



# CITY OF PUYALLUP

## Annual Financial Report

*for the Fiscal Year Ended December 31, 2016*

City of Puyallup, Washington  
333 South Meridian  
Puyallup, WA 98371  
[www.cityofpuyallup.org](http://www.cityofpuyallup.org)

# **CITY OF PUYALLUP**

## **Annual Financial Report**

*for the Fiscal Year Ended December 31, 2016*

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**CITY OF PUYALLUP**  
**Annual Financial Report**  
**For the Year Ended December 31, 2016**  
**(Unaudited)**

The City of Puyallup was incorporated on August 19, 1890, and is located in the south central Puget Sound region of Western Washington in Pierce County. It is about seven miles east of the City of Tacoma, with a population of 39,850 as of April 1, 2016. Puyallup is the third largest city in Pierce County and the twenty-ninth largest city in the state. The City's boundaries now encompass approximately fourteen square miles.

The City of Puyallup has a Council-Manager form of government and is an Optional Municipal Code City under the laws of the State of Washington. Six Council members are elected by district, and one is elected citywide, to four-year terms. The City Council elects a Mayor from the council membership for a two-year term. The Council appoints a City Manager who serves as chief administrator of the City.

The City is a general purpose government and provides a wide range of municipal services including police, street construction and maintenance, planning and zoning, building inspection, parks and recreation, library, cemetery, municipal court, senior center, and general administration services. The City also owns and operates water, wastewater, storm and surface water, and sanitation utility systems.

The City reports financial activity in accordance with the Cash Basis Budgeting, Accounting and Reporting System (BARS) Manual prescribed by the Washington State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

State law also provides for annual independent audits by the Washington State Auditor's Office and requires timely submission of annual financial reports to the state for review. The independent audit of the financial statements of the City is part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Financial Statement and Single Audit Reports for the City are issued separately and available on the Washington State Auditor's Office website at [www.sao.wa.gov](http://www.sao.wa.gov).

Another state mandate requires the Washington State Auditor's Office to perform additional tests of compliance with state laws and regulations. The statute requires the independent auditor to inquire as to whether the City complied with the laws and the Constitution of the State of Washington, its own ordinances and orders, and the requirements of the Washington State Auditor's Office. Accountability Audit Reports for the City are issued separately and available on the Washington State Auditor's Office website at [www.sao.wa.gov](http://www.sao.wa.gov).

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid. In accordance with state law, the City also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

In 2016, the City transitioned from an accrual basis of accounting to a cash basis of accounting. Moving to a cash basis system simplified the annual reporting process and the annual financial report, making it more easily understood by most users. Additionally, the staff time required for preparing the annual report is significantly less, and overall annual audit costs are expected to be reduced.

To implement this change, the City recorded prior period adjustment increases of \$4,727,767 and decreases of \$5,212,312, for a total net adjustment of (\$484,545). Transactions having cash impacts in 2016, but originally reported in previous years, have generally been recorded as prior period adjustments, with a few exceptions. These exceptions consist of regular recurring tax and utility revenues, and debt service interest expenditures. These revenues and expenditures have been recorded as current year revenues and expenditures as cash was received or paid in 2016. This treatment is to ensure that the financial statements include a fair presentation of a full twelve months of regular operating revenues and expenditures.

Cash basis financial reporting requirements for balance sheet amounts are limited, so assets, liabilities and other balance sheet amounts are not reported in the City's cash basis annual financial statements. Reporting requirements for balance sheet amounts may be limited, but the cash basis system does not remove the City's responsibility for stewardship of public resources. The Washington State Auditor's Office requires that the City have policies and procedures in place to track, demonstrate accountability and ensure security of capital assets. The Schedule of Liabilities, immediately following the financial statements, also provides more details of the outstanding debt and liabilities of the City and summarizes the City's debt transactions for the fiscal year.

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. The following fund types are used:

### **Governmental Fund Types**

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

**Special Revenue Funds** - These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government. The City reports the following special revenue funds:

**Seizure and Forfeiture Fund** - Established in accordance with RCW 69.50.505 for the purpose of depositing seized and forfeited property and monies resulting from law enforcement activities. Expenditures are limited by law to first provide for expenses directly related to the seizure. Remaining funds are distributed as set forth in RCW 69.50.505 for certain law enforcement activities.

**Motel Tax Fund** - Established in accordance with RCW 67.28.200 for the administration of the 7% tax collected on Motel and Hotel revenues. Expenditures are limited by law to building or maintenance and operations of tourist facilities, paying debt service on bonds sold to build tourist facilities, and enhancement of tourism.

**Trial Court Improvement Fund** - Established to account for funds received from the State of Washington that are restricted by state law for improvements to the City's Municipal Court.

**LIFT Grant Fund** - Established to account for the Local Infrastructure Financing Tool (LIFT) Grant revenues received from the State of Washington. The grant is a maximum of \$1 million per year for up to 25 years, depending on the City's qualifying activity each year. These revenues can only be spent on eligible capital projects within the Revenue Development Area.

**1st 1/4% Real Estate Excise Tax Fund** - Established in accordance with RCW 35.43.040 to administer the tax collected on the sale of real estate. Expenditures are limited by law for capital improvements in designated areas.

**2nd 1/4% Real Estate Excise Tax Fund** - Established in accordance with RCW 35.43.040 to administer the tax collected on the sale of real estate. Expenditures are limited by law for capital improvements in designated areas.

**Debt Service Funds** - These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt. The City reports the following debt service funds:

**2009 Revenue Bonds Fund** - City Council approved bond issue refunded 1990 and 1991 bonds originally issued to construct the Public Works building.

**2003 Public Works Trust Fund Loan Fund** - City Council approved loan for construction activities pertaining to a project linking Meridian with 39th Avenue SE at 10th Street SE.

**2003 Limited Tax General Obligation (LTGO) Bonds Fund** - City Council approved bond issue provided funding for construction of the Pioneer Park Pavilion and development of the new Civic Center, including acquisition of land for the new City Hall.

**Local Improvement District (LID) 96-1 Debt Fund** - City Council approved debt for property improvement in which the City is reimbursed by the benefited property owners.

**2013 Unlimited Tax General Obligation (UTGO) Bonds Fund** - Refunding bonds related to the 1999 voter approved bond issue which provided funding to design and build the new library.

**2012 Limited Tax General Obligation (LTGO) Bonds Fund** - City Council approved bond issue refunded a portion of 2004 bonds originally issued to provide funding for development of the new Civic Center, including construction of the new Activity Center and City Hall.

**2007/2013/2014 Limited Tax General Obligation Bonds (LTGO) Fund** - City Council approved bond issue (and related refunding bonds) provided funding for development of the new Civic Center, including construction of the new City Hall.

**2008/2015 Limited Tax General Obligation (LTGO) Bonds Fund** - City Council approved bond issue (and related refunding bonds) provided funding for street improvements.

**2015 Van Lierop Property Note Fund** - City Council approved property note for the purchase of the Van Lierop Park property.

**Local Improvement District (LID) Guaranty Fund** - Fund required to maintain guarantee funds related to all LID outstanding debt.

**Capital Projects Funds** - These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets. The City reports the following capital projects funds:

**Parks Capital Improvement Fund** - Accounts for monies restricted or appropriated by the City Council for purchases, construction and major building repairs of parks facilities.

**Civic Center Fund** - Accounts for monies appropriated by the City Council for the purpose of planning, designing, and constructing Civic Center and other governmental facility projects.

**Street Fund** - Accounts for taxes, transportation impact fees and other monies restricted or appropriated by the City Council for major repairs and construction of City streets.

### **Proprietary Fund Types**

**Enterprise Funds** - These funds account for operations that provide goods or services to the general public and are supported primarily through user charges. The City reports the following enterprise funds:

**Sanitation Utility Fund** - Accounts for operations and improvements to a methane gas collection system at a landfill closed in 1975. Cash outflow also includes debt service on bonds originally issued in 1990 and 1991 to install the methane gas collection system, and bonds issued in 2011 for settlement of claims for environmental remediation.

**Water Utility Fund** - Accounts for operations to provide water services to the City. Activities which are primarily supported by user fees include administration, billings and collections, debt service, engineering, construction, operation, maintenance, and repairs.

**Wastewater Utility Fund** - Accounts for operations to provide wastewater services to the City. Activities which are primarily supported by user fees include administration, billings and collections, debt service, engineering, construction, operation, maintenance, and repairs.

**Storm and Surface Water Utility Fund** - Accounts for operations to provide storm water collection and disposal services to the City. Activities which are primarily supported by user fees include administration, billings and collections, debt service, engineering, construction, operation, maintenance, and repairs.

**Pioneer Park Pavilion Fund** - Accounts for the operation of the Pioneer Park Pavilion. Activities are supported by user fees and include administration, billing and collections, operations, maintenance, repairs, and debt service.

**Internal Service Funds** - These funds account for operations that provide goods or services to other departments or funds of the government on a cost reimbursement basis. The City reports the following internal service funds:

**Equipment Rental Fund** - Accounts for the costs of maintaining and replacing the City's vehicles and auxiliary equipment. All operations and equipment costs, including depreciation, are factors in calculating the rates which are charged to each user department.

