



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Duvall

For the period January 1, 2024 through December 31, 2024

Published December 22, 2025

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

December 22, 2025

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

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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, 2024 through December 31, 2024

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 year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated December 15, 2025.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

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

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

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

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

Pat McCarthy, State Auditor

Olympia, WA

December 15, 2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Duvall January 1, 2024 through December 31, 2024

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 year ended December 31, 2024, 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 year ended December 31, 2024, 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, 2024, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and

Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's financial statements. The Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS manual. This schedule is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025 on our consideration of the City's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

December 15, 2025

City of Duvall
January 1, 2024 through December 31, 2024

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2024
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2024
Notes to Financial Statements – 2024

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2024

City of Duvall
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2024

		Total for All Funds (Memo Only)	001 General Fund	101 Street Fund	102 Transportation Benefit Dist.
Beginning Cash and Investments					
308	Beginning Cash and Investments	42,457,253	5,616,591	122,430	638,831
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	8,108,336	5,941,972	384,906	457,018
320	Licenses and Permits	1,310,520	345,219	70,310	-
330	Intergovernmental Revenues	2,991,775	241,665	161,918	450,274
340	Charges for Goods and Services	11,881,983	282,333	-	-
350	Fines and Penalties	44,816	5,669	-	-
360	Miscellaneous Revenues	4,315,203	258,064	8,147	28,359
Total Revenues:		<u>28,652,633</u>	<u>7,074,922</u>	<u>625,281</u>	<u>935,651</u>
Expenditures					
510	General Government	3,399,750	1,726,327	-	-
520	Public Safety	3,441,833	3,432,013	-	-
530	Utilities	5,486,605	-	-	-
540	Transportation	1,368,785	604,141	551,034	28
550	Natural/Economic Environment	1,675,944	1,037,371	-	-
560	Social Services	44,228	44,228	-	-
570	Culture and Recreation	1,234,796	957,068	-	-
Total Expenditures:		<u>16,651,941</u>	<u>7,801,148</u>	<u>551,034</u>	<u>28</u>
Excess (Deficiency) Revenues over Expenditures:		<u>12,000,692</u>	<u>(726,226)</u>	<u>74,247</u>	<u>935,623</u>
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	7,217,769	1,055,614	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	67,117	8,555	320	-
Total Other Increases in Fund Resources:		<u>7,284,886</u>	<u>1,064,169</u>	<u>320</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	13,571,595	138,436	-	593,319
591-593, 599	Debt Service	906,967	14,143	-	-
597	Transfers-Out	7,217,769	830,166	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	5,830	5,830	-	-
Total Other Decreases in Fund Resources:		<u>21,702,161</u>	<u>988,575</u>	<u>-</u>	<u>593,319</u>
Increase (Decrease) in Cash and Investments:		<u>(2,416,583)</u>	<u>(650,632)</u>	<u>74,567</u>	<u>342,304</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	8,075,868	59,929	-	981,135
50841	Committed	568,680	214,867	-	-
50851	Assigned	26,704,950	-	196,996	-
50891	Unassigned	4,691,169	4,691,169	-	-
Total Ending Cash and Investments		<u>40,040,667</u>	<u>4,965,965</u>	<u>196,996</u>	<u>981,135</u>

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, 2024

		104 Building & Permit Fund	105 American Rescue Plan Act Fund	106 Big Rock Ball Park Fund	107 Sensitive Areas Mitigation Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	3,235,157	1,529,421	330,066	42,729
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	894,991	-	-	-
330	Intergovernmental Revenues	-	-	65,040	-
340	Charges for Goods and Services	1,436,558	-	144,917	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	157,579	-	39,737	1,781
Total Revenues:		2,489,128	-	249,694	1,781
Expenditures					
510	General Government	1,047,436	18,957	-	-
520	Public Safety	9,367	453	-	-
530	Utilities	-	-	-	-
540	Transportation	52,107	6,102	-	-
550	Natural/Economic Environment	638,573	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	243,926	-
Total Expenditures:		1,747,483	25,512	243,926	-
Excess (Deficiency) Revenues over Expenditures:		741,645	(25,512)	5,768	1,781
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	72,000	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	72,000	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	36,120	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	33,136	899,183	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		33,136	935,303	-	-
Increase (Decrease) in Cash and Investments:		708,509	(960,815)	77,768	1,781
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	568,606	-	-
50841	Committed	-	-	353,813	-
50851	Assigned	3,943,664	-	54,020	44,510
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		3,943,664	568,606	407,833	44,510

