



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements and Federal Single Audit Report

## City of Fife

**For the period January 1, 2020 through December 31, 2020**

*Published March 21, 2022*

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

March 21, 2022

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

***Americans with Disabilities***

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### City of Fife January 1, 2020 through December 31, 2020

#### 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 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 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>
21.019	COVID-19 – Coronavirus Relief Fund

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

See Finding 2020-001.

## SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

### City of Fife January 1, 2020 through December 31, 2020

#### **2020-001 The City lacked adequate internal controls for ensuring compliance with federal requirements for subrecipient monitoring.**

<b>CFDA Number and Title:</b>	21.019 – COVID-19 – Coronavirus Relief Fund
<b>Federal Grantor Name:</b>	U.S. Department of the Treasury
<b>Federal Award/Contract Number:</b>	N/A
<b>Pass-through Entity Name:</b>	Washington State Department of Commerce
<b>Pass-through Award/Contract Number:</b>	20-6541C-182
<b>Questioned Cost Amount:</b>	\$0

#### ***Background***

The purpose of the Coronavirus Relief Fund program is to provide funding to state, territorial, tribal and certain eligible local governments to cover necessary expenditures incurred because of the COVID-19 pandemic.

During fiscal year 2020, the City spent \$551,737 in program funds, which included \$91,404 passed through to a subrecipient to fulfill components of the program's objectives. The portion of program funds the City passed through to the subrecipient provided emergency rental assistance to households financially affected by COVID-19.

Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding program requirements and monitoring the effectiveness of established controls.

When the City passes on federal funds to subrecipients, federal regulations require the City to ensure every subaward agreement clearly identifies if it is a federal award and includes the applicable federal requirements. Further, the City must evaluate each subrecipient's risk of noncompliance with federal requirements to determine the appropriate amount and type of subrecipient monitoring.

Subrecipient monitoring requirements include ensuring compliance with program requirements.

### ***Description of Condition***

The City contracted with a local nonprofit organization to administer the housing assistance program. The nonprofit determined which households were eligible to receive funds and used program funds to provide emergency rental assistance to households affected by COVID-19. The nonprofit is considered a subrecipient because determining household eligibility is carrying out part of the program's objectives on the City's behalf. However, the City incorrectly determined the nonprofit was a contractor and, as a result, did not follow subrecipient monitoring requirements.

Specifically, the contract with the nonprofit did not clearly identify it was a subaward and did not include other information required for federal awards. Additionally, the City did not perform a risk assessment and did not have documentation showing it monitored the nonprofit for program compliance.

We consider these deficiencies in internal controls to be a material weakness, which led to material noncompliance. This issue was not reported as a finding in the prior audit.

### ***Cause of Condition***

The City received the new Coronavirus Relief Fund program funds while trying to react quickly to the COVID-19 pandemic. The City was unaware of the Washington State Department of Commerce's guidance that clarified the distinctions between contractor, subrecipient, and beneficiary relationships for this program. As a result, the City incorrectly determined the nonprofit was a contractor rather than a subrecipient.

### ***Effect of Condition and Questioned Costs***

When contracts do not indicate they are federal subawards and do not include the required information, subrecipients are at an increased risk of not knowing the award comes from a federal program. This also increases the risk subrecipients would not know they need to comply with specific program requirements, which could lead to spending funds for unallowable purposes.

Without performing risk assessments and monitoring subrecipients, the City cannot ensure it is performing the proper level of monitoring. Additionally, the City cannot demonstrate it is ensuring subrecipients are complying with program requirements.

The subrecipient provided the City with documentation related to the households that received assistance and the support it used to determine their eligibility. However, the City could not demonstrate it had performed any detailed review of the information the subrecipient submitted. As a result, the City cannot determine if the payments went to eligible households.

### ***Recommendation***

We recommend the City:

- Review available guidance and consult with its awarding agency to ensure it correctly classifies parties it plans to contract with as subrecipients or contractors
- Clearly identify all subawards as federal awards and include all the required elements in the subaward agreements
- Performs risk assessments of subrecipients and monitor them accordingly

### ***City's Response***

*The City of Fife is committed to making the necessary improvements to ensure compliance with federal program requirements. To direct the most assistance to those financially impacted by the pandemic, the city council choose to use a portion of the city's allotted CARES funds to provide rental assistance to renters within the City.*

*The City had previously administered a Cares Act Fund utility assistance program on our own and found that it took a lot of staff time and was not efficient. Given the urgent need and compressed time to distribute the CARES Act funds to those most impacted by the pandemic, the City reached out to two neighboring cities to determine what they were doing in terms of rental assistance. In doing so, the City discovered that non-profit Living Assess Support Alliance (LASA) LASA had already administered similar CARES Act Rental Assistance Programs for two other cities in Pierce County. Our legal department drafted a services agreement like one used by another city for LASA to administer Fife's COVID-19 Rental Assistance Program. The City did not identify LASA as a subrecipient, and thus did not perform the risk assessment and monitoring required of subrecipients.*



*In the future, the City will improve and establish proper internal controls and oversight to ensure proper subrecipient monitoring, risk assessment, and contract compliance.*

*The City appreciates the time and effort the State Auditor's Office put forth while conducting the audit and working with staff to ensure the City is compliant with all federal rules, laws, and regulations.*

### ***Auditor's Remarks***

We thank the City for its assistance throughout the audit and the steps it is taking to address these issues. The City's corrective action will be reviewed during our next audit.

