



Office of the Washington State Auditor
Pat McCarthy

**Financial Statements and Federal Single Audit
Report**
City of Fife

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

Published December 31, 2020

Report No. 1027582





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

December 31, 2020

Mayor and City Council
City of Fife
Fife, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Fife's financial statements and compliance with federal laws and regulations.

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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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the City of Fife are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the City’s financial statements in accordance with its regulatory basis of accounting. Separately, 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 using a basis of accounting other than GAAP.

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the City.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the City's compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
20.205	Highway Planning and Construction Cluster – Highway Planning and Construction

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The City did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

**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 Fife
January 1, 2019 through December 31, 2019**

Mayor and City Council
City of Fife
Fife, 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 Fife, 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 December 16, 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 10 to the 2019 financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the City. Our opinion is not modified with respect to this matter.

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

December 16, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE**

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

Mayor and City Council
City of Fife
Fife, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM**

We have audited the compliance of the City of Fife, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2019. The City's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements

referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Other Matters

We noted certain matters that we will report to the management of the City in a separate letter dated December 18, 2020. Our opinion on each major federal program is not modified with respect to these matters.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of

compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

Pat McCarthy

State Auditor

Olympia, WA

December 16, 2020

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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

Mayor and City Council
City of Fife
Fife, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Fife, 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 16.

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 Fife 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 Fife, 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 Fife, 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.

Matters of Emphasis

As discussed in Note 10 to the 2019 financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the City. 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 Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Liabilities is 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 December 16, 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, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

December 16, 2020

FINANCIAL SECTION

City of Fife 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 Financial Statements – 2019

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2019
Schedule of Expenditures of Federal Awards – 2019
Notes to the Schedule of Expenditures of Federal Awards – 2019

City of Fife
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 Operating Fund	103 Public Safety Fund
Beginning Cash and Investments					
30810	Reserved	9,477,947	-	-	-
30880	Unreserved	38,444,135	9,994,089	460,942	497,840
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	17,184,037	15,355,489	-	-
320	Licenses and Permits	706,464	689,514	-	-
330	Intergovernmental Revenues	22,317,326	666,776	283,153	4,880,814
340	Charges for Goods and Services	18,146,137	2,058,382	14,838	-
350	Fines and Penalties	2,727,991	311,252	-	2,300,223
360	Miscellaneous Revenues	2,723,150	504,102	5,115	305,943
Total Revenues:		63,805,105	19,585,515	303,106	7,486,980
Expenditures					
510	General Government	4,926,284	4,536,388	-	221,587
520	Public Safety	9,080,492	7,230,036	-	1,560,372
530	Utilities	9,988,357	-	-	-
540	Transportation	1,623,769	447,124	734,141	62,284
550	Natural and Economic Environment	1,654,296	1,068,214	-	-
560	Social Services	2,886	2,886	-	-
570	Culture and Recreation	2,852,900	2,733,257	-	-
Total Expenditures:		30,128,984	16,017,905	734,141	1,844,243
Excess (Deficiency) Revenues over Expenditures:		33,676,121	3,567,610	(431,035)	5,642,737
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	5,966,749	895,786	350,000	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	1,383,150	-	-	-
Total Other Increases in Fund Resources:		7,349,899	895,786	350,000	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	28,352,698	15,419	-	5,061,997
591-593, 599	Debt Service	3,550,196	-	-	-
597	Transfers-Out	5,966,749	1,743,245	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	49,501	-	-	-
Total Other Decreases in Fund Resources:		37,919,144	1,758,664	-	5,061,997
Increase (Decrease) in Cash and Investments:		3,106,876	2,704,732	(81,035)	580,740
Ending Cash and Investments					
5081000	Reserved	7,300,195	-	-	-
5088000	Unreserved	43,728,763	12,698,821	379,907	1,078,580
Total Ending Cash and Investments		51,028,958	12,698,821	379,907	1,078,580

The accompanying notes are an integral part of this statement.