**Insurance Fund** - Provides accounting for insurance services to all City departments, including provision for losses on property, liability, workers' compensation, and unemployment compensation. Expenses are paid by the Insurance Fund and rates are charged to departments based on use and/or coverage requirements.

**Information Technology Fund** - Accounts for the costs of maintaining and replacing the City's information technology infrastructure. All operations and equipment costs, including depreciation, are factors in calculating the rates which are charged to each user department.

**Healthcare Insurance Fund** - Provides accounting for the City's self-insured (with stop loss) medical, dental and vision benefits. Claims, stop loss premiums, and administrative costs are paid by the Healthcare Insurance Fund and premiums are charged to departments based on accrual rates set by actuaries for employees and their dependents.

**Facility Maintenance Fund** - Accounts for the costs of maintaining the City's various facilities and provides accounting for systematic life cycle repairs and replacement. All operations and equipment costs, including depreciation, are factors in calculating the rates which are charged to each user department.

### **Fiduciary Fund Types**

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

**Private-Purpose Trust Funds** - These funds report all trust arrangements under which principal and income benefit individuals, private organizations or other governments. The City reports the following private-purpose trust funds:

**The Firemen's Pension Fund** - Accounts for the payment of pension benefits and administrative costs for retired firefighters (and beneficiaries) who were employed prior to March 1, 1970. Primary revenue sources are fire insurance premium taxes, and investment interest.

At the end of the current fiscal year, the City's funds reported combined ending cash and investments of \$48,213,795, an increase of \$5,066,364 in comparison with the prior year. Of this total ending cash and investments, \$9,727,221 is reserved due to restrictions on use imposed by external parties or internal commitments established by the City Council. \$38,486,574 is unreserved and may be used to meet the City's ongoing obligations to citizens and creditors. Changes in ending cash and investments by fund are summarized in the following table:

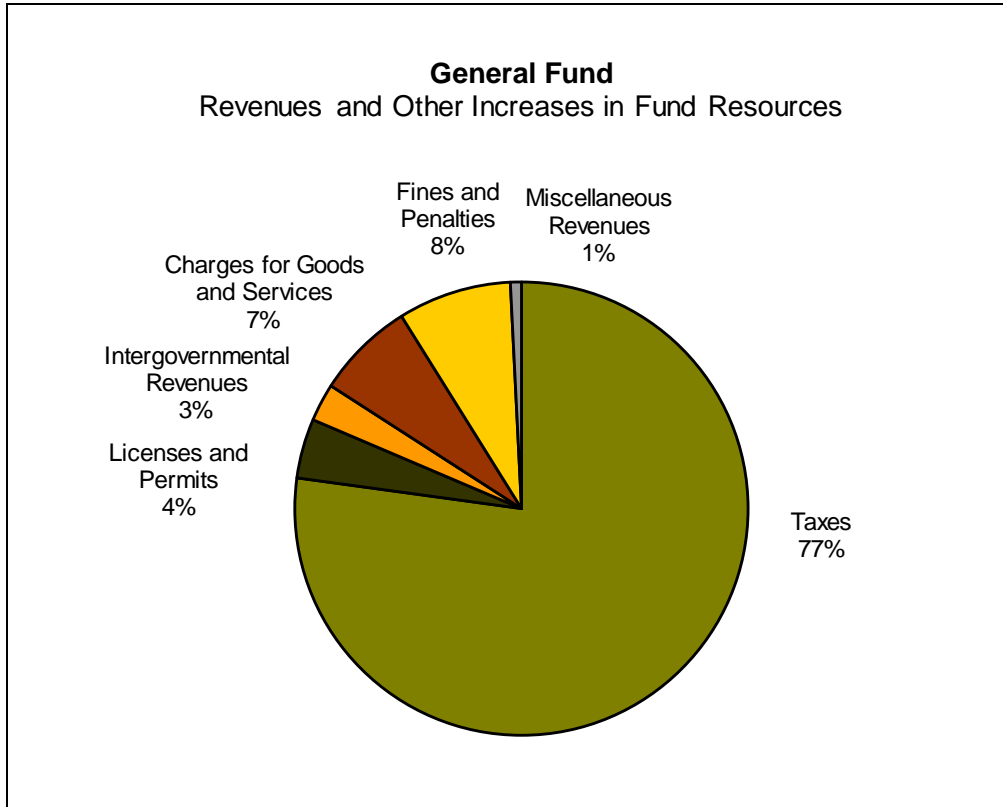
Fund	2016 Cash and Investments	2015 Cash and Investments	Prior Period Adjustments	2016 Increase/ (Decrease)
General Fund	\$ 5,236,421	\$ 3,784,338	\$ 682,197	\$ 769,886
Seizure and Forfeiture	566,194	673,107	(10,095)	(96,818)
Motel Tax	2,822,875	2,438,840	(130,247)	514,282
Trial Court Improvement	135	8,825	-	(8,690)
LIFT Grant	2,877,540	1,897,272	-	980,268
1st 1/4% Real Estate Excise Tax	486,940	1,251	-	485,689
2nd 1/4% Real Estate Excise Tax	491,767	6,070	-	485,697
2009 Revenue Bonds	18,186	18,044	(12)	154
2003 Trust Fund Loan	4,665	4,655	-	10
2003 LTGO Bonds	16,740	16,707	-	33
LID 96-1	-	22,297	(241)	(22,056)
2013 UTGO Bonds	77,612	111,307	(425)	(33,270)
2012 LTGO Bonds	24,322	23,227	(425)	1,520
2007/2013/2014 LTGO Bonds	17,589	56,751	(1,187)	(37,975)
2008/2015 LTGO Bonds	122,980	122,702	(760)	1,038
2015 Van Lierop Property	-	-	-	-
LID Guaranty	-	32,250	-	(32,250)
Parks Capital Improvement	1,150,658	744,999	11,392	394,267
Civic Center	119,948	49,071	-	70,877
Street	3,486,440	696,370	308,487	2,481,583
Sanitation	217,843	222,195	(25,405)	21,053
Water	3,025,524	3,766,203	(390,207)	(350,472)
Wastewater	11,602,100	12,559,627	(1,557,161)	599,634
Storm and Surface Water	8,200,962	9,450,930	(80,561)	(1,169,407)
Pioneer Park Pavilion	101,306	85,946	(2,642)	18,002
Equipment Rental	1,902,995	1,995,069	(174,181)	82,107
Insurance	1,112,651	913,769	(38,388)	237,270
Information Technology	807,519	780,349	493,236	(466,066)
Healthcare Insurance	3,567,070	2,950,420	392,484	224,166
Facility Maintenance	154,813	199,385	39,596	(84,168)
	<u>\$ 48,213,795</u>	<u>\$ 43,631,976</u>	<u>\$ (484,545)</u>	<u>\$ 5,066,364</u>



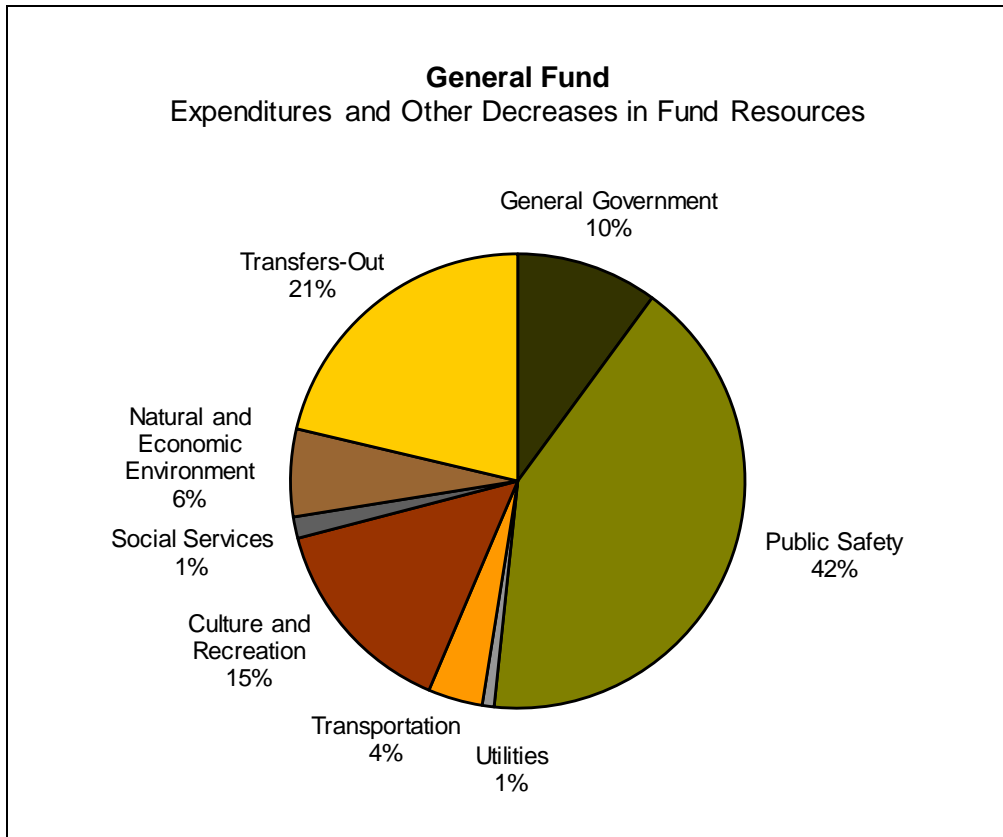
During the current fiscal year, the City's funds reported combined revenues and other increases in fund resources of \$116,617,461, and combined expenditures and other decreases in fund resources of \$111,551,097. Revenues, expenditures, and other increases and decreases in fund resources are summarized in the following table:

Fund	Revenues	Expenditures	Other Increases in Fund Resources	Other Decreases in Fund Resources	2016 Increase/ (Decrease)
General Fund	\$ 43,357,311	\$ 33,495,296	\$ 123,514	\$ 9,215,643	\$ 769,886
Seizure and Forfeiture	20,424	38,156	-	79,086	(96,818)
Motel Tax	1,265,442	548,964	-	202,196	514,282
Trial Court Improvement	23,610	-	-	32,300	(8,690)
LIFT Grant	1,002,751	-	-	22,483	980,268
1st 1/4% Real Estate Excise Tax	1,065,562	-	-	579,873	485,689
2nd 1/4% Real Estate Excise Tax	1,065,570	-	-	579,873	485,697
2009 Revenue Bonds	54	-	18,339	18,239	154
2003 Trust Fund Loan	8	-	340,297	340,295	10
2003 LTGO Bonds	32	-	204,637	204,636	33
LID 96-1	4	-	84,063	106,123	(22,056)
2013 UTGO Bonds	743,086	-	-	776,356	(33,270)
2012 LTGO Bonds	520	-	992,325	991,325	1,520
2007/2013/2014 LTGO Bonds	807	-	1,558,295	1,597,077	(37,975)
2008/2015 LTGO Bonds	37	-	720,718	719,717	1,038
2015 Van Lierop Property	-	-	1,000,000	1,000,000	-
LID Guaranty	-	-	-	32,250	(32,250)
Parks Capital Improvement	670,647	105,560	1,214,356	1,385,176	394,267
Civic Center	607	-	1,471,283	1,401,013	70,877
Street	4,541,890	2,370,043	6,736,237	6,426,501	2,481,583
Sanitation	433,476	85,554	-	326,869	21,053
Water	6,222,960	4,357,148	2,395	2,218,679	(350,472)
Wastewater	11,234,796	6,693,476	5,147,593	9,089,279	599,634
Storm and Surface Water	5,520,469	4,029,109	20	2,660,787	(1,169,407)
Pioneer Park Pavilion	301,384	314,508	233,322	202,196	18,002
Equipment Rental	2,129,420	1,292,170	277,700	1,032,843	82,107
Insurance	1,868,733	1,675,050	43,587	-	237,270
Information Technology	5,684,990	5,089,509	2,805	1,064,352	(466,066)
Healthcare Insurance	6,862,616	6,638,450	-	-	224,166
Facility Maintenance	2,428,292	1,903,541	477	609,396	(84,168)
	<u>\$ 96,445,498</u>	<u>\$ 68,636,534</u>	<u>\$ 20,171,963</u>	<u>\$ 42,914,563</u>	<u>\$ 5,066,364</u>

At the end of the current fiscal year, the City's General Fund reported ending cash and investments of \$5,236,421, an increase of \$769,886 in comparison with the prior year. During the year, the General Fund reported combined revenues and other increases in fund resources of \$43,480,825. These revenues and other increases in fund resources are presented by source in the following table:



During the year, the General Fund also reported combined expenditures and other decreases in fund resources of \$42,710,939. These expenditures and other decreases in fund resources are presented by source in the following table:



At the end of the current fiscal year, the City had total outstanding long-term debt of \$46,269,439, a decrease of \$7,767,723 in comparison with the prior year. The City also refunded one debt issue during the year, resulting in a reduction in total debt service payments of \$451,230 over the next 13 years. Changes in outstanding long-term debt are summarized in the following table:

Debt Type	2016 Outstanding Balance	2015 Outstanding Balance	Increase/ (Decrease)
General Obligation Bonds	\$ 32,032,485	\$ 35,805,883	\$ (3,773,398)
Special Assessment Debt	-	100,000	(100,000)
Revenue Bonds	8,615,000	11,710,000	(3,095,000)
Other Long-Term Debt	5,621,954	6,421,279	(799,325)
	<u>\$ 46,269,439</u>	<u>\$ 54,037,162</u>	<u>\$ (7,767,723)</u>

The City adopts annual appropriated budgets for the general, special revenue, enterprise, internal service and fiduciary funds. These budgets are appropriated at the fund level. Annual appropriations for these funds lapse at the fiscal year end.

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

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting. An increase in total budgeted appropriations of a fund must be authorized by the City Council. Transfers of appropriations within a fund may be authorized by the City Manager.

The City Council is made up of seven members elected to four-year terms. Six City Council members are elected by district, and one is elected citywide. The City Council elects a Mayor from the council membership for a two-year term.

The Puyallup Municipal Court judge is also elected to a four-year term. The current elected City officials are listed in the following table:

City Council	
John Hopkins, Mayor	District 1
John Palmer, Deputy Mayor	District 2
Julie Door	District 3
Robin Farris	District 1
Dean Johnson	At Large
Heather Shadko	District 2
Tom Swanson	District 3
Other Elected Officials	
Andrea Beall	Municipal Court Judge

The City Council appoints a City Manager who serves as chief administrator of the City. The current appointed City officials are listed in the following table:

Appointed Officials	
Kevin Yamamoto	City Manager
Steve Kirkelie	Assistant City Manager
Rob Andreotti	Public Works Director
Joe Beck	City Attorney
Cliff Craig	Finance Director
Clay Doolittle	Information Technology Manager
Sarah Harris	Parks and Recreation Director
Bryan Jeter	Chief of Police
Tina Marusich	Court Administrator
Katie Ortega	Human Resources Manager
Mark Palmer	City Engineer
Patty Ross	Library Services Director
Tom Utterback	Development Services Director
Mary Winter	City Clerk

**CITY OF PUYALLUP**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2016**

		<u>Total for All Funds</u>	<u>001 General Fund</u>	<u>115 Seizure and Forfeiture</u>	<u>141 Motel Tax</u>
<b>Beginning Cash and Investments</b>					
30810	Reserved	4,605,429	-	-	-
30880	Unreserved	39,026,547	3,784,338	673,107	2,438,840
388 / 588	Prior Period Adjustments, Net	(484,545)	682,197	(10,095)	(130,247)
<b>Revenues</b>					
310	Taxes	37,951,647	33,454,828	-	1,260,245
320	Licenses and Permits	1,862,407	1,842,246	-	-
330	Intergovernmental Revenues	6,413,510	1,171,897	-	-
340	Charges for Goods and Services	43,574,768	3,040,102	-	-
350	Fines and Penalties	3,648,348	3,508,216	-	-
360	Miscellaneous Revenues	2,994,818	340,022	20,424	5,197
Total Revenues:		96,445,498	43,357,311	20,424	1,265,442
<b>Expenditures</b>					
510	General Government	16,754,078	4,286,791	-	-
520	Public Safety	20,575,536	17,698,117	38,156	-
530	Utilities	15,442,390	362,657	-	-
540	Transportation	5,309,743	1,647,530	-	-
550	Natural and Economic Environment	3,286,646	2,652,128	-	548,964
560	Social Services	650,473	650,473	-	-
570	Culture and Recreation	6,617,668	6,197,600	-	-
Total Expenditures:		68,636,534	33,495,296	38,156	548,964
Excess (Deficiency) Revenues over Expenditures:		27,808,964	9,862,015	(17,732)	716,478
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	3,104,996	-	-	-
397	Transfers-In	12,614,071	102,300	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	31,074	21,214	-	-
381, 395, 398	Other Resources	4,421,822	-	-	-
Total Other Increases in Fund Resources:		20,171,963	123,514	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	14,434,994	149,154	9,086	-
591-593, 599	Debt Service	13,629,889	-	-	-
597	Transfers-Out	12,664,071	9,066,131	70,000	202,196
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	1,358	358	-	-
581	Other Uses	2,184,251	-	-	-
Total Other Decreases in Fund Resources:		42,914,563	9,215,643	79,086	202,196
<b>Increase (Decrease) in Cash and Investments:</b>		<b>5,066,364</b>	<b>769,886</b>	<b>(96,818)</b>	<b>514,282</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	9,727,221	119,766	566,194	2,822,875
5088000	Unreserved	38,486,574	5,116,655	-	-
<b>Total Ending Cash and Investments</b>		<b>48,213,795</b>	<b>5,236,421</b>	<b>566,194</b>	<b>2,822,875</b>

The accompanying notes are an integral part of this statement.