### ***Applicable Laws and Regulations***

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303 Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

Title 2 CFR Part 200, Uniform Guidance, section 332, Requirements for pass-through entities, establishes subrecipient monitoring and management requirements for pass through entities.

Title 2 CFR Part 200, Uniform Guidance, section 331, Subrecipient and contractor determinations, establishes the requirements for pass through entities to make case-by-case determinations whether the agreement it makes for the disbursement of federal program funds casts the party receiving the funds in the role of a subrecipient or contractor and provides characteristics of the relationships.

Title 2 CFR Part 200, Uniform Guidance, section 332, Requirements for pass-through entities, establishes subrecipient monitoring and management requirements for pass through entities.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

## INDEPENDENT AUDITOR'S REPORT

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

#### **City of Fife January 1, 2020 through December 31, 2020**

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, 2020, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated March 14, 2022.

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 3 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the City is unknown.

## 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

March 14, 2022

## INDEPENDENT AUDITOR'S REPORT

### 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, 2020 through December 31, 2020

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, 2020. 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, 2020.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2020-001. Our opinion on each major federal program is not modified with respect to these matters.

### **City's Response to Findings**

The City's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **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 over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2020-001 that we consider to be a material weakness.

### **City's Response to Findings**

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **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, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

March 14, 2022

# INDEPENDENT AUDITOR'S REPORT

## Report on the Financial Statements

### City of Fife January 1, 2020 through December 31, 2020

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, 2020, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 19.

### 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, 2020, 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, 2020, 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 3 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the City is unknown. . 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 also 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 March 14, 2022 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.



Pat McCarthy, State Auditor

Olympia, WA

March 14, 2022

## **FINANCIAL SECTION**

### **City of Fife January 1, 2020 through December 31, 2020**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2020  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2020  
Notes to Financial Statements – 2020

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2020  
Schedule of Expenditures of Federal Awards – 2020  
Notes to the Schedule of Expenditures of Federal Awards – 2020

**City of Fife**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2020**

		<b>Total for All Funds (Memo Only)</b>	<b>001 General Fund</b>	<b>101 Street Operating Fund</b>	<b>103 Public Safety Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	51,028,958	12,698,820	379,907	1,078,580
388 / 588	Net Adjustments	228,969	327,051	-	-
<b>Revenues</b>					
310	Taxes	18,147,083	16,148,569	-	-
320	Licenses and Permits	760,792	735,419	-	-
330	Intergovernmental Revenues	7,887,200	853,067	266,321	344,227
340	Charges for Goods and Services	17,272,422	1,140,558	14,747	-
350	Fines and Penalties	2,733,545	187,212	-	2,523,083
360	Miscellaneous Revenues	1,731,486	883,737	2,179	4,407
Total Revenues:		48,532,528	19,948,562	283,247	2,871,717
<b>Expenditures</b>					
510	General Government	4,450,514	4,101,084	-	210,761
520	Public Safety	8,315,389	6,802,567	-	1,160,546
530	Utilities	9,707,870	-	-	-
540	Transportation	1,378,499	239,899	706,385	84,102
550	Natural/Economic Environment	1,652,201	1,055,708	-	-
560	Social Services	2,931	2,931	-	-
570	Culture and Recreation	1,906,659	1,814,514	-	-
Total Expenditures:		27,414,063	14,016,703	706,385	1,455,409
Excess (Deficiency) Revenues over Expenditures:		21,118,465	5,931,859	(423,138)	1,416,308
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	2,122,405	-	-	-
397	Transfers-In	3,432,639	-	950,000	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	1,717,849	154,867	-	-
Total Other Increases in Fund Resources:		7,272,893	154,867	950,000	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	9,897,946	50,513	-	375,996
591-593, 599	Debt Service	5,786,923	-	-	-
597	Transfers-Out	3,432,639	1,754,672	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	1,743,395	180,646	-	-
Total Other Decreases in Fund Resources:		20,860,903	1,985,831	-	375,996
<b>Increase (Decrease) in Cash and Investments:</b>		<b>7,530,455</b>	<b>4,100,895</b>	<b>526,862</b>	<b>1,040,312</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	14,031,184	-	176,862	-
50841	Committed	2,152,132	33,240	-	2,118,892
50851	Assigned	25,681,704	170,164	729,907	-
50891	Unassigned	16,923,362	16,923,362	-	-
<b>Total Ending Cash and Investments</b>		<b>58,788,382</b>	<b>17,126,766</b>	<b>906,769</b>	<b>2,118,892</b>