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

		104	107 Criminal	108 D.A.R.E.	109 Impact &
		Stadium/Conve	Justice Fund	Fund	Mitigation Fund
		ntion Tax Fund			
Beginning Cash and Investments					
30810	Reserved	970,433	-	-	-
30880	Unreserved	-	153,239	5,981	1,390,119
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	765,462	201,405	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	67,885	-	-
340	Charges for Goods and Services	88	59,345	-	684,527
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	10,414	3,418	64	18,282
Total Revenues:		775,964	332,053	64	702,809
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	242,178	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	540,679	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	82,336	-	-	-
Total Expenditures:		623,015	242,178	-	-
Excess (Deficiency) Revenues over Expenditures:		152,949	89,875	64	702,809
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	-	19,940	-	-
Total Other Increases in Fund Resources:		-	19,940	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	205,882	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	600,000
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		205,882	-	-	600,000
Increase (Decrease) in Cash and Investments:		(52,933)	109,815	64	102,809
Ending Cash and Investments					
5081000	Reserved	917,500	-	-	-
5088000	Unreserved	-	263,054	6,045	1,492,928
Total Ending Cash and Investments		917,500	263,054	6,045	1,492,928

The accompanying notes are an integral part of this statement.

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

		110 Drug Intervention Fund	111 Park Acquisition/Dev elop Fund	128 PD Misc Grants Fund	161 REET Fund
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	33,012	916,749	22,857	1,809,328
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	112,205	-	588,781
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	85,000	-	-
350	Fines and Penalties	880	-	-	-
360	Miscellaneous Revenues	2,428	28,689	-	21,369
Total Revenues:		3,308	225,894	-	610,150
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	18,731	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	4,030
560	Social Services	-	-	-	-
570	Culture and Recreation	-	37,307	-	-
Total Expenditures:		18,731	37,307	-	4,030
Excess (Deficiency) Revenues over Expenditures:		(15,423)	188,587	-	606,120
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	30,000	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		30,000	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	458,912	-	223,644
591-593, 599	Debt Service	1,405	-	-	-
597	Transfers-Out	-	-	22,857	358,458
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	19,940	-	-	-
Total Other Decreases in Fund Resources:		21,345	458,912	22,857	582,102
Increase (Decrease) in Cash and Investments:		(6,768)	(270,325)	(22,857)	24,018
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	26,244	646,424	-	1,833,346
Total Ending Cash and Investments		26,244	646,424	-	1,833,346

The accompanying notes are an integral part of this statement.

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

		191	209 LID	213 1997 Ltd	215 2011 Ltd
		Transportation	Guarantee Fund	G.O. Bond Fund	G.O. Bond Fund
		Benefit District			
Beginning Cash and Investments					
30810	Reserved	301,939	-	-	-
30880	Unreserved	-	962,566	280,321	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	160,695	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	4,121	10,313	3,003	-
Total Revenues:		164,816	10,313	3,003	-
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	961	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		961	-	-	-
Excess (Deficiency) Revenues over Expenditures:		163,855	10,313	3,003	-
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	374,773
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	374,773
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	345,775
597	Transfers-Out	-	-	283,324	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	283,324	345,775
Increase (Decrease) in Cash and Investments:		163,855	10,313	(280,321)	28,998
Ending Cash and Investments					
5081000	Reserved	465,794	-	-	-
5088000	Unreserved	-	972,879	-	28,998
Total Ending Cash and Investments		465,794	972,879	-	28,998

The accompanying notes are an integral part of this statement.

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

		216 CLID #1 2013	217 2014 Ltd GO Bond	218 GO 18 Debt Service	301 Street Construction Fund
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	543,826	(5)	405,554	1,469,067
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	16,197,936
340	Charges for Goods and Services	1,250	-	-	-
350	Fines and Penalties	32,390	-	-	-
360	Miscellaneous Revenues	706,312	-	4,810	1,402
Total Revenues:		739,952	-	4,810	16,199,338
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	11,801	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		11,801	-	-	-
Excess (Deficiency) Revenues over Expenditures:		728,151	-	4,810	16,199,338
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	1,051,740	438,694	600,000
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	1,051,740	438,694	600,000
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	17,823,880
591-593, 599	Debt Service	140,190	970,975	404,948	-
597	Transfers-Out	-	-	410,364	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		140,190	970,975	815,312	17,823,880
Increase (Decrease) in Cash and Investments:		587,961	80,765	(371,808)	(1,024,542)
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	1,131,787	80,760	33,746	444,525
Total Ending Cash and Investments		1,131,787	80,760	33,746	444,525

