



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Dayton

For the period January 1, 2017 through December 31, 2019

Published January 28, 2021

Report No. 1027644





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

January 28, 2021

Mayor and City Council
City of Dayton
Dayton, Washington

Report on Financial Statements

Please find attached our report on the City of Dayton'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

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

TABLE OF CONTENTS

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.....	4
Independent Auditor's Report on Financial Statements.....	7
Financial Section.....	11
About the State Auditor's Office.....	46

**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 Dayton
January 1, 2017 through December 31, 2019**

Mayor and City Council
City of Dayton
Dayton, 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 Dayton, as of and for the years ended December 31, 2019, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated January 15, 2021.

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 10 to the 2019 financial statements for the year ended December 31, 2019, in February 2020, a state of emergency was declared that could have a negative effect on the City of Dayton.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the City's internal control over financial reporting (internal control) 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 style with a large, sweeping initial "P".

Pat McCarthy

State Auditor

Olympia, WA

January 15, 2021

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of Dayton January 1, 2017 through December 31, 2019

Mayor and City Council
City of Dayton
Dayton, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Dayton, for the years ended December 31, 2019, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 11.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Dayton 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 Dayton, and its changes in cash and investments, for the years ended December 31, 2019, 2018 and 2017, 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 Dayton, as of December 31, 2019, 2018 and 2017, or the changes in financial position or cash flows thereof for the years then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

Matters of Emphasis

As discussed in Note 10 to the 2019 financial statements for the year ended December 31, 2019, in February 2020, a state of emergency was declared that could have a negative effect on the City of Dayton. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021 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, flowing style.

Pat McCarthy
State Auditor
Olympia, WA

January 15, 2021

FINANCIAL SECTION

City of Dayton January 1, 2017 through December 31, 2019

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2019
Fund Resources and Uses Arising from Cash Transactions – 2018
Fund Resources and Uses Arising from Cash Transactions – 2017
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2018
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2017
Notes to Financial Statements – 2019
Notes to Financial Statements – 2018
Notes to Financial Statements – 2017

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2019
Schedule of Liabilities – 2018
Schedule of Liabilities – 2017

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

	Total for All Funds (Memo Only)	001 Current Expense Fund	103 City Street Fund	106 Motel/hotel Excise Tax Fund	301 Capital Improvement Fund	401 Sewer Revenue Fund	403 Water Revenue Fund	701 Cemetery Endowment Fund	702 Historic Pathway Endowment Fund
Beginning Cash and Investments									
30810 Reserved	504,257	-	-	-	-	150,151	354,106	-	-
30880 Unreserved	1,882,005	294,025	107,713	10,038	146,040	460,398	518,691	335,218	9,002
388 / 588 Net Adjustments	-	-	-	-	-	-	-	-	-
Revenues									
310 Taxes	1,166,908	751,775	242,260	66,566	106,307	-	-	-	-
320 Licenses and Permits	18,842	7,815	645	-	237	-	10,145	-	-
330 Intergovernmental Revenues	333,480	189,346	57,516	-	86,618	-	-	-	-
340 Charges for Goods and Services	2,105,709	36,329	-	-	-	1,045,715	1,021,470	2,195	-
350 Fines and Penalties	27,389	-	-	-	-	-	27,389	-	-
360 Miscellaneous Revenues	101,460	43,238	6,463	45	25,288	8,586	17,840	-	-
Total Revenues:	3,753,788	1,028,503	306,884	66,611	218,213	1,054,538	1,076,844	2,195	-
Expenditures									
510 General Government	223,405	223,405	-	-	-	-	-	-	-
520 Public Safety	381,419	378,646	2,773	-	-	-	-	-	-
530 Utilities	1,207,170	79,547	-	-	-	532,995	594,628	-	-
540 Transportation	205,165	-	205,165	-	-	-	-	-	-
550 Natural and Economic Environment	160,859	110,484	-	50,089	-	-	286	-	-
560 Social Services	-	-	-	-	-	-	-	-	-
570 Culture and Recreation	117,066	117,066	-	-	-	-	-	-	-
Total Expenditures:	2,295,084	909,148	207,938	50,089	-	532,995	594,914	-	-
Excess (Deficiency) Revenues over Expenditures:	1,458,704	119,355	98,946	16,522	218,213	521,543	481,930	2,195	-
Other Increases in Fund Resources									
391-393, 596 Debt Proceeds	-	-	-	-	-	-	-	-	-
397 Transfers-In	7,250	-	-	-	7,250	-	-	-	-
385 Special or Extraordinary Items	-	-	-	-	-	-	-	-	-
386 / 389 Custodial Activities	-	-	-	-	-	-	-	-	-
381, 382, 395, 398 Other Resources	88,397	-	789	-	71,500	631	2,631	12,846	-
Total Other Increases in Fund Resources:	95,647	-	789	-	78,750	631	2,631	12,846	-
Other Decreases in Fund Resources									
594-595 Capital Expenditures	510,282	-	-	-	331,014	113,512	65,756	-	-
591-593, 599 Debt Service	589,082	-	-	-	13,942	299,130	276,010	-	-
597 Transfers-Out	14,475	14,475	-	-	-	-	-	-	-
585 Special or Extraordinary Items	-	-	-	-	-	-	-	-	-
586 / 589 Custodial Activities	24,887	23,405	-	-	-	-	1,482	-	-
581, 582 Other Uses	84,346	-	-	-	12,846	-	-	71,500	-
Total Other Decreases in Fund Resources:	1,223,072	37,880	-	-	357,802	412,642	343,248	71,500	-
Increase (Decrease) in Cash and Investments:	331,279	81,475	99,735	16,522	(60,839)	109,532	141,313	(56,459)	-
Ending Cash and Investments									
5081000 Reserved	906,786	-	-	26,560	85,202	153,157	354,106	278,759	9,002
5088000 Unreserved	1,809,919	375,542	207,449	-	-	566,924	660,004	-	-
Total Ending Cash and Investments	2,716,705	375,542	207,449	26,560	85,202	720,081	1,014,110	278,759	9,002

The accompanying notes are an integral part of this statement.