**CITY OF PUYALLUP**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2016**

		<b>161</b>	<b>171</b>	<b>180</b>	<b>190</b>
		<b>Trial Court</b>	<b>LIFT</b>	<b>1st 1/4%</b>	<b>2nd 1/4%</b>
		<b>Improvement</b>	<b>Grant</b>	<b>Real Estate</b>	<b>Real Estate</b>
		<b>Excise Tax</b>	<b>Excise Tax</b>		
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	-	-	-
30880	Unreserved	8,825	1,897,272	1,251	6,070
388 / 588	Prior Period Adjustments, Net	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	1,065,205	1,065,205
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	23,570	1,000,000	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	40	2,751	357	365
Total Revenues:		23,610	1,002,751	1,065,562	1,065,570
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		23,610	1,002,751	1,065,562	1,065,570
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	32,300	22,483	579,873	579,873
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		32,300	22,483	579,873	579,873
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(8,690)</b>	<b>980,268</b>	<b>485,689</b>	<b>485,697</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	135	2,877,540	486,940	491,767
5088000	Unreserved	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>135</b>	<b>2,877,540</b>	<b>486,940</b>	<b>491,767</b>

The accompanying notes are an integral part of this statement.

**CITY OF PUYALLUP**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2016**

	<b>204</b>	<b>205</b>	<b>206</b>	<b>214</b>
	<b>2009 Revenue</b>	<b>2003 Trust</b>	<b>2003 LTGO</b>	<b>LID</b>
	<b>Bonds</b>	<b>Fund Loan</b>	<b>Bonds</b>	<b>96-1</b>
<b>Beginning Cash and Investments</b>				
30810	Reserved	-	-	-
30880	Unreserved	18,044	4,655	22,297
388 / 588	Prior Period Adjustments, Net	(12)	-	(241)
<b>Revenues</b>				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	-	-	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	54	8	4
Total Revenues:		54	8	32
<b>Expenditures</b>				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	-	-
Total Expenditures:		-	-	-
Excess (Deficiency) Revenues over Expenditures:		54	8	32
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	18,339	340,297	204,637
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	-
381, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		18,339	340,297	204,637
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	-	-	-
591-593, 599	Debt Service	18,239	340,295	204,636
597	Transfers-Out	-	-	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	-	-
581	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		18,239	340,295	204,636
<b>Increase (Decrease) in Cash and Investments:</b>		<b>154</b>	<b>10</b>	<b>33</b>
<b>Ending Cash and Investments</b>				
5081000	Reserved	-	-	-
5088000	Unreserved	18,186	4,665	16,740
<b>Total Ending Cash and Investments</b>		<b>18,186</b>	<b>4,665</b>	<b>16,740</b>

The accompanying notes are an integral part of this statement.



**CITY OF PUYALLUP**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2016**

		<b>216</b>	<b>217</b>	<b>218</b>	<b>219</b>
		<b>2013 UTGO</b>	<b>2012 LTGO</b>	<b>2007/2013/2014</b>	<b>2008/2015</b>
		<b>Bonds</b>	<b>Bonds</b>	<b>LTGO Bonds</b>	<b>LTGO Bonds</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	-	-	-
30880	Unreserved	111,307	23,227	56,751	122,702
388 / 588	Prior Period Adjustments, Net	(425)	(425)	(1,187)	(760)
<b>Revenues</b>					
310	Taxes	742,382	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	704	520	807	37
Total Revenues:		743,086	520	807	37
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		743,086	520	807	37
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	992,325	1,558,295	720,718
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	992,325	1,558,295	720,718
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	776,356	991,325	1,597,077	719,717
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		776,356	991,325	1,597,077	719,717
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(33,270)</b>	<b>1,520</b>	<b>(37,975)</b>	<b>1,038</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	77,612	-	-	-
5088000	Unreserved	-	24,322	17,589	122,980
<b>Total Ending Cash and Investments</b>		<b>77,612</b>	<b>24,322</b>	<b>17,589</b>	<b>122,980</b>

The accompanying notes are an integral part of this statement.

**CITY OF PUYALLUP**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2016**

	<b>221</b>	<b>263</b>	<b>306</b>	<b>321</b>
	<b>2015 Van Lierop</b>	<b>LID</b>	<b>Parks Capital</b>	<b>Civic</b>
	<b>Property</b>	<b>Guaranty</b>	<b>Improvement</b>	<b>Center</b>
<b>Beginning Cash and Investments</b>				
30810	Reserved	-	-	-
30880	Unreserved	32,250	744,999	49,071
388 / 588	Prior Period Adjustments, Net	-	11,392	-
<b>Revenues</b>				
310	Taxes	-	363,782	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	500	-
340	Charges for Goods and Services	-	303,640	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	-	2,725	607
Total Revenues:				
	-	-	670,647	607
<b>Expenditures</b>				
510	General Government	-	-	-
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural and Economic Environment	-	-	-
560	Social Services	-	-	-
570	Culture and Recreation	-	105,560	-
Total Expenditures:				
	-	-	105,560	-
Excess (Deficiency) Revenues over Expenditures:				
	-	-	565,087	607
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	1,000,000	10,000	600,000
385	Special or Extraordinary Items	-	-	-
386 / 389	Custodial Activities	-	-	-
381, 395, 398	Other Resources	-	1,204,356	871,283
Total Other Increases in Fund Resources:				
	1,000,000	-	1,214,356	1,471,283
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	-	385,176	1,000,000
591-593, 599	Debt Service	1,000,000	-	1,013
597	Transfers-Out	-	1,000,000	-
585	Special or Extraordinary Items	-	-	-
586 / 589	Custodial Activities	-	-	-
581	Other Uses	-	-	400,000
Total Other Decreases in Fund Resources:				
	1,000,000	32,250	1,385,176	1,401,013
<b>Increase (Decrease) in Cash and Investments:</b>				
	-	(32,250)	394,267	70,877
<b>Ending Cash and Investments</b>				
5081000	Reserved	-	1,150,658	-
5088000	Unreserved	-	-	119,948
<b>Total Ending Cash and Investments</b>				
	-	-	1,150,658	119,948

The accompanying notes are an integral part of this statement.

**CITY OF PUYALLUP**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2016**

		<b>330</b>	<b>401</b>	<b>411</b>	<b>412</b>
		<b>Street</b>	<b>Sanitation</b>	<b>Water</b>	<b>Wastewater</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	-	222,195	1,904,174	1,953,854
30880	Unreserved	696,370	-	1,862,029	10,605,773
388 / 588	Prior Period Adjustments, Net	308,487	(25,405)	(390,207)	(1,557,161)
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	19,625	536
330	Intergovernmental Revenues	3,013,275	-	-	32,058
340	Charges for Goods and Services	1,519,883	428,720	5,624,134	10,121,450
350	Fines and Penalties	-	4,120	37,179	75,264
360	Miscellaneous Revenues	8,732	636	542,022	1,005,488
Total Revenues:		4,541,890	433,476	6,222,960	11,234,796
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	4,357,148	6,693,476
540	Transportation	2,370,043	-	-	-
550	Natural and Economic Environment	-	85,554	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		2,370,043	85,554	4,357,148	6,693,476
Excess (Deficiency) Revenues over Expenditures:		2,171,847	347,922	1,865,812	4,541,320
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	142,723	-	-	2,962,273
397	Transfers-In	6,583,414	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	2,395	1,069
381, 395, 398	Other Resources	10,100	-	-	2,184,251
Total Other Increases in Fund Resources:		6,736,237	-	2,395	5,147,593
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	3,516,645	-	1,674,979	3,643,162
591-593, 599	Debt Service	64,590	326,869	542,700	5,432,142
597	Transfers-Out	1,061,015	-	-	13,975
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	1,000	-
581	Other Uses	1,784,251	-	-	-
Total Other Decreases in Fund Resources:		6,426,501	326,869	2,218,679	9,089,279
<b>Increase (Decrease) in Cash and Investments:</b>		<b>2,481,583</b>	<b>21,053</b>	<b>(350,472)</b>	<b>599,634</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	119,229	133,903	99,893	708,920
5088000	Unreserved	3,367,211	83,940	2,925,631	10,893,180
<b>Total Ending Cash and Investments</b>		<b>3,486,440</b>	<b>217,843</b>	<b>3,025,524</b>	<b>11,602,100</b>

The accompanying notes are an integral part of this statement.