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

		303 Rec & Ped Capital Facilities	305 Misc Capital Projects Fund	401 Water Utility Fund	402 Sewer Utility Fund
Beginning Cash and Investments					
30810	Reserved	-	-	3,604,125	4,501,450
30880	Unreserved	161,890	2,549,996	6,121,604	6,702,010
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	4,600	12,350
330	Intergovernmental Revenues	-	-	220,762	-
340	Charges for Goods and Services	-	-	5,159,836	7,664,594
350	Fines and Penalties	-	-	23,305	36,384
360	Miscellaneous Revenues	1,734	30,348	98,197	416,963
Total Revenues:		1,734	30,348	5,506,700	8,130,291
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	3,787,111	5,304,806
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	41,373	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	41,373	3,787,111	5,304,806
Excess (Deficiency) Revenues over Expenditures:		1,734	(11,025)	1,719,589	2,825,485
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	2,225,756
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	1,319,800	-	29,561
Total Other Increases in Fund Resources:		-	1,319,800	-	2,255,317
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	257,900	1,941,737	2,050,022
591-593, 599	Debt Service	-	2,083	185,721	1,499,099
597	Transfers-Out	-	-	366,694	1,501,450
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	29,561	-	-
Total Other Decreases in Fund Resources:		-	289,544	2,494,152	5,050,571
Increase (Decrease) in Cash and Investments:		1,734	1,019,231	(774,563)	30,231
Ending Cash and Investments					
5081000	Reserved	-	-	1,671,888	4,162,480
5088000	Unreserved	163,624	3,569,227	7,279,278	7,071,211
Total Ending Cash and Investments		163,624	3,569,227	8,951,166	11,233,691

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

		404 Storm Drainage Utility	492 Detention Services	504 Fleet Fund	513 Self Ins Employee Benefit
Beginning Cash and Investments					
30810	Reserved	100,000	-	-	-
30880	Unreserved	1,483,650	288,621	1,868,558	271,241
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	1,681,672	160	375,248	201,119
350	Fines and Penalties	23,557	-	-	-
360	Miscellaneous Revenues	19,681	-	522,046	3,243
Total Revenues:		1,724,910	160	897,294	204,362
Expenditures					
510	General Government	-	-	-	148,262
520	Public Safety	-	-	-	-
530	Utilities	884,639	-	-	-
540	Transportation	-	-	379,259	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		884,639	-	379,259	148,262
Excess (Deficiency) Revenues over Expenditures:		840,271	160	518,035	56,100
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	-	-	13,849	-
Total Other Increases in Fund Resources:		-	-	13,849	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	103,241	-	200,996	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	357,612	288,781	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		460,853	288,781	200,996	-
Increase (Decrease) in Cash and Investments:		379,418	(288,621)	330,888	56,100
Ending Cash and Investments					
5081000	Reserved	82,533	-	-	-
5088000	Unreserved	1,880,535	-	2,199,446	327,341
Total Ending Cash and Investments		1,963,068	-	2,199,446	327,341

The accompanying notes are an integral part of this statement.

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

		561 IT Services	566 IT Capital	567 IT Replacement Non PD	568 IT PC Replacement PD
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	54	34,021	10,988	6,017
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	33,707	58,667	32,704	35,000
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	203	614	166	170
Total Revenues:		33,910	59,281	32,870	35,170
Expenditures					
510	General Government	-	-	20,047	-
520	Public Safety	-	-	-	29,175
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	20,047	29,175
Excess (Deficiency) Revenues over Expenditures:		33,910	59,281	12,823	5,995
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	-	9,068	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	33,964	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		33,964	9,068	-	-
Increase (Decrease) in Cash and Investments:		(54)	50,213	12,823	5,995
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	-	84,234	23,811	12,012
Total Ending Cash and Investments		-	84,234	23,811	12,012

The accompanying notes are an integral part of this statement.