**City of Fife**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2020**

		<b>104</b> <b>Stadium/Conve</b> <b>ntion Tax Fund</b>	<b>107 Criminal</b> <b>Justice Fund</b>	<b>108 D.A.R.E.</b> <b>Fund</b>	<b>109 Impact &amp;</b> <b>Mitigation Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	917,500	263,054	6,045	1,492,928
388 / 588	Net Adjustments	-	-	-	2,372
<b>Revenues</b>					
310	Taxes	645,446	203,236	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	69,588	-	-
340	Charges for Goods and Services	-	59,865	-	222,572
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	2,879	2,169	19	4,890
Total Revenues:		648,325	334,858	19	227,462
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	319,001	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	374,520	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	56,303	-	-	-
Total Expenditures:		430,823	319,001	-	-
Excess (Deficiency) Revenues over Expenditures:		217,502	15,857	19	227,462
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	20,040	-	-
Total Other Increases in Fund Resources:		-	20,040	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	123,642	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		123,642	-	-	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>93,860</b>	<b>35,897</b>	<b>19</b>	<b>227,462</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	1,011,360	298,951	-	1,722,762
50841	Committed	-	-	-	-
50851	Assigned	-	-	6,064	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>1,011,360</b>	<b>298,951</b>	<b>6,064</b>	<b>1,722,762</b>

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, 2020**

		<b>110 Drug Intervention Fund</b>	<b>111 Park Acquisition/Dev elop Fund</b>	<b>112 Affordable Housing Sales Tax</b>	<b>161 REET Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	26,244	646,424	-	1,833,346
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	112,294	14,223	848,145
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	5,719
340	Charges for Goods and Services	-	17,000	-	-
350	Fines and Penalties	899	-	-	-
360	Miscellaneous Revenues	4,209	20,799	-	6,048
Total Revenues:		5,108	150,093	14,223	859,912
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	1,704	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	93,762
560	Social Services	-	-	-	-
570	Culture and Recreation	-	35,842	-	-
Total Expenditures:		1,704	35,842	-	93,762
Excess (Deficiency) Revenues over Expenditures:		3,404	114,251	14,223	766,150
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	30,000	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		30,000	-	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	73,201	-	295,446
591-593, 599	Debt Service	1,305	-	-	-
597	Transfers-Out	-	-	-	352,060
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	20,040	-	-	-
Total Other Decreases in Fund Resources:		21,345	73,201	-	647,506
<b>Increase (Decrease) in Cash and Investments:</b>		<b>12,059</b>	<b>41,050</b>	<b>14,223</b>	<b>118,644</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	38,303	687,474	14,223	1,951,990
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>38,303</b>	<b>687,474</b>	<b>14,223</b>	<b>1,951,990</b>

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, 2020**

		191 Transportation Benefit District	209 LID Guarantee Fund	215 2011 Ltd G.O. Bond Fund	216 CLID #1 2013
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	465,794	972,879	28,998	1,131,787
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	175,170	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,589	3,067	-	206,766
Total Revenues:		176,759	3,067	-	206,766
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	157	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		157	-	-	-
Excess (Deficiency) Revenues over Expenditures:		176,602	3,067	-	206,766
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	348,134	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	348,134	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	347,975	139,784
597	Transfers-Out	600,000	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		600,000	-	347,975	139,784
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(423,398)</b>	<b>3,067</b>	<b>159</b>	<b>66,982</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	42,396	975,946	-	1,198,769
50841	Committed	-	-	-	-
50851	Assigned	-	-	29,157	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>42,396</b>	<b>975,946</b>	<b>29,157</b>	<b>1,198,769</b>

**City of Fife**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2020**

		<b>217 2014 Ltd GO Bond</b>	<b>218 GO 18 Debt Service</b>	<b>219 LID #14-1 2020</b>	<b>301 Street Construction Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	80,760	33,746	-	444,525
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	6,210,217
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	241	194,064	2,541
Total Revenues:		-	241	194,064	6,212,758
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		-	241	194,064	6,212,758
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	1,987,000	-
397	Transfers-In	941,453	404,948	32,197	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	1,500,000
Total Other Increases in Fund Resources:		941,453	404,948	2,019,197	1,500,000
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	7,639,922
591-593, 599	Debt Service	969,125	404,948	2,019,197	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		969,125	404,948	2,019,197	7,639,922
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(27,672)</b>	<b>241</b>	<b>194,064</b>	<b>72,836</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	53,088	33,987	194,064	517,361
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>53,088</b>	<b>33,987</b>	<b>194,064</b>	<b>517,361</b>