**CITY OF PUYALLUP**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2016**

		<b>422</b>	<b>430</b>	<b>501</b>	<b>502</b>
		<b>Storm and Surface Water</b>	<b>Pioneer Park Pavilion</b>	<b>Equipment Rental</b>	<b>Insurance</b>
<b>Beginning Cash and Investments</b>					
30810	Reserved	506,967	-	18,239	-
30880	Unreserved	8,943,963	85,946	1,976,830	913,769
388 / 588	Prior Period Adjustments, Net	(80,561)	(2,642)	(174,181)	(38,388)
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	466,813	-	-	-
340	Charges for Goods and Services	4,483,874	-	2,125,253	1,866,367
350	Fines and Penalties	23,569	-	-	-
360	Miscellaneous Revenues	546,213	301,384	4,167	2,366
Total Revenues:		5,520,469	301,384	2,129,420	1,868,733
<b>Expenditures</b>					
510	General Government	-	-	-	1,675,050
520	Public Safety	-	-	-	-
530	Utilities	4,029,109	-	-	-
540	Transportation	-	-	1,292,170	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	314,508	-	-
Total Expenditures:		4,029,109	314,508	1,292,170	1,675,050
Excess (Deficiency) Revenues over Expenditures:		1,491,360	(13,124)	837,250	193,683
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	230,384	169,299	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	20	2,938	74	82
381, 395, 398	Other Resources	-	-	108,327	43,505
Total Other Increases in Fund Resources:		20	233,322	277,700	43,587
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	2,310,719	-	1,014,604	-
591-593, 599	Debt Service	346,093	202,196	18,239	-
597	Transfers-Out	3,975	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		2,660,787	202,196	1,032,843	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(1,169,407)</b>	<b>18,002</b>	<b>82,107</b>	<b>237,270</b>
<b>Ending Cash and Investments</b>					
5081000	Reserved	68,021	-	3,768	-
5088000	Unreserved	8,132,941	101,306	1,899,227	1,112,651
<b>Total Ending Cash and Investments</b>		<b>8,200,962</b>	<b>101,306</b>	<b>1,902,995</b>	<b>1,112,651</b>

The accompanying notes are an integral part of this statement.

**CITY OF PUYALLUP**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2016**

	<b>503</b>	<b>504</b>	<b>505</b>
	<b>Information</b>	<b>Healthcare</b>	<b>Facility</b>
	<b>Technology</b>	<b>Insurance</b>	<b>Maintenance</b>
<b>Beginning Cash and Investments</b>			
30810	Reserved	-	-
30880	Unreserved	2,950,420	199,385
388 / 588	Prior Period Adjustments, Net	392,484	39,596
<b>Revenues</b>			
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	401,397	304,000
340	Charges for Goods and Services	5,280,307	1,988,645
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	3,286	135,647
Total Revenues:		5,684,990	6,862,616
		2,428,292	
<b>Expenditures</b>			
510	General Government	2,250,246	1,903,541
520	Public Safety	2,839,263	-
530	Utilities	-	-
540	Transportation	-	-
550	Natural and Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		5,089,509	6,638,450
		1,903,541	
Excess (Deficiency) Revenues over Expenditures:		595,481	224,166
		524,751	
<b>Other Increases in Fund Resources</b>			
391-393, 596	Debt Proceeds	-	-
397	Transfers-In	-	-
385	Special or Extraordinary Items	-	-
386 / 389	Custodial Activities	2,805	477
381, 395, 398	Other Resources	-	-
Total Other Increases in Fund Resources:		2,805	477
<b>Other Decreases in Fund Resources</b>			
594-595	Capital Expenditures	224,992	506,477
591-593, 599	Debt Service	839,360	102,919
597	Transfers-Out	-	-
585	Special or Extraordinary Items	-	-
586 / 589	Custodial Activities	-	-
581	Other Uses	-	-
Total Other Decreases in Fund Resources:		1,064,352	609,396
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(466,066)</b>	<b>224,166</b>
		<b>(84,168)</b>	
<b>Ending Cash and Investments</b>			
5081000	Reserved	-	-
5088000	Unreserved	807,519	154,813
<b>Total Ending Cash and Investments</b>		<b>807,519</b>	<b>3,567,070</b>
		<b>154,813</b>	

The accompanying notes are an integral part of this statement.

**CITY OF PUYALLUP**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2016**

	Total for All Funds	611 Firemen's Pension
<b>Beginning Cash and Investments</b>	<b>1,049,132</b>	<b>1,049,132</b>
388 / 588     Prior Period Adjustments, Net	-	-
310 - 360     Revenues	58,770	58,770
380 - 390     Other Increases and Financing Sources	50,000	50,000
510 - 570     Expenditures	130,734	130,734
580 - 590     Other Decreases and Financing Uses	1,000,000	1,000,000
<b>Increase (Decrease) in Cash and Investments:</b>	<b>(1,021,964)</b>	<b>(1,021,964)</b>
<b>Ending Cash and Investments</b>	<b>27,168</b>	<b>27,168</b>

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

**CITY OF PUYALLUP**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2016**

**Note 1 - Summary of Significant Accounting Policies**

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

The City reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System (BARS)* Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

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

GOVERNMENTAL FUND TYPES:

General Fund

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

### Special Revenue Funds

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

### Debt Service Funds

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

### Capital Projects Funds

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

### PROPRIETARY FUND TYPES:

#### Enterprise Funds

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

#### Internal Service Funds

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

### FIDUCIARY FUND TYPES:

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

#### Private-Purpose Trust Funds

These funds report all trust arrangements under which principal and income benefit individuals, private organizations or other governments.

### B. Basis of Accounting and Measurement Focus

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

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

### C. Budgets

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



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

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

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

Fund	Original Adopted Budget	Budget Adjustments	Final Adopted Budget	Actual Expenditures	Variance
General Fund	\$ 46,165,422	\$ 4,335,097	\$ 50,500,519	\$ 42,710,939	\$ 7,789,580
Seizure and Forfeiture	212,345	-	212,345	117,242	95,103
Motel Tax	863,258	18,989	882,247	751,160	131,087
Trial Court Improvement	27,500	5,400	32,900	32,300	600
LIFT Grant	1,250,000	92,100	1,342,100	22,483	1,319,617
1st 1/4% Real Estate Excise Tax	579,873	-	579,873	579,873	-
2nd 1/4% Real Estate Excise Tax	579,873	-	579,873	579,873	-
2009 Revenue Bonds	18,339	-	18,339	18,239	100
2003 Trust Fund Loan	340,297	-	340,297	340,295	2
2003 LTGO Bonds	204,637	-	204,637	204,636	1
LID 96-1	106,623	-	106,623	106,123	500
2013 UTGO Bonds	777,356	-	777,356	776,356	1,000
2012 LTGO Bonds	992,325	-	992,325	991,325	1,000
2007/2013/2014 LTGO Bonds	1,598,077	-	1,598,077	1,597,077	1,000
2008/2015 LTGO Bonds	720,718	-	720,718	719,717	1,001
2015 Van Lierop Property	-	1,000,000	1,000,000	1,000,000	-
LID Guaranty	32,221	-	32,221	32,250	(29)
Parks Capital Improvement	2,597,040	1,912,691	4,509,731	1,490,736	3,018,995
Civic Center	400,417	1,800,000	2,200,417	1,401,013	799,404
Street	7,573,242	24,020,496	31,593,738	8,796,544	22,797,194
Sanitation	515,609	-	515,609	412,423	103,186
Water	7,937,587	3,329,080	11,266,667	6,575,827	4,690,840
Wastewater	11,922,615	15,976,140	27,898,755	15,782,755	12,116,000
Storm and Surface Water	6,626,410	21,335,542	27,961,952	6,689,896	21,272,056
Pioneer Park Pavilion	520,859	11,062	531,921	516,704	15,217
Equipment Rental	2,299,886	104,732	2,404,618	2,325,013	79,605
Insurance	1,835,620	-	1,835,620	1,675,050	160,570
Information Technology	7,116,537	1,198,855	8,315,392	6,153,861	2,161,531
Healthcare Insurance	7,407,348	-	7,407,348	6,638,450	768,898
Facility Maintenance	2,115,519	558,718	2,674,237	2,512,937	161,300
Firemen's Pension	141,000	1,000,000	1,141,000	1,130,734	10,266
	<u>\$ 113,478,553</u>	<u>\$ 76,698,902</u>	<u>\$ 190,177,455</u>	<u>\$ 112,681,831</u>	<u>\$ 77,495,624</u>

Budget adjustments are made periodically throughout the year when changes in fund appropriations are necessary. Transfers between departments within any one fund may be made by order of the City Manager. Any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City Council.

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

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

D. Cash and Investments

See Note 2, *Deposits and Investments*.

E. Capital Assets

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

F. Compensated Absences

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

G. Long-Term Debt

See Note 5, *Debt Service Requirements*.

H. Risk Management

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

Liability and Property

The City is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. WCIA has a total of 168 members.

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

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

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$300 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, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

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

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

#### Workers' Compensation

Beginning January 1, 2004, the City became a qualified self-insurer for workers' compensation as an alternative to the state workers' compensation program. The self-insurance program is funded by City operating funds based on established Labor and Industries rates per worked hour for employer contributions and employee deductions. An excess coverage policy is carried at a premium cost of \$50,140 for 2016. The costs of the self-insurance program for workers' compensation totaled \$412,485 in 2016. The City continues to participate in the state workers' compensation program for claims existing prior to January 1, 2004.

#### Unemployment

The City is self-insured through the State of Washington for unemployment claims. Claims are paid to the state on a quarterly basis and totaled \$34,449 for 2016.

Healthcare

The City is self-insured for employee healthcare benefits. The Healthcare Insurance Fund was established as an Internal Service Fund to pay medical, dental and vision healthcare claims, as well as to establish reserves for self-insurance. City operating funds contribute to the Healthcare Insurance Fund based on rates developed by an actuary. Claims exceeding \$150,000 per occurrence are covered by a stop loss policy.

I. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by the City Council. When expenditures that meet restrictions are incurred, the City intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments are as follows:

Fund	Reserved For					Total
	Debt Service	Special Revenue	Unspent Development Fees	Trusts		
General Fund	\$ -	\$ -	\$ 88,315	\$ 31,451	\$ -	\$ 119,766
Seizure and Forfeiture	-	566,194	-	-	-	566,194
Motel Tax	-	2,822,875	-	-	-	2,822,875
Trial Court Improvement	-	135	-	-	-	135
LIFT Grant	-	2,877,540	-	-	-	2,877,540
1st 1/4% Real Estate Excise Tax	-	486,940	-	-	-	486,940
2nd 1/4% Real Estate Excise Tax	-	491,767	-	-	-	491,767
2013 UTGO Bonds	77,612	-	-	-	-	77,612
Parks Capital Improvement	-	1,150,658	-	-	-	1,150,658
Street	-	-	119,229	-	-	119,229
Sanitation	133,903	-	-	-	-	133,903
Water	99,893	-	-	-	-	99,893
Wastewater	708,920	-	-	-	-	708,920
Storm and Surface Water	68,021	-	-	-	-	68,021
Equipment Rental	3,768	-	-	-	-	3,768
Facility Maintenance	-	-	-	-	-	-
Firemen's Pension Fund	-	-	-	27,168	-	27,168
	<u>\$ 1,092,117</u>	<u>\$ 8,396,109</u>	<u>\$ 207,544</u>	<u>\$ 58,619</u>	<u>\$ -</u>	<u>\$ 9,754,389</u>

**Note 2 - Deposits and Investments**

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

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the City or its agent in the government's name.

Investments are reported at original cost. Investments by type at December 31, 2016 are as follows:

	City Investments	Investments Held by the City as an Agent (Firemen's Pension)	Total
Cash	\$ 30,621,749	\$ 6	\$ 30,621,755
Cash Equivalents			
Local Government Investment Pool	17,592,046	27,162	17,619,208
Total Cash and Cash Equivalents	<u>\$ 48,213,795</u>	<u>\$ 27,168</u>	<u>\$ 48,240,963</u>
Investments	-	-	-
Total Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Cash and Investments	<u>\$ 48,213,795</u>	<u>\$ 27,168</u>	<u>\$ 48,240,963</u>

### **Note 3 - Property Tax**

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

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

The City's regular levy for the year 2016 was \$1.75 per \$1,000 on an assessed valuation of \$4,666,932,714 for a total regular levy of \$8,162,928. In 2016, the City also levied \$0.16 per \$1,000 for debt service on voter approved General Obligation Bonds for the Puyallup Public Library, for a total additional levy of \$740,000.

### **Note 4 - Interfund Loans**

The following table displays interfund loan activity during 2016:

Borrowing Fund	Lending Fund	Balance 1/1/2016	New Loans	Repayments	Balance 12/31/2016
Street Fund	Wastewater Fund	\$ 1,784,251	\$ -	\$ 1,784,251	\$ -
Civic Center Fund	Wastewater Fund	400,000	-	400,000	-
Parks Capital Improvement Fund	Firemen's Pension Fund	-	1,000,000	-	1,000,000
		<u>\$ 2,184,251</u>	<u>\$ 1,000,000</u>	<u>\$ 2,184,251</u>	<u>\$ 1,000,000</u>

## **Note 5 - Debt Service Requirements**

### **Debt Service**

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City and summarizes the City's debt transactions for year ended December 31, 2016.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 8,017,701	\$ 1,389,848	\$ 9,407,549
2018	6,506,480	1,133,639	7,640,119
2019	6,140,380	937,816	7,078,196
2020	4,417,686	796,357	5,214,043
2021	3,828,320	678,347	4,506,667
2022 - 2026	15,408,872	1,799,342	17,208,214
2027 - 2028	1,950,000	117,800	2,067,800
	<u>\$ 46,269,439</u>	<u>\$ 6,853,149</u>	<u>\$ 53,122,588</u>

### **Debt Refunding**

The City issued \$2,510,000 of Combined Utility Revenue Refunding Bonds to retire \$2,770,000 of existing 2009 Series A Combined Utility Revenue Bonds. This refunding was undertaken to reduce total debt service payments over the next 13 years by \$451,230. The financial statements reflect other financing sources of \$2,962,273 and other financing uses of \$3,128,944 pertaining to this transaction.

## **Note 6 - Pension Plans**

### **A. State Sponsored Pension Plans**

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

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

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

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

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

Also, the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

At June 30, 2016 (the measurement date of the plans), the City's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

Plan	Allocation %	Liability (Asset)
PERS 1	0.136501%	\$ 7,330,747
PERS 2/3	0.154051%	7,756,346
PSERS 2	0.232452%	98,787
LEOFF 1	0.081311%	(837,736)
LEOFF 2	0.197562%	(1,149,080)

LEOFF Plan 1

The City also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

LEOFF Plan 2

The City also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

B. Firemen's Pension Plan

The City also administers a closed, single-employer, defined benefit pension plan called the Firemen's Pension Plan. This system was established by the City under Chapters 41.16 and 41.18 RCW, and is shown as a pension trust fund in the financial reports of the City. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Membership is limited to firemen employed by the City prior to March 1, 1970, when the LEOFF retirement system was established. All benefits are financed from member contributions made prior to LEOFF, investment earnings, an allocation of 25% of all moneys received by the State from taxes on fire insurance premiums, and City contributions.

As of December 31, 2016, there were a total of twelve individuals covered by this system and drawing benefits, none of which are still employed by the City.

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

An actuarial valuation for the Firemen's Pension Fund was updated in 2016 by Milliman. The valuation projected future payouts beyond 2016 of \$3,977,000 in nominal dollars. The plan's assets included \$27,168 in cash and an interfund loan due to the Firemen's Pension Fund of \$1,000,000, for total plan assets of \$1,027,168. The total projected payouts less the plan assets results in a cash basis equivalent of net pension liability of \$2,949,832, as reported on the Schedule 09.

The funding plan for this obligation is adjusted as appropriate each year in the budget process. The latest funding plan update, as published in the 2017 Budget, explains that per City Council policy, the City contribution in the form of an operating transfer to the fund is increased each year until no further increase is necessary. The funding plan expects the maximum annual City contribution to be attained in 2019 at \$80,000 per year. Payouts are expected to decrease beginning in 2029, and the City contribution is reduced in 2043.

#### C. Postemployment Benefits Other Than Pensions

The City administers a single-employer, defined benefit healthcare plan, the LEOFF 1 Retiree Healthcare Plan. The plan provides lifetime healthcare benefits for eligible LEOFF 1 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 1 retirees. The LEOFF 1 Retiree Healthcare Plan does not issue a publicly available financial report.

The City contributes 100 percent of the cost of the LEOFF 1 Retiree Healthcare Plan. Plan members do not contribute to the plan. For fiscal year 2016, the City contributed \$490,905 to the plan. Plan costs are paid through the General Fund.

#### **Note 7 - Accounting Changes**

In 2016, the City transitioned from an accrual basis of accounting to a cash basis of accounting. To implement this change, the City recorded prior period adjustment increases of \$4,727,767 and decreases of \$5,212,312, for a total net adjustment of (\$484,545). Transactions having cash impacts in 2016, but originally reported in previous years, have generally been recorded as prior period adjustments, with a few exceptions. These exceptions consist of regular recurring tax and utility revenues, and debt service interest expenditures. These revenues and expenditures have been recorded as current year revenues and expenditures as cash was received or paid in 2016. This treatment is to ensure that the financial statements include a fair presentation of a full twelve months of regular operating revenues and expenditures.