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

		Total for All Funds (Memo Only)	Custodial
308	Beginning Cash and Investments	189,153	189,153
388 & 588	Net Adjustments	-	-
310-390	Additions	3,685,853	3,685,853
510-590	Deductions	3,693,574	3,693,574
	Net Increase (Decrease) in Cash and Investments:	(7,721)	(7,721)
508	Ending Cash and Investments	181,432	181,432

The accompanying notes are an integral part of this statement.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Fife was incorporated on February 11, 1957 and operates under the laws of the state of Washington applicable to a non-charter code city operating under the Council-Manager form of government as set forth in Chapter 35A.13 RCW. The City is a general purpose local government and provides police, municipal court, planning and community development, parks and recreation, street maintenance, water, sewer and storm drainage services, among its major services. Fife and emergency medical services are provided by a separate fire district through a contract with the City of Tacoma.

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.

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 an agent on behalf of others.

Custodial Funds

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

B. Basis of Accounting and Measurement Focus

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

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

C. Cash and Investments

See Note 3, *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of three years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 30 days, except for exempt employees who may accumulate above that maximum but must reduce the balance to 30 days by the next January 1. Upon separation from City service, employees will be paid up to a maximum of 30 days, except exempt employees who may be paid for up to 60 days.

Sick leave may be accumulated up to 1,600 hours. The Police Guild Commissioned and Non-Commissioned may accumulate up to 800 hours. Upon separation or retirement employees receive payment for unused sick leave. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 6, *Debt Service Requirements*.

G. Reserved Fund Balance

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.

Reservation of Ending Cash and Investments consist of unspent bond proceeds for capital purposes, lodging tax, and Transportation Benefit District.

NOTE 2 – BUDGET COMPLIANCE

The City adopts biennial appropriated budgets for all funds. 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 the fiscal year end.

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

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

Account	Fund Name	2019/2020 Revised Budget	2019/2020 Actual Expenditures	Variance
001	General Fund	41,332,462	19,407,975	21,924,487
101	City Street Fund	1,615,092	734,140	880,952
103	Public Safety Red Light	8,850,071	6,670,131	2,179,940
104	Stadium/Convention Tax	1,695,971	828,897	867,074
107	Criminal Justice	685,340	242,178	443,162
108	D.A.R.E	800	-	800
109	Impact & Mitigation	640,000	600,000	40,000
110	Drug Intervention	65,600	40,075	25,525
111	Parks Acquisition & Development	790,062	496,218	293,844
128	Miscellaneous Grants	22,857	22,857	-
132	Public Safety School Zone	465,600	236,108	229,492
161	REET 1	1,193,225	491,342	701,883
162	REET 2	605,000	94,790	510,210
181	Aquatics Services	2,511,000	1,251,347	1,259,653
191	Transportation Benefit District	-	961	(961)
213	1997 Bond	281,321	283,324	(2,003)
215	2011 Ltd. Bond	693,750	345,775	347,975
216	CLID #1 2013	780,000	151,990	628,010
217	2014 Ltd. G.O. Bond	1,940,100	970,975	969,125
218	2017 LTD GO Bond	809,896	815,311	(5,415)
301	Street Construction	27,100,000	17,799,452	9,300,548
302	66th Ave. LID Detail Fund	24,427	24,427	-
305	Misc. Capital Projects	2,243,950	330,917	1,913,033
401	Water Utility	9,689,835	4,327,745	5,362,090
436	Water Construction	6,467,400	1,953,517	4,513,883
402	Sewer Utility	13,260,525	6,553,077	6,707,448
426	Sewer Construction	3,881,000	2,060,361	1,820,639
404	Storm Drain Utility	3,055,853	1,542,968	1,512,885
446	Storm Construction	1,061,990	102,525	959,465
405	Parity Bond	2,997,616	3,000,549	(2,933)
502	Detention Services	288,621	288,781	(160)
504	Fleet	1,452,288	580,255	872,033
513	Self-Ins Emp Benefits	400,000	148,262	251,738
561	IT Service	33,761	33,964	(203)
566	IT Capital	30,000	9,068	20,932
567	IT PC Replacement	60,000	20,047	39,953
568	IT PC Replacement PD	70,000	29,175	40,825
635	Non-Rev/Non-Exp	-	505,801	(505,801)
801	Petty Cash	-	400	(400)
	Total All Funds	137,095,413	72,995,685	64,099,728

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

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Type of Deposit or Investment	City's Own Deposits and Investments	Investments held by City as a custodian for other local governments, individuals or private organizations	Total
Bank Deposits	\$ 9,159,844	\$ 181,432	\$ 9,341,276
Local Government Investment Pool (LGIP)	\$ 27,031,421	\$ -	\$ 27,031,421
U.S. Government Securities	\$ 14,837,691	\$ -	\$ 14,837,691
Total Investments	\$ 51,028,956	\$ 181,432	\$ 51,210,388

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, and 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 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.