**City of Fife**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2020**

		<b>303 Rec &amp; Ped Capital Facilities</b>	<b>305 Misc Capital Projects Fund</b>	<b>401 Water Utility Fund</b>	<b>402 Sewer Utility Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	163,624	3,569,228	8,951,166	11,233,691
388 / 588	Net Adjustments	-	-	(5,477)	40,428
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	423	24,950
330	Intergovernmental Revenues	-	-	105,061	-
340	Charges for Goods and Services	-	-	5,044,003	8,439,271
350	Fines and Penalties	-	-	6,122	13,926
360	Miscellaneous Revenues	516	11,127	28,764	336,418
Total Revenues:		516	11,127	5,184,373	8,814,565
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	3,832,026	4,875,925
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	128,211	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	128,211	3,832,026	4,875,925
Excess (Deficiency) Revenues over Expenditures:		516	(117,084)	1,352,347	3,938,640
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	725,907
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	10,000	29,709
Total Other Increases in Fund Resources:		-	-	10,000	755,616
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	235,880	534,578	489,209
591-593, 599	Debt Service	-	1,935	395,337	1,498,505
597	Transfers-Out	-	-	367,683	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	1,529,709	13,000	-
Total Other Decreases in Fund Resources:		-	1,767,524	1,310,598	1,987,714
<b>Increase (Decrease) in Cash and Investments:</b>		<b>516</b>	<b>(1,884,608)</b>	<b>51,749</b>	<b>2,706,542</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	1,667,135	4,162,480
50841	Committed	-	-	-	-
50851	Assigned	164,140	1,684,620	7,330,303	9,818,181
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>164,140</b>	<b>1,684,620</b>	<b>8,997,438</b>	<b>13,980,661</b>

**City of Fife**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2020**

		<b>404 Storm Drainage Utility</b>	<b>504 Fleet Fund</b>	<b>513 Self Ins Employee Benefit</b>	<b>566 IT Capital</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	1,963,068	2,199,446	327,341	84,234
388 / 588	Net Adjustments	(135,405)	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	33,000	-	-	-
340	Charges for Goods and Services	1,834,473	176,121	200,145	58,667
350	Fines and Penalties	2,303	-	-	-
360	Miscellaneous Revenues	6,785	6,797	1,029	305
Total Revenues:		1,876,561	182,918	201,174	58,972
<b>Expenditures</b>					
510	General Government	-	-	138,669	-
520	Public Safety	-	-	-	-
530	Utilities	999,919	-	-	-
540	Transportation	-	347,956	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		999,919	347,956	138,669	-
Excess (Deficiency) Revenues over Expenditures:		876,642	(165,038)	62,505	58,972
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	135,405	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	3,233	-	-
Total Other Increases in Fund Resources:		135,405	3,233	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	16,092	63,467	-	-
591-593, 599	Debt Service	8,812	-	-	-
597	Transfers-Out	358,224	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		383,128	63,467	-	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>628,919</b>	<b>(225,272)</b>	<b>62,505</b>	<b>58,972</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	82,533	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	2,374,049	1,974,174	389,846	143,206
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>2,456,582</b>	<b>1,974,174</b>	<b>389,846</b>	<b>143,206</b>

**City of Fife**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2020**

		<b>567 IT Replacement Non PD</b>	<b>568 IT PC Replacement PD</b>
<b>Beginning Cash and Investments</b>			
308	Beginning Cash and Investments	23,811	12,012
388 / 588	Net Adjustments	-	-
<b>Revenues</b>			
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	-	-
340	Charges for Goods and Services	30,000	35,000
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	96	45
Total Revenues:		30,096	35,045
<b>Expenditures</b>			
510	General Government	-	-
520	Public Safety	-	31,571
530	Utilities	-	-
540	Transportation	-	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		-	31,571
Excess (Deficiency) Revenues over Expenditures:		30,096	3,474
<b>Other Increases in Fund Resources</b>			
391-393, 596	Debt Proceeds	-	-
397	Transfers-In	-	-
385	Special or Extraordinary Items	-	-
381, 382, 389, 395, 398	Other Resources	-	-
Total Other Increases in Fund Resources:		-	-
<b>Other Decreases in Fund Resources</b>			
594-595	Capital Expenditures	-	-
591-593, 599	Debt Service	-	-
597	Transfers-Out	-	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	-
Total Other Decreases in Fund Resources:		-	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>30,096</b>	<b>3,474</b>
<b>Ending Cash and Investments</b>			
50821	Nonspendable	-	-
50831	Restricted	-	-
50841	Committed	-	-
50851	Assigned	53,907	15,486
50891	Unassigned	-	-
<b>Total Ending Cash and Investments</b>		<b>53,907</b>	<b>15,486</b>

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, 2020**

		<b>Total for All Funds (Memo Only)</b>	<b>Custodial</b>
308	Beginning Cash and Investments	181,432	181,432
388 & 588	Net Adjustments	(128,230)	(128,230)
310-390	Additions	3,269,898	3,269,898
510-590	Deductions	3,282,200	3,282,200
	Net Increase (Decrease) in Cash and Investments:	(12,302)	(12,302)
508	Ending Cash and Investments	40,900	40,900

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

**City of Fife**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

**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 7, *Debt Service Requirements*.

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as restricted and committed when it is subject to restrictions on use imposed by external parties or due to internal commitments by ordinance or resolution of the City Council. When expenditures that meet restrictions are incurred, the city intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of:

<b>Fund</b>	<b>Amount</b>	<b>Reason</b>
Street Operating Fund (101)	\$176,862	Transportation Benefit District (TBD) annual vehicle fee restricted for transportation improvements within the district.
Lodging Tax Fund (104)	\$ 1,011,360	Lodging excise tax restricted for tourism promotion.
Criminal Justice Fund (107)	\$ 298,951	Criminal justice sales and use tax restricted for criminal justice purposes.
Impact & Mitigation Fund (109)	\$1,722,762	Growth Management Act (GMA) impact fees restricted for public streets and roads.
Drug Intervention Fund (110)	\$38,303	Forfeited drug property restricted for the expansion and improvement of controlled substances related law enforcement activity.
Park Acquisition/Develop Fund (111)	\$687,474	Growth Management Act (GMA) impact fees and zoo, aquarium and wildlife facilities sales and use tax restricted for publicly owned parks, open space, and recreation facilities.

Affordable Housing Sales Tax (112)	\$14,223	Affordable housing sales tax credit restricted for affordable and supportive housing.
REET Fund (161)	\$1,951,990	Real estate excise tax restricted for preparing and implementing growth management program.
Transportation Benefit District (191)	\$42,396	Transportation Benefit District (TBD) annual vehicle fee restricted for transportation improvements within the district.
LID Guarantee Fund (209)	\$975,946	LID bond guarantee restricted for guaranteeing the payment of bonds.
CLID #1 2013 (216)	\$1,198,769	Special assessments collected in the local improvement district restricted for repayment of outstanding bonds.
Water Utility Fund (401)	\$1,667,135	Unspent bond proceeds restricted for capital costs of water utility projects.
Sewer Utility Fund (402)	\$4,162,480	Unspent bond proceeds restricted for capital costs of sewer utility projects. Bond reserve restricted for guaranteeing the payment of bonds.
Storm Drainage Utility (404)	\$82,533	Unspent bond proceeds restricted for capital costs of storm drainage utility projects.
Non-Rev/Non-Exp (635)	\$5,168	Sales and use tax, leasehold tax, state building fee, seized property, forfeited property state portion, and court mandated fees held in custodian capacity for individuals or other governments.
Municipal Court (637)	\$35,732	Municipal court receipts and disbursements.
General Fund (001)	\$ 33,240	Performance bonds committed by governing body through ordinance to ensure the completion of the landscaping in accordance with the approved.
Public Safety Fund (103)	\$2,118,892	Red light photo citations committed by governing body through ordinance for the purpose of paying for the costs of the automated traffic enforcement program.

## **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	41,835,952	37,308,909	4,527,043
101	City Street Fund	1,615,092	1,440,524	174,568
103	Public Safety Red Light	8,855,071	8,423,934	431,137
104	Stadium/Convention Tax	1,963,226	1,383,362	579,864
107	Criminal Justice	685,340	561,178	124,162
108	D.A.R.E	6,981	-	6,981
109	Impact & Mitigation	640,000	600,000	40,000
110	Drug Intervention	65,600	63,123	2,477
111	Parks Acquisition & Development	790,062	605,261	184,801
128	Miscellaneous Grants	-	22,857	(22,857)
132	Public Safety School Zone	465,600	313,708	151,892
161	REET 1	1,193,225	855,370	337,855
162	REET 2	605,000	472,030	132,970
181	Aquatics Services	2,513,866	1,930,857	583,009
191	Transportation Benefit District	600,000	601,118	(1,118)
213	1997 Bond	281,321	283,324	(2,003)
215	2011 Ltd. Bond	693,750	693,750	-
216	CLID #1 2013	780,000	291,774	488,226
217	2014 Ltd. G.O. Bond	1,940,100	1,940,100	-
218	2017 LTD GO Bond	809,896	1,220,259	(410,363)
219	LID #14-1 2020	-	2,019,197	(2,019,197)
301	Street Construction	32,150,000	25,439,374	6,710,626
302	66th Ave. LID Detail Fund	24,427	24,427	-
305	Misc. Capital Projects	3,743,950	2,226,651	1,517,299
401	Water Utility	9,722,835	8,869,337	853,498
436	Water Construction	6,467,400	2,541,550	3,925,850
402	Sewer Utility	13,319,625	12,396,936	922,689
426	Sewer Construction	3,881,000	2,572,651	1,308,349
404	Storm Drain Utility	3,067,953	3,110,613	(42,660)
446	Storm Construction	1,061,990	117,927	944,063
405	Parity Bond	2,997,616	4,502,001	(1,504,385)
502	Detention Services	288,621	288,781	(160)
504	Fleet	1,452,288	991,677	460,611
513	Self-Ins Emp Benefits	400,000	286,931	113,069
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	60,746	9,254
635	Non-Rev/Non-Exp	-	917,220	(917,220)
801	Petty Cash	-	400	(400)
	<b>Total All Funds</b>	<b>145,111,548</b>	<b>125,440,936</b>	<b>19,670,612</b>

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.

The variance in the LID #14-1 2020 Fund 219 is due to paying off local improvement district note. The expenditure offsets with issuing new bonds and was consistent with Council authorizing the payoff.

The variance in the Parity Fund 405 is due to separating parity debt service in a separate fund for ease of accounting. The expenditure offsets with revenue in another fund.

### **NOTE 3 – COVID-19 PANDEMIC**

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

To comply with the Governor's state of emergency order, the city implemented a city-wide measure to limit the effects of the pandemic to the public and staff. Departments developed a plan which would not only comply with the order but would include a plan to address both the economic and health impacts at hand. With this in mind, the city implemented conservative revenue forecasting and spending freezes in all areas expense. The pandemic had the greatest impact on the pool and recreation services departments. Program services to the community were discontinued and staff were laid off to offset the potential revenue shortfall. Public Safety and other critical or essential services were met within city budgets. Despite the unprecedented COVID 19 pandemic Fife closed its overall fiscal year 2020 in a positive cash position across all funds.

The City received CARES Act funding in the amount of \$456,300 from the Department of Commerce. These funds were used to offer a utility assistance program (expenses totaling \$8,000), a rental assistance program (expenses totaling \$91,404) and the remaining amount was used to address pandemic safety measures such as payroll costs to comply with the city closure, city-wide programming adjustments, equipment, disinfecting services, staffing impacts, and PPE.

Fife also qualified for CARES Act funding from Pierce County for \$31,214 to address COVID 19 safety precautions for the Community Center Senior Program. Expenses included PPE and social distancing supplies & materials for the program.

CARES Act Funding was also provided to the municipal court from the Office of the Court for \$64,222 of which \$18,225 was received in 2020. These funds were used to address social distancing measures such as pandemic security & staffing, equipment, and PPE.

The City received \$10,801 from Pierce County in FEMA funding to reimburse for employee serving as emergency management contract staff in Pierce County during the ongoing COVID-19 incident.

The City also submitted for FEMA funding reimbursement in the amount of \$30,236 which was not

received yet. Funding support was used to fund no contact measures such as PPE, social distancing messaging, disinfection supplies, physical barriers and communication staff at public facilities and parks.

The length of time these measures will continue to be in place, and the full extent of the financial impact on the City is unknown at this time. The City is currently working on a reopening plan which is dependent on final guidance from the CDC and Governor.

#### **NOTE 4 – DEPOSITS AND INVESTMENTS**

Investments are reported at original cost. Deposits and investments by type at December 31, 2020 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	\$ 26,094,238	\$ 40,899	\$ 26,135,137
Local Government Investment Pool (LGIP)	\$ 26,190,086	\$ -	\$ 26,190,086
U.S. Government Securities	\$ 6,504,055	\$ -	\$ 6,504,055
<b>Total Investments</b>	<b>\$ 58,788,379</b>	<b>\$ 40,899</b>	<b>\$ 58,829,278</b>

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

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

The City is a voluntary participant in the Local Government Investment Pool, 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](http://www.tre.wa.gov).

#### **Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the City would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The City's deposits 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 5 - 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 2020 was \$1.22 per \$1,000 on an assessed valuation of \$2,791,019,594 for a total regular levy of \$3,402,864. The City does not impose any excess levies for any purpose.

#### **NOTE 6 - INTERFUND LOANS**

The following table displays interfund loan activity during 2020:

<b>Borrowing Fund</b>	<b>Lending Fund</b>	<b>Balance 1/1/2020</b>	<b>New Loans</b>	<b>Repayments</b>	<b>Balance 12/31/20</b>
Drug Intervention	Criminal Justice	268,491	-	20,040	248,451
Misc. Capital Projects	Sewer Utility	398,045	-	29,709	368,336
Street Construction	Misc. Capital Projects	-	1,500,000	-	1,500,000
<b>Total Interfund Loans</b>		<b>666,536</b>	<b>1,500,000</b>	<b>49,749</b>	<b>2,116,787</b>

#### **NOTE 7 - 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, 2020.

The debt service requirements for general obligation bonds, revenue bonds, loan, and special assessments are as follows:

**General Obligation Bonds**

	Principal	Interest	Total
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	775,000	389,800	1,164,800
2026-2030	4,355,000	1,449,675	5,804,675
2031-2035	3,160,000	321,250	3,481,250
2036-2040	-	-	-
	<b>11,350,000</b>	<b>3,978,289</b>	<b>15,328,289</b>

**Assessment Debt**

	Principal	Interest	Total
2021	132,000	193,339	325,339
2022	133,000	197,289	330,289
2023	133,000	193,166	326,166
2024	133,000	189,043	322,043
2025	133,000	184,920	317,920
2026-2030	3,390,499	862,788	4,253,287
2031-2035	660,000	61,380	721,380
2036-2040	-	-	-
	<b>4,714,499</b>	<b>1,881,926</b>	<b>6,596,425</b>

**Revenue Bonds and Loans**

	Principal	Interest	Total
2021	895,689	612,929	1,508,618
2022	925,827	581,841	1,507,668
2023	955,969	553,700	1,509,668
2024	996,113	509,555	1,505,668
2025	1,041,262	466,263	1,507,524
2026-2030	5,913,663	1,625,768	7,539,431
2031-2035	4,167,950	376,384	4,544,334
2036-2040	29,405	1,436	30,841
	<b>14,925,878</b>	<b>4,727,874</b>	<b>19,653,752</b>

**Total Debt**

	Principal	Interest	Total
2021	1,922,689	1,303,154	3,225,843
2022	1,758,827	1,241,903	3,000,730
2023	1,808,969	1,188,433	2,997,402
2024	1,874,113	1,114,936	2,989,049
2025	1,949,262	1,040,983	2,990,245
2026-2030	13,659,162	3,938,231	17,597,392
2031-2035	7,987,950	759,014	8,746,964
2036-2040	29,405	1,436	30,841
	<b>30,990,377</b>	<b>10,588,089</b>	<b>41,578,466</b>

**Debt Repayment**

The City issued \$1,987,000 of local improvement district bonds to repay \$1,900,000 of the outstanding note together with the interest and incidental costs. This repayment and issuance of new bonds were undertaken because collection of assessments were not adequate to cover outstanding note which was maturing on April 1, 2020.

**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.

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](http://www.drs.wa.gov).

At June 30, 2020, 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	0.001244%	43,920
PERS 1 UAAL	0.044522%	1,571,867
PERS 2/3	0.055366%	708,100
<b>Total Net Pension Liability (Schedule 9)</b>		<b>2,323,887</b>
PSERS 2	0.049214%	(6,772)
LEOFF 1	0.008550%	(161,468)
LEOFF 2	0.104675%	(2,135,217)
<b>Total Net Pension Assets</b>		<b>(2,303,457)</b>

#### 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 2020, the City's contributions totaled \$49,004, and employee contributions totaled \$369,428.

#### **NOTE 9 – 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, 2020, the City had five members, all retirees. As of December 31, 2020, the City's total OPEB liability was \$2,717,804, as calculated using the alternative measurement method. For the year ended December 31, 2020, the City paid \$80,255 in benefits.

#### **NOTE 10 – RISK MANAGEMENT**

##### **A. Liability Insurance**

City of Fife is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 162 members.

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

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$21 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$25 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

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

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel

and land use issues, insurance brokerage, actuarial, and lobbyist services.

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

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

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

#### B. Health & Welfare

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, 2020, 262 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.

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

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, 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 2020, 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 11 - 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, 2020, the balance of this account was \$35,732.

b) Cumulative Effect of Change in Accounting and Prior Period Adjustment

The beginning balances of the General Fund, Impact & Mitigation Fund, Water, Sewer, and Custodial Funds were adjusted by \$(327,051), \$(2,372), \$5,477, \$(40,428) and \$128,230, respectively, in order to comply with the definition of fiduciary activity as defined in GASB released Statement No. 84 -Fiduciary Activities.

The City had \$134,405 in prior period adjustment for Water Quality Loan that was incorrectly receipted as grant revenue in 2018 and 2019.

c) American Rescue Act Plan Funding

In March of 2021, the City was awarded \$2.22 million in Federal American Rescue Act Plan funding through the State of Washington, Department of Commerce. Planning is well underway to utilize funding in accordance with guidance from the U.S. Department of Treasury. As part of this funding plan, the City plans to support the immediate pandemic response, bring back jobs, and lay the groundwork for a strong and equitable recovery. Key to the city's response will be to consider the following:

- Support public health expenditures - medical expenses, behavioral healthcare, and certain public health and safety staff;
- Address negative economic impacts caused by the public health emergency - economic harms to workers, households, small businesses, impacted industries, and the public sector;
- Replace lost public sector revenue - provide government services to the extent of the reduction in revenue experienced due to the pandemic, except replacing taxes;
- Provide premium pay for essential workers – offering hazard pay to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
- Invest in water, sewer, and broadband infrastructure - making necessary investments to improve access to clean drinking water, support vital wastewater and storm water infrastructure, and to expand access to broadband internet.

**City of Fife**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2020**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
251.11	2011 Ltd GO & Rfnd	12/1/2026	2,110,000	-	270,000	1,840,000
251.11	2014 Ltd GO & Rfnd	12/1/2021	1,535,000	-	920,000	615,000
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
<b>Total General Obligation Debt/Liabilities:</b>			<b>12,540,000</b>	<b>-</b>	<b>1,190,000</b>	<b>11,350,000</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
252.11	2012 W/S Rfnd	4/1/2029	1,925,000	-	260,000	1,665,000
252.11	2014 Water/Sewer/StormD	10/1/2029	3,780,000	-	325,000	3,455,000
252.11	2018 Water/Sewer/StormD	10/1/2033	9,950,000	-	275,000	9,675,000
263.88	2014 PWTF PC13-961-021	12/1/2034	165,000	-	165,000	-
263.88	2014 PWTF PC13-961-031	12/1/2034	226,888	-	226,888	-
263.84	Water Quality Loan	5/31/2039	-	135,405	4,528	130,877
259.12	Comp Absences	12/30/1899	1,307,953	134,391	-	1,442,344
264.30	Net Pension Liability	12/30/1899	2,449,854	-	125,967	2,323,887
264.40	OPEB Liabilities	12/30/1899	2,490,056	227,748	-	2,717,804
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>22,294,751</b>	<b>497,544</b>	<b>1,382,383</b>	<b>21,409,912</b>
<b>Assessment Debt/Liabilities (with commitments)</b>						
253.11	CLID 2013 NonTaxable	1/1/2030	2,727,499	-	-	2,727,499
253.11	LID 14-1 2020 Bond	1/1/2035	-	1,987,000	-	1,987,000
253.63	LID 2018 Bond Anticipation Note	4/1/2020	1,900,000	-	1,900,000	-
<b>Total Assessment Debt/Liabilities (with commitments):</b>			<b>4,627,499</b>	<b>1,987,000</b>	<b>1,900,000</b>	<b>4,714,499</b>
<b>Total Liabilities:</b>			<b>39,462,250</b>	<b>2,484,544</b>	<b>4,472,383</b>	<b>37,474,411</b>

**City of Fife**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2020**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Note
				From Pass- Through Awards	From Direct Awards	Total	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607	2020BUBX2002 1856	-	6,391	6,391	123
<b>Highway Planning and Construction Cluster</b>							
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Department of Transportation)	Highway Planning and Construction	20.205	LA-9940	5,719	-	5,719	123
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Department of Transportation)	Highway Planning and Construction	20.205	LA-9224	11,192	-	11,192	123
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Department of Transportation)	Highway Planning and Construction	20.205	LA-8138	557,533	-	557,533	123
<b>Total Highway Planning and Construction Cluster:</b>				<b>574,444</b>	<b>-</b>	<b>574,444</b>	
<b>Highway Safety Cluster</b>							
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission)	State and Community Highway Safety	20.600	2020-HVE-3841 -Fife Police Department	6,384	-	6,384	123
<b>Total Highway Safety Cluster:</b>				<b>6,384</b>	<b>-</b>	<b>6,384</b>	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Department of Commerce)	COVID 19 - Coronavirus Relief Fund	21.019	20-6541C-182	456,300	-	456,300	123
							91,404

The accompanying notes are an integral part of this schedule.

**City of Fife**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2020**

				Expenditures				Passed through to Subrecipients	Note
				Federal Program	CFDA Number	Other Award Number	From Pass-Through Awards	From Direct Awards	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Administrative Office of the Courts)	COVID 19 - Coronavirus Relief Fund	21.019	CARES	64,222	-	64,222	-	-	123
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Pierce County)	COVID 19 - Coronavirus Relief Fund	21.019	SC-107645	31,214	-	31,214	-	-	123
<b>Total CFDA 21.019:</b>				<b>551,736</b>	<b>-</b>	<b>551,736</b>	<b>91,404</b>		
<b>Total Federal Awards Expended:</b>				<b>1,132,564</b>	<b>6,391</b>	<b>1,138,955</b>	<b>91,404</b>		

*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, 2020**

**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 – Indirect Cost Rate**

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

**Note 3 – 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 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.



## CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

### City of Fife January 1, 2020 through December 31, 2020

This schedule presents the corrective action planned by the City for findings reported in this report 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).

<b>Finding ref number:</b> 2020-001	<b>Finding caption:</b> The City lacked adequate internal controls for ensuring compliance with federal requirements for subrecipient monitoring.
<b>Name, address, and telephone of City contact person:</b> Patty Luat, Finance Director City of Fife. 5411 23rd Street E. Fife, WA 98424-2061 Phone: 253-896-8614	
<b><i>Corrective action the auditee plans to take in response to the finding:</i></b> <i>The City of Fife is committed to making the necessary improvements to ensure compliance with federal program requirements. To direct the most assistance to those financially impacted by the pandemic, the city council choose to use a portion of the city's allotted CARES funds to provide rental assistance to renters within the City.</i> <i>The City had previously administered a Cares Act Fund utility assistance program on our own and found that it took a lot of staff time and was not efficient. Given the urgent need and compressed time to distribute the CARES Act funds to those most impacted by the pandemic, the City reached out to two neighboring cities to determine what they were doing in terms of rental assistance. In doing so, the City discovered that non-profit Living Assess Support Alliance (LASA) LASA had already administered similar CARES Act Rental Assistance</i>	

*Programs for two other cities in Pierce County. Our legal department drafted a services agreement like one used by another city for LASA to administer Fife's COVID-19 Rental Assistance Program. The City did not identify LASA as a subrecipient, and thus did not perform the risk assessment and monitoring required of subrecipients.*

*In the future, the City will improve and establish proper internal controls and oversight to ensure proper subrecipient monitoring, risk assessment, and contract compliance.*

*The City appreciates the time and effort the State Auditor's Office put forth while conducting the audit and working with staff to ensure the City is compliant with all federal rules, laws, and regulations.*

**Anticipated date to complete the corrective action: 2/15/2022**



## ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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