total</b>	<b>\$406,346</b>

## Note 7 – Long Term Debt

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

The debt service requirements for general obligation bonds, a Washington State Revolving Loan, and Washington State Local Program Loan are as follows:

**Table 4: Debt Service Requirements**

Year	Principal	Interest	Total
2024	761,290	60,969	822,259
2025	611,370	48,261	659,631
2026	225,235	36,393	261,628
2027	230,997	30,383	261,380
2028	236,797	24,210	261,007
2029-2033	717,637	35,674	753,311
<b>Total</b>	<b>2,783,326</b>	<b>235,890</b>	<b>3,019,217</b>

## Note 8 – Pension Plans

### State Sponsored Pension Plans

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

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

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

The DRS report may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

At June 30, 2023 (the measurement date of the plans), the City’s proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

**Table 5: Pension Liabilities and (Assets)**

	Employer Contributions	Allocation %	Liability (Asset)
<b>PERS 1</b>	\$ 126,978	0.018634%	\$ 425,364
<b>PERS 2/3*</b>	\$ 211,480	0.024053%	\$ (985,856)
<b>LEOFF 2*</b>	\$ 66,601	0.095070%	\$ (707,754)

\*Assets - not reported on the Schedule 09

Only the net pension liabilities are reported on the Schedule 09.

### LEOFF Plan 2

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

## Note 9 - Property Tax

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

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

Property Tax Calendar	
January 1	Tax is levied and becomes an enforceable lien against the properties.
February 14	Tax bills are mailed
April 30	First of two equal installment payments are due
May 31	Assessed value of property established for next year's levy at 100 percent of market value
October 31	Second installment is due

The City’s regular levy for the year 2023 was \$0.92980 per \$1,000 on an assessed valuation of \$2,540,350,245 for a total regular levy of \$2,357,202.

Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate.

## Note 10 – Risk Management

### Washington Cities Insurance Authority

The City of Duvall is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally

formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 169 members.

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

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

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

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

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

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

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

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

City of Duvall  
Notes to the Financial Statements  
For the year ended December 31, 2022

## Note 1 - Summary of Significant Accounting Policies

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The City of Duvall was incorporated in 1913 and operates under the laws of the state of Washington applicable to a non-charter code City. The City is a general-purpose local government and provides public safety, street improvements, parks and recreation, and general governmental services. Additionally, the City of Duvall owns and operates the water distribution system, sewer and sewer treatment systems, and storm water utility system.

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

1. Financial transactions are recognized on a cash basis of accounting as described below.
2. Component units are required to be disclosed but are not included in the financial statements.
3. Government-wide statements, as defined in GAAP, are not presented.
4. All funds are presented, rather than a focus on major funds.
5. The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
6. Supplementary information required by GAAP is not presented.
7. Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

### A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

#### GOVERNMENTAL FUND TYPES

##### General Fund

This fund is the primary operating fund of the government. 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 government.

##### 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.

#### Internal Service Funds

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

### FIDUCIARY FUND TYPES

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

#### Custodial Funds

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

## B. Basis of Accounting and Measurement Focus

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

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

## C. Cash and Investments

See Note 3 - Deposits and Investments.

## D. Capital Assets

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

## E. Compensated Absences

### Vacation Leave

Vacation leave may be accumulated and is payable upon separation or retirement. Limitations exist for the first six to twelve months of employment depending upon bargaining group. The accumulation rate also varies depending on bargaining group.

**Non-represented:** Non-represented employees may accumulate a maximum of two years vacation accrual with City Administrator approval. Employees with over 15 years of service may accumulate a maximum of 400 hours. Employees with less than 12 months of service accrue vacation but are ineligible for payout.

**Police Officers Guild:** Police Officers Guild employees may accumulate up to a maximum of 400 hours depending upon years of service. Officers may not carry over more than 240 hours from year to year.

Public Works and Office-Technical Union: Public Works and Office Technical Union employees may accumulate up to a maximum of 400 hours depending upon years of service. Employees may carry over up to 200 hours from year to year (additional hours may be allowed with City Administrator approval). Any hours above 200 are paid out on the employee's anniversary date.

#### Sick Leave

Sick leave may accumulate subject to bargaining group limitations. Upon separation or retirement, any unused sick leave is paid at twenty-five percent of the regular rate of pay in effect at the time of payment to all employees.

