



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Duvall

For the period January 1, 2019 through December 31, 2019

Published October 29, 2020

Report No. 1027182





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

October 29, 2020

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 condition.

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**City of Duvall
January 1, 2019 through December 31, 2019**

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, 2019, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated October 20, 2020.

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.

As discussed in Note 9 to the 2019 financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the City. Management's plans in response to this matter are also described in Note 9.

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) to determine the 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 in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

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

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

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

October 20, 2020

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of Duvall January 1, 2019 through December 31, 2019

Mayor and City Council
City of Duvall
Duvall, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Duvall, for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 10.

Management's Responsibility 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 *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design

audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City of Duvall has prepared these financial statements to meet the financial reporting requirements of state law using 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 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, 2019, on the basis of accounting described in Note 1.

Basis for 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. The effects on the financial statements of the variances between GAAP and the accounting practices the City used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

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, 2019, or the changes in financial position or cash flows thereof for the year then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

Matter of Emphasis

As discussed in Note 9 to the 2019 financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the City. Management's plans in response to this matter are also described in Note 9. Our opinion is not modified with respect to this matter.

Other Matters


Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. 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 taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 style with a large, sweeping initial "P".

Pat McCarthy
State Auditor
Olympia, WA

October 20, 2020

FINANCIAL SECTION

City of Duvall January 1, 2019 through December 31, 2019

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2019
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2019
Notes to the Financial Statements – 2019

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2019

City of Duvall
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2019

		Total for All Funds (Memo Only)	001 GENERAL FUND	101 STREET FUND	106 BIG ROCK BALL PARK FUND
Beginning Cash and Investments					
30810	Reserved	3,439,111	22,408	-	-
30880	Unreserved	13,043,962	2,342,874	177,846	35,150
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	5,033,543	4,145,946	301,459	-
320	Licenses and Permits	514,908	497,544	17,364	-
330	Intergovernmental Revenues	1,272,926	184,611	479,191	-
340	Charges for Goods and Services	7,486,585	964,375	-	101,782
350	Fines and Penalties	94,857	37,239	-	-
360	Miscellaneous Revenues	1,642,822	108,512	3,501	10,591
Total Revenues:		16,045,641	5,938,227	801,515	112,373
Expenditures					
510	General Government	1,187,845	847,395	-	-
520	Public Safety	2,463,141	2,463,141	-	-
530	Utilities	4,527,390	-	-	-
540	Transportation	835,899	206,941	527,598	-
550	Natural and Economic Environment	1,251,541	1,236,215	-	-
560	Social Services	6,517	6,517	-	-
570	Culture and Recreation	483,157	390,662	-	92,319
Total Expenditures:		10,755,490	5,150,871	527,598	92,319
Excess (Deficiency) Revenues over Expenditures:		5,290,151	787,356	273,917	20,054
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	166,456	-	-	-
397	Transfers-In	587,330	18	57,250	58,124
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	30,932	5,942	-	-
Total Other Increases in Fund Resources:		784,718	5,960	57,250	58,124
Other Decreases in Fund Resources					
594-595	Capital Expenditures	1,941,720	21,000	356,704	25,237
591-593, 599	Debt Service	810,075	-	-	-
597	Transfers-Out	587,329	341,365	18	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	6,133	6,133	-	-
Total Other Decreases in Fund Resources:		3,345,257	368,498	356,722	25,237
Increase (Decrease) in Cash and Investments:		2,729,612	424,818	(25,555)	52,941
Ending Cash and Investments					
5081000	Reserved	4,853,379	12,412	-	50,891
5088000	Unreserved	14,359,318	2,777,691	152,295	37,200
Total Ending Cash and Investments		19,212,697	2,790,103	152,295	88,091

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, 2019

	107 SENSITIVE AREAS MITIGATION	206 LTGO - DEBT SERVICE FUND	304 REAL ESTATE EXCISE TAX 1 FUND	305 REAL ESTATE EXCISE TAX 2 FUND
Beginning Cash and Investments				
30810	Reserved	-	-	990,664
30880	Unreserved	39,407	19,866	-
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	-	-	293,069
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	-	-	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	783	-	21,900
Total Revenues:		783	-	314,969
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		-	-	-
Excess (Deficiency) Revenues over Expenditures:		783	-	314,969
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	471,938	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	-
381, 382, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		-	471,938	-
Other Decreases in Fund Resources				
594-595	Capital Expenditures	-	-	1,706
591-593, 599	Debt Service	-	475,520	-
597	Transfers-Out	-	-	81,497
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	-	-
581, 582	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		-	475,520	83,203
Increase (Decrease) in Cash and Investments:		783	(3,582)	231,766
Ending Cash and Investments				
5081000	Reserved	-	-	1,222,431
5088000	Unreserved	40,190	16,284	-
Total Ending Cash and Investments		40,190	16,284	1,222,431