**CITY OF PUYALLUP**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2016**

ID Number	Description	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
<b>General Obligation Debt/Liabilities</b>						
251.12	2013 Refunding UTGO Bonds	12/01/2019	2,980,000	-	730,000	2,250,000
251.11	2003 LTGO Bonds	03/01/2018	960,883	-	373,398	587,485
251.11	2007 LTGO Bonds	12/01/2018	3,420,000	-	1,315,000	2,105,000
251.11	2008 LTGO Bonds	07/01/2018	1,325,000	-	425,000	900,000
251.11	2012 Refunding LTGO Bonds	12/01/2024	7,770,000	-	765,000	7,005,000
251.11	2013 Refunding LTGO Bonds	12/01/2026	4,370,000	-	55,000	4,315,000
251.11	2014 Refunding LTGO Bonds	12/01/2026	9,270,000	-	110,000	9,160,000
251.11	2015 Refunding LTGO Bonds	07/01/2028	5,710,000	-	-	5,710,000
263.87	2003 Public Works Trust Fund Loan	06/01/2023	2,708,607	-	338,576	2,370,031
263.83	2014 Highway Infrastructure Account Loan	10/31/2022	112,624	142,723	-	255,347
263.96	2015 LOCAL Loan	12/01/2025	833,235	-	55,920	777,315
263.51	2014 Capital Lease	12/01/2017	771,302	-	380,495	390,807
263.61	2015 Van Lierop Property Note	01/01/2019	1,250,000	-	976,267	273,733
263.85	2016 Central Pierce Fire Property Note	09/30/2018	-	2,181,965	1,000,000	1,181,965
<b>Total General Obligation Debt/Liabilities:</b>			<b>41,481,651</b>	<b>2,324,688</b>	<b>6,524,656</b>	<b>37,281,683</b>
<b>Revenue and Other Debt/Liabilities</b>						
263.88	1997 Public Works Trust Fund Loan	06/01/2017	745,511	-	372,755	372,756
252.11	2004 Refunding Revenue Bonds	06/01/2016	790,000	-	790,000	-
252.11	2009 Refunding Revenue Bonds	11/01/2019	1,770,000	-	580,000	1,190,000
252.11	2009 Revenue Bonds	11/01/2019	3,725,000	-	2,995,000	730,000
252.11	2011 Revenue Bonds	11/01/2020	1,430,000	-	270,000	1,160,000
252.11	2013 Refunding Revenue Bonds	06/01/2020	3,995,000	-	970,000	3,025,000
252.11	2016 Refunding Revenue Bonds	11/01/2028	-	2,510,000	-	2,510,000
264.30	State Sponsored Pension Plan Liability		13,367,550	1,818,330	-	15,185,880
264.30	Firemen's Pension Plan Liability		1,504,830	1,445,002	-	2,949,832
259.12	Compensated Absences Liability		3,462,011	-	390,646	3,071,365
<b>Total Revenue and Other Debt/Liabilities:</b>			<b>30,789,902</b>	<b>5,773,332</b>	<b>6,368,401</b>	<b>30,194,833</b>
<b>Assessment Debt/Liabilities</b>						
253.11	1999 LID 96-1	12/01/2016	100,000	-	100,000	-
<b>Total Assessment Debt/Liabilities:</b>			<b>100,000</b>	<b>-</b>	<b>100,000</b>	<b>-</b>
<b>Total Liabilities:</b>			<b>72,371,553</b>	<b>8,098,020</b>	<b>12,993,057</b>	<b>67,476,516</b>

**CITY OF PUYALLUP**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2016**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed Through to Subrecipients	Note
				Pass-Through Awards	Direct Awards	Total		
Forest Service, Department Of Agriculture (via Washington State Dept of Natural Resources) <i>2016 Arbor Day Event</i>	Cooperative Forestry Assistance	10.664	N/A	500	-	500	-	
National Park Service, Department of the Interior (via Washington State Dept of Archaeology and Historic Preservation) <i>DAH/CLG Grant</i>	Historic Preservation Fund Grants-In-Aid	15.904	FY16-61016-008	10,000	-	10,000	-	3
Bureau of Justice Assistance, Department of Justice <i>Bulletproof Vest Program</i>	Bulletproof Vest Partnership Program	16.607	N/A	-	7,393	7,393	-	
Bureau of Justice Assistance, Department of Justice <i>Byrne Formula Grant Program - DEA</i>	Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	-	22,004	22,004	-	
Bureau of Justice Assistance, Department of Justice <i>Local Solicitation - Crisis Interventior. Team Training</i>	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0367	-	1,616	1,616	-	
Bureau of Justice Assistance, Department of Justice <i>Active Shooter Training</i>	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BS-0320	-	10,229	10,229	-	
Bureau Of Justice Assistance, Department Of Justice (via Washington State Dept of Commerce, Pierce County Sheriff's Dept) <i>Byrne Grant - TNET</i>	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F15 & F16- 31440-013/ SC-103477	13,235	-	13,235	-	
<b>Total CFDA 16.738:</b>				<b>13,235</b>	<b>33,849</b>	<b>47,084</b>	<b>-</b>	
<b>Highway Planning and Construction</b>								
Federal Highway Administration, Department Of Transportation (via Washington State Dept of Transportation) <i>SR 161/Meridian Safety Improvements</i>	Highway Planning and Construction	20.205	LA-7842	3,662	-	3,662	-	3
Federal Highway Administration, Department Of Transportation (via Washington State Dept of Transportation) <i>7th Ave SW &amp; Citywide Safety Improvements</i>	Highway Planning and Construction	20.205	LA-7902	22,508	-	22,508	-	3
Federal Highway Administration, Department Of Transportation (via Washington State Dept of Transportation) <i>Milwaukee Bridge Replacement</i>	Highway Planning and Construction	20.205	LA-8110	708,549	-	708,549	-	
Federal Highway Administration, Department Of Transportation (via Washington State Dept of Transportation) <i>Citywide Flashing Yellow Arrows</i>	Highway Planning and Construction	20.205	LA-8628	454,660	-	454,660	-	
Federal Highway Administration, Department Of Transportation (via Washington State Dept of Transportation) <i>9th St SW/River Road Safety Improvements</i>	Highway Planning and Construction	20.205	LA-8730	104,882	-	104,882	-	3
<b>Total Highway Planning and Construction:</b>				<b>1,294,261</b>	<b>-</b>	<b>1,294,261</b>	<b>-</b>	
<b>Highway Safety</b>								
National Highway Traffic Safety Administration, Department Of Transportation (via Washington Association of Sheriffs & Police Chiefs) <i>Traffic Safety Equipment</i>	State and Community Highway Safety	20.600	N/A	3,757	-	3,757	-	

The accompanying notes are an integral part of this statement.

**CITY OF PUYALLUP**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2016**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed Through to Subrecipients	Note
				Pass-Through Awards	Direct Awards	Total		
National Highway Traffic Safety Administration, Department Of Transportation (via Washington Traffic Safety Commission) <i>Distracted or Impaired Driving</i>	State and Community Highway Safety	20.600	N/A	1,358	-	1,358	-	
National Highway Traffic Safety Administration, Department Of Transportation (via Washington Traffic Safety Commission) <i>DUI Patrol Emphasis</i>	State and Community Highway Safety	20.600	N/A	13,362	-	13,362	-	
National Highway Traffic Safety Administration, Department Of Transportation (via Washington Traffic Safety Commission) <i>Seatbelt Emphasis</i>	State and Community Highway Safety	20.600	N/A	1,447	-	1,447	-	
National Highway Traffic Safety Administration, Department Of Transportation (via Washington Traffic Safety Commission) <i>Motorcycle Safety</i>	State and Community Highway Safety	20.600	N/A	4,222	-	4,222	-	
<b>Total CFDA 20.600:</b>				<b>24,146</b>	<b>-</b>	<b>24,146</b>	<b>-</b>	
National Highway Traffic Safety Administration, Department Of Transportation (via Washington Traffic Safety Commission) <i>Target Zero Teams</i>	National Priority Safety Programs	20.616	N/A	4,725	-	4,725	-	
National Highway Traffic Safety Administration, Department Of Transportation (via Washington Traffic Safety Commission, City of Sumner) <i>Party Intervention Patrol</i>	National Priority Safety Programs	20.616	M6X17-10	3,295	-	3,295	-	
<b>Total CFDA 20.616:</b>				<b>8,020</b>	<b>-</b>	<b>8,020</b>	<b>-</b>	
<b>Total Highway Safety:</b>				<b>32,166</b>	<b>-</b>	<b>32,166</b>	<b>-</b>	
Office of Water, Environmental Protection Agency (via Washington State Dept of Ecology) <i>Local Source Control Grant</i>	National Estuary Program	66.456	C1600109	85,657	-	85,657	-	
Federal Emergency Management Agency, Department of Homeland Security (via Washington State Military Dept, Emergency Management Division) <i>EMPG Grant</i>	Emergency Management Performance Grants	97.042	E16-155	33,965	-	33,965	-	
<b>Total Federal Awards Expended:</b>				<b>1,469,784</b>	<b>41,242</b>	<b>1,511,026</b>	<b>-</b>	

The accompanying notes are an integral part of this statement.

**CITY OF PUYALLUP**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2016**

Note 1 - Basis of Accounting

This schedule is prepared on the same basis of accounting as the City's financial statements. The City reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System (BARS)* Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

Note 2 - Program Costs

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

Note 3 - Prior Period Expenditures

A portion of the amount reported referencing this note was expended in prior years, but was not reported on the Schedules of Expenditures of Federal Awards for prior years. To ensure continuity and completeness of the schedule, it is included in the 2016 Schedule of Expenditures of Federal Awards.

Note 4 - Indirect Cost Rate

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

## CITY OF PUYALLUP Supplemental Information

### Population Trends

The following table lists the population for the City and the annual percentage change since 2012.

Year	Population	Change
2016	39,850	+ 2.3%
2015	38,950	+ 0.7%
2014	38,670	+ 1.8%
2013	37,980	+ 1.0%
2012	37,620	+ 1.0%

Source: State of Washington Office of Financial Management

### Assessed Value Trends

The following table lists the assessed value of property in the City and the annual percentage change since 2012.

Year	Assessed Value	Change
2016	\$ 4,666,932,714	+ 4.4%
2015	4,469,432,936	+ 5.8%
2014	4,223,888,029	+ 4.9%
2013	4,025,725,508	- 5.5%
2012	4,260,349,406	- 5.2%

Source: Pierce County Assessor-Treasurer's Office

**Assessed Value of Property by Type**

The following table presents the assessed value of property by type in the City since 2012.

<u>Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>
2016	\$ 2,523,051,293	\$ 2,584,696,570	\$ 342,656,310	\$ (783,471,459)	\$ 4,666,932,714
2015	2,334,625,088	2,581,188,496	333,324,575	(779,705,223)	4,469,432,936
2014	2,053,669,169	2,601,677,467	330,583,775	(762,042,382)	4,223,888,029
2013	1,959,030,010	2,485,704,259	301,269,432	(720,278,193)	4,025,725,508
2012	2,231,564,284	2,513,194,040	306,021,652	(790,430,570)	4,260,349,406

Source: Pierce County Assessor-Treasurer's Office

**Top Property Tax Payers**

The following table lists the top property tax payers in the City by 2016 taxable assessed value.

<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>
Cafaro Northwest Partnership	\$ 98,812,500	2.12%
BCC Puyallup LLC	85,792,500	1.84%
Western Washington Fair Association	83,686,300	1.79%
FM (Fred Meyer) Retail Services Inc	60,637,500	1.30%
Meridian Pointe Apartments LLC	47,717,000	1.02%
IAC Port 167 LLC	37,380,300	0.80%
Riverside Park Apartments LLC	34,520,600	0.74%
IAC VABP LLC	31,526,400	0.68%
Meridian Place LLC	30,968,400	0.66%
Linden Lane Apartment Homes LLC	29,265,700	0.63%
Multicare Health System	26,294,037	0.56%
Puget Sound Energy	25,961,320	0.56%
O'Reilly Auto Enterprises LLC	24,545,600	0.53%
River Trail Apartment Associates LLC	23,989,300	0.51%
Addison Greens Apartment Associates LLC	23,989,300	0.51%
Total Top Taxpayers	\$ 665,086,757	14.25%
Total Taxable Assessed Value	\$ 4,666,932,714	

Source: Pierce County Assessor-Treasurer's Office

**Property Tax Rates**

The following table lists the direct property tax rates for the City since 2012.

Year	Property Tax Rates (per \$1,000 of Assessed Value)		
	Regular Levy	Bonds Levy	Total
2016	\$1.75	\$0.16	\$1.91
2015	1.78	0.17	1.95
2014	1.81	0.19	2.00
2013	1.86	0.20	2.06
2012	1.70	0.19	1.89

Source: Pierce County Assessor-Treasurer's Office

**Property Tax Collections**

The following table presents property taxes collected for the City since 2012.

Year	Taxes Levied	Taxes Collected in Year of Levy		Total Taxes Collected	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2016	\$ 8,902,928	\$ 8,823,228	99.10%	\$ 8,823,228	99.10%
2015	8,718,470	8,669,038	99.43%	8,696,912	99.75%
2014	8,422,263	8,250,682	97.96%	8,411,575	99.87%
2013	8,291,314	8,247,511	99.47%	8,289,013	99.97%
2012	8,062,753	7,918,246	98.21%	8,060,793	99.98%

Source: Pierce County Assessor-Treasurer's Office

### Taxable Retail Sales Trends

The following table lists taxable retail sales in the City and the annual percentage change since 2012.

<u>Year</u>	<u>Taxable Retail Sales</u>	<u>Change</u>
2016	\$ 2,271,084,033	+ 6.9%
2015	2,124,412,969	+ 10.7%
2014	1,918,459,248	+ 9.5%
2013	1,752,003,098	+ 6.9%
2012	1,639,152,076	+ 6.2%

Source: Washington State Department of Revenue

### Utility Customers

The following table lists the number of customers by utility since 2012.

<u>Year</u>	<u>Utility Customers</u>			
	<u>Sanitation</u>	<u>Water</u>	<u>Wastewater</u>	<u>Storm and Surface Water</u>
2016	11,551	10,877	11,085	11,233
2015	11,315	10,750	10,839	11,089
2014	11,169	10,601	10,678	10,945
2013	11,054	10,547	10,553	10,835
2012	10,887	10,513	10,425	10,665

Source: City of Puyallup Utility Billing Department



**Revenue Bond Debt Service Coverage**

The following schedule presents revenue bond debt service coverage for the City.

	<u>Unaudited 2016</u>
Revenues	
Sanitation Fund	\$ 433,476
Water Fund	6,222,960
Wastewater Fund	11,234,796
Storm and Surface Water Fund	<u>5,520,469</u>
Total Revenues	<u>23,411,701</u>
Expenditures	
Sanitation Fund	85,554
Water Fund	4,357,148
Wastewater Fund	6,693,476
Storm and Surface Water Fund	<u>4,029,109</u>
Total Expenditures	<u>15,165,287</u>
Excess Revenues over Expenditures	8,246,414
Less: Capital Grant Revenues	<u>(431,129)</u>
Total Available for Revenue Bond Debt Service	<u>\$ 7,815,285</u>
Revenue Bond Debt Service	\$ 3,163,305
Revenue Bond Debt Service Coverage	2.47
Source: City of Puyallup Finance Department	

## Outstanding Revenue Debt

The following table lists the City's outstanding revenue debt as of December 31, 2016.

<u>Description</u>	<u>Maturity Date</u>	<u>Authorizing Ordinance</u>	<u>Original Principal Amount</u>	<u>Outstanding Principal Amount</u>
<u>Revenue Bonds</u>				
2009 Revenue Bonds (Series A)	11/01/2019	2935	\$ 5,030,000	\$ 730,000
2009 Refunding Revenue Bonds (Series B)	11/01/2019	2935	6,010,000	1,190,000
2011 Revenue Bonds	11/01/2020	2973	2,595,000	1,160,000
2013 Refunding Revenue Bonds	06/01/2020	3027	5,075,000	3,025,000
2016 Refunding Revenue Bonds	11/01/2028	3114	<u>2,510,000</u>	<u>2,510,000</u>
Total Revenue Bonds			<u>21,220,000</u>	<u>8,615,000</u>
<u>Other Revenue Debt</u>				
1997 Public Works Trust Fund Loan	06/01/2017		<u>7,000,000</u>	<u>372,756</u>
Total Other Revenue Debt			<u>7,000,000</u>	<u>372,756</u>
Total Revenue Debt			<u>\$ 28,220,000</u>	<u>\$ 8,987,756</u>

Source: City of Puyallup Finance Department

## Legal Debt Margin

The following schedule presents the City's legal debt limit and debt margin since 2012.

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Assessed Property Value	\$ 4,260,349,406	\$ 4,025,725,508	\$ 4,223,888,029	\$ 4,469,432,936	\$ 4,666,932,714
<u>General Purpose Council Approved</u>					
Debt Limit (1.5% of Assessed Value)	\$ 63,905,241	\$ 60,385,883	\$ 63,358,320	\$ 67,041,494	\$ 70,003,991
Total Net Debt Applicable to the Limit	<u>43,708,766</u>	<u>41,355,263</u>	<u>39,899,285</u>	<u>38,501,651</u>	<u>35,031,683</u>
Legal Debt Margin	<u>\$ 20,196,475</u>	<u>\$ 19,030,620</u>	<u>\$ 23,459,035</u>	<u>\$ 28,539,843</u>	<u>\$ 34,972,308</u>
Total Net Debt Applicable to the Limit (as a Percentage of Debt Limit)	68.40%	68.48%	62.97%	57.43%	50.04%
<u>General Purpose Voter Approved</u>					
Debt Limit (1.0% of Assessed Value)	\$ 42,603,494	\$ 40,257,255	\$ 42,238,880	\$ 44,694,329	\$ 46,669,327
Total Net Debt Applicable to the Limit	<u>4,667,332</u>	<u>4,284,821</u>	<u>3,591,540</u>	<u>2,980,000</u>	<u>2,250,000</u>
Legal Debt Margin	<u>\$ 37,936,162</u>	<u>\$ 35,972,434</u>	<u>\$ 38,647,340</u>	<u>\$ 41,714,329</u>	<u>\$ 44,419,327</u>
Total Net Debt Applicable to the Limit (as a Percentage of Debt Limit)	10.96%	10.64%	8.50%	6.67%	4.82%
<u>Parks and Open Space Voter Approved</u>					
Debt Limit (2.5% of Assessed Value)	\$ 106,508,735	\$ 100,643,138	\$ 105,597,201	\$ 111,735,823	\$ 116,673,318
Total Net Debt Applicable to the Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 106,508,735</u>	<u>\$ 100,643,138</u>	<u>\$ 105,597,201</u>	<u>\$ 111,735,823</u>	<u>\$ 116,673,318</u>
Total Net Debt Applicable to the Limit (as a Percentage of Debt Limit)	0.00%	0.00%	0.00%	0.00%	0.00%
<u>Utility Purposes Voter Approved</u>					
Debt Limit (2.5% of Assessed Value)	\$ 106,508,735	\$ 100,643,138	\$ 105,597,201	\$ 111,735,823	\$ 116,673,318
Total Net Debt Applicable to the Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 106,508,735</u>	<u>\$ 100,643,138</u>	<u>\$ 105,597,201</u>	<u>\$ 111,735,823</u>	<u>\$ 116,673,318</u>
Total Net Debt Applicable to the Limit (as a Percentage of Debt Limit)	0.00%	0.00%	0.00%	0.00%	0.00%
Source: City of Puyallup Finance Department					