Non-represented: Non-represented employees may accumulate up to 60 days (480 hours). After five years, employees may buy out, at twenty-five percent of their current rate of pay, up to 60 hours a year in excess of a 40-hour minimum. After ten years, employees may buy out up to 80 hours a year in excess of a 40-hour minimum, at twenty-five percent of their current pay rate.

Police Officers Guild: Police Officers Guild employees may accumulate up to 960 hours. At the end of each year, guild employees may buy out sick leave in excess of 480 hours, payable at twenty-five percent of their current regular straight-time hourly pay rate.

Public Works and Office Technical Union: Public Works and Office Technical Union employees have no maximum limit on accrued sick leave. After five years, employees may buy out hours in excess of 480 at twenty-five percent of their current pay rate.

#### Compensatory Time

Compensatory time may be accumulated subject to bargaining group limitations. Compensatory time is time off in lieu of pay at the rate of one and one-half hours for each overtime pay hour worked.

Non-Represented: Non represented employees may accumulate up to 80 hours, which may be paid out at separation. FLSA exempt employees do not qualify for this leave.

Police Officers Guild: Police Officers Guild employees may accumulate up to 120 hours annually and at any time may opt to receive cash reimbursement for any unused time accrued.

Public Works and Office Technical Union: Public Works and Office Technical Union employees may accumulate up to 100 hours. At the end of each calendar year, unused compensatory time is cashed out and paid in the first paycheck in January.

#### Banked Holiday

All employees receive eight hours of holiday pay for each holiday, including floating holidays (personal days). If an employee works a flexible schedule and a holiday falls on their day off, the employee receives eight hours of "banked holiday" to be used another time. Banked holiday hours can be rolled over from year to year and are paid out upon termination. Floating holidays must be used up by the end of the year and have no monetary value if unused.

Payments for compensated absences are recognized as expenditures when paid.

## F. Long-Term Debt

See Note 6 – Long-Term Debt.

## G. Restricted and Committed Portions of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when subject to restrictions on use imposed by external parties or due to internal commitments established by resolution or ordinance. When expenditures that meet restrictions are incurred, the City intends to use reserved resources first before using unreserved amounts.

Restricted and Committed portions of Ending Cash and Investments consist of:

### General Fund Restricted - \$40,815

Affordable Housing Sales & Use Tax - \$25,898

Restricted in use by RCW 82.14.530, Affordable Housing Sales Tax revenue collected is restricted in use for providing affordable housing options for those with income at or below 60 percent. Cities with populations under 100,000 may use the sale tax collected to provide rental assistance.

Drug Seizure Account - \$9,866

Restricted in use by RCW 10.105.010, drug enforcement funds are collected through drug related confiscation and can be used only for costs incurred for drug investigation.

Police Donation - \$5,050

Restricted in use for Police Department use by donor intent.

### Tree Mitigation - \$114,227

Tree mitigation revenue is committed by DMC 14.40.070 for the purchase and planting of new trees that meet the requirements of DMC 14.40.070 New development sites – Priorities and standards for supplemental trees. This revenue is reported in the **General Fund**.

### Transportation Benefit District Sales Tax Restricted - \$482,744

Restricted in use by Chapter 36.73 RCW, **Transportation Benefit District Fund** revenues are generated from a voted 0.2% sales tax for use on City transportation improvements projects, or the operation, preservation and maintenance of those projects.

### State and Local Fiscal Recovery Funds Restricted - \$2,091,267

Federal award grant revenues that are restricted in use by the State and Local Fiscal Recovery Funds (SLFRF) Interim Final Rule and Final rule. Under Final Rule guidance, the City elected to declare the SLFRF revenue it received as revenue loss. The City has flexibility in spending revenue loss funds on “activities to meet the diverse needs of the community” but cannot spend the funds on costs deemed ineligible per the Final Rule. The City tracks the use of SLFRF in its **American Rescue Plan Act Fund**.

### Activity Fees Committed - \$194,078

Committed per Resolution 18-16, 50% of **Big Rock Ballfield Fund** activity fees must be held for the repair and replacement of ballfield turf.

### Real Estate Excise Tax I Restricted- \$2,468,444

### Real Estate Excise Tax II Restricted - \$2,224,423

Restricted in use by RCW 82.43.010, Real Estate Excise Tax I and Real Estate Excise Tax II (REET I & REET II) must be used to finance capital projects that are specified in the City’s comprehensive plan or for housing relocation assistance under RCW 59.18.440 and 59.18.450. Restricted amounts are the ending balances of the **REET I** and **REET II** funds.