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, 2024

		206 LTGO - Debt Service Fund	303 Facilities CIP Fund	304 Real Estate Excise Tax I Fund	305 Real Estate Excise Tax II Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	21,502	98,350	3,015,070	2,761,783
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	662,220	662,220
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	695,639	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	387	138,181	127,578
Total Revenues:		-	696,026	800,401	789,798
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		-	696,026	800,401	789,798
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	469,532	935,000	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		469,532	935,000	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	1,632,362	-	-
591-593, 599	Debt Service	469,531	-	-	-
597	Transfers-Out	-	-	2,389,149	1,847,894
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		469,531	1,632,362	2,389,149	1,847,894
Increase (Decrease) in Cash and Investments:		1	(1,336)	(1,588,748)	(1,058,096)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	97,014	1,426,322	1,703,688
50841	Committed	-	-	-	-
50851	Assigned	21,503	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		21,503	97,014	1,426,322	1,703,688

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, 2024

		307 Street Capital Improvement	308 Parks Capital Improvement	401 Water Fund	402 Sewer Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	757,651	1,374,064	10,686,435	8,178,256
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	1,209,904	65,040	-	-
340	Charges for Goods and Services	1,036,868	496,114	2,928,218	3,481,731
350	Fines and Penalties	-	-	39,147	-
360	Miscellaneous Revenues	31,829	42,155	1,451,703	1,694,010
Total Revenues:		<u>2,278,601</u>	<u>603,309</u>	<u>4,419,068</u>	<u>5,175,741</u>
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	2,282,055	2,275,187
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>-</u>	<u>-</u>	<u>2,282,055</u>	<u>2,275,187</u>
Excess (Deficiency) Revenues over Expenditures:		<u>2,278,601</u>	<u>603,309</u>	<u>2,137,013</u>	<u>2,900,554</u>
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	4,365,255	90,000	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	5,385	-
Total Other Increases in Fund Resources:		<u>4,365,255</u>	<u>90,000</u>	<u>5,385</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	4,633,191	1,809,281	1,045,614	3,534,556
591-593, 599	Debt Service	-	-	-	334,555
597	Transfers-Out	60,894	60,894	49,170	1,002,048
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>4,694,085</u>	<u>1,870,175</u>	<u>1,094,784</u>	<u>4,871,159</u>
Increase (Decrease) in Cash and Investments:		<u>1,949,771</u>	<u>(1,176,866)</u>	<u>1,047,614</u>	<u>(1,970,605)</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	2,707,421	197,198	-	334,555
50841	Committed	-	-	-	-
50851	Assigned	-	-	11,734,047	5,873,097
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		<u>2,707,421</u>	<u>197,198</u>	<u>11,734,047</u>	<u>6,207,652</u>

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, 2024

		404 Storm Drainage Fund	501 Vehicle & Equip Maintenance	502 IT Services Fund	503 Building Maintenance Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	2,866,455	748,384	140,340	293,738
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	102,295	-	-	-
340	Charges for Goods and Services	1,126,630	480,165	371,038	97,411
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	288,406	33,477	2,912	10,898
Total Revenues:		<u>1,517,331</u>	<u>513,642</u>	<u>373,950</u>	<u>108,309</u>
Expenditures					
510	General Government	-	-	499,671	107,359
520	Public Safety	-	-	-	-
530	Utilities	929,363	-	-	-
540	Transportation	-	155,373	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	33,802
Total Expenditures:		<u>929,363</u>	<u>155,373</u>	<u>499,671</u>	<u>141,161</u>
Excess (Deficiency) Revenues over Expenditures:		<u>587,968</u>	<u>358,269</u>	<u>(125,721)</u>	<u>(32,852)</u>
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	230,368	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	52,857	-	-
Total Other Increases in Fund Resources:		<u>-</u>	<u>52,857</u>	<u>230,368</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	148,716	-	-
591-593, 599	Debt Service	-	18,173	70,565	-
597	Transfers-Out	45,235	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>45,235</u>	<u>166,889</u>	<u>70,565</u>	<u>-</u>
Increase (Decrease) in Cash and Investments:		<u>542,733</u>	<u>244,237</u>	<u>34,082</u>	<u>(32,852)</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	3,409,185	992,622	174,421	260,885
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		<u>3,409,185</u>	<u>992,622</u>	<u>174,421</u>	<u>260,885</u>

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, 2024

		Custodial
308	Beginning Cash and Investments	63,085
388 & 588	Net Adjustments	-
310-390	Additions	106,117
510-590	Deductions	168,779
	Net Increase (Decrease) in Cash and Investments:	(62,662)
508	Ending Cash and Investments	422

The accompanying notes are an integral part of this statement.

City of Duvall
Notes to the Financial Statements
For the year ended December 31, 2024

Note 1 - Summary of Significant Accounting Policies

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.

- Street Fund: 20% of property tax, street use permit fees, and motor fuel tax revenue is recorded in this fund to support safe roadways.

