FINANCE & PERSONNEL COMMITTEE AGENDA
CITY HALL – 1104 MAPLE STREET
FEBRUARY 15, 2024 4:00 PM

Members: Barbara Bitetto, Carla Bowman, Pat Cole (alt), Earle Stuard
Staff Liaison: Administrative Services Director Jeff Steffens, Chief Operating Officer Kassandra Raymond

The city is conducting this public meeting using a hybrid model. The public is welcome to attend tonight's meeting in-person at City Hall (First Floor Conference Room), or virtually by using the meeting access link below. -

February 15th @ 4PM First Floor Conference Room

Join on your computer, mobile app or room device

Click here to join the meeting

Meeting ID: 281 792 615 011

Passcode: HTpUGT

Download Teams | Join on the web

Or call in (audio only)

+1 323-886-6453,,303539995# United States, Los Angeles

Phone Conference ID: 303 539 995#

Find a local number | Reset PIN

CALL TO ORDER

Roll Call: Barbara Bitetto, Carla Bowman, Earle Stuard, Pat Cole (alt)

COMMITTEE BUSINESS

1. Resolution No. 1670 Metro Animal Services Donation Acceptance
2. Ordinance No. 2882 Approving Public Works Trust Fund Loan (Decant Facility)

REPORTS

1. Annual Local Improvement District Report
2. Monthly Sales Tax Report
3. Recruitment & Negotiation Update
4. Audit Update

ADJOURNMENT

CITY OF SUMNER WASHINGTON

FINANCE & PERSONNEL COMMITTEE MEETING
DATE: February 15, 2024
AGENDA BILL: 24-3945

SUBJECT: Resolution No. 1670 Metro Animal Services Donation Acceptance **CATEGORY:** Resolution

BUDGET IMPACT:
Expenditure Required: None Within Budget Allocation: N/A

ATTACHMENTS:
1. Resolution No 1670 Estate Donation Acceptance

STAFF CONTACT: Brad Moericke, Police Chief

SUMMARY BACKGROUND:
In June 2023, Metro Animal Services (Metro) received notification from the Law Office of Campbell Barnet PLLC that a former resident in Metro's jurisdiction, Janice Lee Campbell-Stout, recently passed away and that her Last Will and Testament made a specific bequest of $10,000.00 to Metro Animal Service. The estate has completed probate and the payment has been issued. Sumner City Ordinance 2516 requires that all donations with a value of $5,000 or more must be accepted by the City Council. Passing this ordinance would formally accept the funds being donated to Metro Animal Services.

COUNCIL COMMITTEE/STUDY SESSION: Finance & Personnel Committee
MEETING/STUDY SESSION DATE: 2/15/2024
COMMITTEE RECOMMENDATION:

STAFF RECOMMENDATIONS/MOTION:

RESOLUTION NO. 1670

CITY OF SUMNER, WASHINGTON

A RESOLUTION OF THE CITY OF SUMNER, WASHINGTON, ACCEPTING THE BEQUEST OF $10,000.00 FROM THE ESTATE OF JANICE CAMPBELL-STOUT TO METRO ANIMAL SERVICES.

WHEREAS, in June of 2023, Metro Animal Services (Metro) received notification from the Law Office of Campbell Barnet PLLC that a former resident in Metro's jurisdiction, Janice Lee Campbell-Stout, had recently passed away and that her Last Will and Testament made a specific bequest of $10,000.00 to Metro Animal Services; and

WHEREAS, in January of 2024, the estate of Janice Campbell-Stout was settled resulting in the release of $10,000.00 to Metro Animal Services from her estate; and

WHEREAS, the donor made no specific designation for the use of the bequeathed funds to Metro and there are no current or future costs associated with the acceptance of this donation; and

WHEREAS, Sumner Municipal Code 3.54.050 requires all donations valued at $5,000 or more must be approved by the City Council at a regular or special council meeting.

NOW, THEREFORE, **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SUMNER, WASHINGTON:**

Section 1. The sum of $10,000.00 bequeathed to Metro Animal Services from the estate of Janice Campbell-Stout is hereby accepted.

Section 2. Corrections by City Clerk or Code Reviser. Upon approval of the city attorney, the city clerk and the code reviser are authorized to make necessary corrections to this resolution, including but not limited to the correction of clerical errors; or references to other local, state, or federal laws, codes, rules, or regulations.

Section 3. Effective Date. This resolution shall take effect and be in full force immediately upon passage by the City Council.

ADOPTED AND APPROVED this 4th day of March 2024.

____
Kathy Hayden, Mayor

Attest:

____
Michelle Converse, City Clerk

Approved as to form:

____
Andrea J. Marquez, City Attorney

FINANCE & PERSONNEL COMMITTEE MEETING
DATE: February 15, 2024
AGENDA BILL: 24-3980

SUBJECT: Ordinance No. 2882 Approving Public Works Trust Fund Loan (Decant Facility)

CATEGORY: Ordinance

BUDGET IMPACT:

Expenditure Required: Per Debt Service Schedule

Within Budget Allocation: N/A

ATTACHMENTS:

1. PW Loan Acceptance Ordinance 2882

STAFF CONTACT: Drew McCarty, Engineering Specialist

SUMMARY BACKGROUND:

The City has completed design for a new Decant Facility (located on the north parcel of the new Public Works Operations Facility site). As part of the funding package, the City submitted an application for the competitive Public Works Trust Fund loan, managed through the Washington State Public Works Board. The City has been awarded a construction PWTF Loan of $2,804,414 for a term of twenty (20) years at an interest rate of 1.72% (lower than current revenue bond debt rates). This loan is a revenue obligation of the City's stormwater fund, backed from net revenue of the stormwater system. The total estimated construction cost of the north parcel work is $3,726,400 (construction estimate, access control/intrusion technology, construction management, and contingency). The amount not covered by the PWTF loan will be funded through the General Fund and water, sewer, and stormwater utilities.

COUNCIL COMMITTEE/STUDY SESSION: **Public Works Committee 02/06/2024**
Finance & Personnel Committee 02/15/2024
MEETING/STUDY SESSION DATE: 2/15/2024
COMMITTEE RECOMMENDATION:

STAFF RECOMMENDATIONS/MOTION:

Adopt Ordinance No. 2882 authorizing the City to enter into a loan agreement with the Public Works Trust Fund.

ORDINANCE NO. 2882
CITY OF SUMNER, WASHINGTON

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SUMNER, WASHINGTON, ACCEPTING FUNDS FROM PUBLIC WORKS BOARD CONSTRUCTION FUNDING PROGRAM AND AUTHORIZING THE MAYOR TO EXECUTE ANY AGREEMENT NECESSARY TO ACCEPT OR ADMINISTER THE FUNDING.

WHEREAS, the city of Sumner applied for the Public Works Board Construction Loan for the Construction of the new Decant Facility; and

WHEREAS, Public Works Board awarded the city a loan of $2,804,414 with an interest rate of 1.72% with loan term of 20 years towards the Construction of the new Decant Facility; and

WHEREAS, City Council acceptance of the loan and authorization for the Mayor to execute a grant agreement is required by law; and

WHEREAS, it is in the City's interests to accept the loan funds and enter into any necessary grant agreements regarding the same.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SUMNER, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. That the City Council of the City of Sumner, Washington, does hereby accept the Public Works Construction Loan Funding Agreement terms and authorizes the Mayor or his/her designee to execute the same, together with any and all documents necessary to carry out and effectuate the loan acceptance.

Section 2. Severability. The provisions of this ordinance are declared separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section or portion of this ordinance or the invalidity of the application thereof to any person or circumstance shall not affect the validity of the remainder of the ordinance or the validity of its application to other person's circumstances.

Section 3. Effective date. This ordinance shall be effective five (5) days from and after its passage approval and publication as provided by law.

Section 4. Corrections by City Clerk or Code Reviser. Upon approval of the city attorney, the city clerk and the code reviser are authorized to make necessary corrections to this ordinance, including the correction of clerical errors; ordinance, section, or subsection numbering; or references to other local, state, or federal laws, codes, rules, or regulations.

Passed by the City Council and approved by the Mayor of the City of Sumner, Washington, at a regular meeting thereof this _____ day of ________________________ 2024.

Mayor Kathy Hayden

ATTEST: APPROVED AS TO FORM:

Michelle Converse, City Clerk City Attorney Andrea Marquez

First Reading:
Date Adopted:
Date of Publication:
Effective Date:

CONTRACT FACE SHEET

Contract Number: PC24-96103-025

PUBLIC WORKS BOARD
CONSTRUCTION FUNDING CONTRACT

<table>
<tr><td colspan="2">1. Contractor
City of Sumner
1104 Maple St
Sumner, WA 98390</td><td colspan="3">2. Contractor Doing Business As (optional)
N/A</td></tr>
<tr><td colspan="2">3. Contractor Representative</td><td colspan="3">4. Public Works Board Representative
Ava Gombosky</td></tr>
<tr><td>5. Contract Amount
$2,804,414</td><td colspan="2">6. Funding Source
Federal: ☐ State: ☑ Other: ☐ N/A: ☐</td><td>7. Contract Start Date
Contract Execution Date</td><td>8. Contract End Date
June 1, 2044</td></tr>
<tr><td colspan="2">9. Federal Funds (as applicable)
N/A</td><td colspan="2">Federal Agency
N/A</td><td>CFDA Number
N/A</td></tr>
<tr><td>10. Tax ID #
N/A</td><td>11. SWV #
SWV0007719-00</td><td>12. UBI #
277-000-014</td><td colspan="2">13. UEI #
N/A</td></tr>
<tr><td colspan="5">14. Contract Purpose
Fund a project of a local government for the planning, acquisition, construction, repair, reconstruction, replacement, rehabilitation, or improvement of streets, roads, bridges, drinking water systems, stormwater systems, sanitary sewage systems, or solid waste facilities, including recycling facilities.</td></tr>
<tr><td colspan="5">The BOARD, defined as the Washington State Public Works Board and Contractor acknowledge and accept the terms of this Contract and attachments and have executed this Contract on the date below to start as of the date and year last written below. The rights and obligations of both parties to this Contract are governed by this Contract and the following other documents that are incorporated by reference: Contract Terms and Conditions including Declarations Page; Attachment I: Attorney's Certification; and the Public Works Board's Traditional Program Policy Handbook, found on the PWB website</td></tr>
<tr><td colspan="2">FOR THE CONTRACTOR

____
Signature

____
Print Name

____
Title

____
Date</td><td colspan="3">FOR PUBLIC WORKS BOARD

____
Kathryn A. Gardow, Public Works Board Chair

____
Date

APPROVED AS TO FORM ONLY

Signature on File
Dawn C. Cortez
Assistant Attorney General</td></tr>
</table>

DECLARATIONS

CLIENT INFORMATION

Legal Name:	City of Sumner
Contract Number**:**	PC24-96103-025

PROJECT INFORMATION

Project Title:	Decant Facility
Project City:	City of Sumner
Project State:	**Washington**
Project Zip Code:	98390

FUNDING INFORMATION

LOAN FUNDING:

Loan Amount:	**$2,804,414**
Loan Term:	**20 years**
Interest Rate:	**1.72%**
Payment Month:	June 1st

GRANT FUNDING:

Grant Amount:	$0
% of Funding as Grant:	0%

PROJECT TOTALS:

Total Estimated Cost:	**$2,804,414**
Total Project Funding:	**$3,135,986**
Earliest Date for Cost Reimbursement:	**September 8, 2023**
Time of Performance	60 months from Execution Date of this Contract to Project Completion.

ADDITIONAL SPECIAL TERMS AND CONDITIONS GOVERNING THIS CONTRACT

N/A

LOAN SECURITY CONDITION GOVERNING THIS CONTRACT

This loan is a revenue obligation of the CONTRACTOR payable solely from the net revenue of the Storm Water system. Payments shall be made from the net revenue of the utility after the payment of the principal and interest on any revenue bonds, notes, warrants or other obligations of the utility having a lien on that net revenue. As used here, “net revenue” means gross revenue minus expenses of maintenance and operations. The BOARD grants the CONTRACTOR the right to issue future bonds and notes that constitute a lien and charge on net revenue superior to the lien and charge of this loan agreement.

SCOPE OF WORK

This project will lead to the construction of a decant facility at the new Sumner Operations Facility. This includes site preparation, property enhancements, and utility installations. The facility will be approximately 4,755 square feet with a sealed concrete floor.

The project costs may include but are not limited to: engineering, cultural and historical resources, environmental documentation, review, permits, public involvement, bid documents, and construction. The project needs to meet all applicable Local, State, and/or Federal standards

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CONTRACT TERMS AND CONDITIONS

PUBLIC WORKS BOARD
CONSTRUCTION FUNDING PROGRAM

SPECIAL TERMS AND CONDITIONS

1.1 Definitions

As used throughout this Construction Funding Contract the following terms shall have the meaning set forth below:

A. "The BOARD" shall mean the Washington State Public Works Board created in Revised Code of Washington (RCW) 43.155.030, and who is a Party to the Contract

B. "Contract" shall mean this Construction Funding Contract.

C. "Contractor" shall mean the local government identified on the Contract Face Sheet receiving funding to complete the project described in the SCOPE OF WORK described in this Contract and who is a Party to the Contract, and shall include all employees and agents of the Contractor.

D. "Declarations " and "Declared" shall refer to the project information, loan terms and conditions as stated on the Declarations Page of this Funding Contract, displayed within the Contract in ***THIS STYLE*** for easier identification.

E. The Traditional Program Policy Handbook shall mean the handbook found at the PWB Traditional Financing Webpage and available upon request as PDF.

1.2 Authority

Acting under the authority of RCW 43.155, the BOARD has awarded the Contractor Public Works Board construction funding for an approved public works project.

1.3 Purpose

The BOARD and the Contractor have entered into this Contract to provide funds to enable the Contractor to undertake a local public works project that furthers the goals and objectives of the Washington State Public Works Program. The project will be undertaken by the Contractor and will include the activities described in the ***SCOPE OF WORK*** shown on the Declarations page. The project must be undertaken in accordance with the contract terms and conditions, and all applicable federal, state and local laws and ordinances, which are incorporated by reference.

1.4 Order of Precedence

In the event of an inconsistency in this Contract, the inconsistency shall be resolved by giving precedence in the following order:

A. Applicable federal and state of Washington statutes and regulations.
B. Special Terms and Conditions including attachments.
C. General Terms and Conditions.

1.5 <u>5- year deferral for start-up systems</u>

If the project financed by this Contract is to develop a system to deliver previously unavailable services, and revenue from those services is to repay the loan, the new system is eligible for a deferral of loan payments for sixty (60) months after the Contract execution date. The Contractor may provide a written request to the BOARD requesting a 5-year deferral for an eligible system. The BOARD may approve the deferral request.

Interest accrues for the aforementioned sixty (60) months. The accrued interest only payment is due June 1 of the 6th year of the loan term. Interest and principal payments are due on June 1 of the 7th year of the loan term.

1.6 <u>Competitive Bidding Requirements</u>

The Contractor shall comply with the provisions of RCW 43.155.060 regarding competitive bidding requirements for projects assisted in whole or in part with money from the Public Works Program.

1.7 <u>Default in Repayment</u>

If the funding under this Contract constitutes a loan, repayments shall be made on the loan in accordance with Section 1.18 of this Contract. A payment not received within thirty (30) days of the due date shall be declared delinquent. Delinquent payments shall be assessed a monthly penalty beginning on the first (1st) day past the due date. The penalty will be assessed on the entire payment amount. The penalty will be one percent (1%) per month or twelve percent (12%) per annum. The same penalty terms shall apply at project completion if the repayment of loan funds in excess of eligible costs are not repaid at the time of the Project Completion Amendment is submitted, as provided for in Section 1.13.

The Contractor acknowledges and agrees to the BOARD's right, upon delinquency in the payment of any annual installment, to notify any other entity, creditors, or potential creditors of the Contractor of such delinquency.

The Contractor shall be responsible for all legal fees incurred by the BOARD in any action undertaken to enforce its rights under this section.

1.8 <u>Investment Grade Audit</u>

For projects involving repair, replacement, or improvement of a wastewater treatment plant, or other public works facility for which an investment grade audit is obtainable, Contractor must undertake an investment grade audit. Costs incurred as part of the investment grade audit are eligible project costs.

1.9 <u>Sub-Contractor Data Collection</u>

Contractor will submit reports, in a form and format to be provided by the BOARD and at intervals as agreed by the parties, regarding work under this Contract performed by sub-contractors and the portion of the Contract funds expended for work performed by sub-contractors, including but not necessarily limited to minority-owned, women-owned, and veteran-owned business sub-contractors. "Sub-Contractors" shall mean sub-contractors of any tier.