Bond Proceeds Restricted - \$94,871

The \$94,789 ending fund balance of the **Main Street Improvement Fund** are the remaining bond proceeds from the Main Street Project which are restricted in use by the Bond covenant. Resolution 22-07 further delineates the use of the remaining proceeds to specific projects.

The **Facilities CIP Fund** ending fund balance of \$82 consists of restricted bond proceeds transferred from the Main Street Improvement Fund for use on the Police Building Renovations Project.

Street Impact Fees Restricted - \$970,169

Restricted by RCW 82.02.050 for the development of transportation facilities that constitute system improvements. Street impact fees are the ending balance of the **Street Capital Improvement Fund** balance.

Park Impact Fees Restricted - \$2,108,993

Park impact fees are restricted in use by RCW 82.02.050 for the development of parks, open space, passive recreation parks, linear trail parks, and recreational facilities to serve new growth and development in Duvall. Park Impact Fees are part of the **Park Capital Improvement Fund** balance. As of December 31, 2022, \$1,358,891 of the restricted park impact fee balance is held in a joint escrow account per a developer agreement. As agreed upon park improvements are made, the developer will withdraw funds from the account and the City will report the improvements as a capital expenditure. If the agreed upon improvements are not made, the City may move funds from the escrow account to a City bank account.

Park Levy Proceeds Restricted - \$203,566

Park levy proceeds are part of the **Park Capital Improvement Fund** ending fund balance. Park levy proceeds are restricted in use by King County Proposition No. 1 Parks Levy, a six-year levy passed by voters in 2019. Park levy proceeds can be used for improving parks and trails and acquiring lands.

Department of Ecology Loan Reserve Restricted - \$ 334,555

In 2006 the City executed a loan agreement with the Department of Ecology to upgrade its wastewater facility plant. The reserve balance amount of \$334,555, which is reported as the restricted in the ending fund balance of the **Sewer Fund**, is required by the loan agreement until spent down with the final payments in 2024 and 2025.

## Note 2 – Budget Compliance

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### A. Budgets

The City adopts biennial appropriated budgets for the funds listed in the table on the following page. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Biennial appropriations for these funds lapse at end of the biennium.

Biennial appropriated budgets are adopted on the same basis of accounting as used for financial reporting. However, for financial reporting purposes, the following funds are rolled up and reported as one fund:

- The 002 Contingency Fund and 103 Strategic Fund are rolled up into the 001 General Fund
- The 407 Water CIP Fund is rolled up into the 401 Water Fund
- The 408 Sewer CIP Fund is rolled up into the 402 Sewer Fund
- The 409 Storm Drainage CIP Fund is rolled up into the 404 Storm Drainage Fund

The appropriated and actual expenditures for the legally adopted budgets are shown in Table 1 on the next page.