- Transportation Benefit District Fund: 0.2% sales tax is recorded in this fund to maintain and improve city's transportation system.
- Building and Permit Fund: Permit and inspection fees are recorded in this fund to support construction, use, and occupancy of buildings and structures.
- Big Rock Ball Park Fund: Field rental and park levy revenue is recorded in this fund to support the maintenance and improvements to the park.
- American Rescue Plan Act Fund: ARPA/SLFRF grant program revenue is recorded in this fund to support government services.
- Sensitive Areas Mitigation Fund: use and close out of remaining funds in support of mitigation plantings projects.

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.

- Debt Service Fund: a portion of park impact fees, street impact fees, and REET are recorded in this fund to support payments for general obligation bonds issued to support Main Street Improvements and Big Rock Ball Field projects.

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.

- Facilities Capital Improvement Fund: REET and various grant funds are recorded in this fund to support development and re-development projects for city facilities.
- REET I Fund: the first half of the 0.5% tax on the sale of real estate is recorded in this fund to support long-range capital and infrastructure expenditures.
- REET II Fund: the second half of the 0.5% tax on the sale of real estate is recorded in this fund to support long-range capital and infrastructure expenditures.
- Street Capital Improvement Fund: traffic impact fees and various grant revenues are recorded in this fund to support street construction and reconstruction projects.
- Parks Capital Improvement Fund: park impact fees, park levy and various grant revenues are recorded in this fund to support park construction projects.

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.

- Water Fund: charges for services and general facility charges are recorded in this fund and used to support operations and infrastructure.
- Sewer Fund: charges for services and general facility charges are recorded in this fund and used to support operations and infrastructure.
- Storm Drainage Fund: charges for services and general facility charges are recorded in this fund and used to support operations and infrastructure.

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.

- Building Maintenance Fund: internal charges for services allocated to city departments are recorded in this fund in support of building maintenance for city facilities.
- Equipment Replacement Fund: internal charges for services allocated to city departments are recorded in this fund in support of building maintenance for city facilities.
- Information Technology Fund: internal charges for services allocated to city departments are recorded in this fund in support of operating and maintaining data networks, software, and hardware.

Custodial Funds

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

- Treasurer's Trust Fund: weapon permit fees, pet license fees, etc. are recorded in this fund and then remitted as appropriate.

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

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

See Note 7 – Long-Term Liabilities.

G. Leases and Subscription Based Information Technology Arrangements (SBITA)

See Note 5-Leases and Note 6-SBITA. Leases are reported as liabilities if the life of the lease is greater than one year. SBITAs are reported as liabilities if the term is greater than one year.

H. 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 - \$59,929

Affordable Housing Sales & Use Tax - \$44,983

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 - \$9,896

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 - \$214,867

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 - \$981,135

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 - \$568,606

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 - \$353,813

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- \$1,426,322

Real Estate Excise Tax II Restricted - \$1,703,688

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 - \$2,707,421

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 Levy Proceeds Restricted - \$197,198

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

A. Budgets

The City adopts biennial appropriated budgets for the funds listed in the table 1 below. 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.

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

Appropriated Expenditures to Actual

Fund	Description	2023-2024	2023-2024	Variance
		Appropriated Expenditures Ord 1331	Biennium to Date Actual Expenditures	
001	General Fund	15,505,246	15,245,706	259,540
002	Contingency Fund	111,414	111,414	(0)
101	Street Fund	1,139,900	1,113,962	25,938
102	Transportation Benefit Dist	1,225,816	1,229,169	(3,353)
103	Strategic Fund	715,000	526,846	188,154
104	Building & Permit Fund	5,644,749	5,000,035	644,714
105	American Rescue Plan Act	1,649,062	1,522,661	126,401
106	Big Rock Ball Park Fund	445,275	451,238	(5,963)
107	Sensitive Areas Mitigation Fnd		-	-
206	Ltgo - Debt Service Fund	939,147	939,147	1
303	Facilities Capital Improvement	3,485,892	2,768,255	717,637
304	Real Estate Excise Tax I Fund	2,945,007	2,450,007	495,000
305	Real Estate Excise Tax II Fund	2,403,752	1,908,752	495,000
306	Main Street Improvement Fund		95,786	(95,786)
307	Street Capital Improvement Fnd	7,016,061	5,894,950	1,121,111
308	Parks Capital Improvement Fund	4,116,362	3,314,707	801,655
401	Water Fund	4,819,096	4,476,497	342,599
402	Sewer Fund	5,830,485	5,524,565	305,920
404	Storm Drainage Fund	2,083,904	1,862,189	221,715
407	Water Capital Improvement Fund	1,546,765	1,255,848	290,918
408	Sewer Capital Improvement Fund	9,121,903	8,214,351	907,552
409	Storm Drain Capital Imprv Fund	1,275,000	39,595	1,235,405
501	Vehicle & Equip Maintenance	693,634	696,422	(2,788)
502	IT Services Fund	1,197,835	1,217,846	(20,011)
503	Building Maintenance Fund	259,897	280,018	(20,121)
Total		\$74,171,202	\$66,139,965	\$8,031,237

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

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.