City of Dayton
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

	Total for All Funds (Memo Only)	001 Current Expense Fund	103 City Street Fund	106 Motel/hotel Excise Tax Fund	301 Capital Improvement Fund	401 Sewer Revenue Fund	403 Water Revenue Fund	701 Cemetery Endowment Fund	702 Historic Pathway Endowment Fund
Beginning Cash and Investments									
30810 Reserved	754,176	-	-	7,103	-	150,149	354,108	233,814	9,002
30880 Unreserved	1,920,237	159,865	72,434	-	281,277	602,602	804,018	-	-
388 / 588 Net Adjustments	-	-	-	-	-	-	-	-	-
Revenues									
310 Taxes	1,149,334	744,923	220,912	61,924	121,576	-	-	-	-
320 Licenses and Permits	15,240	10,205	170	-	1,957	-	2,908	-	-
330 Intergovernmental Revenues	954,731	150,912	59,533	-	744,287	-	-	-	-
340 Charges for Goods and Services	1,906,145	45,326	-	-	939,414	919,196	2,210	-	-
350 Fines and Penalties	27,632	-	-	-	-	27,632	-	-	-
360 Miscellaneous Revenues	147,205	82,567	1,676	11	14,148	34,232	-	-	-
Total Revenues:	4,200,287	1,033,933	282,290	61,934	880,434	955,520	983,967	2,210	-
Expenditures									
510 General Government	266,490	266,490	-	-	-	-	-	-	-
520 Public Safety	344,178	340,177	4,001	-	-	-	-	-	-
530 Utilities	1,320,029	60,878	-	-	-	620,167	638,985	-	-
540 Transportation	244,028	-	244,028	-	-	-	-	-	-
550 Natural and Economic Environment	131,769	72,757	-	59,000	-	6	-	-	-
560 Social Services	-	-	-	-	-	-	-	-	-
570 Culture and Recreation	129,262	129,262	-	-	-	-	-	-	-
Total Expenditures:	2,435,756	869,564	248,029	59,000	-	620,173	638,991	-	-
Excess (Deficiency) Revenues over Expenditures:	1,764,531	164,369	34,262	2,935	880,434	335,347	344,978	2,210	-
Other Increases in Fund Resources									
391-393, 596 Debt Proceeds	-	-	-	-	-	-	-	-	-
397 Transfers-In	85,607	-	-	-	14,029	71,578	-	-	-
385 Special or Extraordinary Items	-	-	-	-	-	-	-	-	-
386 / 389 Custodial Activities	1,941	1,941	-	-	-	-	-	-	-
381, 382, 395, 398 Other Resources	110,640	-	1,018	-	-	1,579	8,849	99,194	-
Total Other Increases in Fund Resources:	198,188	1,941	1,018	-	14,029	73,157	8,849	99,194	-
Other Decreases in Fund Resources									
594-595 Capital Expenditures	1,512,137	-	-	-	917,253	180,580	414,303	-	-
591-593, 599 Debt Service	535,639	-	-	-	13,253	370,128	152,258	-	-
597 Transfers-Out	85,607	14,029	-	-	-	-	71,578	-	-
585 Special or Extraordinary Items	-	-	-	-	-	-	-	-	-
586 / 589 Custodial Activities	19,136	18,121	-	-	-	-	1,016	-	-
581, 582 Other Uses	99,194	-	-	-	99,194	-	-	-	-
Total Other Decreases in Fund Resources:	2,251,713	32,150	-	-	1,029,700	550,708	639,155	-	-
Increase (Decrease) in Cash and Investments:	(288,994)	134,160	35,280	2,935	(135,237)	(142,204)	(285,328)	101,404	-
Ending Cash and Investments									
5081000 Reserved	504,257	-	-	-	-	150,149	354,108	-	-
5088000 Unreserved	1,881,123	294,025	107,713	10,038	146,040	460,398	518,689	335,218	9,002
Total Ending Cash and Investments	2,385,380	294,025	107,713	10,038	146,040	610,547	872,797	335,218	9,002

The accompanying notes are an integral part of this statement.