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, 2019

	306 MAIN STREET IMPROVEMENT	307 STREET CAPITAL IMPROVEMENT	308 PARKS CAPITAL IMPROVEMENT	401 WATER FUND
Beginning Cash and Investments				
30810	Reserved	-	589,810	690,840
30880	Unreserved	1,188,870	-	4,629,784
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	380,292	212,554
340	Charges for Goods and Services	-	290,533	1,977,909
350	Fines and Penalties	-	-	57,618
360	Miscellaneous Revenues	23,342	19,339	16,141
	Total Revenues:	<u>23,342</u>	<u>690,164</u>	<u>480,291</u>
Expenditures				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	-	-	1,811,493
540	Transportation	-	-	-
550	Natural and Economic Environment	15,326	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	176
	Total Expenditures:	<u>15,326</u>	<u>-</u>	<u>176</u>
	Excess (Deficiency) Revenues over Expenditures:	8,016	690,164	480,115
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	-
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	-
381, 382, 395, 398	Other Resources	-	-	-
	Total Other Increases in Fund Resources:	-	-	-
Other Decreases in Fund Resources				
594-595	Capital Expenditures	38,863	10,349	157,498
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	-	81,497	(1)
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	-	-
581, 582	Other Uses	-	-	-
	Total Other Decreases in Fund Resources:	<u>38,863</u>	<u>91,846</u>	<u>157,498</u>
	Increase (Decrease) in Cash and Investments:	(30,847)	598,318	322,617
Ending Cash and Investments				
5081000	Reserved	-	1,188,128	1,013,457
5088000	Unreserved	1,158,023	-	4,936,987
	Total Ending Cash and Investments	<u>1,158,023</u>	<u>1,188,128</u>	<u>1,013,457</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, 2019

		402 SEWER FUND	404 STORM DRAINAGE FUND	501 VEHICLE & EQUIP MAINTENANCE	502 IT FUND
Beginning Cash and Investments					
30810	Reserved	335,000	-	-	-
30880	Unreserved	2,917,542	889,090	464,099	190,939
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	16,278	-	-
340	Charges for Goods and Services	2,516,137	786,104	182,576	282,509
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	644,138	211,586	8,776	4,171
Total Revenues:		3,160,275	1,013,968	191,352	286,680
Expenditures					
510	General Government	-	-	-	251,585
520	Public Safety	-	-	-	-
530	Utilities	1,978,169	737,728	-	-
540	Transportation	-	-	101,360	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		1,978,169	737,728	101,360	251,585
Excess (Deficiency) Revenues over Expenditures:		1,182,106	276,240	89,992	35,095
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	166,456	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	24,990	-
Total Other Increases in Fund Resources:		-	-	191,446	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	498,770	14,714	302,852	-
591-593, 599	Debt Service	334,555	-	-	-
597	Transfers-Out	-	-	1,456	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		833,325	14,714	304,308	-
Increase (Decrease) in Cash and Investments:		348,781	261,526	(22,870)	35,095
Ending Cash and Investments					
5081000	Reserved	335,000	-	-	-
5088000	Unreserved	3,266,324	1,150,617	441,228	226,031
Total Ending Cash and Investments		3,601,324	1,150,617	441,228	226,031

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, 2019

		<u>503 BUILDING MAINTENANCE FUND</u>
Beginning Cash and Investments		
30810	Reserved	-
30880	Unreserved	148,495
388 / 588	Net Adjustments	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	133,064
350	Fines and Penalties	-
360	Miscellaneous Revenues	3,061
Total Revenues:		<u>136,125</u>
Expenditures		
510	General Government	88,865
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural and Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<u>88,865</u>
Excess (Deficiency) Revenues over Expenditures:		47,260
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
386 / 389	Custodial Activities	-
381, 382, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		<u>-</u>
Other Decreases in Fund Resources		
594-595	Capital Expenditures	39,307
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
586 / 589	Custodial Activities	-
581, 582	Other Uses	-
Total Other Decreases in Fund Resources:		<u>39,307</u>
Increase (Decrease) in Cash and Investments:		7,953
Ending Cash and Investments		
5081000	Reserved	-
5088000	Unreserved	156,448
Total Ending Cash and Investments		<u>156,448</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, 2019

		Custodial
308	Beginning Cash and Investments	10,131
388 & 588	Net Adjustments	-
310-390	Additions	51,356
510-590	Deductions	51,517
	Net Increase (Decrease) in Cash and Investments:	(161)
508	Ending Cash and Investments	9,970

The accompanying notes are an integral part of this statement.