Derivatives

The City does not investment in derivatives or similar transactions.

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 \$1.34 per \$1,000 on an assessed valuation of \$2,533,823,204 for a total regular levy of \$3,387,601. The City does not impose any excess levies for any purpose.

NOTE 5 - INTERFUND LOANS

The following table displays interfund loan activity during 2019:

Borrowing Fund	Lending Fund	Balance 1/1/2019	New Loans	Repayments	Balance 12/31/19
Drug Intervention	Criminal Justice	288,431	-	19,940	268,491
Misc. Capital Projects	Sewer Utility	427,606	-	29,561	398,045
Total Interfund Loans		716,037	-	49,501	666,536

NOTE 6- 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, 2019.

The debt service requirements for general obligation bonds, revenue bonds, Public Works Trust Fund (PWTF) loans, and special assessments are as follows:

General Obligation Bonds

	Principal	Interest	Total
2020	1,190,000	532,048	1,722,048
2021	895,000	496,886	1,391,886
2022	700,000	462,773	1,162,773
2023	720,000	441,568	1,161,568
2024	745,000	416,338	1,161,338
2025-2029	4,175,000	1,633,725	5,808,725
2030-2034	4,115,000	527,000	4,642,000
	12,540,000	4,510,336	17,050,336

Assessment Debt

	Principal	Interest	Total
2020	1,900,000	139,784	2,039,784
2021	-	139,784	139,784
2022	-	139,784	139,784
2023	-	139,784	139,784
2024	-	139,784	139,784
2025-2029	-	698,922	698,922
2030-2034	2,727,499	139,784	2,867,283
	4,627,499	1,537,627	6,165,126

Revenue Bonds and PWTF Loans

	Principal	Interest	Total
2020	1,042,453	641,198	1,683,651
2021	907,453	611,901	1,519,354
2022	937,453	580,776	1,518,229
2023	967,453	552,602	1,520,055
2024	1,007,453	508,427	1,515,880
2025-2029	5,732,265	1,854,270	7,586,535
2030-2034	5,452,359	601,372	6,053,731
	16,046,889	5,350,545	21,397,434

Total Debt

	Principal	Interest	Total
2020	4,132,453	1,313,029	5,445,482
2021	1,802,453	1,248,571	3,051,024
2022	1,637,453	1,183,333	2,820,786
2023	1,687,453	1,133,953	2,821,406
2024	1,752,453	1,064,549	2,817,002
2025-2029	9,907,265	4,186,917	14,094,182
2030-2034	12,294,858	1,268,156	13,563,014
	33,214,388	11,398,508	44,612,896

NOTE 7 – 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.

The City participates in the following plans:

PERS1
PERS 2/3
Public Safety ERS 2
LEOFF 1
LEOFF 2

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:

Plan	Allocation %	Liability (Asset)
PERS 1	0.001211%	46,567
PERS 1 UAAL	0.047548%	1,828,389
PERS 2/3	0.059186%	574,897
Total Net Pension Liability (Schedule 9)		2,449,854
PSERS 2	0.051934%	(6,753)
LEOFF 1	0.008366%	(165,363)
LEOFF 2	0.112346%	(2,602,712)
Total Net Pension Assets		(2,774,829)

LEOFF Plan 1

The City also participates 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.

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.

B. Deferred Compensation

The City offers its employees two deferred compensation plans, created in accordance with the Internal Revenue Code Section 457(b). These plans are defined contribution plans.

The International City Management Association Retirement Corporation (ICMA-RC) and Mass Mutual plans are available to all eligible employees. These plans allow participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or in the event of an unforeseeable emergency.