City of Dayton
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

	Total for All Funds (Memo Only)	001 Current Expense Fund	103 City Street Fund	106 Motel/hotel Excise Tax Fund	301 Capital Improvement Fund	401 Sewer Revenue Fund	403 Water Revenue Fund	406 Solidwaste Collection	501 Equipment Replacement	701 Cemetery Endowment Fund	702 Historic Pathway Endowment Fund
Beginning Cash and Investments											
30810 Reserved	927,110	-	-	10,747	126,737	134,186	263,993	-	-	382,446	9,002
30880 Unreserved	1,197,408	190,268	110,339	2	556	481,908	377,704	353	36,279	-	-
388 / 588 Net Adjustments	-	-	-	-	-	-	-	-	-	-	-
Revenues											
310 Taxes	1,109,021	752,791	189,237	66,582	100,410	-	-	-	-	-	-
320 Licenses and Permits	15,532	10,500	674	-	-	1,283	3,075	-	-	-	-
330 Intergovernmental Revenues	1,224,823	118,861	57,793	-	1,048,168	-	-	-	-	-	-
340 Charges for Goods and Services	1,794,959	62,158	-	-	-	872,879	859,001	-	-	920	-
350 Fines and Penalties	22,414	(6,279)	-	-	-	-	28,693	-	-	-	-
360 Miscellaneous Revenues	98,518	68,746	339	9	8,960	8,372	12,091	-	-	-	-
Total Revenues:	\$4,265,265	1,006,778	248,044	66,591	1,157,538	882,534	902,860	-	-	920	-
Expenditures											
510 General Government	313,430	313,430	-	-	-	-	-	-	-	-	-
520 Public Safety	418,550	386,407	32,143	-	-	-	-	-	-	-	-
530 Utilities	1,146,750	59,351	-	-	-	518,647	568,751	-	-	-	-
540 Transportation	254,318	-	254,318	-	-	-	-	-	-	-	-
550 Natural and Economic Environment	159,132	65,380	-	70,237	-	10,498	13,017	-	-	-	-
560 Social Services	-	-	-	-	-	-	-	-	-	-	-
570 Culture and Recreation	192,146	192,146	-	-	-	-	-	-	-	-	-
Total Expenditures:	2,484,326	1,016,714	286,481	70,237	-	529,146	581,768	-	-	-	-
Excess (Deficiency) Revenues over Expenditures:	\$1,780,939	(9,937)	(38,418)	(3,646)	1,157,538	353,388	321,092	-	-	920	-
Other Increases in Fund Resources											
391-393, 596 Debt Proceeds	1,133,870	-	-	-	86,792	157,621	889,457	-	-	-	-
397 Transfers-In	36,632	353	-	-	36,279	-	-	-	-	-	-
385 Special or Extraordinary Items	-	-	-	-	-	-	-	-	-	-	-
386 / 389 Custodial Activities	-	-	-	-	-	-	-	-	-	-	-
381, 382, 395, 398 Other Resources	238,823	-	-	-	194,187	-	-	-	-	44,636	-
Total Other Increases in Fund Resources:	1,409,325	353	-	-	317,258	157,621	889,457	-	-	44,636	-
Other Decreases in Fund Resources											
594-595 Capital Expenditures	1,828,410	-	-	-	1,298,962	151,593	377,856	-	-	-	-
591-593, 599 Debt Service	523,451	41	-	-	3,866	214,384	305,159	-	-	-	-
597 Transfers-Out	36,633	-	-	-	-	-	-	353	36,279	-	-
585 Special or Extraordinary Items	-	-	-	-	-	-	-	-	-	-	-
586 / 589 Custodial Activities	13,607	13,273	-	-	-	-	334	-	-	-	-
581, 582 Other Uses	238,823	7,505	-	-	17,984	8,374	10,773	-	-	194,187	-
Total Other Decreases in Fund Resources:	2,640,924	20,819	-	-	1,320,812	374,351	694,122	353	36,279	194,187	-
Increase (Decrease) in Cash and Investments:	549,340	(30,403)	(38,418)	(3,646)	153,984	136,659	516,427	(353)	(36,279)	(148,631)	-
Ending Cash and Investments											
5081000 Reserved	785,534	-	-	-	281,277	150,151	354,106	-	-	-	-
5088000 Unreserved	1,888,325	159,865	71,921	7,103	-	602,602	804,018	-	-	233,814	9,002
Total Ending Cash and Investments	2,673,859	159,865	71,921	7,103	281,277	752,753	1,158,124	-	-	233,814	9,002

The accompanying notes are an integral part of this statement.

City of Dayton
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		<u>Custodial</u>
308	Beginning Cash and Investments	168,943
388 & 588	Net Adjustments	-
310-390	Additions	-
510-590	Deductions	168,943
	Net Increase (Decrease) in Cash and Investments:	(168,943)
508	Ending Cash and Investments	-

The accompanying notes are an integral part of this statement.

City of Dayton
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2017

		<u>Custodial</u>
308	Beginning Cash and Investments	168,943
388 & 588	Net Adjustments	-
310-390	Additions	-
510-590	Deductions	-
	Net Increase (Decrease) in Cash and Investments:	-
508	Ending Cash and Investments	168,943

The accompanying notes are an integral part of this statement.

City of Dayton

Notes to Financial Statements For the Year Ended 12/31/2019

Note 1 - Summary of Significant Accounting Policies

The City of Dayton was incorporated on 1882 and operates under the laws of the state of Washington applicable to an Optional Municipal Code City with Mayor-Council form of government. The City is a general-purpose local government and provides public safety, street maintenance and improvement, cemetery, park and recreation, and general administrative services. In addition, the City owns and operates a domestic water system and a wastewater (sewer) 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.

Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

PROPRIETARY FUND TYPES:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

FIDUCIARY FUND TYPES:

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

Private-Purpose Trust Funds

These funds report all trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Custodial Funds

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

B. Basis of Accounting and Measurement Focus

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

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

C. Cash and Investments

See Note 3, *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an initial individual cost of \$5,000 or more and estimated useful life in excess of 1 year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 240 hours except under unusual circumstances. Up to 240 hours is payable upon separation or retirement.