City of Duvall
Notes to the Financial Statements
For the year ended December 31, 2019

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:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined 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 5 - 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 the final pay rate.

Compensation time

Compensation 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. Annually, on their anniversary date, employees may receive cash payment for unused time accrued.

Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 4 - Debt Service Requirements.

G. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is 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. Reservations of Ending Cash and Investments consist of:

Big Rock Ballfield Turf - \$50,891

City Council passed Resolution 18-16 in December 2018, allocating 50% of Big Rock Ballfield fees to be held for the repair and replacement of turf.

Drug Enforcement - \$10,412

Restricted 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. Drug enforcement funds are part of the reserved **General Fund** balance.

Real Estate Excise Tax I - \$1,222,431 & Real Estate Excise Tax II - \$1,031,060

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. Reserved amounts are the ending balances of the **REET I** and **REET II** funds.

Street Impact Fees - \$986,170

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

Transportation Improvement Board (TIB) Grant - \$201,957

A TIB Complete Streets Grant was awarded for the City's 275th Street Sidewalk Improvements project. Grant revenue was received prior to expenditures. The project will be finished in 2020. The unspent TIB grant award is part of the **Street Capital Improvement Fund** balance.

Park Impact Fees - \$995,833

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 - \$17,624

Park Levy proceeds are part of the **Park Capital Improvement Fund** balance and were received from King County from the 2014 – 2019 property tax levy lid lift approved by voters in 2013. The proceeds can be used to take care of existing parks, improve trails and non-motorized mobility, and on open space.

Department of Ecology Loan Reserve - \$335,000

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

Note 2 – Budget Compliance

A. Budgets

The 2019/2020 Budget is the City’s first biennial budget. Prior to the 2019/2020 budget, the City adopted its budget on an annual basis.

The City adopts appropriated budgets for the funds listed in the table 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. However, for financial reporting purposes, the following funds are rolled up and reported as one fund:

- The 002 Contingency Fund is 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, 410 Bond Redemption Fund and the 411 Bond Reserve Fund are 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 were as follows:

Table 1: Budgeted Expenditures to Actual

Fund	Description	Budgeted Expenditures*	2019 Actual	2020 Remaining
001	General Fund	\$ 11,488,976	\$ 5,641,807	\$ 5,847,169
002	Contingency Fund	\$ -	\$ -	\$ -
101	Street Fund	\$ 1,740,811	\$ 884,316	\$ 856,495
102	Transportation Benefit District	\$ -	\$ -	\$ -
106	Big Rock Ball Park Maintenance	\$ 260,999	\$ 117,556	\$ 143,442
107	Sensitive Areas Mitigation Fund	\$ 31,200	\$ -	\$ 31,200
206	2016 LTGO - Main St Debt Svc	\$ 940,963	\$ 475,520	\$ 465,443
304	Real Estate Excise Tax Fund 1	\$ 162,994	\$ 83,203	\$ 79,791
305	Real Estate Excise Tax Fund 2	\$ 172,994	\$ 90,613	\$ 82,381
306	Main Street Improvement Fund	\$ 207,000	\$ 54,188	\$ 152,812
307	Street CIP Fund	\$ 242,994	\$ 91,846	\$ 151,148
308	Parks CIP Fund	\$ 170,516	\$ 157,674	\$ 12,841
401	Water Fund	\$ 4,400,657	\$ 2,133,085	\$ 2,267,572
402	Sewer Fund	\$ 5,140,196	\$ 2,468,515	\$ 2,671,681
404	Storm Drainage Fund	\$ 1,527,970	\$ 750,333	\$ 777,636
407	Water CIP Fund	\$ 1,558,450	\$ 144,005	\$ 1,414,445
408	Sewer CIP Fund	\$ 1,346,352	\$ 342,978	\$ 1,003,374
409	Storm Drainage CIP Fund	\$ -	\$ 2,109	\$ (2,109)
410	Bond Redemption Fund	\$ 1,500	\$ -	\$ 1,500
411	Bond Reserve Fund	\$ 800	\$ 400	\$ 400
501	Equipment Fund	\$ 537,722	\$ 405,668	\$ 132,054
502	IT Fund	\$ 534,544	\$ 251,585	\$ 282,959
503	Building Maintenance Fund	\$ 241,128	\$ 128,172	\$ 112,956
Total		\$ 30,708,765	\$ 14,223,573	\$ 16,485,192