**Table 1: Budgeted Expenditures to Actual**

Fund	Description	Budgeted			
		Expenditures	2021 Actual	2022 Actual	Remaining
001	General Fund	\$13,155,886	\$6,590,072	\$5,311,036	\$1,254,778
002	Contingency Fund	\$0	\$0	\$0	\$0
101	Street Fund	\$1,193,188	\$522,212	\$659,490	\$11,486
102	Transportation Benefit District	\$819,432	\$273,876	\$450,732	\$94,824
103	Strategic Fund	\$0	\$0	\$0	\$0
104	Building and Permitting	\$3,144,472	\$1,164,759	\$1,588,390	\$391,323
105	American Rescue Plan Act	\$239,573	\$17,466	\$156,640	\$65,467
106	Big Rock Ball Park Maintenance	\$335,047	\$124,131	\$174,587	\$36,329
107	Sensitive Areas Mitigation Fun	\$0	\$0	\$0	\$0
206	2016 LTGO - Main St Debt Svc	\$938,489	\$469,038	\$469,451	\$0
303	Facilities CIP Fund	\$392,436	\$110,346	\$115,386	\$166,704
304	Real Estate Excise Tax Fund 1	\$152,882	\$60,692	\$88,908	\$3,283
305	Real Estate Excise Tax Fund 2	\$228,982	\$160,272	\$62,392	\$6,318
306	Main Street Improvement Fun	\$553,445	\$237,517	\$216,697	\$99,231
307	Street CIP Fund	\$1,166,862	\$254,803	\$471,949	\$440,111
308	Parks CIP Fund	\$1,699,438	\$180,098	\$93,502	\$1,425,838
401	Water Fund	\$5,125,110	\$2,460,167	\$2,176,830	\$488,113
402	Sewer Fund	\$7,166,622	\$1,996,977	\$2,882,817	\$2,286,828
404	Storm Drainage Fund	\$1,830,080	\$788,010	\$731,928	\$310,142
407	Water CIP Fund	\$625,992	\$320,177	\$223,988	\$81,827
408	Sewer CIP Fund	\$1,360,142	\$359,162	\$893,054	\$107,925
409	Storm Drainage CIP Fund	\$221,557	\$3,178	\$6,314	\$212,066
501	Equipment Fund	\$622,545	\$216,432	\$308,496	\$97,617
502	IT Fund	\$1,046,863	\$439,075	\$493,596	\$114,191
503	Building Maintenance Fund	\$474,019	\$182,584	\$127,402	\$164,033
<b>Total</b>		<b>\$42,493,064</b>	<b>\$16,931,045</b>	<b>\$17,703,586</b>	<b>\$7,858,433</b>

Budgeted amounts are authorized to be transferred between 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 City's legislative body.

The original 2021/2022 biennial budget and amendments can be found in Table 2 on the following page. The variance between Ordinance 1290, the amended 2021/2022 Biennial Budget, and Ordinance 1312, the 2021/2022 amended Biennial Budget after end-of-biennium budget adjustments, can be found in the "2022 Budget Adjustments" column.

**Table 2: Changes to Budget by Ordinance**

Fund	Description	2021/2022	2021/2022	2021/2022	2022 Budget
		Ord. 1274	Ord. 1290	Ord. 1312	Adjustments
001	General Fund	\$11,142,253	\$13,211,963	\$13,155,886	-\$56,077
002	Contingency Fund	\$0	\$0	\$0	\$0
101	Street Fund	\$1,144,077	\$1,183,417	\$1,193,188	\$9,771
102	Transportation Benefit District	\$573,000	\$610,736	\$819,432	\$208,696
103	Strategic Fund	\$0	\$0	\$0	\$0
104	Building and Permitting	\$3,642,395	\$4,937,993	\$3,144,472	-\$1,793,521
105	American Rescue Plan Act	\$0	\$72,000	\$239,573	\$167,573
106	Big Rock Ball Park Maintenance	\$308,326	\$339,871	\$335,047	-\$4,824
107	Sensitive Areas Mitigation Fund	\$31,200	\$31,200	\$0	-\$31,200
206	2016 LTGO - Main St Debt Svc	\$974,914	\$974,914	\$938,489	-\$36,425
303	Facilities CIP Fund	\$870,000	\$990,020	\$392,436	-\$597,584
304	Real Estate Excise Tax Fund 1	\$451,482	\$121,482	\$152,882	\$31,400
305	Real Estate Excise Tax Fund 2	\$678,982	\$348,982	\$228,982	-\$120,000
306	Main Street Improvement Fund	\$544,000	\$483,000	\$553,445	\$70,445
307	Street CIP Fund	\$1,720,778	\$1,768,837	\$1,166,862	-\$601,975
308	Parks CIP Fund	\$378,982	\$409,107	\$1,699,438	\$1,290,331
401	Water Fund	\$5,032,021	\$5,038,023	\$5,125,110	\$87,087
402	Sewer Fund	\$4,361,725	\$7,244,720	\$7,166,622	-\$78,098
404	Storm Drainage Fund	\$1,912,172	\$1,898,194	\$1,830,079	-\$68,115
407	Water CIP Fund	\$2,634,311	\$2,774,645	\$625,993	-\$2,148,652
408	Sewer CIP Fund	\$1,332,799	\$5,040,142	\$1,360,142	-\$3,680,000
409	Storm Drainage CIP Fund	\$359,282	\$371,558	\$221,558	-\$150,000
501	Equipment Fund	\$558,465	\$612,545	\$622,545	\$10,000
502	IT Fund	\$992,273	\$943,490	\$1,046,863	\$103,373
503	Building Maintenance Fund	\$236,205	\$474,018	\$474,018	\$0
<b>Total</b>		<b>\$39,879,645</b>	<b>\$49,880,857</b>	<b>\$42,493,062</b>	<b>-\$7,387,795</b>