Sick leave may be accumulated up to 120 days. Employees hired prior to January 1, 2004, upon retirement or death of a City employee, after five years of service with the City, the employee shall be paid fifty percent (50%) of all accrued sick leave, not to exceed 45-days. Employees hired after January 1, 2004, upon retirement or death of a City employee after five-years of service with the City, the employee shall be eligible to be paid twenty-five percent (25%) of all accrued sick leave, not to exceed 45 days. Payments are recognized as expenditures when paid.

Non-contractual regular employees may, under the discretion of the Mayor, select merit vacation instead of merit pay equal to the total gross amount of the merit increase not to exceed three percent (3%) annually. Merit vacation must be used

prior to the use of regular vacation. Upon the separation of a non-contractual regular employee, the employee shall be eligible to be paid accrued merit vacation.

All non-contractual and contractual regular employees are entitled to specific paid holidays, including floating holidays and one Council Discretionary holiday.

F. Long-Term Debt

See Note 6, *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 City Council. 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 the following Funds: Capital Improvement, Motel/Hotel Excise Tax, Water Revenue, Sewer Revenue, Cemetery Endowment, and Dayton Historic Pathway, totaling \$906,786.20.

Note 2 – Budget Compliance

A. Budgets

The City adopts annual appropriated budgets for 13 funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

FUND	Final Appropriated Amount	Actual Expenditures	Variance
CURRENT EXPENSE	\$ 1,162,819	\$ 939,801	\$ 223,018
CEMETERY	\$ 17	\$ 16	\$ 1
CITY STREET & ROAD	\$ 359,213	\$ 207,937	\$ 151,276

MOTEL/HOTEL EXCISE TAX	\$ 68,037	\$ 50,089	\$ 17,948
CAPITAL IMPROVEMENTS	\$ 371,932	\$ 357,800	\$ 14,132
SEWER REVENUE	\$ 1,177,077	\$ 962,744	\$ 214,333
SEWER CUMULATIVE RESERVE	\$ 2,091,180	\$ 113,511	\$ 1,977,669
WATER REVENUE	\$ 1,150,675	\$ 945,833	\$ 204,842
WATER CUMULATIVE RESERVE	\$ 333,224	\$ 65,756	\$ 267,468
W & S SYSTEM DEBT RESERVE	\$ 504,257	\$ -	\$ 504,257
W & S SYSTEM DEBT SERVICE	\$ 31,970	\$ 31,970	\$ -
CEMETERY ENDOWMENT	\$ 350,258	\$ 82,388	\$ 267,870
PATHWAY ENDOWMENT	\$ 9,002	\$ -	\$ 9,002
TOTAL 2019 BUDGET	\$ 7,609,661	\$ 3,757,845	\$ 3,851,816

Budgeted amounts are authorized to be transferred between departments 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.

Note 3 – Deposits and Investments

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

Type of Investment	City's Own Investments	Investments held by City as an agent for other local governments, individuals, or private organizations	Total
U.S. Government Securities	\$ 1,514,038	\$ -	\$ 1,514,038
Public Investment Accounts	\$ 1,075,279	\$ -	\$ 1,075,279
Total	\$ 2,589,317	\$ -	\$ 2,589,317

It is the City's policy to generally 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 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 - Property Tax

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

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

The City's regular levy for the year 2019 was \$2.27033239 per \$1,000 on an assessed valuation of \$161,021,386 for a total regular levy of \$365,572.03.

Note 5 - Interfund Loans

The following table displays interfund loan activity during 2019:

Borrowing Fund	Lending Fund	Balance 01/01/2019	New Loans	Repayments	Balance 12/31/2019
Street	Cemetery Endowment	\$ 14,434	\$ -	\$ -	\$ 14,434
Capital Improvement Fund	Cemetery Endowment	\$ 82,859	\$ -	\$ 12,485	\$ 70,374

Capital Improvement Fund	Cemetery Endowment	\$ -	\$ 71,500	\$ -	\$ 71,500
Total		\$ 97,293	\$ 71,500	\$ 12,485	\$ 156,308

Note 6 – 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, revenue bonds and other debt, including both principal and interest, are as follows:

	Principal	Interest	Total
2020	\$ 481,273	\$ 155,745	\$ 637,018
2021	\$ 501,544	\$ 137,015	\$ 638,559
2022	\$ 491,317	\$ 117,033	\$ 608,350
2023	\$ 487,640	\$ 96,198	\$ 583,838
2024	\$ 168,525	\$ 75,268	\$ 243,793
2025-2029	\$ 678,164	\$ 288,276	\$ 966,440
2030-2034	\$ 270,758	\$ 205,703	\$ 476,461
Totals	\$ 3,079,221	\$ 1,075,238	\$ 4,154,459

Note 7 – OPEB Plans

The City has a commitment to pay for post-employment benefits for employees that belong to the Washington State Department of Retirement Systems LEOFF 1; it is a defined benefit plan. These benefits include medical with prescription co-payment obligations and long-term care services. One retiree received benefits during the year and \$24,298.73 was paid out for those benefits through December 31, 2019.

The City's OPEB liability for 2019, based on the Office of the Washington State Actuary's LEOFF 1 OPEB AMM Online Tool, was \$145,829.

Note 8 – 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 PERS 1, 2 and 3.