**The City's adopted budget includes ending fund balance. The "Budgeted Expenditures" column in Table 1 is the amended appropriated amount without the ending fund balance. Total appropriated amounts, which include ending fund balance, can be found in the "Changes to Budget by Ordinance" table below.*

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 2019/2020 budget (Ordinance 1248), the amended budget (Ordinance 1251), and changes by fund to the budget as of December 31, 2019 can be found in Table 2 below.

Table 2: Changes to Budget by Ordinance

Fund	Description	2019/2020	2019/2020	Q1 2019
		Original	Amended	Budget
		Ord. 1248	Ord. 1251	Adjustments
001	General Fund	\$ 13,238,148	\$ 13,440,999	\$ 202,851
002	Contingency Fund	\$ 494,527	\$ 494,814	\$ 287
101	Street Fund	\$ 1,823,311	\$ 1,866,305	\$ 42,994
102	Transportation Benefit District	\$ -		\$ -
106	Big Rock Ball Park Maintenance	\$ 383,168	\$ 403,624	\$ 20,456
107	Sensitive Areas Mitigation Fund	\$ 40,324	\$ 40,378	\$ 54
206	2016 LTGO - Main St Debt Svc	\$ 960,829	\$ 960,829	\$ 0
304	Real Estate Excise Tax Fund 1	\$ 1,583,364	\$ 1,568,574	\$ (14,790)
305	Real Estate Excise Tax Fund 2	\$ 1,292,699	\$ 1,383,759	\$ 91,060
306	Main Street Improvement Fund	\$ 1,011,071	\$ 1,218,097	\$ 207,025
307	Street CIP Fund	\$ 2,358,493	\$ 1,942,677	\$ (415,816)
308	Parks CIP Fund	\$ 965,582	\$ 1,156,281	\$ 190,699
401	Water Fund	\$ 7,885,997	\$ 7,975,652	\$ 89,655
402	Sewer Fund	\$ 7,208,519	\$ 7,472,929	\$ 264,410
404	Storm Drainage Fund	\$ 2,279,197	\$ 2,332,973	\$ 53,776
407	Water CIP Fund	\$ 2,364,952	\$ 2,301,417	\$ (63,535)
408	Sewer CIP Fund	\$ 1,976,949	\$ 1,709,322	\$ (267,627)
409	Storm Drainage CIP Fund	\$ 415,094	\$ 375,213	\$ (39,881)
410	Bond Redemption Fund	\$ 21,110	\$ 22,156	\$ 1,046
411	Bond Reserve Fund	\$ 274,106	\$ 274,472	\$ 366
501	Equipment Fund	\$ 832,982	\$ 841,564	\$ 8,582
502	IT Fund	\$ 727,192	\$ 759,724	\$ 32,532
503	Building Maintenance Fund	\$ 376,761	\$ 417,376	\$ 40,615
Total		\$ 48,514,374	\$ 48,959,133	\$ 444,759

Major changes to the budget include:

- An increase of \$427,500 to various ending fund balances when the beginning fund balance was trued up to actual
- An increase of \$113,000 to the 308 Parks CIP Fund for retainage paid in 2019, but budgeted in 2018, which would decrease ending fund balance (decreases ending fund balance)

- An increase of \$400,000 to the 402 Sewer Fund to add the Batten Road Sewer Installation project, which would decrease ending fund balance (decreases ending fund balance)
- An increase of \$303,500 to the 407 Water Fund to for the Kennedy Watermain Replacement project, which would decrease ending fund balance (decreases ending fund balance)

Note 3 – Health and Welfare

Association of Washington Cities

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, 2019, 261 cities/towns/non-city entities participate 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. 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, 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 2019, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Commencement Bay Risk Management, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. 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 4 – Debt Service Requirements

Debt Service

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City and summarizes the City’s debt transactions for year ended December 31, 2019.