1.10 Eligible Project Costs

The Eligible project costs must consist of expenditures eligible under Washington Administrative Code (WAC) 399-30-030 and be related only to project activities described in the declared **SCOPE OF WORK**. Eligible costs for reimbursement shall be construed to mean expenditures incurred and paid, or incurred and payable within thirty (30) days of the reimbursement request. Only costs that have been incurred on or after **EARLIEST DATE FOR COST REIMBURSEMENT** shown in the Declarations are eligible for reimbursement under this Contract. Eligible costs will be paid according to an approved budget up to the maximum amount stated on the Contract Award or Amendment Face Sheet.

The Contractor assures compliance with WAC 399-30-030, which identifies eligible costs for projects assisted with BOARD funding.

These terms supersede the terms in Section 2.2. Allowable Costs.

1.11 Historical and Cultural Resources

Prior to approval and disbursement of any funds awarded under this Contract, the Contractor shall cooperate with the BOARD to complete the requirements of Governor's Executive Order 21-02 or the Contractor shall complete a review under Section 106 of the National Historic Preservation Act, if applicable. Contractor agrees that the Contractor is legally and financially responsible for compliance with all laws, regulations, and agreements related to the preservation of historical or cultural resources and agrees to hold harmless the BOARD and the state of Washington in relation to any claim related to such historical or cultural resources discovered, disturbed, or damaged as a result of the project funded by this Contract.

In addition to the requirements set forth in this Contract, the Contractor shall, in accordance with Governor's Executive Order 21-02 as applicable, coordinate with the BOARD and the Washington State Department of Archaeology and Historic Preservation ("DAHP"), including any recommendation consultation with any affected tribe(s), during Project design and prior to construction to determine the existence of any tribal cultural resources affected by the Project. Contractor agrees to avoid, minimize, or mitigate impacts to the cultural resource as a continuing prerequisite to receipt of funds under this Contract.

The Contractor agrees that, unless the Contractor is proceeding under an approved historical and cultural monitoring plan or other memoranda of agreement, if historical or cultural artifacts found during the construction, the Contractor shall immediately stop construction and notify the local historical preservation officer and the state's historical preservation officer at DAHP, and the BOARD Representative identified on the Face Sheet. If human remains are uncovered, the Contractor shall report the presence and location of the remains to the coroner and local enforcement immediately, then contact DAHP and the concerned tribe's cultural staff or committee.

The Contract shall require this provision to be contained in all subcontracts for work or services related to the Scope of Work attached hereto.

In addition to the requirements set forth in the Contract, the Contractor agrees to comply with RCW 27.44 regarding Indian Graves and Records. RCW 27.53 regarding Archaeological Sites and Resources; RCW 68.60 regarding Abandoned and Historic Cemeteries and Historic Graves; and WAC 25-48 regarding Archaeological Excavation and Removal Permits.

Completion of the requirements of Section 106 of the National Historic Preservation Act shall substitute for completion of Governor's Executive Order 21-02.

In the event that the Contractor finds it necessary to amend the Scope of Work the Contract may be required to re-comply with Governor's Executive Order 21-02 or Section 106 of the National Historic Preservation Act.

1.12 Performance Incentives

The Contractor shall complete the project no later than sixty (60) months after the date of Contract execution.

Should the Contractor submit the Certified Project Completion Report within forty-eight (48) months of the date of Contract execution, the Contractor may choose one of the two following incentives upon project completion:

Option A: The repayment period will be increased by twenty-four (24) months, not to exceed the life of the asset, OR:

Option B: The interest rate will be decreased by one-quarter of one percent (0.25%).

Should the Contractor submit the Certified Project Completion Report within thirty-six (36) months of the date of Contract execution, the Contractor may choose one of the following two incentives upon project completion:

Option C: The repayment period will be increased by sixty (60) months, not to exceed the life of the asset, OR;

Option D: The interest rate will be decreased by up to one-half of one percent (0.50%).

Once an option is selected, the Contract shall be modified to note the appropriate change and no further adjustment to the Contract for Performance Incentives shall be authorized. Irrespective of the performance incentive chosen, at no point in time shall the minimum loan interest rate be less than 0.25%.

The calculation of interest rate and term adjustments will apply to the remaining payments beginning from the date the Project Completion report is certified.

1.13 Project Completion Amendment and Certified Project Completion Report

The Contractor shall complete a Certified Project Completion Report when all activities identified in the **SCOPE OF WORK** are complete. The BOARD will supply the Contractor with the Certified Project Completion Report form, which shall include:

A. A certified statement that the project, as described in the declared **SCOPE OF WORK**, is complete and, if applicable, meets required standards.
B. A certified statement of the actual dollar amounts spent, from all funding sources, in completing the project as described in the **SCOPE OF WORK**.
C. Certification that all costs associated with the project have been incurred and have been accounted for. Costs are incurred when goods and services are received and/or Contract work is performed.
D. A final voucher for the remaining eligible funds.
E. Pictures of Completed Project.

The Contractor will submit the Certified Project Completion Report together with the last Invoice Voucher for a sum not to exceed the balance of the loan amount. The final Invoice Voucher payment shall not occur prior to the completion of all project activities identified in the **SCOPE OF WORK** and the BOARD's receipt and acceptance of the Certified Project Completion Report.

The Project Completion Amendment shall serve as an amendment to this Contract determining the final loan amount, local share, term, and interest rate.

1.14 Project Signs

If the Contractor displays, during the period covered by this Contract, signs or markers identifying those agencies participating financially in the approved project, the sign or marker must identify the Washington State Public Works Board as a participant in the project.

1.15 Rate and Term of Loan

If the Contractor is awarded a loan, the BOARD shall fund the Contractor a sum not to exceed the **LOAN AMOUNT** shown on the Contract Face Sheet and declared on the Contract Declarations Page. The interest rate shall be the declared **INTEREST RATE** per annum on the outstanding principal balance. The length of the loan shall not exceed the declared **LOAN TERM** in years, with the final payment due by the **CONTRACT END DATE** as shown on the Contract Face Sheet.

The loan forgiveness shall be applied at project completion and shall apply to the lesser of the loan amount or the actual eligible costs and that declared percent on any accrued interest. The percent of loan forgiveness and interest rate shall not be changed, regardless of the actual cost of the project and the Affordability Index at project completion.

1.16 Recapture

In addition to the recapture provisions in Section 2.32, the right to recapture shall exist for a period not to exceed six (6) years following Contract termination. In the event that the Board is required to institute legal proceedings to enforce the recapture provision, the BOARD shall be entitled to its costs, including attorney's fees.

1.17 Reimbursement Procedures and Payment

If funding or appropriation is not available at the time the invoice is submitted, or when this Contract is executed, the issuance of warrants will be delayed or suspended until such time as funds or appropriation become available. Therefore, subject to the availability of funds, warrants shall be issued to the Contractor for reimbursement of allowable expenses incurred by the Contractor while undertaking and administering approved project activities in accordance with the declared **SCOPE OF WORK**.

The CONTRACTOR shall submit all Invoice Vouchers and all required documentation per guidance in the BOARD Traditional Program Policy Handbook, which is incorporated by reference.

The BOARD shall reimburse the Contractor for eligible project expenditures up to the maximum loan amount under this Contract, as identified in Section 1.10. When requesting reimbursement for costs incurred, the Contractor shall submit all Invoice Vouchers and any required documentation electronically through the Department of Commerce's (COMMERCE) Contracts Management System (CMS), which is available through the Secure Access Washington (SAW) portal. If the Contractor has constraints preventing access to COMMERCE's online A-19 portal, a hard copy A-19 form may be provided by the BOARD Project Manager upon request.

Requests for reimbursements for costs related to **construction** activities will not be accepted until the Contractor provides:

- Proof of compliance with Governor's Executive Order 21-02 or Section 106 of the National Historic Preservation Act, as described in Section 1.11, and
- Signed Public Works Board Notice of Contract Award and Notice to Proceed, which follows the formal award of a construction contract.

If the Contractor receives funding in the form of both a grant and a loan, the Contractor shall bill to the loan and grant proportionally until and if funds are exhausted.

The BOARD will pay the Contractor upon acceptance of the work performed and receipt of properly completed invoices. Invoices shall be submitted to the BOARD monthly or at least quarterly, as appropriate.

Payment shall be considered timely if made by the BOARD within thirty (30) calendar days after receipt of properly completed invoices. Payment shall be sent to the address designated by the Contractor.

The BOARD may, at its sole discretion, terminate the Contract or withhold payments claimed by the Contractor for services rendered if the Contractor fails to satisfactorily comply with any term or condition of this Contract.

No payments in advance or in anticipation of services or supplies to be provided under this Contract shall be made by the BOARD.

BOARD shall not release the final five (5) percent of the total loan amount until acceptance by BOARD of project completion report.

Duplication of Billed Costs. If the Contractor is entitled to payment or has been or will be paid by another source for an eligible project cost, then the Contractor shall not be reimbursed by the BOARD for that cost.

Disallowed Costs. The Contractor is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its subcontractors.

In no event shall the total Public Works funding exceed 100% of the eligible actual project costs. At the time of project completion, the Contractor shall submit to the BOARD a Project Completion Amendment certifying the total actual project costs, other funding, and local share. The final BOARD funding disbursement shall bring the total funding to the lesser of 100% of the eligible project costs or the total declared ***funding under this Contract***. The Project Completion Amendment shall serve as an amendment to this Contract determining the final funding amount, local share, and any applicable interest rate.

In the event that the final costs identified in the Project Completion Amendment indicate that the Contractor has received BOARD monies in excess of 100.00% of eligible costs, all funds in excess of 100.00% shall be repaid to the BOARD by payment to the Department of Commerce, or its successor, together with the submission of the Project Completion Amendment.

1.18 Repayment

If the contract includes loan funding, loan repayment installments are due on the day and month identified under the term: **PAYMENT MONTH** on the Declarations Page. Payments are due each year during the term of the loan beginning one year from the date of Contract execution. Interest only will be charged for this payment if a warrant is issued prior to this date. All subsequent payments shall consist of principal and accrued interest due on the specified **PAYMENT MONTH** date of each year during the remaining term of the loan.

Repayment of a loan under this Contract shall include the declared **INTEREST RATE** per annum based on a three hundred and sixty (360) day year of twelve (12) thirty (30) day months. Interest will begin to accrue from the date each warrant is issued to the Contractor. The final payment shall be on or before the **CONTRACT END DATE** shown on the Declarations page, of an amount sufficient to bring the loan balance to zero.

In the event that the BOARD approves the Contractor's request for a deferral as outlined in Section 1.5, then the first loan repayment is due sixty (60) months after Contract execution. Interest accrues for the sixty (60) months after Contract execution. The accrued interest only will be charged for this payment if a warrant is issued prior to this date. Interest and principal payments are due on the declared **PAYMENT MONTH** date of each year during the remaining term of the loan. The Contractor has the right to repay the unpaid balance of the loan in full at any time or make accelerated payments without penalty.

The Contractor will repay the loan in accordance with the preceding conditions through the use of a check, money order, or equivalent means made payable to the Washington State Department of Commerce, or its successor.

1.19 Reports

The Contractor shall furnish the BOARD with:

A. Project progress reports per guidance in the BOARD Traditional Program Policy Handbook;
B. Quarterly Expenditure Projection Reports;
C. Certified Project Completion Report at project completion (as described in Section 1.13);
D. Pictures and short videos of various stages of the project, and
E. Other reports as the BOARD may require.

1.20 Termination for Cause

If the Contractor fails to comply with the terms of this Contract, or fails to use the funds only for those activities identified in the ***SCOPE OF WORK***, the BOARD may terminate the Contract in whole or in part at any time. The BOARD shall notify the Contractor in writing of its determination to terminate, the reason for such termination, and the effective date of the termination. Nothing in this section shall affect the Contractor's obligation to repay the unpaid balance of a loan.

These terms supersede the terms in Section 2.41 Termination for Cause/Suspension.

1.21 Termination for Convenience

Notwithstanding anything in Section 2.42 Termination for Convenience, the BOARD may suspend or terminate this Contract in the event that funds are no longer available to the BOARD, or are not appropriated for the purpose of meeting the BOARD’s obligations under this Contract. Termination will be effective when the BOARD sends written notice of termination to the Contractor. Nothing in this section shall affect the Contractor’s obligation to repay the unpaid balance of the loan.

1.22 Time of Performance

No later than sixty (60) months after the date of Contract execution the Contractor must reach project completion.

Failure to meet Time of Performance shall constitute default of this Contract. In the event of extenuating circumstances, the Contractor may request, in writing, that the BOARD extend the deadline for project completion. The BOARD may extend the deadline.

The term of this Contract shall be for the entire term of any loan provided under this contract, regardless of actual project completion, unless terminated sooner as provided herein.

1.23 Contract Suspension

In the event that the Washington State Legislature fails to pass and the Governor does not authorize a Capital Budget by June 30 of each biennium, the Washington State Constitution Article 8 and RCW 43.88.130 and RCW 43.88.290 prohibit expenditures or commitments of state funds in the absence of appropriation.

In such event, all work under this Contract will be suspended effective July 1. The Contractor shall immediately suspend work under this Contract and take all reasonable steps necessary to minimize the cost of performance directly attributable to such suspension until the suspension is cancelled.

The BOARD shall notify the Contractor immediately upon lifting of the Contract suspension.

1.24 Special Conditions

If ADDITIONAL SPECIAL CONDITIONS are listed on the Contract Declarations Page then these conditions are herein incorporated as part of the terms and requirements of this Contract.

1.25 Loan Security

Loan Security payments shall be made as stated on the attached Declarations Page, and identified as LOAN SECURITY.

GENERAL TERMS AND CONDITIONS

2.1 DEFINITIONS

As used throughout this Contract, the following terms shall have the meaning set forth below:

A. “Authorized Representative” shall mean the Public Works Board Chair and/or the designee authorized in writing to act on the Chair’s behalf.

B. "Contractor" shall mean the entity identified on the face sheet performing service(s) under this Contract, and shall include all employees and agents of the Contractor.

C. “BOARD” shall mean the Washington State Public Works Board created in Revised Code of Washington (RCW) 43.155.030, and which is a Party to the Contract

D. “Personal Information” shall mean information identifiable to any person, including, but not limited to, information that relates to a person’s name, health, finances, education, business, use or receipt of governmental services or other activities, addresses, telephone numbers, social security numbers, driver license numbers, other identifying numbers, and any financial identifiers.

E. ”State” shall mean the state of Washington.

F. "Subcontractor" shall mean one not in the employment of the Contractor, who is performing all or part of those services under this Contract under a separate contract with the Contractor. The terms “subcontractor” and “subcontractors” mean subcontractor(s) in any tier.

2.2 Allowable Costs

Costs allowable under this Contract are actual expenditures according to an approved budget up to the maximum amount stated on the Contract Award or Amendment Face Sheet.

2.3 ALL WRITINGS CONTAINED HEREIN

This Contract contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Contract shall be deemed to exist or to bind any of the parties hereto.

2.4 AMENDMENTS

This Contract may be amended by mutual agreement of the parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

2.5 AMERICANS WITH DISABILITIES ACT (ADA) OF 1990, PUBLIC LAW 101-336, also referred to as the “ADA” 28 CFR Part 35

The Contractor must comply with the ADA, which provides comprehensive civil rights protection to individuals with disabilities in the areas of employment, public accommodations, state and local government services, and telecommunications.

2.6 APPROVAL

This contract shall be subject to the written approval of the BOARD’s Authorized Representative and shall not be binding until so approved. The contract may be altered, amended, or waived only by a written amendment executed by both parties.

2.7 ASSIGNMENT

Neither this Contract, nor any claim arising under this Contract, shall be transferred or assigned by the Contractor without prior written consent of the BOARD.

2.8 ATTORNEYS' FEES

Unless expressly permitted under another provision of the Contract, in the event of litigation or other action brought to enforce Contract terms, each party agrees to bear its own attorney's fees and costs.

2.9 AUDIT

A. General Requirements

- If requested by the Board at any time during the contract period and six (6) years following termination of the Contract, Contractor will obtain an audit, at its own expense.
- Contractors are to procure audit services based on the following guidelines.
- The Contractor shall maintain its records and accounts so as to facilitate the audit requirement and shall ensure that Subcontractors also maintain auditable records.
- The Contractor is responsible for any audit exceptions incurred by its own organization or that of its Subcontractors.
- The BOARD reserves the right to recover from the Contractor all disallowed costs resulting from the audit.
- Responses to any unresolved management findings and disallowed or questioned costs shall be included with the audit report. The Contractor must respond to the BOARD's request for information or corrective action concerning audit issues within thirty (30) days of the date of request.

B. State Funds Requirements

- In the event an audit is required, if the Contractor is a local government entity, the Office of the State Auditor shall conduct the audit.
- Audits of non-profit organizations are to be conducted by a certified public accountant selected by the Contractor.
- The Contractor shall include the above audit requirements in any subcontracts.
- In any case, the Contractor's financial records must be available for review by the BOARD.

2.10 CODE REQUIREMENTS

All construction and rehabilitation projects must satisfy the requirements of applicable local, state, and federal building, mechanical, plumbing, fire, energy and barrier-free codes. Compliance with the Americans with Disabilities Act of 1990 28 C.F.R. Part 35 will be required, as specified by the local building Department.

2.11 CONFIDENTIALITY/SAFEGUARDING OF INFORMATION

A. "Confidential Information" as used in this section includes:

1. All material provided to the Contractor by the BOARD that is designated as "confidential" by the BOARD;
2. All material produced by the Contractor that is designated as "confidential" by the BOARD; and
3. All personal information in the possession of the Contractor that may not be disclosed under state or federal law. "Personal information" includes but is not limited to information related to a person's

name, health, finances, education, business, use of government services, addresses, telephone numbers, social security number, driver's license number and other identifying numbers, and "Protected Health Information" under the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA).

B. The Contractor shall comply with all state and federal laws related to the use, sharing, transfer, sale, or disclosure of Confidential Information. The Contractor shall use Confidential Information solely for the purposes of this Contract and shall not use, share, transfer, sell or disclose any Confidential Information to any third party except with the prior written consent of the BOARD or as may be required by law. The Contractor shall take all necessary steps to assure that Confidential Information is safeguarded to prevent unauthorized use, sharing, transfer, sale or disclosure of Confidential Information or violation of any state or federal laws related thereto. Upon request, the Contractor shall provide the BOARD with its policies and procedures on confidentiality. The BOARD may require changes to such policies and procedures as they apply to this Contract whenever the BOARD reasonably determines that changes are necessary to prevent unauthorized disclosures. The Contractor shall make the changes within the time period specified by the BOARD. Upon request, the Contractor shall immediately return to the BOARD any Confidential Information that the BOARD reasonably determines has not been adequately protected by the Contractor against unauthorized disclosure.

C. Unauthorized Use or Disclosure. The Contractor shall notify the BOARD within five (5) working days of any unauthorized use or disclosure of any confidential information, and shall take necessary steps to mitigate the harmful effects of such use or disclosure.

2.12 CONFORMANCE

If any provision of this contract violates any statute or rule of law of the state of Washington, it is considered modified to conform to that statute or rule of law.

2.13 COPYRIGHT PROVISIONS

Unless otherwise provided, all Materials produced under this Contract shall be considered "works for hire" as defined by the U.S. Copyright Act and shall be owned by the BOARD. The BOARD shall be considered the author of such Materials. In the event the Materials are not considered "works for hire" under the U.S. Copyright laws, the Contractor hereby irrevocably assigns all right, title, and interest in all Materials, including all intellectual property rights, moral rights, and rights of publicity to the BOARD effective from the moment of creation of such Materials.

"Materials" means all items in any format and includes, but is not limited to, data, reports, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions. "Ownership" includes the right to copyright, patent, register and the ability to transfer these rights.

For Materials that are delivered under the Contract, but that incorporate pre-existing materials not produced under the Contract, the Contractor hereby grants to the BOARD a nonexclusive, royalty-free, irrevocable license (with rights to sublicense to others) in such Materials to translate, reproduce, distribute, prepare derivative works, publicly perform, and publicly display. The Contractor warrants and represents that the Contractor has all rights and permissions, including intellectual property rights, moral rights and rights of publicity, necessary to grant such a license to the BOARD.

The Contractor shall exert all reasonable effort to advise the BOARD, at the time of delivery of Materials furnished under this Contract, of all known or potential invasions of privacy contained therein and of any portion of such document which was not produced in the performance of this Contract. The Contractor shall provide the BOARD with prompt written notice of each notice or claim of infringement received by the Contractor with respect to any Materials delivered under this Contract. The BOARD shall have the right to modify or remove any restrictive markings placed upon the Materials by the Contractor.

2.14 DISALLOWED COSTS

The Contractor is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its Subcontractors.

2.15 DISPUTES

Except as otherwise provided in this Contract, when a dispute arises between the parties and it cannot be resolved by direct negotiation, either party may request a dispute hearing with the Chair of the BOARD, who may designate a neutral person to decide the dispute.

The request for a dispute hearing must:

- be in writing;
- state the disputed issues;
- state the relative positions of the parties;
- state the Contractor's name, address, and Contract number; and
- be mailed to the BOARD Chair and the other party's (respondent's) Representative within three (3) working days after the parties agree that they cannot resolve the dispute.

The respondent shall send a written answer to the requestor's statement to both the Chair or the Chair's designee and the requestor within five (5) working days.

The Chair or designee shall review the written statements and reply in writing to both parties within ten (10) working days. The Chair or designee may extend this period if necessary by notifying the parties.

The decision shall not be admissible in any succeeding judicial or quasi-judicial proceeding.

The parties agree that this dispute process shall precede any action in a judicial or quasi-judicial tribunal.

Nothing in this Contract shall be construed to limit the parties' choice of a mutually acceptable alternate dispute resolution (ADR) method in addition to the dispute hearing procedure outlined above.

2.16 DUPLICATE PAYMENT

The Contractor certifies that work to be performed under this contract does not duplicate any work to be charged against any other contract, subcontract, or other source.

2.17 ETHICS/CONFLICTS OF INTEREST

In performing under this Contract, the Contractor shall assure compliance with the Ethics in Public Service Act, RCW 42.52 and any other applicable local, state or federal law related to ethics or conflicts of interests.

2.18 GOVERNING LAW AND VENUE

This Contract shall be construed and interpreted in accordance with the laws of the state of Washington, and the venue of any action brought hereunder shall be in the Superior Court for Thurston County.

2.19 INDEMNIFICATION

To the fullest extent permitted by law, the GRANTEE shall indemnify, defend, and hold harmless the state of Washington, COMMERCE, agencies of the state and all officials, agents and employees of the state, from and against all claims for injuries or death arising out of or resulting from the performance of the contract. "Claim" as used in this contract, means any financial loss, claim, suit, action, damage, or expense, including but not limited to attorneys' fees, attributable for bodily injury, sickness, disease, or death, or injury to or the destruction of tangible property including loss of use resulting therefrom.

The GRANTEE's obligation to indemnify, defend, and hold harmless includes any claim by GRANTEE's agents, employees, representatives, or any subgrantee/subcontractor or its employees.

The Contractor's obligation shall not include such claims that may be caused by the sole negligence of the State and its agencies, officials, agents, and employees. If the claims or damages are caused by or result from the concurrent negligence of (a) the State, its agents or employees and (b) the Contractor, its subcontractors, agents, or employees, this indemnity provision shall be valid and enforceable only to the extent of the negligence of the Contractor or its subcontractors, agents, or employees.

The GRANTEE waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend and hold harmless the state and its agencies, officers, agents or employees.

2.20 INDEPENDENT CAPACITY OF THE CONTRACTOR

The parties intend that an independent contractor relationship will be created by this Contract. The Contractor and its employees or agents performing under this Contract are not employees or agents of the state of Washington or the BOARD. The Contractor will not hold itself out as or claim to be an officer or employee of the BOARD or of the state of Washington by reason hereof, nor will the Contractor make any claim of right, privilege or benefit which would accrue to such officer or employee under law. Conduct and control of the work will be solely with the Contractor.

2.21 INDUSTRIAL INSURANCE COVERAGE

The Contractor shall comply with all applicable provisions of Title 51 RCW, Industrial Insurance. If the Contractor fails to provide industrial insurance coverage or fails to pay premiums or penalties on behalf of its employees as may be required by law, the BOARD may collect from the Contractor the full amount payable to the Industrial Insurance Accident Fund. The BOARD may deduct the amount owed by the Contractor to the accident fund from the amount payable to the Contractor by the BOARD under this Contract, and transmit the deducted amount to the Department of Labor and Industries, (L&I) Division of Insurance Services. This provision does not waive any of L&I's rights to collect from the Contractor.

2.21 LAWS

The Contractor shall comply with all applicable laws, ordinances, codes, regulations and policies of local and state and federal governments, as now or hereafter amended including, but not limited to:

Washington State Laws and Regulations

A. Affirmative Action, RCW 41.06.020 (11).
B. Boards of Directors or Officers of Non-profit Corporations – Liability – Limitations, RCW 4.24.264.
C. Contracts for Architectural and Engineering Services. RCW 39.80
D. Disclosure-Campaign Finances-Lobbying, RCW 42.17.
E. Discrimination-Human Rights Commission, RCW 49.60.
F. Ethics in Public Service, RCW 42.52
G. Growth Management, RCW 36.70A
H. Housing Assistance Program, RCW 43.185.
I. Interlocal Cooperation Act, RCW 39.34.
J. Noise Control, RCW 70.107.
K. Office of Minority and Women's Business Enterprises, RCW 39.19 and WAC 326-02.
L. Open Public Meetings Act, RCW 42.30.
M. Prevailing Wages on Public Works, RCW 39.12.
N. Public Records Act. RCW 42.56.
O. Public Works Projects, RCW 43.155
P. Relocation Assistance – Real Property Acquisition Policy, RCW 8.26.
Q. Shoreline Management Act of 1971, RCW 90.58.
R. State Budgeting, Accounting, and Reporting System, RCW 43.88

S. State Building Code, RCW 19.27 and Energy-related building standards, RCW 19.27A, and Provisions in buildings for aged and handicapped persons, RCW 70.92.
T. State Coastal Zone Management Program, Publication 01-06-003, Shorelands and Environmental Assistance Program, Washington State Department of Ecology.
U. State Environmental Policy, RCW 43.21C.
V. State Executive Order 21-02 Archeological and Cultural Resources.

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2.23 LICENSING, ACCREDITATION AND REGISTRATION

The Contractor shall comply with all applicable local, state, and federal licensing, accreditation and registration requirements or standards necessary for the performance of this Contract.

2.24 LIMITATION OF AUTHORITY

Only the Authorized Representative or Authorized Representative's designee by writing (designation to be made prior to action) shall have the express, implied, or apparent authority to alter, amend, modify, or waive any clause or condition of this Contract.

2.25 Local Public Transportation Coordination

Where applicable, Contractor shall participate in local public transportation forums and implement strategies designed to ensure access to services.

2.26 NONCOMPLIANCE WITH NONDISCRIMINATION LAWS

During the performance of this Contract, the Contractor shall comply with all federal, state, and local nondiscrimination laws, regulations and policies. In the event of the Contractor's non-compliance or refusal to comply with any nondiscrimination law, regulation or policy, this contract may be rescinded, canceled or terminated in whole or in part, and the Contractor may be declared ineligible for further contracts with the Board. The Contractor shall, however, be given a reasonable time in which to cure this noncompliance. Any dispute may be resolved in accordance with the "Disputes" procedure set forth herein.

2.27 PAY EQUITY

The Contractor agrees to ensure that "similarly employed" individuals in its workforce are compensated as equals, consistent with the following:

A. Employees are "similarly employed" if the individuals work for the same employer, the performance of the job requires comparable skill, effort, and responsibility, and the jobs are performed under similar working conditions. Job titles alone are not determinative of whether employees are similarly employed;

B. Contractor may allow differentials in compensation for its workers if the differentials are based in good faith and on any of the following:

1. A seniority system; a merit system; a system that measures earnings by quantity or quality of production; a bona fide job-related factor or factors; or a bona fide regional difference in compensation levels.
2. A bona fide job-related factor or factors may include, but not be limited to, education, training, or experience that is: Consistent with business necessity; not based on or derived from a gender-based differential; and accounts for the entire differential.
3. A bona fide regional difference in compensation level must be: Consistent with business necessity; not based on or derived from a gender-based differential; and account for the entire differential.

This Contract may be terminated by the BOARD, if the BOARD, the Department of Commerce, or the Department of Enterprise Services determines that the Contractor is not in compliance with this provision.

2.28 POLITICAL ACTIVITIES

Political activity of Contractor employees and officers are limited by the State Campaign Finances and Lobbying provisions of RCW 42.17 and the Federal Hatch Act, 5 USC 1501 - 1508.

No funds may be used for working for or against ballot measures or for or against the candidacy of any person for public office.

2.29 PREVAILING WAGE LAW

The Contractor certifies that all contractors and subcontractors performing work on the Project shall comply with state Prevailing Wages on Public Works, RCW 39.12, as applicable to the Project funded by this contract, including but not limited to the filing of the “Statement of Intent to Pay Prevailing Wages” and “Affidavit of Wages Paid” as required by RCW 39.12.040. The Contractor shall maintain records sufficient to evidence compliance with RCW 39.12, and shall make such records available for the BOARDs review upon request.

2.30 PROHIBITION AGAINST PAYMENT OF BONUS OR COMMISSION

The funds provided under this Contract shall not be used in payment of any bonus or commission for the purpose of obtaining approval of the application for such funds or any other approval or concurrence under this Contract provided, however, that reasonable fees or bona fide technical consultant, managerial, or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as project costs.

2.31 PUBLICITY

The Contractor agrees not to publish or use any advertising or publicity materials in which the state of Washington or the BOARD’s name is mentioned, or language used from which the connection with the state of Washington’s or the BOARD’s name may reasonably be inferred or implied, without the prior written consent of the BOARD.

2.32 RECAPTURE

In the event that the Contractor fails to perform this contract in accordance with state laws, federal laws, and/or the provisions of this contract, the BOARD reserves the right to recapture funds in an amount to compensate the BOARD for the noncompliance in addition to any other remedies available at law or in equity.

Repayment by the Contractor of funds under this recapture provision shall occur within the time period specified by the BOARD. In the alternative, the BOARD may recapture such funds from payments due under this contract.

2.33 RECORDS MAINTENANCE

The Contractor shall maintain all books, records, documents, data and other evidence relating to this Contract and performance of the services described herein, including but not limited to accounting procedures and practices which sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this Contract. Contractor shall retain such records for a period of six years following the date of final payment.

If any litigation, claim or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been finally resolved.

2.34 REGISTRATION WITH DEPARTMENT OF REVENUE

If required by law, the Contractor shall complete registration with the Washington State Department of Revenue.

2.35 RIGHT OF INSPECTION

At no additional cost all records relating to the Contractor's performance under this Contract shall be subject at all reasonable times to inspection, review, and audit by the BOARD, the Office of the State Auditor, and federal and state officials so authorized by law, in order to monitor and evaluate performance, compliance, and quality assurance under this Contract. The Contractor shall provide access to its facilities for this purpose.

2.36 SAVINGS

In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this Contract and prior to normal completion, the BOARD may terminate the Contract under the "Termination for Convenience" clause, without the ten business day notice requirement. In lieu of termination, the Contract may be amended to reflect the new funding limitations and conditions.

2.37 SEVERABILITY

If any provision of this Contract or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Contract that can be given effect without the invalid provision, if such remainder conforms to the requirements of law and the fundamental purpose of this Contract and to this end the provisions of this Contract are declared to be severable.

2.38 SUBCONTRACTING

The Contractor may only subcontract work contemplated under this Contract if it obtains the prior written approval of the BOARD.

If the BOARD approves subcontracting, the Contractor shall maintain written procedures related to subcontracting, as well as copies of all subcontracts and records related to subcontracts. For cause, the BOARD in writing may: (a) require the Contractor to amend its subcontracting procedures as they relate to this Contract; (b) prohibit the Contractor from subcontracting with a particular person or entity; or (c) require the Contractor to rescind or amend a subcontract.

Every subcontract shall bind the Subcontractor to follow all applicable terms of this Contract. The Contractor is responsible to the BOARD if the Subcontractor fails to comply with any applicable term or condition of this Contract. The Contractor shall appropriately monitor the activities of the Subcontractor to assure fiscal conditions of this Contract. In no event shall the existence of a subcontract operate to release or reduce the liability of the Contractor to the BOARD for any breach in the performance of the Contractor's duties.

Every subcontract shall include a term that the BOARD and the State of Washington are not liable for claims or damages arising from a Subcontractor's performance of the subcontract.

2.39 SURVIVAL

The terms, conditions, and warranties contained in this Contract that by their sense and context are intended to survive the completion of the performance, cancellation or termination of this Contract shall so survive.

2.40 TAXES

All payments accrued on account of payroll taxes, unemployment contributions, the Contractor's income or gross receipts, any other taxes, insurance or expenses for the Contractor or its staff shall be the sole responsibility of the Contractor.

