



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

City of Puyallup

For the period January 1, 2021 through December 31, 2021

Published September 30, 2022

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

September 30, 2022

Council
City of Puyallup
Puyallup, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Puyallup'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,

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Puyallup January 1, 2021 through December 31, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the City of Puyallup 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 each of its major federal programs.

We reported findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
20.205	Highway Planning and Construction Cluster – Highway Planning and Construction
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

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

The City qualified 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 2021-001.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

City of Puyallup January 1, 2021 through December 31, 2021

2021-001 The City lacked adequate internal controls for ensuring compliance with federal suspension and debarment requirements.

CFDA Numbers and Titles:	20.205 – Highway Planning and Construction; 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
Federal Grantors Names:	U.S. Department of Transportation, Federal Highway Administration; U.S. Department of the Treasury
Federal Award/Contract Number:	N/A
Pass-through Entity Name:	Washington State Department of Transportation (WSDOT)
Pass-through Award/Contract Number:	LA-8110, LA-9164, LA-9664
Questioned Cost Amount:	\$0

Description of Condition

Highway Planning and Construction Cluster

The objectives of the Highway Planning and Construction Cluster are to: (1) assist states in the planning and development of an integrated, interconnected transportation system important to interstate commerce and travel by constructing and rehabilitating the National Highway System (NHS), including interstate highways and most other public roads; (2) provide aid for the repair of federal-aid highways following disasters; (3) foster safe highway design, and replace or rehabilitate structurally deficient or functionally obsolete bridges; and (4) to provide for other special purposes. During fiscal year 2021, the City spent \$6,921,302 in federal funding for road improvement projects.

Coronavirus State and Local Fiscal Recovery Funds

The purpose of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) is to respond to the COVID-19 pandemic's negative effects on public health and the economy, provide premium pay to essential workers during the pandemic, provide government services to the extent COVID-19 caused a reduction in revenues collected, and make necessary investments in water, sewer or broadband infrastructure. In 2021, the City spent \$905,488 in program funds for these activities.

Suspension and debarment procedures

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.

Federal requirements prohibit recipients from contracting with or purchasing from parties suspended or debarred from doing business with the federal government. Whenever the City enters into contracts or purchases goods or services that it expects to equal or exceed \$25,000, paid all or in part with federal funds, it must verify the contractors have not been suspended, debarred or otherwise excluded. The City may accomplish this verification by collecting a written certification from the contractor, adding a clause or condition into the contract that states the contractor is not suspended or debarred, or checking for exclusion records in the U.S. General Services Administration's System for Award Management at SAM.gov. The City must perform this verification before entering into the contract or paying the contractor more than \$25,000, and it must keep documentation demonstrating compliance with this federal requirement.

Our audit found the City did not have adequate controls and did not verify that five contractors—one under the Highway Planning and Construction Cluster and four under the SLFRF program—were not suspended or debarred before paying them more than \$25,000 in federal funds.

We consider these deficiencies in internal controls to be a material weakness that led to material noncompliance.

The issue was not reported as a finding in the prior audit.

Cause of Condition

Highway Planning and Construction Cluster

The City did not maintain evidence that staff verified the contractor was not suspended or debarred.

Coronavirus State and Local Fiscal Recovery Funds

The City has a decentralized process for procuring purchases. Employees in departments that do not regularly procure goods or services using federal funds were not aware of their responsibility to verify the suspension and debarment status for three contractors. For the fourth contractor, department staff were aware of the requirement, but did not maintain evidence that they verified the contractor was not suspended or debarred.

Effect of Condition

The City did not obtain written certifications, insert a clause into the contracts, or check SAM.gov to verify contractors were not suspended or debarred.

Without this verification, the City increases its risk of providing federal funds to contractors that are excluded from participating in federal programs. Any payments the City made to an ineligible party would be unallowable, and the federal grantor could potentially recover them.

We verified the contractors were not suspended or debarred. Therefore, we are not questioning costs for these payments.

Recommendation

We recommend the City improve its internal controls and develop procedures to ensure staff understand suspension and debarment requirements and verify contractors paid \$25,000 or more, all or in part with federal funds, are not suspended or debarred before contracting with them.

City's Response

Because the City typically does not spend federal dollars in this magnitude outside of capital projects, other department staff were not aware of suspension and debarment regulations for purchases over \$25,000. When this came to light, the City of Puyallup immediately established internal controls and a purchasing process that outlines detailed steps on where and how to ensure compliance with the federal suspension and debarment requirements. This information was provided to all departments and staff was directed to follow the process for every purchase using federal funds effective immediately.

Auditor's Remarks

We thank the City for its response and consideration in this matter and the steps it is taking to address this issue. We will review the status of the City's corrective action 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.

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.

Title 2 CFR Part 180, *OMB Guidelines on Agencies on Governmentwide Department and Suspension (Nonprocurement)* establishes nonprocurement debarment and suspension regulations implementing Executive Orders 12549 and 12689.

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 Puyallup January 1, 2021 through December 31, 2021

Council
City of Puyallup
Puyallup, 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 Puyallup, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated September 28, 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.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

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

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy, State Auditor

Olympia, WA

September 28, 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 Puyallup January 1, 2021 through December 31, 2021

Council
City of Puyallup
Puyallup, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the City of Puyallup, with the types of compliance requirements identified as subject to audit 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, 2021. The City's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on

compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed; and

- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, 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 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify deficiencies in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2021-001 to be a material weakness.

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.

City's Response to Findings

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other 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, appearing to read "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

September 28, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Puyallup January 1, 2021 through December 31, 2021

Council
City of Puyallup
Puyallup, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of Puyallup, as of and for the year ended December 31, 2021, and the related notes to the financial statements, as listed in the table of contents.

Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City has prepared these financial statements to meet the financial reporting requirements of state law and accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the City of Puyallup, and its changes in cash and investments, for the year ended December 31, 2021, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Puyallup, as of December 31, 2021, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

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

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

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

Matter of Emphasis

As discussed in Note 5 to the 2021 financial statements, as a result of the COVID-19 pandemic, the full extent of the direct or indirect financial impact on the City is unknown at this time. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's financial statements. The Schedule of 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 September 28, 2022 on our consideration of the City's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

September 28, 2022

FINANCIAL SECTION

City of Puyallup January 1, 2021 through December 31, 2021

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2021
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2021
Notes to Financial Statements – 2021

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2021
Schedule of Expenditures of Federal Awards – 2021
Notes to the Schedule of Expenditures of Federal Awards – 2021

City of Puyallup
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		Total for All Funds (Memo Only)	001 General Fund	115 Seizure and Forfeiture	118 DUI Cost Recovery
Beginning Cash and Investments					
308	Beginning Cash and Investments	68,972,197	12,288,619	22,120	-
388 / 588	Net Adjustments	7,298	4,296	-	-
Revenues					
310	Taxes	49,260,146	42,337,356	-	-
320	Licenses and Permits	2,285,805	2,261,141	-	-
330	Intergovernmental Revenues	18,196,645	2,519,816	-	-
340	Charges for Goods and Services	43,637,076	4,805,822	-	105,958
350	Fines and Penalties	3,696,457	3,689,423	-	-
360	Miscellaneous Revenues	12,071,523	532,502	120,922	-
Total Revenues:		129,147,652	56,146,060	120,922	105,958
Expenditures					
510	General Government	22,818,901	5,598,737	-	-
520	Public Safety	24,264,364	23,831,358	37,260	87,943
530	Utilities	19,049,602	590,923	-	-
540	Transportation	5,856,013	1,844,229	-	-
550	Natural/Economic Environment	5,583,175	4,776,768	-	-
560	Social Services	702,611	625,985	-	-
570	Culture and Recreation	7,303,136	6,882,466	-	-
Total Expenditures:		85,577,802	44,150,466	37,260	87,943
Excess (Deficiency) Revenues over Expenditures:		43,569,850	11,995,594	83,662	18,015
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	7,844,661	20,000	-	205,476
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	423,686	335,911	-	-
Total Other Increases in Fund Resources:		8,268,347	355,911	-	205,476
Other Decreases in Fund Resources					
594-595	Capital Expenditures	17,566,145	394,624	-	-
591-593, 599	Debt Service	4,508,916	-	-	-
597	Transfers-Out	7,844,661	4,364,737	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	2,903	2,818	-	-
Total Other Decreases in Fund Resources:		29,922,625	4,762,179	-	-
Increase (Decrease) in Cash and Investments:		21,915,572	7,589,326	83,662	223,491
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	18,783,912	-	105,782	223,491
50841	Committed	220,809	101,580	-	-
50851	Assigned	56,562,225	4,452,559	-	-
50891	Unassigned	15,328,102	15,328,102	-	-
Total Ending Cash and Investments		90,895,048	19,882,241	105,782	223,491

City of Puyallup
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		119 American Rescue Plan ARPA	131 Affordable Housing	141 Motel Tax	161 Trial Court Improvement
Beginning Cash and Investments					
308	Beginning Cash and Investments	-	114,835	724,903	7,275
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	209,703	1,234,797	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	5,912,494	-	-	21,520
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	3,231	252	1,224	12
Total Revenues:		5,915,725	209,955	1,236,021	21,532
Expenditures					
510	General Government	637,105	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	657,996	-
560	Social Services	76,626	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		713,731	-	657,996	-
Excess (Deficiency) Revenues over Expenditures:		5,201,994	209,955	578,025	21,532
Other Increases in Fund Resources					
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:		-	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	191,757	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	33,634	20,000
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		191,757	-	33,634	20,000
Increase (Decrease) in Cash and Investments:		5,010,237	209,955	544,391	1,532
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	5,010,237	324,791	1,269,293	8,807
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		5,010,237	324,791	1,269,293	8,807

City of Puyallup
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		171 LIFT Grant	180 1st 1/4% Real Estate Excise Tax	190 2nd 1/4% Real Estate Excise Tax	205 2003 Trust Fund Loan
Beginning Cash and Investments					
308	Beginning Cash and Investments	2,684,176	780,768	785,813	5,658
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	1,000,000	1,963,128	1,963,127	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	3,656	1,666	1,667	3
Total Revenues:		1,003,656	1,964,794	1,964,794	3
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		1,003,656	1,964,794	1,964,794	3
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	332,113
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	332,113
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	332,115
597	Transfers-Out	99,063	1,105,792	1,105,792	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		99,063	1,105,792	1,105,792	332,115
Increase (Decrease) in Cash and Investments:		904,593	859,002	859,002	1
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	3,588,768	1,639,770	1,644,815	-
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	5,658
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		3,588,768	1,639,770	1,644,815	5,658

City of Puyallup
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		217 2012 LTGO Bonds	218 2007/2013/2014 LTGO Bonds	219 2008/2015 LTGO Bonds	220 2014 HIA Loan
Beginning Cash and Investments					
308	Beginning Cash and Investments	-	-	-	500,000
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	-	-
Total Revenues:		-	-	-	-
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		-	-	-	-
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	989,525	1,699,114	698,950	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		989,525	1,699,114	698,950	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	989,525	1,699,114	698,950	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		989,525	1,699,114	698,950	-
Increase (Decrease) in Cash and Investments:		-	-	-	-
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	500,000
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		-	-	-	500,000

City of Puyallup
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		306 Parks Capital Improvement	321 Facility Projects	330 Street	401 Sanitation
Beginning Cash and Investments					
308	Beginning Cash and Investments	2,948,859	1,961,283	10,215,288	292,637
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	552,035	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	7,328,063	-
340	Charges for Goods and Services	775,678	-	1,316,864	437,264
350	Fines and Penalties	-	-	-	509
360	Miscellaneous Revenues	111,724	2,267	12,181	508
Total Revenues:		1,439,437	2,267	8,657,108	438,281
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	13,975	-	-
530	Utilities	-	-	-	46
540	Transportation	-	-	2,284,236	-
550	Natural/Economic Environment	-	-	-	148,411
560	Social Services	-	-	-	-
570	Culture and Recreation	158,889	-	-	-
Total Expenditures:		158,889	13,975	2,284,236	148,457
Excess (Deficiency) Revenues over Expenditures:		1,280,548	(11,708)	6,372,872	289,824
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	84,580	36,322	3,551,542	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		84,580	36,322	3,551,542	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	187,296	94,272	9,706,630	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	84,580	-	1,031,063	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		271,876	94,272	10,737,693	-
Increase (Decrease) in Cash and Investments:		1,093,252	(69,658)	(813,279)	289,824
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	4,042,112	-	-	-
50841	Committed	-	-	119,229	-
50851	Assigned	-	1,891,626	9,282,780	582,462
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		4,042,112	1,891,626	9,402,009	582,462

City of Puyallup
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		411 Water	412 Wastewater	422 Storm and Surface Water	430 Pioneer Park Pavilion
Beginning Cash and Investments					
308	Beginning Cash and Investments	4,016,402	16,450,424	7,073,948	90,372
388 / 588	Net Adjustments	-	-	-	3,002
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	24,083	581	-	-
330	Intergovernmental Revenues	-	-	2,195,169	-
340	Charges for Goods and Services	7,045,928	12,583,061	5,244,717	-
350	Fines and Penalties	333	2,690	3,502	-
360	Miscellaneous Revenues	810,723	1,275,466	1,407,604	267,314
Total Revenues:		7,881,067	13,861,798	8,850,992	267,314
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	5,281,217	8,560,648	4,616,768	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	261,781
Total Expenditures:		5,281,217	8,560,648	4,616,768	261,781
Excess (Deficiency) Revenues over Expenditures:		2,599,850	5,301,150	4,234,224	5,533
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	700	-	-	934
Total Other Increases in Fund Resources:		700	-	-	934
Other Decreases in Fund Resources					
594-595	Capital Expenditures	1,002,728	2,166,736	3,071,524	-
591-593, 599	Debt Service	-	334,200	11,539	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		1,002,728	2,500,936	3,083,063	-
Increase (Decrease) in Cash and Investments:		1,597,822	2,800,214	1,151,161	6,467
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	426,046	-	-
50841	Committed	-	-	-	-
50851	Assigned	5,614,224	18,824,592	8,225,109	99,841
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		5,614,224	19,250,638	8,225,109	99,841

City of Puyallup
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		501 Equipment Rental	502 Insurance	503 Information Technology	504 Healthcare Insurance
Beginning Cash and Investments					
308	Beginning Cash and Investments	1,499,516	1,191,533	858,550	4,380,131
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	219,583	-
340	Charges for Goods and Services	2,411,312	2,357,486	3,601,130	793,099
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	1,871	2,234	1,693	7,512,798
Total Revenues:		2,413,183	2,359,720	3,822,406	8,305,897
Expenditures					
510	General Government	-	2,628,084	3,061,856	8,814,858
520	Public Safety	-	-	293,828	-
530	Utilities	-	-	-	-
540	Transportation	1,727,548	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		1,727,548	2,628,084	3,355,684	8,814,858
Excess (Deficiency) Revenues over Expenditures:		685,635	(268,364)	466,722	(508,961)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	188,039	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	72,884	13,257	-	-
Total Other Increases in Fund Resources:		72,884	13,257	188,039	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	522,130	-	228,448	-
591-593, 599	Debt Service	-	-	337,628	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	85	-
Total Other Decreases in Fund Resources:		522,130	-	566,161	-
Increase (Decrease) in Cash and Investments:		236,389	(255,107)	88,600	(508,961)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	1,735,905	936,426	947,175	3,871,171
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		1,735,905	936,426	947,175	3,871,171

City of Puyallup
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		505 Facility Maintenance
Beginning Cash and Investments		
308	Beginning Cash and Investments	79,087
388 / 588	Net Adjustments	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	2,158,757
350	Fines and Penalties	-
360	Miscellaneous Revenues	5
Total Revenues:		2,158,762
Expenditures		
510	General Government	2,078,261
520	Public Safety	-
530	Utilities	-
540	Transportation	-
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		2,078,261
Excess (Deficiency) Revenues over Expenditures:		80,501
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	-
397	Transfers-In	39,000
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		39,000
Other Decreases in Fund Resources		
594-595	Capital Expenditures	-
591-593, 599	Debt Service	105,845
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		105,845
Increase (Decrease) in Cash and Investments:		13,656
Ending Cash and Investments		
50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	92,697
50891	Unassigned	-
Total Ending Cash and Investments		92,697

City of Puyallup
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		Total for All Funds (Memo Only)	Custodial
308	Beginning Cash and Investments	32,172	32,172
388 & 588	Net Adjustments	-	-
310-390	Additions	880,756	880,756
510-590	Deductions	871,329	871,329
	Net Increase (Decrease) in Cash and Investments:	9,427	9,427
508	Ending Cash and Investments	40,944	40,944

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Puyallup was incorporated on August 19, 1890 and operates under the laws of the State of Washington applicable to a non-charter code city with a council-manager form of government. The City is a general purpose local government and provides a wide range of municipal services, including police, engineering, parks and recreation, library, cemetery, street, and administrative services. The City also owns and operates water, wastewater, storm and surface water, and sanitation utility systems.

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 presented using the classifications that are similar to the ending balance classification 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

The **General 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.

The **Special Revenue Funds** account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

The **Debt Service 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.

The **Capital Projects Funds** account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

PROPRIETARY FUND TYPES

The **Enterprise Funds** account for operations that provide goods or services to the general public and are supported primarily through user charges.

The **Internal Service 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.

The **Pension (and Other Employee Benefit) Trust Funds** are used to report fiduciary activities for pension and OPEB plans administered through trust.

The **Custodial 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

The 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* for additional details.

D. Capital Assets

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

E. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. Vacation leave accumulates at various rates, depending upon date of hire, contract and City policy. Vacation leave is payable upon termination of employment. Sick leave accumulates at four hours per pay period. Employees may receive some or all of accumulated sick leave upon termination of employment, depending upon date of hire, contract and City policy. Payments are recognized as expenditures when paid.

F. Long-Term Debt

See Note 6, *Long-Term Debt*.

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by 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 are as follows:

2021 Restrictions and Commitments of Ending Cash and Investments							
Fund	General Fund	Debt Service	Special Revenue	Parks Capital Impr	Unspent Development Fees	Fiduciary	Total
Restricted for:	\$ -	\$ 926,046	\$ 13,815,755	\$ 4,042,112	\$ -	\$ 40,944	\$ 18,824,857
Seizure and Forfeiture	-	-	105,782	-	-	-	105,782
DUI Cost Recovery	-	-	223,491	-	-	-	223,491
American Rescue Plan Act	-	-	5,010,237	-	-	-	5,010,237
Affordable Housing	-	-	324,791	-	-	-	324,791
Motel Tax	-	-	1,269,293	-	-	-	1,269,293
Trial Court Improvement	-	-	8,807	-	-	-	8,807
LIFT Grant	-	-	3,588,768	-	-	-	3,588,768
1st 1/4% Real Estate Excise Tax	-	-	1,639,770	-	-	-	1,639,770
2nd 1/4% Real Estate Excise Tax	-	-	1,644,815	-	-	-	1,644,815
2014 HIA Loan	-	500,000	-	-	-	-	500,000
Parks Capital Improvement	-	-	-	4,042,112	-	-	4,042,112
Wastewater	-	426,046	-	-	-	-	426,046
Court Custodial	-	-	-	-	-	32,569	32,569
Misc Custodial	-	-	-	-	-	8,375	8,375
Committed for:	101,580	-	-	-	119,229	-	220,809
Street	-	-	-	-	119,229	-	119,229
General Fund	101,580	-	-	-	-	-	101,580
Total Restricted and Committed	\$ 101,580	\$ 926,046	\$ 13,815,755	\$ 4,042,112	\$ 119,229	\$ 40,944	\$ 19,045,666

NOTE 2 - BUDGET COMPLIANCE

The City adopts biennial appropriated budgets for the general, special revenue, enterprise, internal service and fiduciary funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Budgets for debt service and capital projects funds are adopted at the level of the individual debt issue or project for fiscal periods that correspond to the lives of debt issues or projects and are not required to be re-appropriated each year.

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 follows:

Fund	2021						
	Original	Less: Budget	Plus: Budget	Final	Actual	Variance	
	Adopted Budget	Intrafund Transfers	Adjustments	Adjusted Budget	Expenditures		
General Fund	\$ 50,558,670	\$ 833,000	\$ 2,165,170	\$ 51,890,840	\$ 48,912,645	\$ 2,978,195	
Special Revenue Funds:							
Seizure and Forfeiture	45,480	-	20,480	65,960	37,260	28,700	
DUI Cost Recovery	-	-	52,800	52,800	87,943	(35,143)	
American Rescur Plan ARPA	-	-	2,128,300	2,128,300	905,488	1,222,812	
Affordable Housing	-	-	-	-	-	-	
Motel Tax	755,900	-	-	755,900	691,630	64,270	
Trial Court Improvement	20,000	-	-	20,000	20,000	-	
LIFT Grant	1,000,000	-	-	1,000,000	99,063	900,937	
1st 1/4% Real Estate Excise Tax	1,231,000	-	-	1,231,000	1,105,792	125,208	
2nd 1/4% Real Estate Excise Tax	1,231,000	-	-	1,231,000	1,105,792	125,208	
Debt Service Funds:							
2003 Trust Fund Loan	332,120	-	-	332,120	332,115	5	
2012 LTGO Bonds	990,230	-	-	990,230	989,525	705	
2007/2013/2014 LTGO Bonds	1,700,070	-	-	1,700,070	1,699,114	956	
2008/2015 LTGO Bonds	699,650	-	-	699,650	698,950	700	
2014 HIA Loan	-	-	-	-	-	-	
Capital Project Funds							
Parks Capital Improvement	1,012,340	304,804	2,721,238	3,428,774	430,765	2,998,009	
Facility Projects	462,000	71,925	683,217	1,073,292	108,247	965,045	
Street	7,719,580	1,736,689	21,377,436	27,360,327	13,021,929	14,338,398	
Enterprise Funds							
Sanitation	227,260	-	-	227,260	148,457	78,803	
Water	9,139,260	1,046,003	2,584,710	10,677,967	6,283,945	4,394,022	
Wastewater	15,854,790	2,554,430	29,694,393	42,994,753	11,061,584	31,933,169	
Storm and Surface Water	11,179,120	1,222,819	11,016,683	20,972,984	7,699,831	13,273,153	
Pioneer Park Pavilion	355,040	-	-	355,040	261,781	93,259	
Internal Service Funds							
Equipment Rental	2,569,940	-	16,000	2,585,940	2,249,678	336,262	
Insurance	2,300,960	-	94,694	2,395,654	2,628,084	(232,430)	
Information Technology	4,250,720	40,409	694,975	4,905,286	3,921,845	983,441	
Healthcare Insurance	8,532,160	-	-	8,532,160	8,814,858	(282,698)	
Facility Maintenance	2,421,350	-	19,000	2,440,350	2,184,106	256,244	
	\$ 124,588,640	\$ 7,810,078	\$ 73,269,096	\$ 190,047,658	\$ 115,500,427	\$ 74,547,231	

Budget adjustments are made periodically throughout the year when changes in fund appropriations are necessary. Transfers between departments within any one fund may be made by order of the City Manager. 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 Council.

As part of the budget amendment process, unexpended portions of continuing capital project budgets are carried over into the new fiscal year. This simplifies reporting and control of these budgets.

Intrafund transfers, or transfers within the same fund, are also included in the total adopted budgets for managerial control but have been excluded from actual expenditures.

NOTE 3 – DEPOSITS AND INVESTMENTS

Investments are reported at original cost. Investments by type at December 31, 2021 are as follows:

Type of Deposit or Investment	City of Puyallup		Total
	own deposits	and investments	
Bank Deposits	\$	63,061,616	\$ 63,061,616
Certificates of Deposit		-	
Local Government Investment Pool		27,874,375	27,874,375
US Government Securities		-	
Total Cash and Investments	\$	90,935,991	\$ 90,935,991

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

Investments in the State Local Government Investment Pool (LGIP)

The City is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided the State Finance Committee in accordance with Chapter 43.250 RCW. Investment in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at www.tre.wa.gov.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of depository financial institution, the City would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The City's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

All investments are insured, registered or held by the City or its agent in the government's name.

NOTE 4 – PROPERTY TAX

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

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

The City of Puyallup's regular levy for the year 2021 was \$1.27 per \$1,000 on an assessed valuation of \$7,385,296,569 for a total regular levy of \$9,375,923.

The City's regular levy limit for the year 2020 was \$1.33 per \$1,000 of assessed value.

NOTE 5 – COVID-19 PANDEMIC

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions. The length of time these measures will continue to be in place, and the full extent of the direct or indirect financial impact on the City is unknown at this time.

Early in the pandemic, the City implemented several expenditure reduction strategies to mitigate expected revenue losses. These measures included a hiring freeze for non-essential positions, limiting spending to items essential for operations, eliminating contributions to fleet and IT replacement equipment, and placing several street-related capital projects on hold. By the end of 2020, operating expenditure reductions had fully mitigated revenue losses, leaving street capital fully intact and the on-hold projects were authorized to move forward.

After closing to the public for more than a year, all city facilities were reopened as of July 5, 2021. All city functions are now operating on-site, with many city employees working remotely up to two days per week and continued availability of hybrid service options for the public. Revenues received in 2021 and through April 2022 are at or above projections and departments are authorized to spend up to their adopted budget without any specific need to curtail expenses. The City remains financially stable and is prepared to address changing circumstances as necessary.

NOTE 6 – LONG-TERM DEBT

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City of Puyallup and summarizes the City's debt transactions for year ended December 31, 2021.

The debt service requirements for general obligation bonds, revenue bonds, and loans are as follows:

Year	Principal	Interest	Total
2022	3,749,452	558,411	4,307,864
2023	3,847,787	465,875	4,313,662
2024	3,613,968	361,144	3,975,112
2025	2,737,666	249,746	2,987,412
2026	2,460,000	164,163	2,624,163
2027 - 2028	1,950,000	117,800	2,067,800
Totals	\$ 18,358,873	\$ 1,917,138	\$ 20,276,011

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

The LEOFF 1 Retiree Healthcare Plan is a closed, single-employer defined-benefit OPEB plan administered by the City of Puyallup as required by RCW 41.26. The plan pays for 100% of eligible retiree's healthcare costs on a pay-as-you-go basis. As of December 31, 2021, the plan had 30 members, all retirees. As of December 31, 2021, the City of Puyallup's total OPEB liability was \$15,858,661 as calculated using the alternative measurement method. For the year ended December 31, 2021, the City of Puyallup paid \$420,531 in benefits.

NOTE 8 – PENSION PLANS

A. State Sponsored Pension Plans

Substantially all City of Puyallup full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans:

Public Employees' Retirement System (PERS)
Public Safety Employees' Retirement System (PSERS)
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

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

At June 30, 2021, the City's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan	Employer Contributions	Allocation Percentage	Liability (Asset)
PERS 1	\$ 888,474	0.119276%	\$ 1,456,639
PERS 2/3	1,361,094	0.143686%	(14,313,438)
PSERS 2	73,241	0.150062%	(344,751)
LEOFF 1	-	0.078870%	(2,701,741)
LEOFF 2	472,976	0.237266%	(13,781,392)

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. Firemen's Pension Plan

The City also administers a closed, single-employer, defined benefit pension plan called the Firemen's Pension Plan. This system was established by the City under Chapters 41.16 and 41.18 RCW. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Membership is limited to firemen employed by the City prior to March 1, 1970, when the LEOFF retirement system was established. All benefits are financed from member contributions made prior to LEOFF, investment earnings, an allocation of 25% of all moneys received by the State from taxes on fire insurance premiums, and City contributions. As of December 31, 2021, there were a total of eight individuals covered by this system and drawing benefits, none of which are still employed by the City.

The City's liability under the plan is composed of all benefits for firemen retired prior to March 1, 1970, and excess benefits over LEOFF for covered firemen retired after March 1, 1970, who are mainly covered by the LEOFF system (described above).

An actuarial valuation for the Firemen's Pension Plan was updated in 2020 by Milliman. The valuation projected future payouts beyond 2021 of \$4,171,000 in nominal dollars. Total plan assets were \$1,061,042 as of December 31, 2021. The total projected payouts less the plan assets result in a cash basis equivalent of net pension liability of \$3,109,958 as reported on the Schedule of Liabilities.

The funding plan for this obligation is adjusted as appropriate each year in the budget process. The latest funding plan update, as published in the 2020 Budget, expects the maximum annual City contribution to be attained in 2019 at \$80,000 per year. Payouts are expected to decrease beginning in 2029, and the City contribution is reduced in 2044.

Prior to 2018, the Firemen's Pension Plan was reported in a fiduciary fund. For the year ended December 31, 2018, the City has chosen to early implement the requirements of GASB Statement No. 84 - Fiduciary Activities and is no longer reporting the plan in a fiduciary fund.

GASB Statement No. 84 establishes criteria for identifying fiduciary activities and requires activity meeting the criteria be reported in a fiduciary fund. It was determined that the Firemen's Pension Plan does not meet these criteria and reporting the plan in a fiduciary fund is no longer appropriate. The City is now reporting the plan as part of the General Fund.

NOTE 9 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Liability and property coverage is provided through the Washington Cities Insurance Authority (WCIA). The City is a qualified self-insurer for workers' compensation and is self-insured through the State of Washington for unemployment claims. The City is also self-insured for employee healthcare benefits.

Liability and Property

The City 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 166 members.

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

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices. Prior wrongful acts, and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

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.

Workers' Compensation

Beginning January 1, 2004, the City became a qualified self-insurer for workers' compensation as an alternative to the state workers' compensation program. The self-insurance program is funded by City operating funds based on established Labor and Industries rates per worked hour for employer contributions and employee deductions. An excess coverage policy is carried at a premium cost of \$75,010 for 2021. The costs of the self-insurance program for workers' compensation totaled \$714,376 in 2021. The City continues to participate in the state workers' compensation program for claims existing prior to January 1, 2004.

Unemployment

The City is self-insured through the State of Washington for unemployment claims. Claims are paid to the state on a quarterly basis and totaled \$68,901 for 2021.

Healthcare

The City is self-insured for employee healthcare benefits. The Healthcare Insurance Fund was established as an internal service fund to pay medical, dental and vision healthcare claims, as well as to establish reserves for self-insurance. City operating funds contribute to the Healthcare Insurance Fund based on rates developed by an actuary. Claims exceeding \$200,000 per occurrence are covered by a stop loss policy.

NOTE 10 – CONTINGENCIES AND LITIGATION

The City of Puyallup is occasionally subjected to routine legal proceedings as it carries on with the functions of government. The City's threshold for disclosing potential losses from judgments against the City is \$50,000. While there may be potential judgments that exceed this amount, the City carries liability and property insurance through the Washington Cities Insurance Authority and also retains insurance defense counsel services.

City of Puyallup
Schedule of Liabilities
For the Year Ended December 31, 2021

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	2012 Refunding LTGO Bonds	12/1/2024	3,700,000	-	885,000	2,815,000
251.11	2013 Refunding LTGO Bonds	12/1/2026	4,080,000	-	60,000	4,020,000
251.11	2014 Refunding LTGO Bonds	12/1/2026	4,935,000	-	1,700,000	3,235,000
251.11	2015 Refunding LTGO Bonds	7/1/2028	4,720,000	-	515,000	4,205,000
263.87	2003 Public Works Trust Fund Loan	6/1/2023	1,015,728	-	338,575	677,153
263.83	2014 Highway Infrastructure Acct Loan	10/31/2022	430,260	-	-	430,260
263.96	2015 LOCAL Loan	12/1/2025	471,465	-	84,745	386,720
Total General Obligation Debt/Liabilities:			19,352,453	-	3,583,320	15,769,133
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	2016 Refunding Revenue Bonds	11/1/2028	2,265,000	-	245,000	2,020,000
264.30	State Sponsored Pension Plan Liability		5,980,064	-	4,523,425	1,456,639
264.30	Firemen's Pension Plan Liability		3,286,775	-	176,817	3,109,958
264.40	OPEB LEOFF 1 Retiree Healthcare Plan Liability		16,850,840	-	992,179	15,858,661
259.12	Compensated Absences Liability		3,755,458	1,109,634	-	4,865,092
263.12	Claims and Judgments		1,551,815	4,000	1,555,815	-
Total Revenue and Other (non G.O.) Debt/Liabilities:			33,689,952	1,113,634	7,493,236	27,310,350
Total Liabilities:			53,042,405	1,113,634	11,076,556	43,079,483

City of Puyallup
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Expenditures						
	Federal Program	CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Passed through to Subrecipients	Note
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA State Dept of Commerce)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F18-31440- 009	30,485	-	30,485	-
	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX- 0374	10,663	-	10,663	-
	Total CFDA 16.738:			41,148	-	41,148	-
Highway Planning and Construction Cluster							
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington DOT)	Highway Planning and Construction	20.205	LA-8110	6,706,402	-	6,706,402	-
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington DOT)	Highway Planning and Construction	20.205	LA-9164	12,819	-	12,819	-
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington DOT)	Highway Planning and Construction	20.205	LA-9664	202,081	-	202,081	-
Total Highway Planning and Construction Cluster:				6,921,302	-	6,921,302	-
Highway Safety Cluster							
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Traffic Safety Commission)	State and Community Highway Safety	20.600	N/A	54,193	-	54,193	-
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WASPC)	State and Community Highway Safety	20.600	N/A	10,470	-	10,470	-

The accompanying notes are an integral part of this schedule.

Total Highway Safety Cluster:					64,663	-	64,663	-
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Pierce County Human Services)	COVID 19 - Coronavirus Relief Fund	21.019	SC-107577		67,633	-	67,633	-
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	N/A		-	905,488	905,488	-
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via WA State Dept of Ecology)	National Estuary Program	66.456	C1800020		57,063	-	57,063	-
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	COVID 19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	D20-138		89,593	-	89,593	-
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Dept)	Emergency Management Performance Grants	97.042	E20-157 / E21-139		39,395	-	39,395	-
Total Federal Awards Expended:					7,280,797	905,488	8,186,285	-

The accompanying notes are an integral part of this schedule.

CITY OF PUYALLUP
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Note 1 - Basis of Accounting

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

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.



CITY OF PUYALLUP

CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

City of Puyallup
January 1, 2021 through December 31, 2021

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).

Finding ref number: 2021-001	Finding caption: The City lacked adequate internal controls for ensuring compliance with federal suspension and debarment requirements.
Name, address, and telephone of City contact person: Dondi Koester, Accounting Manager, 333 S. Meridian, Puyallup, WA 98371	
Corrective action the auditee plans to take in response to the finding: <i>Because the City typically does not spend federal dollars in this magnitude outside of capital projects, other department staff were not aware of suspension and debarment regulations for purchases over \$25,000. When this came to light, the City of Puyallup immediately established internal controls and a purchasing process that outlines detailed steps on where and how to ensure compliance with the federal suspension and debarment requirements. This information was provided to all departments and staff was directed to follow the process for every purchase using federal funds effective immediately.</i>	
Anticipated date to complete the corrective action: Completed 9/13/2022	

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

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