Major budget amendments include:

- Increase in expenditure appropriation of \$2.3M for Parks Capital Improvement Fund for purchase of land for Big Rock Ball Park expansion project.
- Increase in expenditure appropriation of \$1M for Storm Drainage CIP for 3rd Ave construction project.

Note 3 – Deposits and Investments

Investments are reported at face value. Deposits and investments by type at December 31, 2024 are as follows:

Deposits and Investments by Account

Type of deposit or investment	City's Own Deposits and Investments	Deposits held by the City as a custodian for other local governments, individuals or private organizations	Total
WA FD Bank Checking	\$708,501	\$422	\$708,923
WA FD Savings	\$30,802		\$30,802
U.S. Government Securities & Treasury Obligations	\$13,750,942		\$13,750,942
State Local Government Investment Pool	\$25,508,853		\$25,508,853
Controlled Substance Checking	\$9,896		\$9,896
Big Rock Account	\$80	\$30,000	\$30,080
Petty Cash Revolving Funds	\$1,600		\$1,600
Total Cash and Investments	\$40,010,674	\$30,422	\$40,041,096

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.

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 of Duvall 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, 2024, 268 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 2024, 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)

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 total amount paid for leases in 2024 was \$25,275. As of December 31, 2024, the future lease payments are as follows:

Year ended December 31	Total
2025	\$18,402
2026	\$14,580
2027	\$14,143
2028	\$0
2029	\$0
2030 - 2034	\$0
Total	\$47,125

Note 6 – Subscription Based Information Technology Arrangements (Lessees)

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 2024 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 2024 was \$59,433. As of December 31, 2024, the future SBITA payments are as follows:

Year ended December 31	Total
2025	\$62,163
2026	\$55,230
2027	\$55,230
2028	\$58,097
2029	\$58,097
2030 - 2034	\$58,097
Total	\$346,914

Note 7 – Long Term Liabilities

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, 2024.

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

Debt Service

Debt Service Requirements

Year	Principal	Interest	Total
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	242,637	19,871	262,508
2030-2034	475,000	17,804	492,804
Total	2,022,036	176,921	2,198,957

Compensated Absences

During the year ended December 31, 2024, the following changes occurred in compensated absences:

	Beginning Balance 1/1/2024	Additions	Reductions	Ending Balance 12/31/2024
Compenstated Absences *	493,746		9,336	484,410

* additions and reductions are reported as a net change

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.

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.

At June 30, 2024 (the measurement date of the plans), the City’s proportionate share of the collective net pension liabilities (assets), as reported on the Schedule 09, was as follows:

Pension Liabilities and (Assets)

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$ 123,133	0.020569%	\$ 365,478
PERS 2/3*	\$ 259,187	0.026333%	\$ (868,087)
LEOFF 2*	\$ 72,390	0.029546%	\$ (553,321)

*Assets - not reported on the Schedule 09

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

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 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

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 2024 was \$1.04704 per \$1,000 on an assessed valuation of \$2,367,966,456 for a total regular levy of \$2,479,371.

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. As of December 31, 2024, WCIA had a total of 168 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
Schedule of Liabilities
For the Year Ended December 31, 2024**

ID. No.	Debt ID Title	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities							
251.11	Non-voted General obligation bonds	General Obligation Bond Main Street Project	12/1/2031	1,750,000	-	200,000	1,550,000
251.11	Non-voted General obligation bonds	General Obligation Bond Big Rock Ball Field	12/1/2025	440,000	-	215,000	225,000
263.96	LOCAL Program	Local Government Loan (Dump Truck)	6/1/2029	93,995	-	13,819	80,176
Total General Obligation Debt/Liabilities:				2,283,995	-	428,819	1,855,176
Revenue and Other (non G.O.) Debt/Liabilities							
259.12	Compensated Absences	Revenue Debt, Compensated Absences		493,746	-	9,336	484,410
264.30	Pension Liabilities	Net Pension Liability		425,364	-	59,886	365,478
263.84	Loans and other obligations to Washington state agencies (Except LOCAL and PWTF loans)	Washington State Revolving Fund Loan	6/30/2025	499,331	-	332,471	166,860
263.57	Leases, SBITA, and PPPs	Photocopier & Postage Machine Leases		15,811	-	11,132	4,679
263.57	Leases, SBITA, and PPPs	Police Dept. Body Cameras		56,571	-	14,143	42,428
263.57	Leases, SBITA, and PPPs	Software		406,346	-	59,433	346,913
Total Revenue and Other (non G.O.) Debt/Liabilities:				1,897,169	-	486,401	1,410,768
Total Liabilities:				4,181,164	-	915,220	3,265,944

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

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