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

Table 3: Debt Service Requirements

Year	Principal	Interest	Total
2020	709,087	108,827	817,914
2021	724,460	97,353	821,813
2022	736,698	85,513	822,211
2023	748,974	73,386	822,360
2024	761,290	60,969	822,259
2025-2029	1,547,036	157,118	1,704,154
2030-2031	475,000	17,804	492,804
Total	5,702,545	600,970	6,303,515

Note 5 – Deposits and Investments

Investments are reported at original cost. Deposits and investments by type at December 31, 2019 are as follows:

Table 4: 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
Bank of America Checking	\$ 823,489	\$ 3,688
State Local Program Account	69,361	
Bank of America Money Market	188,370	
U.S. Government Securities	8,292,168	
Opus Bank Checking	4,956,679	
State Local Government Investment Pool	4,876,499	
Controlled Substance Checking	10,412	
Petty Cash Revolving Funds	2,000	
Total Cash and Investments	\$ 19,218,978	\$ 3,688

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 6 – Pension Plans

A. 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 comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98504-8380

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

At June 30, 2019 (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)
PERS 1	\$ 119,281	0.016635%	\$ 639,675
PERS 2/3	\$ 175,549	0.021494%	\$ 208,780
LEOFF 2*	\$ 66,366	0.035996%	\$ (833,917)

*Asset - not 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 7 - Property Tax

The King 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 2019 was \$1.42086 per \$1,000 on an assessed valuation of \$1,324,903,905 for a total regular levy of \$1,877,980.

Note 8 – 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 163 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 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 sub-limits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery 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 \$300 million per occurrence subject to aggregates and sub-limits. 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 sub-limits.

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 9 - Other Disclosures

Transportation Benefit District

On September 15, 2015 the Duvall City Council approved Ordinance 1186, pursuant to RCW 35.21.225 and RCW 36.73, which established the Duvall Transportation Benefit District (TBD), its boundaries, and laid out specifications for which funds generated for the District could be used.

On January 19, 2016 Duvall City Council approved Ordinance 1191 assuming the rights, powers, etc. of the Duvall TBD in accordance with State Senate Bill 5987.

On July 21, 2019, the City Council approved Resolution 19-09 placing Proposition No. 1, which imposed a 0.2% Transportation Benefit District sales tax with a ten-year term, on the November 5, 2019 ballot. The voters approved the Proposition. Proceeds may be used to fund transportation operations and maintenance related projects. The tax is effective April 1, 2020, and the City will start receiving proceeds in June of 2020.

School Impact Fees

Prior to 2019, the City reported revenue received from school impact fees and the subsequent payment of the fees to the Riverview School District as addition and deductions in its custodial fund, which is reported on Statement C5, Fiduciary Fund Resources and Uses Arising from Cash Transactions. Since the fees are imposed and collected by the City, the revenue and the corresponding expenditure are now being reported in the General Fund on the City's Statement C4, Fund Resources and Uses Arising from Cash Transactions. The City collected \$458,568 in school impact fees in 2019 and remitted \$464,850 to the District. The variance is due to timing.

Subsequent Events

State of Emergency Declaration

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

The financial impact of the virus is still unknown. Short-term, the City anticipates a decrease in sales tax revenue and state shared revenues and expects that the receipt of utility tax and property tax will be deferred. The City is monitoring revenues closely and has put a hold on non-essential travel and training, hiring for unfilled positions, non-essential overtime, and one-time services and purchases until more information is available.

The full extent of the financial impact on the City is unknown at this time.

**City of Duvall
Schedule of Liabilities
For the Year Ended December 31, 2019**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	General Obligation Bond Main Street Project	12/1/2031	2,680,000	-	180,000	2,500,000
251.11	General Obligation Bond Big Rock Ball Field	12/1/2025	1,440,000	-	190,000	1,250,000
263.96	Local Government Loan (Dump Truck)	6/1/2029	-	139,824	-	139,824
Total General Obligation Debt/Liabilities:			4,120,000	139,824	370,000	3,889,824
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Revenue Debt, Compensated Absences		398,370	25,376	-	423,746
263.82	Washington State Revolving Fund Loan	6/20/2025	2,136,985	-	324,264	1,812,721
264.30	Net Pension Liability		1,154,086	-	305,631	848,455
Total Revenue and Other (non G.O.) Debt/Liabilities:			3,689,441	25,376	629,895	3,084,922
Total Liabilities:			7,809,441	165,200	999,895	6,974,746

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

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

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

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

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(564) 999-0950
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov