



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Fife

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

Published December 27, 2022

Report No. 1031701



Find out what's new at SAO
by scanning this code with
your smartphone's camera



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

December 27, 2022

Council
City of Fife
Fife, Washington

Report on Financial Statements

Please find attached our report on the City of Fife's financial statements.

We are issuing this report in order to provide information on the City's financial activities and condition.

Sincerely,

Signature Here (Please do not remove this line)

Pat McCarthy, State Auditor

Olympia, WA

Americans with Disabilities

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

TABLE OF CONTENTS

Summary Schedule of Prior Audit Findings	4
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	6
Independent Auditor's Report on the Financial Statements	9
Financial Section.....	13
About the State Auditor's Office.....	37



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

City of Fife

January 1, 2021 through December 31, 2021

This schedule presents the status of findings reported in prior audit periods.

Audit Period: 01/01/2020-12/31/2020	Report Reference No.: 1030106	Finding Ref. No.: 2020-001	CFDA Number(s): 21.019
Federal Program Name and Granting Agency: COVID-19 – Coronavirus Relief Fund, U.S. Department of the Treasury		Pass-Through Agency Name: Washington State Department of Commerce	
Finding Caption: The City lacked adequate internal controls for ensuring compliance with federal requirements for subrecipient monitoring.			
Background: 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.			
Status of Corrective Action: (check one) <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: <i>The City of Fife makes its agreement determination using the Uniform Guidance, 2 C.F.R. Section 200.331 and Section 200.1. Using this guidance the City has improved and established proper internal controls and oversight to ensure proper subrecipient monitoring, risk</i>			

assessment, and contract compliance. Before entering into a relationship with another entity under a federal award in which the other entity will provide goods or services or substantive, programmatic work to Fife as the prime recipient of funding, a determination is made as to the nature of the legal relationship. This step determines the allocation of responsibilities and influences the appropriate monitoring actions of the City of Fife.

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, 2021 through December 31, 2021

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, 2021, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated December 16, 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 black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized initial "P".

Pat McCarthy, State Auditor

Olympia, WA

December 16, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

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

Council
City of Fife
Fife, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of Fife, 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 Fife, 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 Fife, 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 3 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 Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS Manual. This schedule is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to

prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 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

December 16, 2022

FINANCIAL SECTION

City of Fife 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

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

		<u>Total for All Funds (Memo Only)</u>	<u>001 General Fund</u>	<u>101 Street Operating Fund</u>	<u>103 Public Safety Fund</u>
Beginning Cash and Investments					
308	Beginning Cash and Investments	58,788,382	17,126,766	906,769	2,118,892
388 / 588	Net Adjustments	(15,199)	(15,199)	-	-
Revenues					
310	Taxes	21,056,691	18,400,848	-	-
320	Licenses and Permits	673,261	671,611	-	-
330	Intergovernmental Revenues	14,463,423	2,355,190	334,470	174,420
340	Charges for Goods and Services	17,003,807	1,024,087	2,065	-
350	Fines and Penalties	4,402,655	119,391	-	4,262,967
360	Miscellaneous Revenues	1,732,728	462,803	1,282	1,622
Total Revenues:		<u>59,332,565</u>	<u>23,033,930</u>	<u>337,817</u>	<u>4,439,009</u>
Expenditures					
510	General Government	4,779,205	4,459,177	-	199,378
520	Public Safety	8,864,063	7,421,517	-	1,134,128
530	Utilities	10,137,740	-	-	-
540	Transportation	1,946,374	568,798	846,654	112,489
550	Natural/Economic Environment	1,453,840	1,072,526	-	-
560	Social Services	48,059	48,059	-	-
570	Culture and Recreation	2,266,242	2,058,378	-	-
Total Expenditures:		<u>29,495,523</u>	<u>15,628,455</u>	<u>846,654</u>	<u>1,445,995</u>
Excess (Deficiency) Revenues over Expenditures:		29,837,042	7,405,475	(508,837)	2,993,014
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	3,541,632	-	100,000	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	1,689,061	76,297	-	-
Total Other Increases in Fund Resources:		<u>5,230,693</u>	<u>76,297</u>	<u>100,000</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	14,311,941	136,229	-	320,252
591-593, 599	Debt Service	3,228,299	-	-	-
597	Transfers-Out	3,541,632	1,229,318	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	1,869,720	311,722	-	-
Total Other Decreases in Fund Resources:		<u>22,951,592</u>	<u>1,677,269</u>	<u>-</u>	<u>320,252</u>
Increase (Decrease) in Cash and Investments:		<u>12,116,143</u>	<u>5,804,503</u>	<u>(408,837)</u>	<u>2,672,762</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	13,878,094	-	-	-
50841	Committed	5,046,667	255,013	-	4,791,654
50851	Assigned	29,677,514	374,006	497,932	-
50891	Unassigned	22,287,051	22,287,051	-	-
Total Ending Cash and Investments		<u>70,889,326</u>	<u>22,916,070</u>	<u>497,932</u>	<u>4,791,654</u>

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, 2021

		104			
		Stadium/Conve ntion Tax Fund	107 Criminal Justice Fund	108 D.A.R.E. Fund	109 Impact & Mitigation Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	1,011,360	298,951	6,064	1,722,762
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	855,215	240,371	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	34,736	-	-
340	Charges for Goods and Services	1,259	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	550	1,344	2	830
Total Revenues:		<u>857,024</u>	<u>276,451</u>	<u>2</u>	<u>830</u>
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	263,694	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	348,683	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	20,041	-	-	-
Total Expenditures:		<u>368,724</u>	<u>263,694</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) Revenues over Expenditures:		488,300	12,757	2	830
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	-	20,140	-	-
Total Other Increases in Fund Resources:		-	<u>20,140</u>	<u>-</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	106,668	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	6,066	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>106,668</u>	<u>-</u>	<u>6,066</u>	<u>-</u>
Increase (Decrease) in Cash and Investments:		<u>381,632</u>	<u>32,897</u>	<u>(6,064)</u>	<u>830</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	1,392,992	331,848	-	1,723,592
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		<u>1,392,992</u>	<u>331,848</u>	<u>-</u>	<u>1,723,592</u>

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, 2021

	110 Drug Intervention Fund	111 Park Acquisition/Dev elop Fund	112 Affordable Housing Sales Tax	161 REET Fund	
Beginning Cash and Investments					
308	Beginning Cash and Investments	38,303	687,474	14,223	1,951,990
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	132,395	103,134	1,150,709
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	250	-	-	-
360	Miscellaneous Revenues	14,213	115,828	-	1,072
	Total Revenues:	14,463	248,223	103,134	1,151,781
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	2,176	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	24,870
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	187,823	-	-
	Total Expenditures:	2,176	187,823	-	24,870
	Excess (Deficiency) Revenues over Expenditures:	12,287	60,400	103,134	1,126,911
Other Increases in Fund Resources					
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	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	74,543	-	266,560
591-593, 599	Debt Service	1,205	-	-	-
597	Transfers-Out	-	-	-	265,195
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	20,140	-	-	-
	Total Other Decreases in Fund Resources:	21,345	74,543	-	531,755
	Increase (Decrease) in Cash and Investments:	20,942	(14,143)	103,134	595,156
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	59,245	673,331	117,357	2,547,146
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
	Total Ending Cash and Investments	59,245	673,331	117,357	2,547,146

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, 2021

		191 Transportation Benefit District	209 LID Guarantee Fund	215 2011 Ltd G.O. Bond Fund	216 CLID #1 2013
Beginning Cash and Investments					
308	Beginning Cash and Investments	42,396	975,946	29,156	1,198,769
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	174,019	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	3,738
360	Miscellaneous Revenues	55	469	-	536,955
Total Revenues:		174,074	469	-	540,693
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	1,803
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	1,803
Excess (Deficiency) Revenues over Expenditures:		174,074	469	-	538,890
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	349,704	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	349,704	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	349,875	139,785
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	349,875	139,785
Increase (Decrease) in Cash and Investments:		174,074	469	(171)	399,105
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	216,470	976,415	-	1,597,874
50841	Committed	-	-	-	-
50851	Assigned	-	-	28,985	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		216,470	976,415	28,985	1,597,874

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, 2021

	217 2014 Ltd GO Bond	218 GO 18 Debt Service	219 LID #14-1 2020	301 Street Construction Fund	
Beginning Cash and Investments					
308	Beginning Cash and Investments	53,089	33,987	194,064	517,361
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	7,559,607
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	40	199,230	173,856
Total Revenues:		-	40	199,230	7,733,463
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:		-	40	199,230	7,733,463
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	583,974	439,114	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		583,974	439,114	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	6,115,466
591-593, 599	Debt Service	636,525	404,948	185,556	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	1,500,000
Total Other Decreases in Fund Resources:		636,525	404,948	185,556	7,615,466
Increase (Decrease) in Cash and Investments:		(52,551)	34,206	13,674	117,997
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	538	68,193	207,738	635,358
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		538	68,193	207,738	635,358

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, 2021

		303 Rec & Ped Capital Facilities	305 Misc Capital Projects Fund	401 Water Utility Fund	402 Sewer Utility Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	164,140	1,684,620	8,997,438	13,980,661
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	700	950
330	Intergovernmental Revenues	-	3,994,000	-	-
340	Charges for Goods and Services	-	43,320	5,026,570	8,410,470
350	Fines and Penalties	-	-	439	10,620
360	Miscellaneous Revenues	79	895	4,362	214,932
Total Revenues:		79	4,038,215	5,032,071	8,636,972
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	3,673,051	5,153,163
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	32,631	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	32,631	3,673,051	5,153,163
Excess (Deficiency) Revenues over Expenditures:		79	4,005,584	1,359,020	3,483,809
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	2,000	727,840
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	1,500,000	10,050	29,858
Total Other Increases in Fund Resources:		-	1,500,000	12,050	757,698
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	4,679,958	803,884	338,908
591-593, 599	Debt Service	-	1,786	-	1,499,807
597	Transfers-Out	-	-	1,682,298	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	29,858	8,000	-
Total Other Decreases in Fund Resources:		-	4,711,602	2,494,182	1,838,715
Increase (Decrease) in Cash and Investments:		79	793,982	(1,123,112)	2,402,792
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	4,156,922
50841	Committed	-	-	-	-
50851	Assigned	164,219	2,478,602	7,874,326	12,226,531
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		164,219	2,478,602	7,874,326	16,383,453

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, 2021

		<u>404 Storm Drainage Utility</u>	<u>504 Fleet Fund</u>	<u>513 Self Ins Employee Benefit</u>	<u>566 IT Capital</u>
Beginning Cash and Investments					
308	Beginning Cash and Investments	2,456,582	1,974,174	389,846	143,206
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	11,000	-	-	-
340	Charges for Goods and Services	2,050,440	176,121	200,000	26,000
350	Fines and Penalties	5,250	-	-	-
360	Miscellaneous Revenues	1,102	899	201	74
Total Revenues:		<u>2,067,792</u>	<u>177,020</u>	<u>200,201</u>	<u>26,074</u>
Expenditures					
510	General Government	-	-	113,431	-
520	Public Safety	-	-	-	-
530	Utilities	1,309,723	-	-	-
540	Transportation	-	393,563	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>1,309,723</u>	<u>393,563</u>	<u>113,431</u>	<u>-</u>
Excess (Deficiency) Revenues over Expenditures:		758,069	(216,543)	86,770	26,074
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	1,309,000	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	52,716	-	-
Total Other Increases in Fund Resources:		<u>1,309,000</u>	<u>52,716</u>	<u>-</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	1,314,122	155,351	-	-
591-593, 599	Debt Service	8,812	-	-	-
597	Transfers-Out	358,755	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>1,681,689</u>	<u>155,351</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Cash and Investments:		<u>385,380</u>	<u>(319,178)</u>	<u>86,770</u>	<u>26,074</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	84,902	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	2,757,060	1,654,996	476,616	169,280
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		<u>2,841,962</u>	<u>1,654,996</u>	<u>476,616</u>	<u>169,280</u>

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, 2021

		567 IT Replacement Non PD	568 IT PC Replacement PD
Beginning Cash and Investments			
308	Beginning Cash and Investments	53,907	15,486
388 / 588	Net Adjustments	-	-
Revenues			
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	-	-
340	Charges for Goods and Services	8,475	35,000
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	27	6
Total Revenues:		8,502	35,006
Expenditures			
510	General Government	7,219	-
520	Public Safety	-	42,548
530	Utilities	-	-
540	Transportation	-	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		7,219	42,548
Excess (Deficiency) Revenues over Expenditures:		1,283	(7,542)
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	-	-
591-593, 599	Debt Service	-	-
597	Transfers-Out	-	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	-
Total Other Decreases in Fund Resources:		-	-
Increase (Decrease) in Cash and Investments:		1,283	(7,542)
Ending Cash and Investments			
50821	Nonspendable	-	-
50831	Restricted	-	-
50841	Committed	-	-
50851	Assigned	55,190	7,944
50891	Unassigned	-	-
Total Ending Cash and Investments		55,190	7,944

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, 2021

		Total for All Funds (Memo Only)	Custodial
		<hr/>	<hr/>
308	Beginning Cash and Investments	40,900	40,900
388 & 588	Net Adjustments	15,199	15,199
310-390	Additions	4,802,216	4,802,216
510-590	Deductions	4,831,160	4,831,160
	Net Increase (Decrease) in Cash and Investments:	<hr/> (28,944)	<hr/> (28,944)
508	Ending Cash and Investments	27,155	27,155

The accompanying notes are an integral part of this statement.

City of Fife
Notes to the Financial Statements
For the year ended December 31, 2021

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 for proprietary and fiduciary funds are presented using the classifications that are different from the ending net position classifications in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

Debt Service Funds

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

PROPRIETARY FUND TYPES:

Enterprise Funds

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

Internal Service Funds

These funds account for operations that provide goods or services to other departments or funds of the government on a cost reimbursement basis.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the government in a trustee capacity or as 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 4, *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, *Long-term Debt*.

G. Restricted and Committed Portion of Ending Cash and Investments

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

Fund	Amount	Reason
General Fund (001)	\$255,013	Developer deposits and performance bonds committed by governing body through ordinance to ensure completion of developer projects
Public Safety Fund (103)	\$4,791,654	Red light photo citations committed by governing body through ordinance for the purpose of paying for the costs of the automated traffic enforcement program
Lodging Tax Fund (104)	\$1,392,992	Lodging excise tax restricted for tourism promotion
Criminal Justice Fund (107)	\$331,847	Criminal justice sales and use tax restricted for criminal justice purposes
Impact & Mitigation Fund (109)	\$1,723,592	Growth Management Act (GMA) impact fees restricted for public streets and roads
Drug Intervention Fund (110)	\$59,245	Forfeited drug property restricted for the expansion and improvement of controlled substances related law enforcement activity
Park Acquisition/Develop Fund (111)	\$673,331	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)	\$117,357	Affordable housing sales tax credit restricted for affordable and supportive housing
REET Fund (161)	\$2,547,146	Real estate excise tax restricted for preparing and implementing growth management program
Transportation Benefit District (191)	\$216,470	Transportation Benefit District (TBD) annual vehicle fee restricted for transportation improvements within the district
LID Guarantee Fund (209)	\$976,415	LID bond guarantee restricted for guaranteeing the payment of bonds
CLID #1 2013 (216)	\$1,597,874	Special assessments collected in the local improvement district restricted for repayment of outstanding bonds
Sewer Utility Fund (402)	\$4,156,922	Unspent bond proceeds restricted for capital costs of sewer utility projects. Bond reserve restricted for guaranteeing the payment of bonds
Storm Drainage Utility (404)	\$84,902	Unspent bond proceeds restricted for capital costs of storm drainage utility projects
Non-Rev/Non-Exp (635)	\$10,879	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)	\$16,276	Municipal court receipts and disbursements

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:

Fund	Fund Name	2021/2022 Revised Budget	2021/2022 Actual Expenditures	Variance
001	General Fund	\$ 42,810,155	\$ 19,704,235	\$ 23,105,920
002	Deposits Fund	-	121,217	(121,217)
101	City Street	1,435,751	846,654	589,097
103	Public Safety - Photo Red Light	6,081,028	1,646,286	4,434,742
132	Public Safety - School Speed Zone	320,000	119,961	200,039
104	Lodging Tax	1,435,513	475,391	960,122
105	Contingency	-	-	-
107	Criminal Justice	711,030	263,692	447,338
108	D.A.R.E Fund	-	6,066	(6,066)
109	Impact & Mitigation	128,000	-	128,000
110	Drug Intervention	54,610	23,520	31,090
111	Park Acquisition/Development	352,534	262,366	90,168
112	Affordable Housing Sales Tax	144,000	-	144,000
152	Revenue Stabilization	-	-	-
161	REET 1	1,297,225	326,354	970,871
162	REET 2	490,000	230,272	259,728
181	Aquatic Services Fund	2,151,046	634,103	1,516,943
191	Fife Transportation Benefit District	2,000	-	2,000
209	LID Guarantee	-	-	-
215	2011 LTD GO Bond	697,700	349,875	347,825
216	2013 CLID	279,568	141,588	137,980
217	2014 LTD GO Bond	636,525	636,525	-
218	2017 LTD GO Bond	1,219,896	404,948	814,948
219	LID #14-1 2020	376,060	185,555	190,505
301	Street Construction	8,500,000	7,615,467	884,533
303	Rec & Ped Capital Fac	-	-	-
305	Misc Capital Proj	6,313,288	4,744,234	1,569,054
401	Water Utility - Operating	10,151,735	4,354,128	5,797,607
436	Water Utility - Const	2,293,000	2,221,581	71,419
402	Sewer Utility - Operating	14,159,585	6,641,714	7,517,871
426	Sewer Utility - Const	3,493,000	341,701	3,151,299
404	Storm Drainage Utility - Operating	3,638,365	2,477,965	1,160,400
446	Storm Drainage Utility - Const	2,560,000	1,313,446	1,246,554
405	Parity Rev Bond	2,998,663	1,500,021	1,498,642
504	Fleet	1,012,024	548,915	463,109
513	Self-Ins Employee Benefit	400,000	113,431	286,569
566	IT Capital	65,000	-	65,000
567	IT PC Replacement Non PD	20,750	7,219	13,531
568	IT PC Replacement PD	70,000	42,548	27,452
635	Non-Rev/Non-Exp 635	-	515,403	(515,403)
	Total All Funds	\$ 116,298,051	\$ 58,816,381	\$57,481,670

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

NOTE 3 – 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.

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 2021 in a positive cash position across all funds.

The City received \$1,596 in CARES Act funding from Pierce County in 2021 as reimbursement for expenses incurred in 2020 to address COVID 19 safety precautions for the Community Center Senior Program. Expenses included PPE and social distancing supplies & materials for the program.

In addition, CARES Act funding was provided to the municipal court from the Office of the Court. The reimbursement of \$45,997 was received in 2021. These funds were used to address social distancing measures such as pandemic security & staffing, equipment, and PPE.

The City also received approval for \$29,539 in FEMA reimbursement. 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.

In March 2021, the City was awarded \$2.8 million in Federal American Rescue Act Plan funding through the State of Washington, Office of Financial Management. In June 2021, the City received half of the distribution for a total of \$1.4 million. 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.

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.

NOTE 4 – DEPOSITS AND INVESTMENTS

Investments are reported at original cost. Deposits and investments by type at December 31, 2021 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	\$ 37,039,962	\$ 27,156	\$ 37,067,118
Local Government Investment Pool (LGIP)	\$ 26,217,511	\$ -	\$ 26,217,511
U.S. Government Securities	\$ 7,631,852	\$ -	\$ 7,631,852
Total Investments	\$ 70,889,325	\$ 27,156	\$ 70,916,481

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

Investments in the State Local Government Investment Pool (LGIP)

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

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

Custodial Credit Risk

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

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

Derivatives

The City does not invest 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 2021 was \$1.18 per \$1,000 on an assessed valuation of \$2,936,518,069 for a total regular levy of \$3,463,533. The City does not impose any excess levies for any purpose.

NOTE 6 - INTERFUND LOANS

The following table displays interfund loan activity during 2021:

Borrowing Fund	Lending Fund	Balance 1/1/2021	New Loans	Repayments	Balance 12/31/21
Drug Intervention	Criminal Justice	\$ 248,451	\$ -	\$ 20,140	\$ 228,311
Misc. Capital Projects	Sewer Utility	\$ 368,336	\$ -	\$ 29,858	\$ 338,478
Street Construction	Misc. Capital Projects	\$ 1,500,000	\$ -	\$ 1,500,000	\$ -
Total Interfund Loans		\$ 2,116,787	\$ -	\$ 1,549,998	\$ 566,789

NOTE 7 – LONG-TERM DEBT

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, 2021.