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 98540-8380

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

At June 30, 2019, the City's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$ 10,105	0.0014090%	\$ 54,181
PERS 1 (UAAL)	\$ 28,404	0.0039610%	\$ 152,315
PERS 2/3	\$ 41,755	0.0051120%	\$ 49,655
LEOFF 1	NA	0.001102%	(\$21,782)

Note 9 – Risk Management

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

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

As of December 31, 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 10: Subsequent Events

COVID-19 Pandemic

In February 2020, Governor Inslee 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 were ordered. These measures include closing schools, canceling public events, limiting gathering sizes, and requiring people to stay home unless they are leaving for an essential function.

On March 17, 2020, the City of Dayton declared an emergency closing City of Dayton facilities to the public and discontinued various services during the emergency specifically as prescribed by Governor Inslee throughout the COVID-19 Pandemic. Services included the closure of Public Works Facilities, Dayton City Hall, and the parks and recreation services.

It is projected that through the end of 2020, there will be a 31% decrease in lodging tax funds. The City's Planning and Community Development department will be working with the Chamber of Commerce to mitigate the effects associated with the loss of this funding and the loss of our tourism market.

In addition, there is a projected 24% reduction in Motor Vehicle Taxes. The City delayed support for City Streets and Road Fund capital improvement programs.

The length of time these measures will be in place, and the full extent of the financial impact on the City of Dayton, is unknown at this time.

City of Dayton

Notes to Financial Statements For the Year Ended 12/31/2018

Note 1 - Summary of Significant Accounting Policies

The City of Dayton was incorporated on 1882 and operates under the laws of the state of Washington applicable to an Optional Municipal Code City with Mayor-Council form of government. The City is a general-purpose local government and provides public safety, street maintenance and improvement, cemetery, park and recreation, and general administrative services. In addition, the City owns and operates a domestic water system and a wastewater (sewer) 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.

Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

PROPRIETARY FUND TYPES:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

FIDUCIARY FUND TYPES:

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

Private-Purpose Trust Funds

These funds report all trust arrangements under which principal and income benefit individuals, private organizations or other governments.

Custodial Funds

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

B. Basis of Accounting and Measurement Focus

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

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

C. Cash and Investments

See Note 3, *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an initial individual estimated useful life in excess of 1 year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 240 hours except under unusual circumstances. Up to 240 hours is payable upon separation or retirement.

Sick leave may be accumulated up to 120 days. Employees hired prior to January 1, 2004, upon retirement or death of a City employee, after five years of service with the City, the employee shall be paid fifty percent (50%) of all accrued sick leave, not to exceed 45-days. Employees hired after January 1, 2004, upon retirement or death of a City employee after five-years of service with the City, the employee shall be eligible to be paid twenty-five percent (25%) of all accrued sick leave, not to exceed 45 days. Payments are recognized as expenditures when paid.

Non-contractual regular employees may, under the discretion of the Mayor, select merit vacation instead of merit pay equal to the total gross amount of the merit increase not to exceed three percent (3%) annually. Merit vacation must be used prior to the use of regular vacation. Upon the separation of a non-contractual regular employee, the employee shall be eligible to be paid accrued merit vacation.

All non-contractual and contractual regular employees are entitled to specific paid holidays, including floating holidays and one Council Discretionary holiday.

F. Long-Term Debt

See Note 6, *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 City Council. 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 the following Funds: Motel/Hotel Excise Tax, Water and Sewer Bond Reserve, Cemetery Endowment, and Dayton Historic Pathway, totaling \$673,200.

Note 2 – Budget Compliance

A. Budgets

The City adopts annual appropriated budgets for 9 funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
Current Expense	\$ 1,129,207	\$ 901,714	\$ 227,493
City Street & Road	\$ 314,741	\$ 248,029	\$ 66,712
Motel/hotel Excise Tax	\$ 59,000	\$ 59,000	\$ -
Capital Improvement	\$ 1,257,628	\$ 1,029,700	\$ 227,928
Sewer Revenue	\$ 1,487,861	\$ 1,170,881	\$ 316,980
Water Revenue	\$ 1,558,897	\$ 1,278,146	\$ 280,751
Cemetery Endowment Care	\$ 324,945	\$ -	\$ 324,945
Library Endowment	\$ 168,943	\$ 168,943	\$ -
Dayton Historic Pathway Endowment	\$ 9,002	\$ -	\$ 9,002
Total	\$ 6,310,224	\$ 4,856,413	\$ 1,453,811

Budgeted amounts are authorized to be transferred between departments 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.

Note 3 – Deposits and Investments

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

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation or the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the City or its agent in the government's name.

Investments are reported at original cost. Investments by type at December 31, 2018 are as follows:

Type of Investment	City's Own Investments	Investments held by City as an agent for other local governments, individuals or private organizations	
			Total
U.S. Government Securities	\$ 1,286,218	\$ -	\$ 1,286,218
Public Investment Accounts	\$ 720,853	\$ -	\$ 720,853
Total	\$ 2,007,070	\$ -	\$ 2,007,070

Note 4 - Property Tax

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

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

The City's regular levy for the year 2018 was \$2.27356230 per \$1,000 on an assessed valuation of \$152,748,407 for a total regular levy of \$347,283.

Note 5 - Interfund Loans

The following table displays interfund loan activity during 2018:

Borrowing Fund	Lending Fund	Balance 01/01/2018	New Loans	Repayments	Balance 12/31/2018
Street	Cemetery Endowment	\$ 14,434	\$ -	\$ -	\$ 14,434
Capital Improvement Fund	Cemetery Endowment	\$ 86,708	\$ -	\$ 86,708	\$ -
Capital Improvement Fund	Cemetery Endowment	\$ 95,344	\$ -	\$ 12,485	\$ 82,859
Total		\$ 196,486	\$ -	\$ 99,193	\$ 97,293

Note 6 – 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, 2018.