Major budget amendments include:

- An increase of expenditures in the **Transportation Benefit District Fund** to reflect additional Council approved overlay projects.
- A decrease of expenditures in the **Building and Permitting Fund** to reflect an anticipated decrease in the number of permits expected in 2022 (now projected in 2023/2024). This category includes decreases in park, street, and school impact fees; water, sewer, and storm drainage general facility charges, and building permit and plan check fees.
- An increase in **American Rescue Plan Act** expenditures to reflect Council approved purchases and projects.
- A decrease in **Facilities CIP Fund** expenditures to move the Wastewater Treatment Plant Office remodel expenditures to the next biennium.
- A decrease in **Street CIP Fund** expenditures to move 3<sup>rd</sup> Ave NE Road Improvement and 142<sup>nd</sup> Sidewalk Improvement project expenditures to the next biennium.
- An increase in **Park CIP Fund** expenditures to reflect expenditures related to parks constructed by developers that will be turned over to the City at completion, reducing the park impact fees held in escrow.
- A reduction in **Water CIP Fund** expenditures to reflect project costs to be moved to the next biennium.
- A reduction in **Sewer CIP Fund** expenditures to reflect project costs to be moved to the next biennium.

### Note 3 – Deposits and Investments

Investments are reported at original cost. Deposits and investments by type at December 31, 2022 are as follows:

**Table 3: Deposits and Investments by Account**

Account	City's Own Deposits & Investments	Deposits held by the City as a custodian for other local governments or private organizations	Total
WA FD Bank Checking	-\$221,274	\$1,465	-\$219,809
WA FD Savings	\$1,308,464		\$1,308,464
U.S. Government Securities	\$13,846,340		\$13,846,340
State Local Government Investment Pool	\$21,274,793		\$21,274,793
First American Trust Escrow	\$1,358,891		\$1,358,891
Controlled Substance Checking	\$9,866		\$9,866
Petty Cash Revolving Funds	\$2,000		\$2,000
<b>Total Cash and Investments</b>	<b>\$37,579,080</b>	<b>\$1,465</b>	<b>\$37,580,545</b>

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

#### Investments in the State Local Government Investment Pool (LGIP)

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

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

#### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the City would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The City's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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

### Note 4 – Health and Welfare

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

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

As of December 31, 2022, 262 cities/towns/non-city entities participate and have enrollment in the AWC Trust HCP.

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

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

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

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2022, the AWC Trust HCP purchased medical stop loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of \$1.5 million through United States Fire Insurance Company. The aggregate policy is for 200% of expected medical claims.

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

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

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

## Note 5 – Leases (Lessees)

During the year ended 2022, the City adopted guidance for the presentation and disclosure of leases, as required by the BARS manual. This requirement resulted in the addition of a lease liability reported on the Schedule of Liabilities.

The City leases three copy machines, two for use in City Hall and the second for use in the Public Works building. The lease for copiers will end in 2025.

The City also leases a plotter for Public Works/Engineering. The plotter lease ended in 2019, but automatically extended for 12 months. The City will work on a new plotter lease in 2023.

In addition to the plotter and copier leases, the City leases a postage machine which is housed at City Hall. This lease expires in 2026.

The total amount paid for leases in 2022 was \$10,357. As of December 31, 2022, the future lease payments are as follows:

Year ended December 31	Total
2023	\$13,564
2024	\$11,487
2025	\$4,175
2026	\$434
2027	0
2028 - 2032	0
Total	29,660

## Note 6 – Long Term Debt

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the City of Duvall and summarizes the cities debt transactions for year ended December 31, 2022.