2.41 TERMINATION FOR CAUSE

In the event the BOARD determines the Contractor has failed to comply with the conditions of this contract in a timely manner, the BOARD has the right to suspend or terminate this contract. Before suspending or terminating the contract, the BOARD shall notify the Contractor in writing of the need to take corrective action. If corrective action is not taken within 30 calendar days, the contract may be terminated or suspended.

In the event of termination or suspension, the Contractor shall be liable for damages as authorized by law.

The BOARD reserves the right to suspend all or part of the contract, withhold further payments, or prohibit the Contractor from incurring additional obligations of funds during investigation of the alleged compliance breach and pending corrective action by the Contractor or a decision by the BOARD to terminate the contract. A termination shall be deemed a "Termination for Convenience" if it is determined that the Contractor: (1) was not in default; or (2) failure to perform was outside of his or her control, fault or negligence.

The rights and remedies of the BOARD provided in this contract are not exclusive and are, in addition to any other rights and remedies, provided by law.

2.42 TERMINATION FOR CONVENIENCE

Except as otherwise provided in this Contract the BOARD may, by ten (10) business days written notice, beginning on the second day after the mailing, terminate this Contract, in whole or in part. If this Contract is so terminated, the BOARD shall be liable only for payment required under the terms of this Contract for services rendered or goods delivered prior to the effective date of termination.

2.43 TERMINATION PROCEDURES

Upon termination of this contract, the BOARD, in addition to any other rights provided in this contract.

The rights and remedies of the BOARD provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

After receipt of a notice of termination, and except as otherwise directed by the Authorized Representative, the Contractor shall:

A. Stop work under the Contract on the date, and to the extent specified, in the notice;

B. Place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portion of the work under the contract that is not terminated;

C. Assign to the BOARD, in the manner, at the times, and to the extent directed by the Authorized Representative, all of the rights, title, and interest of the Contractor under the orders and subcontracts so terminated, in which case the BOARD has the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts;

D. Settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of the Authorized Representative to the extent the Authorized Representative may require, which approval or ratification shall be final for all the purposes of this clause;

E. Transfer title to the BOARD and deliver in the manner, at the times, and to the extent directed by the Authorized Representative any property which, if the contract had been completed, would have been required to be furnished to the BOARD;

F. Complete performance of such part of the work as shall not have been terminated by the Authorized Representative; and

G. Take such action as may be necessary, or as the Authorized Representative may direct, for the protection and preservation of the property related to this contract, which is in the possession of the Contractor and in which the BOARD has or may acquire an interest.

2.44 TREATMENT OF ASSETS

Title to all property furnished by the BOARD shall remain with the BOARD. Title to all property furnished by the Contractor, for the cost of which the Contractor is entitled to be reimbursed as a direct item of cost under this contract, shall pass to and vest in the Contractor.

2.45 WAIVER

Waiver of any default or breach shall not be deemed to be a waiver of any subsequent default or breach. Any waiver shall not be construed to be a modification of the terms of this Contract unless stated to be such in writing and signed by Authorized Representative of the Board.

ATTACHMENT I: ATTORNEY'S CERTIFICATION

PUBLIC WORKS BOARD
CONSTRUCTION FUNDING PROGRAM

CONTRACTOR: City of Sumner
CONTRACT Number: PC24-96103-025

I, ___________________________________, hereby certify:

I am an attorney at law admitted to practice in the State of Washington and the duly appointed attorney of the City of Sumner (the CONTRACTOR); and

I have also examined any and all documents and records which are pertinent to the CONTRACT, including the application requesting this financial assistance.

Based on the foregoing, it is my opinion that:

1. The CONTRACTOR is a public body, properly constituted and operating under the laws of the state of Washington, empowered to receive and expend federal, state and local funds, to CONTRACT with the state of Washington, and to receive and expend the funds involved to accomplish the objectives set forth in their application.

2. The CONTRACTOR is empowered to accept the BOARD's financial assistance and to provide for repayment of the loan as set forth in the CONTRACT.

3. There is currently no litigation in existence seeking to enjoin the commencement or completion of the above-described public facilities project or to enjoin the CONTRACTOR from repaying the loan extended by the BOARD with respect to such project. The CONTRACTOR is not a party to litigation which will materially affect its ability to repay such loan on the terms contained in the CONTRACT.

4. Assumption of this obligation would not exceed statutory and administrative rule debt limitations applicable to the CONTRACTOR.

___________________________________ ______________________________
Signature of Attorney Date

____
Name

FINANCE & PERSONNEL COMMITTEE MEETING
DATE: February 15, 2024
AGENDA BILL: 24-3949

SUBJECT: Annual Local Improvement District Report **CATEGORY:** Information Only

BUDGET IMPACT:
Expenditure Required: None Within Budget Allocation: N/A

ATTACHMENTS:
1. FY2023_LID_Summary

STAFF CONTACT: Kassandra Raymond, Chief Financial Officer

SUMMARY BACKGROUND:
Annually, Finance provides a status report detailing Local Improvement District (LID) activity. This report will encompass 2023 activity.

COUNCIL COMMITTEE/STUDY SESSION: **Finance & Personnel Committee**
MEETING/STUDY SESSION DATE: 2/15/2024
COMMITTEE RECOMMENDATION: Information Only; no Committee action required.

STAFF RECOMMENDATIONS/MOTION:
Information Only; no Committee action required.

CITY OF SUMNER

LID Administration Summary -- 2023

OVERVIEW

- Assessment revenue for ULID No. 2007-1 matched the total billed amount this year. There are still 15 assessments with an unpaid remaining balance.
- Assessment revenue for LID No. 78 exceeded the total billed amount by $4,003 due to the successful resolution of prior year delinquencies. There are 23 assessments with a outstanding balance.
- There were no adjustments
- There were no past due accounts at the end of the year.

ENCLOSED REPORTS

- Combined LID Balances
- Year End Balances for each LID
- Monthly Payment Allocations
- Delinquent Accounts
- Summary of Assessments for each LID

CITY OF SUMNER

Combined LID Balance Report -- December 31, 2023

District Number	*Beginning Principal*	*Principal Adjusted*	*Principal Collected*	*Current Principal*	*Deferred Principal*	*Principal Past Due*	*Principal Receivable*	*Payment in-Full*
LID No. 2007-01	358,762.94	0.00	59,793.84	59,793.84	239,175.26	0.00	298,969.10	309,552.61
LID No. 78	1,318,084.40	0.00	190,867.40	187,869.50	939,347.50	0.00	1,127,217.00	1,163,818.07
	1,676,847.34	**0.00**	**250,661.24**	**247,663.34**	**1,178,522.76**	**0.00**	**1,426,186.10**	**1,473,370.68**

District Number	*Interest Adjusted*	*Interest Collected*	*Current Interest*	*Interest Past Due*	*Penalties Posted*	*Penalties Adjusted*	*Penalties Collected*	*Accrued Penalties*
LID No. 2007-01	0.00	12,700.19	10,583.51	0.00	0.00	0.00	0.00	0.00
LID No. 78	0.00	43,857.99	36,601.07	0.00	1,017.04	0.00	1,210.10	0.00
	0.00	**56,558.18**	**47,184.58**	**0.00**	**1,017.04**	**0.00**	**1,210.10**	**0.00**

CITY OF SUMNER

Local Improvement District No. 78

Balance as of December 31, 2023

Beginning Balance	1,318,084.40	Deferred Principal	1,127,217.00
- Adjustments	0.00	+ Delinquent Principal	0.00
- Principal Collected	190,867.40	**Principal Receivable**	**$1,127,217.00**
Principal Balance	**$1,127,217.00**	*Variance*	*0.00*

Interest and Accrued Penalties

Beginning Interest Due	43,857.99	Beginning Penalties	193.06
+ Next Interest Billing	36,601.07	+ Penalties Applied	1,017.04
- Interest Collected	43,857.99	- Penalties Collected	1,210.10
- Adjustments	0.00	- Adjustments	0.00
Interest Receivable	**$36,601.07**	**Accrued Penalties**	**$0.00**

Billing / Collection Comparison

Principal Billed	187,869.50	Principal Collected	190,867.40
Interest Billed	43,045.27	Interest Collected	43,857.99
Penalties Applied	1,017.04	Penalties Collected	1,210.10
Total Billed	**$231,931.81**	**Total Collected**	**$235,935.49**

Delinquency Summary

Delinquent Principal	0.00
Delinquent Interest	0.00
Accrued Penalties	0.00
Total Past Due	**$0.00**

Current Receivables

Principal Balance	1,127,217.00
Current Interest Due	36,601.07
Delinquent Interest	0.00
Accrued Penalties	0.00
Total Receivable	**$1,163,818.07**

CITY OF SUMNER

Utility Local Improvement District No. 2007-01

Balance as of December 31, 2023

Beginning Balance	358,762.94	Deferred Principal	298,969.10
- Adjustments	0.00	+ Delinquent Principal	0.00
- Principal Collected	59,793.84	**Principal Receivable**	**$298,969.10**
Principal Balance	**$298,969.10**	*Variance*	*0.00*

Interest and Accrued Penalties

Beginning Interest Due	12,700.19	Beginning Penalties	0.00
+ Next Interest Billing	10,583.51	+ Penalties Applied	0.00
- Interest Collected	12,700.19	- Penalties Collected	0.00
- Adjustments	0.00	- Adjustments	0.00
Interest Receivable	**$10,583.51**	**Accrued Penalties**	**$0.00**

Billing / Collection Comparison

Principal Billed	59,793.84	Principal Collected	59,793.84
Interest Billed	12,700.19	Interest Collected	12,700.19
Penalties Applied	0.00	Penalties Collected	0.00
Total Billed	**$72,494.03**	**Total Collected**	**$72,494.03**

Delinquency Summary

Delinquent Principal	0.00
Delinquent Interest	0.00
Accrued Penalties	0.00
Total Past Due	**$0.00**

Current Receivables

Principal Balance	298,969.10
Current Interest Due	10,583.51
Delinquent Interest	0.00
Accrued Penalties	0.00
Total Receivable	**$309,552.61**

Local Improvement District No. 78

Assessment Summary -- December 31, 2023

ACCOUNT NUMBER	TAX PARCEL NUMBER	PROPERTY OWNER	ASSESSMENT AMOUNT	PRINCIPAL BALANCE	CURRENT INTEREST	DELINQUENT INTEREST	ACCRUED PENALTIES	PAYMENT IN FULL	TOTAL OVERDUE
78-158	449540-1281	LBA NCC-Company VI LLC	50,870.00	30,522.00	976.70	0.00	0.00	31,498.70	0.00
78-162	449540-1164	Mustardseed Management LLC	41,092.00	24,655.20	920.46	0.00	0.00	25,575.66	0.00
78-164	449540-1101	PPF Industrial 1710 136th Ave E LLC	109,579.00	65,747.40	2,103.92	0.00	0.00	67,851.32	0.00
78-165	449540-1102	136 Holdings Inc.	72,277.00	43,366.20	1,387.72	0.00	0.00	44,753.92	0.00
78-166	449540-1112	Pacific Southern LLC	48,415.00	29,049.00	929.57	0.00	0.00	29,978.57	0.00
78-167	449540-1111	Pacific Southern LLC	48,544.00	29,126.40	932.04	0.00	0.00	30,058.44	0.00
78-168	449540-1123	Pacific Southern LLC	53,239.00	31,943.40	1,022.19	0.00	0.00	32,965.59	0.00
78-171	449540-1150	Michael & Elaine Moshcatel	34,846.00	18,000.00	576.00	0.00	0.00	18,576.00	0.00
78-172	449540-1140	Michael & Elaine Moshcatel	35,148.00	18,000.00	576.00	0.00	0.00	18,576.00	0.00
78-176	449540-1180	Streamline Assets LLC	23,777.00	14,266.20	456.52	0.00	0.00	14,722.72	0.00
78-177	449540-1163	Mustard Seed M & H LLC	48,199.00	28,919.40	1,079.66	0.00	0.00	29,999.06	0.00
78-178	449540-1162	Mustardseed Management LLC	56,340.00	33,804.00	1,262.02	0.00	0.00	35,066.02	0.00
78-179	449540-1161	MDS Enterprise Inc.	126,550.00	75,930.00	2,429.76	0.00	0.00	78,359.76	0.00
78-180	449540-1290	Thomkat Investments LLC	260,078.00	156,046.80	4,993.50	0.00	0.00	161,040.30	0.00
78-181	449540-1300	Pacific Southern LLC	128,704.00	77,222.40	2,471.12	0.00	0.00	79,693.52	0.00
78-182	449540-1312	Pacific Southern LLC	120,089.00	72,053.40	2,305.71	0.00	0.00	74,359.11	0.00
78-183	449540-1311	Pacific Southern LLC	7,236.00	4,341.60	138.93	0.00	0.00	4,480.53	0.00
78-184A	449540-1301	Prestige Worldwide Holdings LLC	100,448.00	60,268.80	1,928.60	0.00	0.00	62,197.40	0.00
78-187	449540-1350	Soo Kil Oh & Min Jung Ahn	120,089.00	36,053.40	1,153.71	0.00	0.00	37,207.11	0.00
78-189	449540-1361	Triad Machinery Inc.	394,726.00	236,835.60	7,578.74	0.00	0.00	244,414.34	0.00
78-191	042012-7017	Four Peaks LLC	20,029.00	12,017.40	448.65	0.00	0.00	12,466.05	0.00
78-192	042012-7016	Sumner CWS LLC	29,979.00	17,987.40	575.60	0.00	0.00	18,563.00	0.00

ACCOUNT NUMBER	TAX PARCEL NUMBER	PROPERTY OWNER	ASSESSMENT AMOUNT	PRINCIPAL BALANCE	CURRENT INTEREST	DELINQUENT INTEREST	ACCRUED PENALTIES	PAYMENT IN FULL	TOTAL OVERDUE
78-195B	042012-3074	Kim Sing RE Investments LLC	18,435.00	11,061.00	353.95	0.00	0.00	11,414.95	0.00
			1,948,689.00	1,127,217.00	36,601.07	0.00	0.00	1,163,818.07	0.00

23 ACTIVE ACCOUNTS

0 DELINQUENT ACCOUNTS

Term (years): 10
Installment: 5
Due Date: July 31, 2024
Interest Rate: 3.20%

Utility Local Improvement District No. 2007-01

Assessment Summary -- December 31, 2023

ACCOUNT NUMBER	TAX PARCEL NUMBER	PROPERTY OWNER	ASSESSMENT AMOUNT	PRINCIPAL BALANCE	CURRENT INTEREST	DELINQUENT INTEREST	ACCRUED PENALTIES	PAYMENT IN FULL	TOTAL OVERDUE
07-002B	042001-1029	Seaport-Land LLC	129,297.05	43,099.05	1,525.71	0.00	0.00	44,624.76	0.00
07-005	042001-1010	Seaport-Land LLC	1,708.21	569.41	20.16	0.00	0.00	589.57	0.00
07-008B	042001-1032	Seaport-Land LLC	48,272.65	16,090.85	569.62	0.00	0.00	16,660.47	0.00
07-010	042001-2018	Robert & Mary Fairweather	33,937.88	11,312.58	400.47	0.00	0.00	11,713.05	0.00
07-011B	042001-1031	Seaport-Land LLC	200,183.33	66,727.73	2,362.16	0.00	0.00	69,089.89	0.00
07-012	042001-1015	Seaport-Land LLC	3,384.79	1,128.29	39.94	0.00	0.00	1,168.23	0.00
07-014	042001-1017	Seaport-Land LLC	37,635.16	12,545.06	444.10	0.00	0.00	12,989.16	0.00
07-015	042001-1018	Seaport-Land LLC	42,111.07	14,037.07	496.91	0.00	0.00	14,533.98	0.00
07-016	042001-1019	Seaport-Land LLC	24,273.40	8,091.10	286.42	0.00	0.00	8,377.52	0.00
07-021	042001-1027	Seaport-Land LLC	35,277.12	11,759.02	416.27	0.00	0.00	12,175.29	0.00
07-023	042001-3031	Riverside Free Will Baptist Church	17,338.59	5,779.49	204.59	0.00	0.00	5,984.08	0.00
07-025	042001-3015	Riverside Free Will Baptist Church	16,634.45	5,544.85	196.29	0.00	0.00	5,741.14	0.00
07-027	042001-4060	Seaport-A LLC	54,345.77	18,115.27	641.28	0.00	0.00	18,756.55	0.00
07-028	042001-4061	Seaport-A LLC	44,676.70	14,892.20	527.18	0.00	0.00	15,419.38	0.00
07-038	042001-4062	Seaport-A LLC	207,831.33	69,277.13	2,452.41	0.00	0.00	71,729.54	0.00
			896,907.50	298,969.10	10,583.51	0.00	0.00	309,552.61	0.00

15 ACTIVE ACCOUNTS

0 DELINQUENT ACCOUNTS

Term (years): 15
Installment: 11
Due Date: July 29, 2024
Interest Rate: 3.54%

Local Improvement District No. 78

Monthly LID Payment Allocations -- 2023

Account	Property Owner	Principal	Interest	Penalties	Total	Date Paid
78-164	PPF Industrial 1710 136th Ave	10,957.90	2,454.57	0.00	13,412.47	6/20/2023
78-176	Streamline Assets LLC	2,377.70	558.01	0.00	2,935.71	6/14/2023
78-179	MDS Enterprise Inc.	12,655.00	3,239.68	0.00	15,894.68	6/6/2023
78-187	Soo Kil Oh & Min Jung Ahn	6,008.90	1,345.99	0.00	7,354.89	6/15/2023
78-192	Sumner CWS LLC	5,995.80	1,630.86	193.06	7,819.72	6/22/2023
June Total		*$37,995.30*	*$9,229.11*	*$193.06*	*$47,417.47*	
78-158	LBA NCC-Company VI LLC	5,087.00	1,139.49	0.00	6,226.49	7/24/2023
78-165	136 Holdings Inc.	7,227.70	1,619.00	0.00	8,846.70	7/5/2023
78-166	Pacific Southern LLC	4,841.50	1,084.50	0.00	5,926.00	7/17/2023
78-167	Pacific Southern LLC	4,854.40	1,087.39	0.00	5,941.79	7/17/2023
78-168	Pacific Southern LLC	5,323.90	1,192.55	0.00	6,516.45	7/17/2023
78-171	Michael & Elaine Moshcatel	3,000.00	672.00	0.00	3,672.00	7/27/2023
78-172	Michael & Elaine Moshcatel	3,000.00	672.00	0.00	3,672.00	7/27/2023
78-180	Thomkat Investments LLC	26,007.80	5,825.75	0.00	31,833.55	7/24/2023
78-181	Pacific Southern LLC	12,870.40	2,882.97	0.00	15,753.37	7/17/2023
78-182	Pacific Southern LLC	12,008.90	2,689.99	0.00	14,698.89	7/17/2023
78-183	Pacific Southern LLC	723.60	162.09	0.00	885.69	7/17/2023
78-184A	Prestige Worldwide Holdings L	10,044.80	2,571.47	0.00	12,616.27	7/11/2023
78-189	Triad Machinery Inc.	39,472.60	8,841.86	0.00	48,314.46	7/24/2023
78-195B	Kim Sing RE Investments LLC	1,843.50	412.94	0.00	2,256.44	7/3/2023
July Total		*$136,306.10*	*$30,854.00*	*$0.00*	*$167,160.10*	
78-162	Mustardseed Management LL	3,857.72	920.46	251.48	5,029.66	8/9/2023
78-177	Mustard Seed M & H LLC	4,525.02	1,079.66	294.98	5,899.66	8/9/2023
78-178	Mustardseed Management LL	5,289.20	1,262.02	344.80	6,896.02	8/9/2023
August Total		*$13,671.94*	*$3,262.14*	*$891.26*	*$17,825.34*	
78-162	Mustardseed Management LL	251.48	0.00	0.00	251.48	9/18/2023
78-177	Mustard Seed M & H LLC	294.88	0.00	0.00	294.88	9/18/2023
78-178	Mustardseed Management LL	344.80	0.00	0.00	344.80	9/18/2023

Monthly LID Payment Allocations -- 2023

Account	Property Owner	Principal	Interest	Penalties	Total	Date Paid
78-191	Four Peaks LLC	2,002.90	512.74	125.78	2,641.42	9/18/2023
September Total		*$2,894.06*	*$512.74*	*$125.78*	*$3,532.58*	
		$190,867.40	**$43,857.99**	**$1,210.10**	**$235,935.49**	

Utility Local Improvement District No. 2007-01

Monthly LID Payment Allocations -- 2023

Account	Property Owner	Principal	Interest	Penalties	Total	Date Paid
07-023	Riverside Free Will Baptist Ch	1,155.91	245.51	0.00	1,401.42	6/12/2023
07-025	Riverside Free Will Baptist Ch	1,108.96	235.54	0.00	1,344.50	6/12/2023
June Total		*$2,264.87*	*$481.05*	*$0.00*	*$2,745.92*	
07-002B	Seaport-Land LLC	8,619.80	1,830.85	0.00	10,450.65	7/24/2023
07-005	Seaport-Land LLC	113.88	24.19	0.00	138.07	7/24/2023
07-008B	Seaport-Land LLC	3,218.18	683.54	0.00	3,901.72	7/24/2023
07-010	Robert & Mary Fairweather	2,262.53	480.56	0.00	2,743.09	7/17/2023
07-011B	Seaport-Land LLC	13,345.56	2,834.59	0.00	16,180.15	7/24/2023
07-012	Seaport-Land LLC	225.65	47.93	0.00	273.58	7/24/2023
07-014	Seaport-Land LLC	2,509.01	532.91	0.00	3,041.92	7/24/2023
07-015	Seaport-Land LLC	2,807.40	596.29	0.00	3,403.69	7/24/2023
07-016	Seaport-Land LLC	1,618.23	343.71	0.00	1,961.94	7/24/2023
07-021	Seaport-Land LLC	2,351.81	499.52	0.00	2,851.33	7/24/2023
07-027	Seaport-A LLC	3,623.05	769.54	0.00	4,392.59	7/12/2023
07-028	Seaport-A LLC	2,978.45	632.62	0.00	3,611.07	7/12/2023
07-038	Seaport-A LLC	13,855.42	2,942.89	0.00	16,798.31	7/12/2023
July Total		*$57,528.97*	*$12,219.14*	*$0.00*	*$69,748.11*	
		$59,793.84	**$12,700.19**	**$0.00**	**$72,494.03**	

FINANCE & PERSONNEL COMMITTEE MEETING
DATE: February 15, 2024
AGENDA BILL: 24-3921

SUBJECT: Monthly Sales Tax Report

CATEGORY: Information Only

BUDGET IMPACT: N/A

ATTACHMENTS:
STAFF CONTACT: Kassandra Raymond, Chief Financial Officer

SUMMARY BACKGROUND:
Staff will review monthly sales tax reporting. This is a regular reporting item. Please note, this report is provided only to those who have a WA State Department of Revenue Secrecy Affidavit Confidential Affidavit on file.

COUNCIL COMMITTEE/STUDY SESSION: Finance & Personnel Committee
MEETING/STUDY SESSION DATE: 2/15/2024
COMMITTEE RECOMMENDATION: Informational only; no Committee action required.

STAFF RECOMMENDATIONS/MOTION:
Informational only; no further action required.

FINANCE & PERSONNEL COMMITTEE MEETING
DATE: February 15, 2024
AGENDA BILL: 24-3922

SUBJECT: Recruitment & Negotiation Update **CATEGORY:** Information Only

BUDGET IMPACT: N/A

ATTACHMENTS:
STAFF CONTACT: Jeff Steffens, Administrative Services Director

SUMMARY BACKGROUND:
Staff will provide a verbal update on recruitment and negotiation activity.

COUNCIL COMMITTEE/STUDY SESSION: Finance & Personnel Committee
MEETING/STUDY SESSION DATE: 2/15/2024
COMMITTEE RECOMMENDATION: Informational only; no Committee action required.

STAFF RECOMMENDATIONS/MOTION:
Informational only; no Committee action required.

CITY OF SUMNER WASHINGTON

FINANCE & PERSONNEL COMMITTEE MEETING
DATE: February 15, 2024
AGENDA BILL: 24-3923

SUBJECT: Audit Update

CATEGORY: Information Only

BUDGET IMPACT:
Expenditure Required: None

Within Budget Allocation: N/A

ATTACHMENTS:
1. ar1034232
2. ar1034233

STAFF CONTACT: Kassandra Raymond, Chief Financial Officer

SUMMARY BACKGROUND:
The State Auditor's Office has completed the City's annual audit for fiscal year 2022 (Financial and Federal) and fiscal years 2021 and 2022 (Accountability). An exit conference was held on January 31, 2024. City staff are pleased to note that we have received a clean audit opinion for all three audits, and we appreciate the teamwork and professionalism of the Washington State Auditor's Office. This concludes the FY2022 audit. The next regular reporting to the Finance & Personnel Committee will be at the start of the FY2023 audit (estimated July 2024).

COUNCIL COMMITTEE/STUDY SESSION: Finance & Personnel Committee
MEETING/STUDY SESSION DATE: 2/15/2024
COMMITTEE RECOMMENDATION:

STAFF RECOMMENDATIONS/MOTION:
Informational only; no Committee action required.

Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

City of Sumner

For the period January 1, 2022 through December 31, 2022

Published February 8, 2024

Report No. 1034232

Scan to see another great way we're helping advance #GoodGovernment

Office of the Washington State Auditor
Pat McCarthy

February 8, 2024

Mayor and City Council
City of Sumner
Sumner, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

Americans with Disabilities

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Insurance Building, P.O. Box 40021 • Olympia, Washington 98504-0021 • (564) 999-0950 • Pat.McCarthy@sao.wa.gov

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Sumner
January 1, 2022 through December 31, 2022

SECTION I – SUMMARY OF AUDITOR'S RESULTS

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

Financial Statements

We issued an unmodified opinion on the fair presentation of the City's financial statements in accordance with its regulatory basis of accounting. Separately, we issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared using a basis of accounting other than GAAP.

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Federal Programs

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

ALN	Program or Cluster Title
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 did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

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 Sumner
January 1, 2022 through December 31, 2022

Mayor and City Council
City of Sumner
Sumner, 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 Sumner, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated January 31, 2024.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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.

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

January 31, 2024

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 Sumner
January 1, 2022 through December 31, 2022

Mayor and City Council
City of Sumner
Sumner, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the City of Sumner, 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, 2022. 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, 2022.

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.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Our 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. 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.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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.

Pat McCarthy, State Auditor

Olympia, WA

January 31, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Sumner
January 1, 2022 through December 31, 2022

Mayor and City Council
City of Sumner
Sumner, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of Sumner, as of and for the year ended December 31, 2022, and the related notes to the financial statements, as listed in the financial section of our report.

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 Sumner, and its changes in cash and investments, for the year ended December 31, 2022, 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 Sumner, as of December 31, 2022, 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.

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 accompanying 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 as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2024 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.

Pat McCarthy, State Auditor

Olympia, WA

January 31, 2024

FINANCIAL SECTION

City of Sumner
January 1, 2022 through December 31, 2022

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2022
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2022
Notes to Financial Statements – 2022

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2022
Schedule of Expenditures of Federal Awards – 2022
Notes to the Schedule of Expenditures of Federal Awards – 2022

City of Sumner
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		Total for All Funds (Memo Only)	001 General Fund	103 Complete Streets	106 Hotel/Motel Tax
Beginning Cash and Investments					
308	Beginning Cash and Investments	82,646,175	12,808,737	95,582	366,769
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	18,373,645	17,155,930	-	130,181
320	Licenses and Permits	1,027,669	779,744	-	-
330	Intergovernmental Revenues	6,803,661	719,297	-	-
340	Charges for Goods and Services	22,980,537	706,194	-	-
350	Fines and Penalties	73,150	73,150	-	-
360	Miscellaneous Revenues	4,597,849	419,293	-	-
Total Revenues:		53,856,511	19,853,608	-	130,181
Expenditures					
510	General Government	5,937,988	4,645,576	-	-
520	Public Safety	5,337,837	5,269,657	-	-
530	Utilities	11,033,166	-	-	-
540	Transportation	2,443,774	1,736,914	-	-
550	Natural/Economic Environment	2,759,376	1,841,050	-	6,520
560	Social Services	320,527	270,394	-	-
570	Culture and Recreation	1,020,344	1,020,344	-	-
Total Expenditures:		28,853,012	14,783,935	-	6,520
Excess (Deficiency) Revenues over Expenditures:		25,003,499	5,069,673	-	123,661
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	6,598,190	39,000	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	89,317	30,099	-	-
Total Other Increases in Fund Resources:		6,687,507	69,099	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	14,872,826	86,220	95,582	17,026
591-593, 599	Debt Service	1,787,466	-	-	-
597	Transfers-Out	6,598,190	1,347,107	-	225,000
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	(416,050)	(344,949)	-	-
Total Other Decreases in Fund Resources:		22,842,432	1,088,378	95,582	242,026
Increase (Decrease) in Cash and Investments:		**8,848,574**	**4,050,394**	**(95,582)**	**(118,365)**
Ending Cash and Investments					
50821	Nonspendable	1,543,348	-	-	-
50831	Restricted	13,753,333	67,760	-	248,404
50841	Committed	-	-	-	-
50851	Assigned	60,550,008	1,143,310	-	-
50891	Unassigned	15,648,056	15,648,056	-	-
Total Ending Cash and Investments		**91,494,745**	**16,859,126**	**-**	**248,404**

The accompanying notes are an integral part of this statement.

City of Sumner
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		111 Miscellaneous Grant	115 ARPA Fund	200 Debt Service	221 LID Guarantee
Beginning Cash and Investments					
308	Beginning Cash and Investments	39,470	1,258,796	2,550,927	691,569
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	1,456,759	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	354,325	-
Total Revenues:		-	1,456,759	354,325	-
Expenditures					
510	General Government	-	10,598	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	250,000	-	-
560	Social Services	-	50,133	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	310,731	-	-
Excess (Deficiency) Revenues over Expenditures:		-	1,146,028	354,325	-
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	800,000	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	800,000	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	252,916	-	-
591-593, 599	Debt Service	-	-	323,294	-
597	Transfers-Out	-	2,039,000	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	2,291,916	323,294	-
Increase (Decrease) in Cash and Investments:		**-**	**(345,888)**	**31,031**	**-**
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	912,909	2,581,959	691,569
50841	Committed	-	-	-	-
50851	Assigned	39,470	-	-	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		**39,470**	**912,909**	**2,581,959**	**691,569**

City of Sumner
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		302 Sidewalk Construction	303 General Gov't CIP	305 REET Fund	310 Parks and Trails Capital Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	164	29,160	1,551,288	1,690,777
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	922,534	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	958,863	-	-	69,059
340	Charges for Goods and Services	-	-	-	496,895
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	-	-	-
Total Revenues:		958,863	-	922,534	565,954
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:		958,863	-	922,534	565,954
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	50,000	-	-	1,980,000
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		50,000	-	-	1,980,000
Other Decreases in Fund Resources					
594-595	Capital Expenditures	816,447	-	-	1,765,530
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	1,450,000	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		816,447	-	1,450,000	1,765,530
Increase (Decrease) in Cash and Investments:		**192,416**	**-**	**(527,466)**	**780,424**
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	1,796	1,023,822	1,428,951
50841	Committed	-	-	-	-
50851	Assigned	192,581	27,364	-	1,042,251
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		**192,581**	**29,160**	**1,023,822**	**2,471,202**

City of Sumner
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		320 Street Capital Fund	325 Facilities Capital Fund	401 Water Utility	402 Sewer Utility
Beginning Cash and Investments					
308	Beginning Cash and Investments	13,720,578	542	16,512,361	14,995,366
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	165,000	-	-	-
320	Licenses and Permits	-	-	26,885	33,190
330	Intergovernmental Revenues	2,265,760	10,409	-	-
340	Charges for Goods and Services	483,890	-	4,515,978	7,816,221
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	196,726	-	1,146,503	1,775,267
Total Revenues:		3,111,376	10,409	5,689,366	9,624,678
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	2,633,824	5,375,946
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	2,633,824	5,375,946
Excess (Deficiency) Revenues over Expenditures:		3,111,376	10,409	3,055,542	4,248,732
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	350,000	1,493,488	1,000,000	500,000
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	53,150
Total Other Increases in Fund Resources:		350,000	1,493,488	1,000,000	553,150
Other Decreases in Fund Resources					
594-595	Capital Expenditures	4,130,760	1,485,680	1,955,015	861,909
591-593, 599	Debt Service	-	-	356,545	1,107,627
597	Transfers-Out	-	-	337,122	837,122
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	(77,226)	5,870
Total Other Decreases in Fund Resources:		4,130,760	1,485,680	2,571,456	2,812,528
Increase (Decrease) in Cash and Investments:		**(669,384)**	**18,217**	**1,484,086**	**1,989,354**
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	5,943,572	-	435,071	417,520
50841	Committed	-	-	-	-
50851	Assigned	7,107,622	18,758	17,561,375	16,567,200
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		**13,051,194**	**18,758**	**17,996,446**	**16,984,720**

City of Sumner
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		403 Utility Bond Reserves	408 Stormwater Utility	410 Cemetery Operating	440 Animal Control
Beginning Cash and Investments					
308	Beginning Cash and Investments	1,731,342	10,861,161	97,390	19,029
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	19,025	-	168,825
330	Intergovernmental Revenues	-	1,292,802	-	-
340	Charges for Goods and Services	-	4,978,141	604,616	520,350
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	683,223	3,199	22,307
Total Revenues:		-	6,973,191	607,815	711,482
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	68,180
530	Utilities	-	2,339,466	683,930	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	661,806
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	2,339,466	683,930	729,986
Excess (Deficiency) Revenues over Expenditures:		-	4,633,725	(76,115)	(18,504)
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	350,000	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	350,000	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	2,547,963	50,333	142
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	337,122	25,717	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	255	-	-
Total Other Decreases in Fund Resources:		-	2,885,340	76,050	142
Increase (Decrease) in Cash and Investments:		**-**	**1,748,385**	**197,835**	**(18,646)**
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	1,731,342	12,609,549	295,226	379
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		**1,731,342**	**12,609,549**	**295,226**	**379**

City of Sumner
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		501 Unemployment Insurance	550 Fleet Management	551 Technology Services	555 Fleet Replacement
Beginning Cash and Investments					
308	Beginning Cash and Investments	9,351	100,137	439,991	1,539,815
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	30,712	-
340	Charges for Goods and Services	-	631,972	1,385,463	840,817
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	15,248	-	-
Total Revenues:		-	647,220	1,416,175	840,817
Expenditures					
510	General Government	9,985	-	1,271,829	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	706,860	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		9,985	706,860	1,271,829	-
Excess (Deficiency) Revenues over Expenditures:		(9,985)	(59,640)	144,346	840,817
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	9,985	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	388	-	5,680
Total Other Increases in Fund Resources:		9,985	388	-	5,680
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	31,070	776,233
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	31,070	776,233
Increase (Decrease) in Cash and Investments:		**-**	**(59,252)**	**113,276**	**70,264**
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	9,351	40,887	553,264	1,610,079
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		**9,351**	**40,887**	**553,264**	**1,610,079**

City of Sumner
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		701 Cemetery Endowment
Beginning Cash and Investments		
308	Beginning Cash and Investments	1,535,873
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	(18,242)
Total Revenues:		(18,242)
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:		(18,242)
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	-
397	Transfers-In	25,717
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		25,717
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:		**7,475**
Ending Cash and Investments		
50821	Nonspendable	1,543,348
50831	Restricted	-
50841	Committed	-
50851	Assigned	-
50891	Unassigned	-
Total Ending Cash and Investments		**1,543,348**

City of Sumner
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		Total for All Funds (Memo Only)	Investment Trust	Pension/OPEB Trust Fund	Custodial
308	Beginning Cash and Investments	53,716	-	29,303	24,413
388 & 588	Net Adjustments	-	-	-	-
310-390	Additions	150,790	-	(654)	151,444
510-590	Deductions	175,071	-	14,808	160,263
	Net Increase (Decrease) in Cash and Investments:	(24,281)	-	(15,462)	(8,819)
508	Ending Cash and Investments	29,435	-	13,841	15,594

The accompanying notes are an integral part of this statement.

CITY OF SUMNER
Notes to the Financial Statements
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sumner was incorporated in 1891 and operates under the laws of the state of Washington applicable to an optional code city, Revised Code of Washington (RCW) 35.A and operates under Mayor/Council form of government. The City is administered by a part-time Mayor and full-time City Administrator. The City Council is comprised of seven part-time council members, all elected at large to four year terms. The City provides a range of municipal services authorized by state law, including law enforcement, municipal court, parks, cemetery, as well as water, sewer and storm sewer utilities.

The city reports financial activity using the revenue and expenditure classifications, statements, and schedules contained in the *Cash Basis Budgeting, Accounting and Reporting S*ystem (BARS) manual. This basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below;
- Component units are required to be disclosed, but are not included in the financial statements;
- Government-wide statements, as defined in GAAP, are not presented;
- All funds are presented, rather than a focus on major funds;
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information;
- Supplementary information required by GAAP is not presented;
- Ending balances are not presented using the classifications defined in GAAP.

a. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues, and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose.

Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following are the fund types used by the city.

GOVERNMENTAL FUND TYPES:

General Fund (Funds 001, 002, 003, 105, 603 and 611)

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

Special Revenue Funds (Funds 103, 106, 111 and 115)

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

Debt Service Funds (Funds 200 and 221)

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 (Funds 302, 303, 305, 307, 310, 320 and 325)

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

Permanent Funds (Fund 701)

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

PROPRIETARY FUND TYPES:

Enterprise Funds (Funds 401, 402, 403, 408, 410, and 440)

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

Internal Service Funds (Funds 501, 550, 551 & 555)

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

FIDUCIARY FUND TYPES:

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

Custodial Funds (Funds 615, 631, 635, 641 & 651)

These funds are used to account for assets that the government holds on behalf of others in a custodial capacity. Only funds 615 and 635 are reported.

b. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid, including those properly chargeable against the report year's budget appropriations as required by state law.

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.

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

c. Cash and Investments

See Note 6, Deposits and Investments

d. Capital Assets

Capital assets are assets with an initial individual costs of more than $5,000, and an estimated useful life of at least two years. Capital assets are recorded as capital expenditures when purchased.

Purchases of capital assets are expensed during the year of acquisition. The City capitalizes and depreciations assets in proprietary funds only for management purposes. Inventory is expensed when purchased.

e. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. Vacation and sick leave accumulates at various rates, depending upon date of hire, contract and City policy

Vacation pay is payable upon resignation, retirement or death. Up to 100 percent of 720 hours of outstanding sick leave is payable upon separation, retirement or death depending upon time with City and circumstances of departure.

f. Long-Term Debt

See Note 8, 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 subject to restrictions on use are imposed by external parties or due to internal commitments established by City Council action. When expenditures that meet restrictions are incurred, the city intends to use the most restricted assets first.

Restrictions and commitments of Ending Cash & Investments consist of:

City of Sumner
Restrictions and Commitments of Ending Cash & Investments
As of 12/31/2022

Fund	Debt Service	Special Revenues	Reserved for Unspent Development Fees	Trusts	Total
001 General Fund	$ -	$ 67,760	$ 179,244	$ -	$ 247,004
103 Complete Streets	-	-	-	-	-
106 Hotel/Motel Tax	-	248,401	-	-	248,401
111 Miscellaneous Grants	-	-	-	-	-
115 ARPA Fund	-	912,909	-	-	912,909
200 Debt Service	2,581,959	-	-	-	2,581,959
221 LID Guarantee	691,569	-	-	-	691,569
302 Sidewalk	-	-	-	-	-
303 General Government Capital Asset	-	1,797	-	-	1,797
305 REET Fund	-	1,023,822	-	-	1,023,822
310 Parks & Trails Capital Fund	-	-	1,428,951	-	1,428,951
320 Street Capital Fund	-	-	5,943,572	-	5,943,572
325 Facilities Capital Fund	-	-	-	-	-
401 Water	-	-	-	-	-
402 Sewer	417,520	-	-	-	417,520
403 Utility Bond Reserves	-	-	-	-	-
408 Stormwater	-	-	-	-	-
410 Cemetery Operation	-	-	-	-	-
415 Cemetery Development	-	-	-	-	-
440 Animal Control	-	-	-	-	-
501 Unemployment Insurance	-	-	-	-	-
550 Fleet Operations	-	-	-	-	-
551 Technology Services	-	-	-	-	-
555 Fleet Replacement	-	-	-	-	-
611 Firemen's Pension	-	-	-	-	-
615 Section 125 Plan	-	-	-	13,841	13,841
635 Municipal Court Account	-	-	-	15,594	15,594
701 Cemetery Endowment	-	-	-	1,543,348	1,543,348
	$ 3,691,048	$ 2,254,689	$ 7,551,767	$ 1,572,783	$ 15,070,287

NOTE 2 – ACCOUNTING AND REPORTING CHANGES

For the fiscal year ending 12/31/2022, the City implemented the requirements of GASB Statement No. 87 with regard to the accounting for leases. Upon completion of this review, the City made the appropriate note disclosures.

NOTE 3 – BUDGET COMPLIANCE

a. Budgets

The city adopts a biennial appropriated budget 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 end of the biennium.

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

This report covers the second year of the 2021/2022 biennial budget. The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund		Through Ord 2841 Final Budget Amendment 2021/2022 Adopted Budget	2021/2022 Revised Budget	2022	2021/2022 Actuals	Variance	Note
001	General Fund	$ 31,919,065	$ 36,094,250	$ 15,942,702	$ 32,706,526	$ (3,387,723)	
002	General Fund Reserves	-	-	-	-	-	
003	Building Reserves	80,000	230,000	-	-	(230,000)	
103	Complete Streets	200,000	241,654	95,582	241,654	0	
105	Drug Enforcement	4,500	4,500	-	-	(4,500)	
106	Hotel/Motel Tax	106,245	424,245	248,546	261,666	(162,579)	
115	ARPA Funding	-	3,581,000	2,602,645	2,800,610	(780,390)	
200	Debt Service	520,000	520,000	323,294	596,314	76,314	2
221	LID Guarantee	-	-	-	-	-	
302	Sidewalk	3,524,069	3,214,069	816,447	1,696,574	(1,517,495)	
305	REET Fund	-	1,776,000	1,450,000	1,775,551	(449)	
307	136th/Valentine LID	-	-	-	-	-	
310	Parks & Trails Capital	1,237,500	3,740,722	1,765,530	2,052,112	(1,688,610)	
320	Street Capital	7,679,245	10,390,945	4,130,760	6,616,109	(3,774,836)	
325	Facilities Capital	15,700,000	16,656,000	1,485,680	3,449,521	(13,206,479)	
401	Water	15,719,366	18,565,268	5,205,280	8,849,896	(9,715,371)	
402	Sewer	18,404,296	21,968,155	8,188,473	14,319,520	(7,648,635)	
403	Utility Bond Reserves	-	-	-	-	-	
408	Stormwater	18,573,507	19,771,129	5,224,803	10,376,357	(9,394,772)	
410	Cemetery Operation	1,358,895	1,463,525	709,646	1,414,875	(48,650)	
415	Cemetery Development	-	155,000	50,333	50,333	(104,667)	
440	Animal Control	1,460,055	1,583,630	730,128	1,383,908	(199,723)	
501	Unemployment Insurance	3,055	3,055	9,985	21,845	18,790	1
550	Fleet Operations	1,251,660	1,262,450	706,859	1,264,749	2,299	1
551	Technology Services	2,385,040	2,769,086	1,302,897	2,544,936	(224,150)	
555	Fleet Replacement	790,000	1,197,700	776,233	948,250	(249,450)	
601	Cemetery Endowment	-	-	-	-	-	
603	Alder Avenue Remediation	-	-	-	-	-	
605	Development Impact Fees	3,397,200	4,232,200	-	-	(4,232,200)	
611	Firemen's Pension	160,000	160,000	82,602	156,308	(3,692)	
615	Section 125 Plan	-	-	14,808	42,359	42,359	2
635	Municipal Court Trust Account	-	-	160,263	380,616	380,616	2
	Total - All Funds	$ 124,473,699	$ 150,004,582	$ 52,023,496	$ 93,950,589	$ (56,053,993)	

All variances are consistent with actions approved by City Council. Specifically.

1. Variance due to non-appropriated unemployment claim activity;
2. Non-appropriated funds.

NOTE 4 – JOINT VENTURES

Metro Animal Services was formed through an Interlocal Agreement (ILA) with the City of Puyallup in 2007. This ILA provides the structure and framework for both animal sheltering and animal control services. The cities of Sumner and Puyallup act as lead agencies to provide services to both Sumner and Puyallup, as well as five additional cities under separate interlocal agreements.

Per the ILA, Metro Animal Services is governed by an Operations Board.

In 2022, the Metro Animal Services Operating Budget was $929,851 (2021/2022 Revised Biennial Budget less 2021 expenses) and reported $18,646 in 2022 operating losses (2022 expenditures less 2022 revenues).

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

The impacts of the Covid-19 pandemic on the local, regional, and federal economy likely won't be fully known for years. City staff continue to identify both short and long term impacts of the pandemic. Sumner relies on a variety of revenue sources to support both General Fund and capital projects. The pandemic impacts will be felt through almost all revenue sources, including taxes (sales, property, gambling), utility billing (cessation of utility late penalties and service interruptions during the declared emergency) and state shared revenues (motor vehicle fuel tax, multi-modal transportation tax). We know the fiscal impact will be significant, we don't know how deeply and how long the impact will persist.

As we developed and adopted our 2021/2022 Biennial Budget, staff and Council remained mindful that the trajectory of our budget changed dramatically since the beginning of 2020. Sumner has historically budgeted and spent conservatively, leveraging grants and interlocal agreements as much as possible. That conservatism serves us well moving into this new economy, but the uncertainty of the depth of the recession and timing for recovery will require prudent decisions and readiness to make adjustments as needed.

The Governor of the State of Washington declared an end to the Covid 19 pandemic emergency effective May 11, 2023. The full extent of the financial impact on the City of Sumner is unknown at this time.

NOTE 6 – DEPOSITS & INVESTMENTS

a. Deposits

As of December 31, 2022, the carrying amount of the presented fund's deposits and investments was $91,524,180 and does not differ materially from the bank balances of deposits**.**

The City of Sumner Municipal Court holds a separate bank account for judicial transactions and bonds held in trust. This account is included in the reported cash balances. As of December 31, 2022, the balance of this account was $15,594.53.

b. Investments

It is the City's policy to invest all temporary cash surpluses. The amount is included in the cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is prorated to the various funds.

Investments in the State Local Government Investment Pool (LGIP)

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

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

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the City of Sumner 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 of Sumner'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).

The City's investments are insured, registered or held by the City of Sumner or its Agent in the City's name. Investments are presented at cost.

Investments by type at December 31, 2022 are as follows:

Type of Investment	City's Own Investments	Investments Held by the City for other local governments, individual or private organizations	Total
Local Government Investment Pool	$ 6,579,447	$ -	$ 6,579,447
US Government Securities	499,026	-	499,026
Total Investments	$ 7,078,473	$ -	$ 7,078,473

NOTE 7 – LEASES (LESSEES)

During the year ending 12/31/2022, the City adopted guidance for the presentation and disclosure of leases, as required by the BARS Manual. This requirement resulted in the addition of this note disclosure as well as a lease liability reported on the Schedule of Liabilities.

The total amount paid for leases in 2022 was $16,790.

- The City of Sumner has a land lease with the Burlington Northern Santa Fe Railroad for $65/year.
- The City of Sumner leases a modular office and storage container from Modern Building Systems for $656 and $137 per month respectively (including applicable sales tax). The initial term was twelve months beginning in March 2022. The items are leased under a cooperative agreement and there is no ownership conversion or term commitment. The City's intent is to lease through 2024, or upon completion of the Cemetery Building.

- The City of Sumner leases postage equipment from GreatAmerican Financial Systems for $128 per month (including applicable sales tax).
- The City of Sumner leases copiers for City Hall, Police (Records and Patrol), the Wastewater Treatment Facility, Public Works Shops, and Metro Animal Services from Canon Financial Services.
- The City of Sumner leases a copier from Wells Fargo Financial Services for the Senior Center. This copier is at end of life and is leased on a month to month basis.

As of December 31, 2022, the future lease payments are:

	Office/Storage	Copiers	Postage Equipment	Land Lease	Total
2022	$ 6,207	$ 8,962	$ 1,556	$ 65	$ 16,790
2023	9,516	10,038	1,536	65	11,137
2024	9,516	9,795	1,536	65	11,137
2025	-	9,795	-	65	11,137
2026	-	9,795	-	65	11,137
2027	-	3,864	-	65	11,137
	$ 25,239	$ 52,248	$ 4,628	$ 390	$ 72,476

NOTE 8 – LONG-TERM DEBT

The accompanying Schedule of Long-Term Liabilities (Schedule 09) provides more details of the outstanding debt and liability of the City and summarizes the City’s debt transactions for 2022. The debt service payment for future payment requirements, including interest, are as follows:

General Obligation Bonds

	Principal	Interest	Total
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028-2032	-	-	-
2033-2037	-	-	-
2038-2041	-	-	-
	-	-	-

Public Works Loans

	Principal	Interest	Total
2023	388,606	13,591	402,198
2024	388,606	11,648	400,255
2025	277,298	9,705	287,003
2026	277,298	8,319	285,617
2027	277,298	6,932	284,230
2028-2032	1,109,191	13,865	1,123,056
2033-2037	-	-	-
2038-2041	-	-	-
	2,718,296	64,062	2,782,358

Revenue Bonds

	Principal	Interest	Total
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028-2032	-	-	-
2033-2037	-	-	-
2038-2041	-	-	-
	-	-	-

Other Long-Term Debt (Loans)

	Principal	Interest	Total
2023	530,731	154,925	685,656
2024	536,302	145,215	681,518
2025	542,003	135,376	677,379
2026	547,836	125,405	673,241
2027	553,804	115,298	669,102
2028-2032	2,863,520	419,910	3,283,431
2033-2037	2,577,656	140,854	2,718,510
2038-2041	-	-	-
	8,151,853	1,236,983	9,388,836

Assessment Debt

	Principal	Interest	Total
2023	299,653	52,518	352,171
2024	299,653	44,124	343,777
2025	299,653	35,731	335,384
2026	299,653	27,337	326,990
2027	299,653	18,943	318,597
2028-2032	379,514	12,706	392,220
2033-2037	-	-	-
2038-2041	-	-	-
	1,877,781	191,359	2,069,140

Total Debt

	Principal	Interest	Total
2023	1,218,991	221,034	1,440,025
2024	1,224,562	200,988	1,425,550
2025	1,118,954	180,812	1,299,766
2026	1,124,787	161,061	1,285,847
2027	1,130,755	141,173	1,271,929
2028-2032	4,352,225	446,481	4,798,706
2033-2037	2,577,656	140,854	2,718,510
2038-2041	-	-	-
	12,747,930	1,492,403	14,240,333

NOTE 9 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The City of Sumner is a Participating Employer in the Association of Washington Cities Employee Benefit Trust “Trust”, a cost-sharing multiple-employer welfare benefit plan administered by the Association of Washington Cities “AWC”. The Trust provides medical benefits to certain eligible retired employees of Participating Employers and their eligible family members. Under Article VII of the Trust document, the Trustees have the authority and power to amend the amount and the nature of the medical and other benefits provided by the Trust. The Trust issues a publicly available financial report that includes financial statements and required supplementary information for the Trust. That report, along with a copy of the Trust document, may be obtained by writing to the Trust at 1076 Franklin Street SE, Olympia WA 98501-1346 or by calling 1-800-562-8981.

Funding Policy: The Trust provides that contribution requirements of Participating Employers and of participating employees, retirees, and other beneficiaries, if any, are established and may be amended by the Board of Trustees of the Trust. Rates for retirees of the City receiving medical benefits from the Trust can be found at AWC Employment Benefit Trust Retiree Rates.

LEOFF I Retiree Health Care Plan

During the year ended 12/31/2019, the City of Sumner adopted guidance for the presentation and disclosure of post-employments benefits other than pensions, as required by the BARS Manual. This requirement resulted in the addition of a post-employment liability reported on the Schedule of Liabilities (Schedule 9).

Plan Description: The City of Sumner administers a closed, single-employer defined benefit healthcare plan “the LEOFF I Retiree Health Care Plan”. The plan provides lifetime healthcare benefits (medical/dental/vision) for eligible LEOFF I retirees through the City’s group healthcare plans, which cover both active and retired members. Benefit provisions are established through the LEOFF Disability Board representing LEOFF I retirees. The LEOFF I Retiree Health Care Plan does not issue a publicly available financial report.

Funding Policy: The City contributes 100% of the cost of the LEOFF I Retiree Health Care Plan. As of December 31, 2022, the City of Sumner’s total OPEB liability was $3,015,792, as calculated using the alternative measurement method. For the year ended December 31, 2022, the City contributed $62,370 to the plan, covering seven retirees. Plan members do not contribute to the plan. The plan is paid through the General Fund. In addition to premiums, the City pays for out of pocket expenditures directly to the retiree once approved by the LEOFF Board. In 2022, the City paid $15,232 directly to retirees (or vendors on retiree behalf) to reimburse out of pocket expenses. These expenditures are paid by the General Fund.

NOTE 10 - PENSION PLANS

a) State Sponsored Pension Plans

Substantially all city full-time and qualifying part-time employees participate in LEOFF or PERS administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans.

The state legislature establishes and amends laws pertaining to the creation and administration of all public retirement systems.

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

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

The DRS CAFR may also be downloaded from the DRS website at www.drs.wa.gov.

The City of Sumner also participates in the 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.

The City of Sumner 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.

As of June 30, 2022, the City of Sumner's proportionate share of the collective net pension liabilities as reported on the Schedule 9 was as follows:

Plan	DRS - Schedule of Employer and Non-Employer Allocations Employer Contribution	Allocation %	DRS Schedule of Collective Pension Amounts 6/30/2022	City's Portion of NPL 12/31/2022
PERS 1	$ 322,537	0.052628%	2,784,367,000	$ 1,465,357
	$ 322,537		*Total Net Pension Liability (Schedule 9)*	$ 1,465,357
PERS 2/3	$ 551,435	0.068640%	$ (3,708,781,000)	$ (2,545,707)
LEOFF 1	-	0.015548%	(2,868,613,000)	(446,012)
LEOFF 2	123,665	0.059733%	(2,717,698,000)	(1,623,363)
	$ 675,100		*Net Pension Asset*	$ (4,615,082)

[1]UAAL represents the unfunded actuarial accrued liability

Source: WA State Department of Retirement Systems
https://www.drs.wa.gov/wp-content/uploads/2021/06/PEFI-2022.pdf
ID #0954

b) Local Government Pension Plans

City of Sumner Fire Relief and Pension Plan - The City is the administrator of the Firemen's Pension Plan (Plan), which is a closed, single-employer defined benefit pension plan that was established in conformance with RCW Chapters 41.16 and 41.18. This plan provides retirement benefits and annual cost-of-living adjustments to plan members and beneficiaries. Membership is limited to firefighters employed prior to March 1, 1970 when LEOFF retirement system was established. The City's obligation under the Firemen's Pension Plan consists of paying all benefits, including payments to beneficiaries and healthcare, for firefighters who retired prior to March 1, 1970, and excess pension and healthcare benefits of LEOFF for covered firefighters who retired after March 1, 1970. Benefits of the defined benefit pension plan are recognized when due and payable in accordance with the Plan. The Plan does not issue a separate financial report.

As of December 31, 2022 there were a total of two individuals covered by this system, both of whom were drawing benefits. The Plan is operating on a pay-as-you-go basis. The City pays pension benefits and reimbursable medical expenses from the Plan. Medical insurance coverage for eligible members is paid from the General Fund.

Funding Policy: The City contributes 100% of the cost of the City of Sumner Fire Relief and Pension Plan. For the year ended December 31, 202, the City contributed $79,300 to the plan, covering two participants. Plan members do not contribute to the plan.

NOTE 11 - 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 tax year 2022 was $0.9942 per $1,000 on an assessed valuation of $4,283,202,012 for a total regular levy of $4,258,173.

NOTE 12 – RISK MANAGEMENT

The City of Sumner 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.

NOTE 13 – HEALTH AND WELFARE

The City of Sumner 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, 2022, 262 cities/towns/non-city entities participate and have enrollment 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, Willamette Dental Group, 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 2022, the AWC Trust HCP purchased medical stop loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of $1.5 million through United States Fire Insurance Company. 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 14 - COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

NOTE 15 – OTHER DISCLOSURES

a) Capital commitments

The City of Sumner has active contracts as of December 31, 2022. The projects include:

City of Sumner
Pending Service/Construction Commitments
As of 12/31/2022

Fund	Vendor	Contract	CIP/Task Order	Description	Open Amount
001	STAFFORD SUITES LLC	19032		Senior Center Services	54,350.01
001	CAIRNCROSS & HEMPELMANN	19112	13-05	Golf Course Sale	91,872.71
001	TYLER TECHNOLOGIES INC	19151		Munis Implementation	34,223.16
001	TRANSPO GROUP INC	19153		Sumner Town Center Study	760.00
001	PIERCE COUNTY BUDGET & FINANCE	19194		MOA for Road Maintenance Services	12,858.67
001	WEST COAST CODE CONSULTANTS INC	19213		On Call Building Inspection Services	49,121.77
001	City of Puyallup	20025		Radio Use & Maintenance Fee	5,803.51
001	SOUTH SOUND 911	20079		Dispatch, RMS, and Warrant Services	98,475.00
001	JMJ TEAM	21006		Sumner School District: Civil & Design Review	17,950.00
001	TRANSPO GROUP INC	21019		Task Order: Traffic Calming	4,952.75
001	TRANSPO GROUP INC	21022	21-06	142nd Ave Intersection Corridor Study	572.50
001	OLSON BROTHERS EXCAVATING INC	21037	20-10	Sidewalk Repair and Replacement	167,045.19
001	UNIVERSITY OF WASHINGTON	21083		UWT Contract Regional Study	6,000.00
001	TIERRA RIGHT OF WAY SERVICES	21087		902 Kincaid ROW Acquisition	785.80
001	LAND DEVELOPMENT CONSULTANTS INC	22008		HAPI Grant Project	25,932.50
001	FCS GROUP	22011	22-01	Staffing Study	6,645.40
001	BILL CLARKE ATTORNEY AT LAW	22018		Lobbying/Government Affair Services	47,979.38
001	RS UNDERGROUND	22032	19-08	160th Retrofit & Pervious Sidewalk	942.01
001	MAUL FOSTER AND ALGONI	22043		GIS Assistance	1,680.00
001	TIERRA RIGHT OF WAY SERVICES	22045		902 Kincaid / Main Street Vision	53,751.67
001	SPECIALIZED PAVEMENT MARKING	22047	W-22-11	Plastic Marking Application	83,147.50
001	PARAMETRIX	22048		140th and 24th Signal Modification	5,911.25
001	BERK CONSULTING	22058		2024 Comp Plan Update	500,000.00
001	SHERWOOD, TIFFANY	23003		Dev Services - Permit Webpage Design	10,595.00
106	TCF ARCHITECTURE PLLC	22049	W-22-04	902 Kincaid	13,110
115	BCRA INC	19207	19-05	Alder/Kincaid Design	12,406.67
115	DUNN, PAUL H	22022		Fiber Optics Master Plan	12,945.50
302	VM STRUCTURAL DESIGN INC	20066	20-07	Rivergrove Ped Bridge Design	17,943.20
302	OLSON BROTHERS EXCAVATING INC	21037	20-10	Sidewalk Repair and Replacement	36,444.17
302	RS UNDERGROUND	22032	19-08	160th Retrofit & Pervious Sidewalk	53,838.23
302	KPG PSOMAS INC	22035	19-08	160th Retrofit & Pervious Sidewalk	16,125.50
310	WSP USA, INC.	19145	14-01	Fryar Ave Consultant Contract	132,419.79
310	BCRA INC	21079	18-04	Rainier Covered Court Design Contract	39,039.36
310	TIERRA RIGHT OF WAY SERVICES	22024	T2208	Robinson Prop Acq Services	5,641.50
310	PBS ENGINEERING AND ENVIRONMENTAL	22038	22-04	Sumner Texaco Remediation	92,582.51
310	JETT LANDSCAPE ARCHITECTURE & DESIGN	22052	W2204	Heritage Park, Alleys, Wayfinding Design	144,912.24
320	KPG PSOMAS INC	19131	13-11	166th Ave Widening Design	989,997.73
320	WSP USA, INC.	19144	13-08	Design & ROW Services	1,253,994.47
320	WA ST DEPT OF TRANSPORTATION	19156	13-08	WSDOT Project Review	5,377.94
320	BCRA INC	19198	19-02	Design Consultant	13,163.20
320	CENTURY WEST ENGINEERING CORP	20007	19-01	Sumner Tapps Highway Guardrail CM	14,086.36
320	WA ST DEPT OF TRANSPORTATION	20031		LAA Wood Main Intersection Project Review	4,817.45
320	MILES RESOURCES LLC	20071	19-01	Sumner Tapps Highway CN	51,241.29
320	KPG PSOMAS INC	20073	20-08	Academy Bike Lane Design	83,485.74
320	WA ST DEPT OF TRANSPORTATION	21018	19-01	WSDOT Project Review	287.40
320	WA ST DEPT OF TRANSPORTATION	21060	13-11	WSDOT Project Review	4,327.02
320	PETERSON BROTHERS, INC	22001	19-01	Sumner Tapps Highway Guardrail CN	51,194.72
320	TRANSPORTATION SOLUTIONS, INC	22012	21-11	Maple St Ped Signal/Backplates Design	9,396.90
320	REED TRUCKING & EXCAVATING, INC	22042	19-05	Alder/Kincaid Design	3,038,024.74
320	WA ST DEPT OF TRANSPORTATION	23002	13-11	WSDOT Project Review	644.69
325	TCF ARCHITECTURE PLLC	20032	17-13	PW Operations Facility Design	1,544,587.76
325	AKANA, CASCADE DESIGN PROF.	21021	19-07	Ryan House Historic Rehabilitation	5,153.78
325	AVIDEX INDUSTRIES LLC	21063		City Hall Conference Room AV Upgrade	6,794.73
401	LAW OFFICE OF THOMAS M PORS	19044	04-02	Water Rights 19-20 Pilot Project	106,775.60
401	KPG PSOMAS INC	19085	18-03	24th St Utility Relocation Design	39,522.39
401	ROBINSON NOBLE INC	19132	04-02	Water Rights 19-20 Pilot Project	167,222.47
401	BCRA INC	19207	19-05	Alder/Kincaid Design	72,415.62
401	QCC QUALITY CONTROLS CORPORATION	20017		On Call: SCADA	18,458.20
401	RH2 ENGINEERING, INC.	20033	19-10	S Tank Seismic Retrofit Design	23,955.36
401	DGK INC. - WIDENER & ASSOCIATES	20038	17-13	PW Operations Facility Task Order	6,181.86
401	KPG PSOMAS INC	20073	20-08	Academy Bike Lanes Design TCUW CMS	61,373.96
401	TIERRA RIGHT OF WAY SERVICES	21035	17-13	PW Operations Facility ROW Appraisal	849.78
401	RH2 ENGINEERING, INC.	21045	21-10	Sumner Spring Tank Recoating	1,568.10
401	SYSTEMS INTERFACE INC.	21065	21-02	Dieringer Well Electrical Panel	1,569.33
401	ROBINSON NOBLE INC	21077		USGS Model Technical Review	2,490.33