The debt service requirements for general obligation bonds, revenue bonds and other debt, including

both principle and interest, are as follows:

	Principal	Interest	Total
2019	\$ 414,462	\$ 172,656	\$ 587,118
2020	\$ 481,273	\$ 155,746	\$ 637,019
2021	\$ 501,544	\$ 137,015	\$ 638,559
2022	\$ 491,317	\$ 117,033	\$ 608,350
2023	\$ 487,640	\$ 87,198	\$ 574,838
2024 - 2028	\$ 799,277	\$ 315,665	\$ 1,114,942
2029 - 2033	\$ 259,188	\$ 217,270	\$ 476,458
2034	\$ 58,982	\$ 36,312	\$ 95,294
Totals	\$ 3,493,683	\$ 1,238,895	\$ 4,732,578

Note 7 – OPEB Plans

The City has commitment to pay for post-employment benefits for employees that belong to LEOFF as a defined benefit plan. These benefits include medical with prescription co-payment obligations and long-term care services. Two retirees received benefits during the year and \$32,443.36 was paid out for those benefits during the year.

Note 8 – 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 PERS 1, 2 and 3.

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 98540-8380

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

At June 30, 2018, the City’s proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$ 11,274	0.0016870%	\$ 75,342
PERS 1 (UAAL)	\$ 32,523	0.0048660%	\$ 217,317
PERS 2/3	\$ 47,972	0.0062170%	\$ 106,150
LEOFF 1	\$ -	0.0017820%	\$ (32,352)

Note 9 – Risk Management

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

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

As of December 31, 2018, 257 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 2018, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, 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 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 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 HCP. Similarly, the terminating member forfeits all rights and interest to the 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 Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The 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 this report. 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 10 - Other Disclosures

The Hedwig Davis Bequest was transferred to the Columbia County Rural Library District for use and its management as prescribed by the Hedwig Davis Trust

The City was awarded a Washington State Department of Ecology CWSRF Loan totaling \$990,000 with \$495,000 forgiveness opportunity. The loan is to be used for the pre-construction efforts associated with the construction of a new Wastewater Treatment Facility.

City of Dayton

Notes to Financial Statements For the Year Ended 12/31/2017

Note 1 - Summary of Significant Accounting Policies

The City of Dayton was incorporated in 1882 and operates under the laws of the state of Washington applicable to an Optional Municipal Code City with Mayor-Council form of government. The City is a general purpose local government and provides public safety, street maintenance and improvement, cemetery, park and recreation, and general administrative services. In addition, the City owns and operates a domestic water system and a wastewater (sewer) 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. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General (Current Expense) 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.

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.

Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

PROPRIETARY FUND TYPES:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

FIDUCIARY FUND TYPES:

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

Agency 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. Budgets

The City adopts annual appropriated budgets for 11 funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
CURRENT EXPENSE	\$ 1,140,620	\$ 1,037,533	\$ 103,087
CITY STREET & ROAD	\$ 337,500	\$ 286,461	\$ 51,039
MOTEL/HOTEL EXCISE TAX	\$ 79,444	\$ 70,237	\$ 9,207
CAPITAL IMPROVEMENTS	\$ 1,369,856	\$ 1,320,812	\$ 49,044
SEWER REVENUE	\$ 1,861,286	\$ 903,496	\$ 957,790
WATER REVENUE	\$ 1,954,141	\$ 1,275,891	\$ 678,250
SOLID WASTE DISPOSAL	\$ 353	\$ -	\$ 353
EQUIPMENT REPLACEMENT FUND	\$ 36,280	\$ 36,279	\$ 1
CEMETERY ENDOWMENT	\$ 394,445	\$ 194,187	\$ 200,258
LIBRARY ENDOWMENT	\$ 168,900	\$ -	\$ 168,900
PATHWAY ENDOWMENT	\$ 9,000	\$ -	\$ 9,000
TOTAL 2017 BUDGET	\$ 7,351,825	\$ 5,124,896	\$ 2,226,929

Budgeted amounts are authorized to be transferred between departments 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.

D. Cash and Investments

See Note 3, *Deposits and Investments*.

E. Capital Assets

Capital assets are assets with an initial individual estimated useful life in excess of 1 year. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

Vacation leave may be accumulated up to 240 hours except under unusual circumstances. Up to 240 hours is payable upon separation or retirement.

Sick leave may be accumulated up to 120 days. Employees hired prior to January 1, 2004, upon retirement or death of a City employee, after five years of service with the City, the employee shall be paid fifty percent (50%) of all accrued sick leave, not to exceed 45-days. Employees hired after January 1, 2004, upon retirement or death of a

City employee after five-years of service with the City, the employee shall be eligible to be paid twenty-five percent (25%) of all accrued sick leave, not to exceed 45 days. Payments are recognized as expenditures when paid.

Non-contractual regular employees may, under the discretion of the Mayor, select merit vacation instead of merit pay equal to the total gross amount of the merit increase not to exceed three percent (3%) annually. Merit vacation must be used prior to the use of regular vacation. Upon the separation of a non-contractual regular employee, the employee shall be eligible to be paid accrued merit vacation.