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

General Obligation Bonds

	Principal	Interest	Total
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	800,000	362,425	1,162,425
2027-2031	4,555,000	1,245,250	5,800,250
2032-2036	2,160,000	163,250	2,323,250
2037-2041	-	-	-
	\$ 10,455,000	\$ 3,481,403	\$ 13,936,403

Assessment Debt

	Principal	Interest	Total
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	133,000	180,797	313,797
2027-2031	3,389,499	702,450	4,091,949
2032-2036	528,000	40,920	568,920
2037-2041	-	-	-
	\$ 4,582,499	\$ 1,688,586	\$ 6,271,085

Revenue Bonds and Loans

	Principal	Interest	Total
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	1,086,414	421,354	1,507,768
2027-2031	6,154,479	1,385,245	7,539,724
2032-2036	2,848,871	196,213	3,045,084
2037-2041	21,254	775	22,029
	\$ 14,030,189	\$ 4,114,945	\$ 18,145,133

Total Debt

	Principal	Interest	Total
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	2,019,414	964,576	2,983,990
2027-2031	14,098,978	3,332,945	17,431,923
2032-2036	5,536,871	400,383	5,937,254
2037-2041	21,254	775	22,029
	\$ 29,067,688	\$ 9,284,934	\$ 38,352,622

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.

At June 30, 2021, 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	0.001251%	\$ 15,278
PERS 1 UAAL	0.045247%	552,572
Total Net Pension Liability (Schedule 9)		\$ 567,850
PERS 2/3	0.055435%	\$ (5,522,218)
PSERS 2	0.047457%	(109,027)
LEOFF 1	0.008761%	(300,113)
LEOFF 2	0.102069%	(5,928,590)
Total Net Pension Assets		\$ (11,859,948)

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 Deputy City Manager. In 2021, the City's contributions totaled \$49,175, and employee contributions totaled \$368,588.

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, 2021, the City had five members, all retirees. As of December 31, 2021, the City's total OPEB liability was \$2,813,182, as calculated using the alternative measurement method (as reported on the Schedule 09). For the year ended December 31, 2021, the City paid \$86,280 in benefits.

NOTE 10 – RISK MANAGEMENT

A. Liability Insurance

The 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 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 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.

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, 2021, 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, 2021, the balance of this account was \$16,276.

b) Prior Period Adjustment

The City had \$15,199 in prior period adjustment due to reclassification of additional fiduciary activity as defined in GASB Statement No. 84 which was implemented in 2020.

**City of Fife
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	2011 Ltd GO & Rfnd	12/1/2026	1,840,000	-	280,000	1,560,000
251.11	2014 Ltd GO & Rfnd	12/1/2021	615,000	-	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
Total General Obligation Debt/Liabilities:			11,350,000	-	895,000	10,455,000
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	2012 W/S Rfnd	4/1/2029	1,665,000	-	270,000	1,395,000
252.11	2014 Water/Sewer/StormD	10/1/2029	3,455,000	-	330,000	3,125,000
252.11	2018 Water/Sewer/StormD	10/1/2033	9,675,000	-	290,000	9,385,000
263.84	Water Quality Loan	5/31/2039	130,877	-	5,689	125,188
259.12	Comp Absences	12/30/1899	1,442,344	-	17,119	1,425,225
264.30	Net Pension Liability	12/30/1899	2,323,887	-	1,756,038	567,849
264.40	OPEB Liabilities	12/30/1899	2,717,804	95,378	-	2,813,182
Total Revenue and Other (non G.O.) Debt/Liabilities:			21,409,912	95,378	2,668,846	18,836,444
Assessment Debt/Liabilities (with commitments)						
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	-	132,000	1,855,000
Total Assessment Debt/Liabilities (with commitments):			4,714,499	-	132,000	4,582,499
Total Liabilities:			37,474,411	95,378	3,695,846	33,873,943

ABOUT THE STATE AUDITOR'S OFFICE

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.

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.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

Stay connected at sao.wa.gov

- [Find your audit team](#)
- [Request public records](#)
- Search BARS manuals ([GAAP](#) and [cash](#)), and find [reporting templates](#)
- Learn about our [training workshops](#) and [on-demand videos](#)
- Discover [which governments serve you](#) — enter an address on our map
- Explore public financial data with the [Financial Intelligence Tool](#)

Other ways to stay in touch

- Main telephone:
(564) 999-0950
- Toll-free Citizen Hotline:
(866) 902-3900
- Email:
webmaster@sao.wa.gov