City of Sumner
Pending Service/Construction Commitments
As of 12/31/2022

Fund	Vendor	Contract	CIP/Task Order	Description	Open Amount
401	FCS GROUP	22011	22-01	Staffing Study	3,318.98
401	QCC QUALITY CONTROLS CORPORATION	22021	T2207	SCADA Support - Water	7,595.25
401	QCC QUALITY CONTROLS CORPORATION	22023	T2205	Dieringer Well Upgrades	15,936.50
401	TIERRA RIGHT OF WAY SERVICES	22025	17-13	PW Operations Facility Relocation Services	2,646.06
401	FCS GROUP	22029	T2210	Water Rights Negotiation	6,915.00
401	JOHANSEN CONSTRUCTION INC	22030	18-03	24th St Utility Relocation	1,047,802.46
401	AKANA, CASCADE DESIGN PROF.	22031	18-03	24th St Utility Relocation	91,973.60
401	QCC QUALITY CONTROLS CORPORATION	22037	T2212	West Well Upgrade	10,600.00
401	REED TRUCKING & EXCAVATING, INC	22042	19-05	TCUW Construction Contract	1,449,125.01
401	RH2 ENGINEERING, INC.	22054	21-10	Sumner Spring Tank Recoating	41,225.00
401	NORTH INDUSTRIAL LLC	23000	21-10	Sumner Springs Tank Recoat Construction	530,100.00
402	BCRA INC	19207	19-05	Alder Kincaid & Main St Vision	1,226.45
402	QCC QUALITY CONTROLS CORPORATION	20017	W2007	SCADA Support - WWCol/Wtr	15,901.00
402	KPG PSOMAS INC	20028	20-05	LS12 Hatch Replacement Design	1,503.25
402	DGK INC. - WIDENER & ASSOCIATES	20038	17-13	PW Operations Facility Task Order	6,181.87
402	FOLLETT ENGINEERING PLLC	20060	20-04	Lift Stations #2 and #6 Control Panel Repl	886.00
402	KPG PSOMAS INC	20073	20-08	Academy Bike Lanes Design TCUW CMS	9,732.32
402	GRAY & OSBORNE INC	21017	21-04	WWTF Platforms	637.22
402	TIERRA RIGHT OF WAY SERVICES	21035	17-13	PW Operations Facility ROW Appraisal	848.78
402	KPG PSOMAS INC	21046	21-09	Auto Lane Force Main Repl	11,445.58
402	GRAY & OSBORNE INC	22004	21-17	WWTF Equipment Modernization Design	17,851.01
402	FCS GROUP	22011	22-01	Staffing Study	6,637.73
402	GRAY & OSBORNE INC	22013	T2202	Pretreatment Program Development Support	24,592.50
402	PROSPECT CONSTRUCTION	22016	21-17	Dryer Repair	44,255.40
402	QCC QUALITY CONTROLS CORPORATION	22020	T2206	SCADA Support - WW System	17,628.00
402	TIERRA RIGHT OF WAY SERVICES	22025	17-13	PW Operations Facility Relocation Services	2,647.06
402	JOHANSEN CONSTRUCTION CO LLC	22030	18-03	24th St Utility Relocation Construction	1,612,981.94
402	AKANA, CASCADE DESIGN	22031	18-03	24th St Utility Relocation CMS	137,960.42
402	CONLEY ENGINEERING INC	22040	T2103	2022 SCADA Support	10,108.00
402	REED TRUCKING & EXCAVATING	22042	19-05/20-08	TCUW Construction Contract	310,674.10
402	GRAY & OSBORNE INC	22055	21-05	WWTC ABAC Prog/Imp	39,000.00
402	GRAY & OSBORNE INC	22056	21-04	WWTF Platform Design/CMS	8.82
402	ANDRITZ SEPARATION INC	22061	W-22-12	WWTF Centrifuge Repair	27,171.41
408	VAN NESS FELDMAN LLP	19010	14-10	WRR Environmental/Land Use	71,411.50
408	THOMSON STRATEGIC CONSULTING	19014	14-10	WR Restoration Facilitation Support	13,940.49
408	TIERRA RIGHT OF WAY SERVICES	19015	14-10	WRR Right of Way Services	226,105.91
408	KPG PSOMAS INC	19038	14-10	WR Restoration Design	48,470.01
408	NATURAL SYSTEMS DESIGN INC	19042	14-10	WRR Environmental/Land Use	70,769.24
408	NATURAL SYSTEMS DESIGN INC	19045	14-10	WRR Environmental/Land Use	511,691.85
408	NATURAL SYSTEMS DESIGN INC	19046	14-10	WRR Environmental/Land Use	136,154.88
408	DGK INC. - WIDENER & ASSOCIATES	19063	14-10	White River Restoration Consultant Svcs	278,193.80
408	KPG PSOMAS INC	19131	13-11	166th Ave E Roadway Widening	38,103.55
408	DGK INC. - WIDENER & ASSOCIATES	20038	17-13	PW Operations Facility Environmental	6,181.87
408	KPG PSOMAS INC	20073	20-08	Academy Bike Lanes Design TCUW CMS	20,180.48
408	TIERRA RIGHT OF WAY SERVICES	21035	17-13	PW Operations Facility ROW Appraisal	848.78
408	KPG PSOMAS INC	21036	21-08	ESN Salmon Creek Channel Realign	120,914.20
408	KPG PSOMAS INC	21055	21-20	24th/142nd Intersection Treatment	4.63
408	ACTION SERVICES CORPORATION	21081		2021 Catch Basin Cleaning	50,000.00
408	TITAN EARTHWORK LLC	21085	14-10	WRR Bushore/Eagle Demo/Cleanup	779.48
408	MACKAY SPOSITO INC	21086	21-21	63rd St Cr Drain Improvement	2,243.00
408	FCS GROUP	22011	22-01	Staffing Study	3,318.94
408	BILL CLARKE ATTORNEY AT LAW	22018		Lobbying/Governmental Affairs	71,979.37
408	TIERRA RIGHT OF WAY SERVICES	22025	17-13	PW Operations Facility Relocation Services	2,647.07
408	PARAMETRIX	22028	21-15	Stewart Pond Repair Design	7,118.32
408	JOHANSEN CONSTRUCTION CO LLC	22030	18-03	24th Utility Relocation Construction	1,393,625.60
408	AKANA, CASCADE DESIGN	22031	18-03	24th St Utility Relocation CMS	123,810.63
408	REED TRUCKING & EXCAVATING	22042	19-05/20-08	TCUW Construction Contract	580,153.89
408	COWLING & COMPANY LLC	22051	T2213	Mitigation Monitoring/Reporting	51,609.90
408	OSBORN CONSULTING INC	22059	22-06	Salmon Creek Culverts Design	387,023.53
410	KPG PSOMAS INC	22026	T2209	Cemetery Irrigation Design	9,834.00
415	JMJ TEAM	22041	22-03	Cemetery Building Design	51,775.00
440	SUMNER VETERINARY HOSPITAL	19097		Veterinary Services	79.60
440	CITY OF PUYALLUP	20025		Radio Use & Maintenance Fees	766.52
440	SOUTH SOUND 911	20079		Dispatch, RMS, and Warrant Services	20,595.00
551	QCC QUALITY CONTROLS CORPORATION	22060	T2220	Central Well Telemetry Upgrade	8,530.39
					$ 19,253,702

b) Contingencies and Litigation

1. Anderson v. City of Sumner. On April 19, 2022, the City was served with the lawsuit related to a 2019 pedestrian vs. car collision that occurred at the Ryan/Main St. intersection in the City of Sumner. The driver of the vehicle that struck the pedestrian is also named as a defendant. The allegations against the City are related to crosswalk design and maintenance and the damages sought exceed $10 million dollars. WCIA assigned defense counsel to represent the City named Amanda Bley Kuehn. The City is currently in the thick of discovery, and trial is expected in the fall of 2023.

2. Condemnation of Blighted Property. The City of Sumner is getting ready to file a condemnation petition related to an abandoned home in downtown Sumner. The City does not anticipate that the lawsuit will be contested, or result in any liability to the city, but under the blighted property statutes, the City will be required to deposit the fair market value of the home into the court registry. The assessed value of the home is $297,500.

3. The City of Sumner is currently undertaking a large park renovation and utility upgrade project titled the “Town Center Utility and Woonerf” Project. The contractor is named Reed Trucking and Excavating. From the commencement of the project, the City has had challenges with Reed’s performance under the contract, resulting in several disagreements between the City and Reed. Currently, Reed has filed five protests against the City, and one official Claim. The City is working to resolve all the disputes, but one or more may result in the WSDOT claims process and/or litigation at the end of the project. At the conclusion of the project, the City and Reed intend to litigate/arbitrate any outstanding claims, which at this point are indicated to be around $250,000 in value.

4. During the course of the Town Center Utility and Woonerf Project, the City discovered groundwater contamination in a portion of Heritage Park that the City believes to have traveled onto private adjacent property. The City is in the preliminary and informal stages of addressing a complaint from a neighboring property owner related to said contamination. MTCA state laws require that the City pay for certain reasonable investigation and clean-up efforts, which are unknown at this time. The City is in the process of completing a pilot study to determine the extent and impact of the contamination, after which time the City can determine the degree of liability, if any.

There are no other known or potential claims that arose during FY2022 that are likely to, our could, result in liability of greater than $50,000.

c) Asset Retirement Obligations

The City of Sumner owns certain assets that fall under GASB 83 guidelines for evaluation and disclosure of potential closure liabilities. Specifically, the City of Sumner owns four water production wells. The City has no intent of decommissioning these wells; rather, the City is one of five legislatively-designated pilot projects state-wide for the demonstration of alternative mitigation sequencing for new water right applications, pursuant to RCW 90.94.090. This pilot project will enable Sumner to obtain new groundwater rights and well capacity needed to serve a growing number of customers in its retail water service area, knowing that the City's current water rights will not sustain the anticipated growth. For its pilot project (and beyond), the City of Sumner will present its current water portfolio, which includes a perpetual need for the well infrastructure.

For compliance with GASB 83 reporting, the City has obtained a consultant estimate of decommissioning these well assets (Source: Robinson Noble, 10/27/2021).

Well Asset	Estimate
Central Well	$30,000
South Well	$20,000
West Well	$20,000
Dieringer Well	$30,000

These amounts are not material to the Water Fund (401), and are not reported elsewhere in the financial statements.

In addition, the City owns and operates a Wastewater Treatment Facility. This facility provides wastewater collection and treatment for the City of Sumner and the City of Bonney Lake (via interlocal agreement). The City does not intend to decommission this facility, and due to the inability to reasonably foresee closure or estimate the cost of decommissioning the facility, cannot estimate the related liability.

d) Subsequent Events

In July 2023, the City intends to issue $3,050,000 in Limited Tax General Obligation debt through private placement (Ordinance No. 2854). The proceeds of this issue will be used to complete design and construct a new City facility (offices and storage) at the City of Sumner Cemetery.

e) Other Disclosures

The following disclosures were originally made in accordance with continuing disclosure requirements associated with the City's 2008 Water/Sewer Revenue Refunding Bonds. Although that debt was fully paid as of 12/31/2018, the City continues to disclose the following for reader information.

a. Rates for the System

Current utility rates can be located at https://sumnerwa.gov/monthly-utility-rates/

b. Number of Customers for the System

City of Sumner Utility Customers
As of 12/31/2022

Customer Type	Water	Sewer	Stormwater	Total
Residential	3,104	2,664	2,484	8,252
Commercial	567	346	354	1,267
Industrial	93	28	72	193
Other	617	521	572	1,710
Total	4,381	3,559	3,482	11,422

Source: City of Sumner

City of Sumner
Schedule of Liabilities
For the Year Ended December 31, 2022

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
263.88	PWTF 02-691-054	12/31/2022	259,930	-	259,930	-
263.88	PWTF 04-691-067	12/31/2024	333,925	-	111,308	222,617
263.88	PWTF PC12-951-050	12/31/2031	2,772,977	-	277,298	2,495,679
263.84	Department of Ecology	12/31/2034	4,311,289	-	234,230	4,077,059
263.84	Drinking Water State Revolving Fund Loan	12/31/2037	4,365,851	-	291,057	4,074,794
264.30	Net Pension Liability		624,649	840,708	-	1,465,357
264.30	Net Pension Liability - Fire Relief		651,000	-	-	651,000
264.40	OPEB Liability		3,286,027	-	270,235	3,015,792
259.12	Compensated Absences		700,714	61,835	-	762,549
259.12	Compensated Absences		358,739	53,231	-	411,970
263.57	Leased Postage Equipment	12/31/2024	4,628	-	1,556	3,072
263.57	BNSF Land Lease	12/31/2027	390	-	65	325
263.57	Portable Office/Storage Lease	12/31/2024	25,239	-	6,207	19,032
263.57	Copier Leases	12/31/2027	52,248	-	8,962	43,286
	Total Revenue and Other (non G.O.) Debt/Liabilities:		**17,747,606**	**955,774**	**1,460,848**	**17,242,532**
Assessment Debt/Liabilities (with commitments)						
253.11	ULID #2007-1	12/31/2028	623,673	-	89,096	534,577
253.11	Local Improvement District #78	10/1/2029	1,619,867	-	276,663	1,343,204
	Total Assessment Debt/Liabilities (with commitments):		**2,243,540**	**-**	**365,759**	**1,877,781**
	Total Liabilities:		**19,991,146**	**955,774**	**1,826,607**	**19,120,313**

City of Sumner
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed through to Subrecipients	Note
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607		-	1,477	1,477	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA State Dept of Commerce)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F20-31440-002	30,712	-	30,712	-	
Highway Planning and Construction Cluster								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WSDOT)	Highway Planning and Construction	20.205	LA-8230	700,664	-	700,664	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WSDOT)	Highway Planning and Construction	20.205	LA-8487	29,162	-	29,162	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WSDOT)	Highway Planning and Construction	20.205	LA-9067	614	-	614	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WSDOT)	Highway Planning and Construction	20.205	LA-9566	212,873	-	212,873	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WSDOT)	Highway Planning and Construction	20.205	LA-9650	495,863	-	495,863	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WSDOT)	Highway Planning and Construction	20.205	LA-10099	312,700	-	312,700	-	

The accompanying notes are an integral part of this schedule.

City of Sumner
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed through to Subrecipients	Note
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WSDOT)	Highway Planning and Construction	20.205	LA-10164	77,438	-	77,438	-	
	Total Highway Planning and Construction Cluster:			**1,829,314**	**-**	**1,829,314**	-	
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	628	-	628	-	
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Traffic Safety Commission)	National Priority Safety Programs	20.616	2022-AG-4335	770	-	770	-	
			Total Highway Safety Cluster:	**1,398**	**-**	**1,398**	-	
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WASPC)	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	n/a	1,952	-	1,952	-	
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WASPS)	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	n/a	2,827	-	2,827	-	
			Total ALN 20.608:	**4,779**	**-**	**4,779**	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027		-	1,868,438	1,868,438	-	

The accompanying notes are an integral part of this schedule.

City of Sumner
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed through to Subrecipients	Note
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Department)	Hazard Mitigation Grant	97.039	D20-031	14,892	-	14,892	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Department)	Hazard Mitigation Grant	97.039	D20-031	14,724	-	14,724	-	5
			Total ALN 97.039:	**29,616**	**-**	**29,616**	-	
			Total Federal Awards Expended:	**1,895,819**	**1,869,915**	**3,765,734**	**-**	

The accompanying notes are an integral part of this schedule.

City of Sumner, Washington

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2022

NOTE 1 – BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the City of Sumner's financial statements. The City of Sumner uses the cash basis of accounting for all funds.

NOTE 2 – FEDERAL DE MINIMIS INDIRECT COST RATE

The City of Sumner has elected to use the 10-percent de Minimis indirect cost rate allowed under the Uniform Guidance; however, the amount expended includes $0 claimed as an indirect cost recovery.

NOTE 3 – PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal portion of the program costs. Entire program costs, including the City of Sumner'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 Government, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 4 – PRIOR YEAR(S)

The amounts shown reflect federal participation in a prior year. For clarity, these expenditures are presented separately from current year.

NOTE 5 – DONATED PERSONEL PROTECTIVE EQUIPMENT (PPE) (UNAUDITED)

During the emergency period of COVID-19 pandemic and as allowed under OMB Memorandum M-20-20 (April 9, 2020), federal agencies and recipients can donate PPE purchased with federal assistance funds to various entities for the COVID19 response. The donated PPE were mostly provided without any compliance or reporting requirements or assistance listing (CFDA) information from the donors.

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.

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Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

City of Sumner

For the period January 1, 2021 through December 31, 2022

Published February 8, 2024

Report No. 1034233

Scan to see another great way we're helping advance #GoodGovernment

Office of the Washington State Auditor
Pat McCarthy

February 8, 2024

Mayor and City Council
City of Sumner
Sumner, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for City operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the City's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

Americans with Disabilities

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

Insurance Building, P.O. Box 40021 • Olympia, Washington 98504-0021 • (564) 999-0950 • Pat.McCarthy@sao.wa.gov

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AUDIT RESULTS

Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, City operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

About the audit

This report contains the results of our independent accountability audit of the City of Sumner from January 1, 2021 through December 31, 2022.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the City's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the years ended December 31, 2022 and 2021, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Accounts payable – credit cards and electronic funds transfers
- Tracking and monitoring of theft sensitive assets, such as fuel cards
- Payroll – electronic funds transfers
- Self-insurance for unemployment
- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indications of financial distress

RELATED REPORTS

Financial

Our opinion on the City's financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the City's financial statements. That report is available on our website, http://portal.sao.wa.gov/ReportSearch.

Federal grant programs

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the City's major federal program, which is listed in the Schedule of Findings and Questioned Costs section of the separate financial statement and single audit report. That report is available on our website, http://portal.sao.wa.gov/ReportSearch.

INFORMATION ABOUT THE CITY

The City of Sumner, incorporated in 1891, is located in eastern Pierce County and serves a population of approximately 10,800 citizens. The City provides services including law enforcement, public works, utilities (water, sewer and storm sewer), planning and zoning, animal control, parks and recreation, a senior center, and a cemetery.

An elected, seven-member Council and a separately elected Mayor govern the City. Council Members and the Mayor serve staggered, four-year terms. The Council appoints a City Administrator to oversee the City's operations as well as its approximately 120 employees. The City operates on a biennial budget.

Contact information related to this report

Address:	City of Sumner 1104 Maple Street Sumner, WA 98390
Contact:	Kassandra Raymond, Chief Financial Officer
Telephone:	(253) 299-5541
Website:	www.sumnerwa.gov

Information current as of report publish date.

Audit history

You can find current and past audit reports for the City of Sumner at http://portal.sao.wa.gov/ReportSearch.

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