All non-contractual and contractual regular employees are entitled to specific paid holidays, including floating holidays and one Council Discretionary holiday.

G. Long-Term Debt

See Note 5 - *Debt Service Requirements*.

H. 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 City Council. 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 the following Funds: Capital Improvement Fund and Water and Sewer Bond Reserve Fund totaling \$954,695.

Note 2 – Deposits and Investments

Deposits and Investments

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

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation or the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the City or its agent in the government’s name.

Investments are reported at original cost. Investments by type at December 31, 2017 are as follows:

Type of Investment	City's Own Investments	Investments held by City as an agent for other local governments, individuals or private organizations	Total
U.S. Government Securities	\$ 1,384,620	\$ 168,943	\$ 1,553,563
Public Investment Accounts	\$ 1,052,542	\$ -	\$ 1,052,542
Total	\$ 2,437,162	\$ 168,943	\$ 2,606,105

Note 3 - Property Tax

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

Property tax revenues are recognized when cash is received by the 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 2017 was \$2.282494 per \$1,000 on an assessed valuation of \$150,086,987 for a total regular levy of \$342,572.21.

Note 4 - Interfund Loans

The following table displays interfund loan activity during 2017:

Borrowing Fund	Lending Fund	Balance 01/01/2017	New Loans	Repayments	Balance 12/31/2017
Equipment Replacement	Cemetery Endowment	\$ 24,996	\$ -	\$ 24,996	\$ -
Cemetery	Cemetery Endowment	\$ (16)	\$ -	\$ -	\$ (16)
Street	Cemetery Endowment	\$ 14,434	\$ -	\$ -	\$ 14,434
Current Expense	Cemetery Endowment	\$ 7,505	\$ -	\$ 7,505	\$ -
Capital Improvement Fund	Cemetery Endowment	\$ -	\$ 86,708	\$ -	\$ 86,708
Capital Improvement Fund	Cemetery Endowment	\$ -	\$ 107,479	\$ 12,135	\$ 95,344
Total		\$ 46,919	\$ 194,187	\$ 44,636	\$ 196,470

Note 5 – Debt Service Requirements

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, 2017.

The debt service requirements for general obligation bonds, revenue bonds and other debt, including both principal and interest, are as follows:

	Principal	Interest	Total
2018	\$ 420,830	\$ 109,650	\$ 530,480
2019	\$ 481,409	\$ 105,708	\$ 587,118
2020	\$ 535,904	\$ 100,485	\$ 636,389
2021	\$ 544,334	\$ 94,225	\$ 638,559
2022	\$ 520,608	\$ 87,742	\$ 608,351
2023 - 2027	\$ 1,189,317	\$ 388,780	\$ 1,578,097
2028 - 2032	\$ 315,333	\$ 186,493	\$ 501,826
2033 - 2034	\$ 115,440	\$ 75,144	\$ 190,584
Totals	\$ 4,123,175	\$ 1,148,228	\$ 5,271,403

Note 6- Pension Plans

A. State Sponsored Pension Plans

Substantially all City full-time and qualifying part-time employees participate in the following 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 PERS 1, 2 and 3.

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
 PO 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, 2017, the City’s approximate proportionate share of collective net pension liabilities, as reported on Schedule 09, was as follows:

Plan	Allocation %	Liability (Asset)
PERS 1	0.001469%	299,367
PERS 2/3	0.004840%	216,324
LEOFF 1	0.006226%	(26,749)

LEOFF Plan 1

The City also participated in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

Note 7 – Risk Management

The City of Dayton is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989, when 32 municipalities in the State of Washington joined by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2017, 99 municipalities/entities participate in the AWC RMSA pool.

The AWC RMSA allows members to establish a program of joint insurance and provides risk management services to all members. All coverages, with the exception of pollution liability, are on an occurrence basis. The AWC RMSA provides all risk property, comprehensive crime, general liability, automobile liability, police liability, public officials' liability, employee fidelity and faithful performance, pollution liability, and equipment breakdown insurance coverage. Equipment breakdown is included with the property insurance carrier and fidelity (crime) and pollution liability coverages are stand-alone policies, which the AWC RMSA procures for its members. The AWC RMSA also allows members with airports to group purchase airport liability coverage.

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. All members in the AWC RMSA have \$15 million in both per occurrence and aggregate liability limits. For the first \$1 million in liability limits, AWC RMSA is self-insured for its Self-Insured Retention (SIR) of \$250,000, per occurrence, and is reinsured by Berkley Public Entity for the additional \$750,000. The \$9 million in excess liability coverage limits is provided through an excess liability policy purchased from Argonaut Insurance Company. The \$5 million in excess liability coverage limits above the first layer of excess coverage is purchased from Allied World National Assurance Company. Since AWC RMSA is a cooperative program, there is joint liability among the participating members. The excess property coverage is purchased through Lexington Insurance Company and in 2017, AWC RMSA carried a retention of \$100,000 and limits up to \$250 million. All commercial policies have been purchased through the Pool's Broker of Record, Aon.

Members contract to remain in the AWC RMSA pool for a minimum of one year and must give a one-year notice before terminating participation. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were signatory to the Interlocal Governmental Agreement.

The AWC RMSA establishes a loss fund for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

In accordance with WAC 200.100.02023, the AWC RMSA is governed by a board of directors, which is comprised of elected officials of participating members.

A copy of AWC RMSA's financial statements can be obtained by contacting Association of Washington Cities, 1076 Franklin Street SE, Olympia, WA 98501-1346.