The debt service requirements for general obligation bonds, a Washington State Revolving Loan, and Washington State Local Program Loan are as follows:

**Table 4: Debt Service Requirements**

Year	Principal	Interest	Total
2023	\$748,974	\$73,386	\$822,360
2024	\$761,290	\$60,969	\$822,259
2025	\$611,370	\$48,261	\$659,631
2026	\$225,235	\$36,393	\$261,628
2027	\$230,997	\$30,383	\$261,380
2028-2032	\$954,434	\$59,884	\$1,014,318
<b>Total</b>	<b>\$3,532,301</b>	<b>\$309,276</b>	<b>\$3,841,577</b>

## Note 7 – Pension Plans

### State Sponsored Pension Plans

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

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

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

The DRS report may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

At June 30, 2022 (the measurement date of the plans), the City's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

**Table 5: Pension Liabilities and (Assets)**

	Employer Contributions	Allocation %	Liability (Asset)
<b>PERS 1</b>	\$ 106,219	0.017332%	\$ 482,586
<b>PERS 2/3*</b>	\$ 181,105	0.022543%	\$ (836,071)
<b>LEOFF 2*</b>	\$ 61,387	0.029651%	\$ (805,825)

\*Assets - not reported on the Schedule 09

Only the net pension liabilities are reported on the Schedule 09.

## LEOFF Plan 2

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

## Note 8 - Property Tax

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

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

The City's regular levy for the year 2022 was \$1.15677 per \$1,000 on an assessed valuation of \$1,839,784,618 for a total regular levy of \$2,122,725.

## Note 9 – Risk Management

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### Washington Cities Insurance Authority

The City of Duvall 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 166 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, errors or omissions, stop gap, employment practices, prior wrongful acts, and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

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

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

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

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

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

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

## Note 10 - Other Disclosures

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### Significant Commitments or Obligations

The City has a moratorium on the receipt and processing of any subdivision application, applications for building permits and any other application for other permits of any type which requires a new connection to the City sewer system, or which increases the assessed equivalent residential unit (ERU) and loading on the system.

The estimated cost to increase sewer capacity is \$6,017,850, which will be spent over the next few years. The 2023 budget includes \$5,417,850 for the project and a construction contract in the amount of \$4,309,606 was initiated in January 2023. Projected sewer charges for services and general facility charge revenues are expected to cover the cost of the projected.

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
<b>General Obligation Debt/Liabilities</b>						
251.11	General Obligation Bond Main Street Project	12/1/2031	1,945,000	-	195,000	1,750,000
251.11	General Obligation Bond Big Rock Ball Field	12/1/2025	650,000	-	210,000	440,000
263.96	Local Government Loan (Dump Truck)	6/1/2029	107,156	-	13,161	93,995
<b>Total General Obligation Debt/Liabilities:</b>			<b>2,702,156</b>	<b>-</b>	<b>418,161</b>	<b>2,283,995</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Revenue Debt, Compensated Absences		410,418	83,328	-	493,746
264.30	Net Pension Liability		482,586	-	57,222	425,364
263.84	Washington State Revolving Fund Loan	6/30/2025	830,145	-	330,814	499,331
263.57	Photocopier & Postage Machine Leases		29,661	-	13,850	15,811
263.57	Police Dept. Body Cameras		-	70,714	14,143	56,571
263.57	Software		444,980	20,799	59,433	406,346
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>2,197,790</b>	<b>174,841</b>	<b>475,462</b>	<b>1,897,169</b>
<b>Total Liabilities:</b>			<b>4,899,946</b>	<b>174,841</b>	<b>893,623</b>	<b>4,181,164</b>

**City of Duvall  
Schedule of Liabilities  
For the Year Ended December 31, 2022**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
<b>General Obligation Debt/Liabilities</b>						
251.11	General Obligation Bond Main Street Project	12/1/2031	2,135,000	-	190,000	1,945,000
251.11	General Obligation Bond Big Rock Ball Field	12/1/2025	855,000	-	205,000	650,000
263.96	Local Government Loan (Dump Truck)	6/1/2029	119,690	-	12,534	107,156
263.56	Leases w/o purchase at end of lease		13,323	26,695	10,357	29,661
<b>Total General Obligation Debt/Liabilities:</b>			<b>3,123,013</b>	<b>26,695</b>	<b>417,891</b>	<b>2,731,817</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Revenue Debt, Compensated Absences		385,309	25,109	-	410,418
263.82	Washington State Revolving Fund Loan	6/30/2025	1,159,309	-	329,164	830,145
264.30	Net Pension Liability		202,139	280,447	-	482,586
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>1,746,757</b>	<b>305,556</b>	<b>329,164</b>	<b>1,723,149</b>
<b>Total Liabilities:</b>			<b>4,869,770</b>	<b>332,251</b>	<b>747,055</b>	<b>4,454,966</b>

## ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

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