The City matches employee contributions to these plans up to certain monthly limits for Police Officer's Guild members. The City also contributes 3% of base salary to these plans for City Manager and Public Works Director. In 2019, the City's contributions totaled \$38,224, and employee contributions totaled \$394,159.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City as required by RCW 41.26.150(1). The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2019, the City had five members, all retirees. As of December 31, 2019, the City's total OPEB liability was \$2,490,056, as calculated using the alternative measurement method. For the year ended December 31, 2019, the City paid \$80,045 in benefits.

NOTE 9 – RISK MANAGEMENT

The City of Fife 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 - OTHER DISCLOSURES

a) Cash Balances

The City's Municipal Court holds a separate bank account for judicial transactions. This account is included in the reported cash balances. As of December 31, 2019, the balance of this account was \$31,073.

b) Subsequent Events

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 COVID-19. 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 length of time these measures will be in place, and the full extent of the financial impact on the City is unknown at this time.

On February 18, 2020, the City issued bond for \$1,987,000 at the interest rate of 3.10% with maturity date of January 1, 2037. The purpose of this bond is to repay Local Improvement District No. 14-1 Bond Anticipation Note, 2018.

City of Fife
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	2011 Ltd GO & Rfnd	12/1/2026	2,370,000	-	260,000	2,110,000
251.11	2014 Ltd GO & Rfnd	12/1/2021	2,430,000	-	895,000	1,535,000
251.11	2018 Ltd GO A	12/1/2033	7,380,000	-	-	7,380,000
251.11	2018 Ltd GO B	12/1/2025	1,515,000	-	-	1,515,000
Total General Obligation Debt/Liabilities:			13,695,000	-	1,155,000	12,540,000
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	2012 W/S Rfnd	4/1/2029	2,180,000	-	255,000	1,925,000
252.11	2014 Water/Sewer/StormD	10/1/2029	4,095,000	-	315,000	3,780,000
252.11	2018 Water/Sewer/StormD	10/1/2033	330,000	-	165,000	165,000
263.88	2014 PWTF PC13-961-021	12/1/2034	244,341	-	17,453	226,888
263.88	2014 PWTF PC13-961-031	12/1/2034	10,175,000	-	225,000	9,950,000
259.12	Comp Absences		1,297,052	10,901	-	1,307,953
264.30	Net Pension Liability		3,077,975	-	628,121	2,449,854
264.40	OPEB Liabilities		-	2,490,056	-	2,490,056
Total Revenue and Other (non G.O.) Debt/Liabilities:			21,399,368	2,500,957	1,605,574	22,294,751
Assessment Debt/Liabilities (with commitments)						
253.11	CLID 2013 NonTaxable	1/1/2030	2,727,499	-	-	2,727,499
253.63	LID 2018 Bond Anticipation Note	4/1/2020	1,900,000	-	-	1,900,000
Total Assessment Debt/Liabilities (with commitments):			4,627,499	-	-	4,627,499
Total Liabilities:			39,721,867	2,500,957	2,760,574	39,462,250

City of Fife
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
Highway Planning and Construction Cluster								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Department of Transportation)	Highway Planning and Construction	20.205	LA-9224	1,363,272	-	1,363,272	-	1,2,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Department of Transportation)	Highway Planning and Construction	20.205	LA-8138	3,809,739	-	3,809,739	-	1,2,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Department of Transportation)	Highway Planning and Construction	20.205	LA-9215	12,473	-	12,473	-	1,2,3
Total Highway Planning and Construction Cluster:				5,185,484	-	5,185,484	-	
Highway Safety Cluster								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Association of Sheriffs and Police Chiefs)	State and Community Highway Safety	20.600	WASPC	22,000	-	22,000	-	1,2,3
Total Highway Safety Cluster:				22,000	-	22,000	-	
Total Federal Awards Expended:				5,207,484	-	5,207,484	-	

The accompanying notes are an integral part of this schedule.

City of Fife

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019**

Note 1 – Basis of Accounting

This schedule is prepared on the same basis of accounting as the city's financial statements. The city uses the cash basis of accounting.

Note 2 – Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the city's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for the State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

The city has not elected to use the 10-percent de Minimis indirect cost rate allowed under the Uniform Guidance.

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