Note 8 - Other Disclosures

OPEB

The City has commitment to pay for post-employment benefits for employees that belong to LEOFF 1. These benefits include medical with prescription co-payment obligations and long-term care services. Two retirees received benefits during the year and \$35,975 was paid out for those benefits during the year.

The City issued 2017 Junior Lien Water and Sewer Revenue Bonds for capital improvements associated with the City's water and sewer utility systems. The total issued in 2017 was \$1,060,778.

As a result of a 2016 litigation settlement between the City and Columbia County, the County reimbursed the City for a portion of its prosecutorial service fees. The total compensation for 2017 was \$24,000.

On April 21, 2017, Homeland Security Federal Emergency Management Agency (FEMA) declared the January 20 – February 22, 2017 winter storm event as an emergency, Disaster No. 4309-DR-WA. This storm event compromised the City's street system in various locations. On November 13, 2017, the City executed a contract with Washington State Military Department and FEMA for the FEMA Street Repairs Project. It is anticipated that this project will be completed by October 2018.

In July 2017, the planning director separated employment from the City. As part of the transition, the City negotiated a contract with Columbia County to provide the City with planning services for \$4,000 per month and the contract was executed on August 30, 2017. Date of termination of said contract was February 2018; however, the City and County re-negotiated the planning services February 2018 continuing through July 2018.

In May 2018, the City closed the Dayton Swimming Pool. The closure was a result of health and safety concerns. This closure will result in a reduction of cash transactions for fiscal year 2018.

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

<u>ID. No.</u>	<u>Description</u>	<u>Due Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Obligation Debt/Liabilities						
251.11	Umpqua Bank	3/15/2019	50,545	-	11,791	38,754
263.96	State Treasurer-LOCAL Program	12/1/2019	70,573	-	8,668	61,905
	Total General Obligation Debt/Liabilities:		121,118	-	20,459	100,659
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	U.S. Bank	12/1/2019	1,495,000	-	275,000	1,220,000
252.11	USDA	2/25/2019	214,108	-	4,668	209,440
252.11	USDA	10/27/2019	1,234,476	-	25,974	1,208,502
252.11	North Cascades Bank	12/1/2019	1,060,778	-	51,320	1,009,458
259.12	Compensated Absences	12/31/2019	237,925	-	15,480	222,445
263.88	Public Works Trust Fund	6/1/2019	78,217	-	26,072	52,145
263.88	Public Works Trust Fund	6/1/2019	43,882	-	10,971	32,911
264.30	Net Pension Liabilities	6/30/2019	398,809	-	142,658	256,151
264.40	OPEB Liabilities	12/31/2019	-	145,829	-	145,829
	Total Revenue and Other (non G.O.) Debt/Liabilities:		4,763,195	145,829	552,143	4,356,881
	Total Liabilities:		4,884,313	145,829	572,602	4,457,540

**City of Dayton
Schedule of Liabilities
For the Year Ended December 31, 2018**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	Umpqua Bank	3/15/2018	61,773	-	11,228	50,545
263.96	State Treasurer-LOCAL Program	12/1/2018	76,906	-	6,333	70,573
Total General Obligation Debt/Liabilities:			138,679	-	17,561	121,118
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	U.S. Bank	12/1/2018	1,625,000	-	130,000	1,495,000
252.11	USDA	2/25/2018	218,585	-	4,477	214,108
252.11	USDA	10/27/2018	1,259,331	-	24,855	1,234,476
252.11	North Cascades Bank	12/1/2018	1,060,778	-	-	1,060,778
259.12	Compensated Absences	12/31/2018	211,490	26,435	-	237,925
263.88	Public Works Trust Fund	6/1/2018	104,290	-	26,073	78,217
263.88	Public Works Trust Fund	6/1/2018	54,852	-	10,970	43,882
263.88	Public Works Trust Fund	6/1/2018	134,585	-	134,585	-
264.30	Net Pension Liabilities		-	398,809	-	398,809
Total Revenue and Other (non G.O.) Debt/Liabilities:			4,668,911	425,244	330,960	4,763,195
Total Liabilities:			4,807,590	425,244	348,521	4,884,313

City of Dayton
Schedule of Liabilities
For the Year Ended December 31, 2017

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	Umpqua Bank	3/15/2017	72,466	-	10,692	61,774
263.96	State Treasurer - LOCAL Program	12/1/2017	-	76,906	-	76,906
Total General Obligation Debt/Liabilities:			72,466	76,906	10,692	138,680
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	US Bank	12/1/2017	1,750,000	-	125,000	1,625,000
252.11	USDA	2/25/2017	222,880	-	4,295	218,585
252.11	USDA	10/27/2017	1,283,116	-	23,785	1,259,331
252.11	North Cascade Bank	12/1/2017	-	1,060,778	-	1,060,778
259.12	Compensated Absences	12/31/2017	241,354	-	29,864	211,490
263.88	PWTF	6/1/2017	16,578	-	16,578	-
263.88	PWTF	6/1/2017	130,362	-	26,072	104,290
263.88	PWTF	6/1/2017	65,823	-	10,971	54,852
263.88	PWTF	6/1/2017	269,168	-	134,583	134,585
264.30	Pension Liabilities	6/30/2017	612,653	-	96,962	515,691
Total Revenue and Other (non G.O.) Debt/Liabilities:			4,591,934	1,060,778	468,110	5,184,602
Total Liabilities:			4,664,400	1,137,684	478,802	5,323,282

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