



**TO:** Elizabeth Pauli, City Manager  
**FROM:** Kristy Magyar, Accounting Services Division Manager, Finance Department  
Andy Cherullo, Finance Director  
**COPY:** City Council and City Clerk  
**SUBJECT:** Request for Ordinance to Amend Title 1.06.340 Inventory of City Property  
**DATE:** February 16, 2021

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**SUMMARY AND PURPOSE:**

An ordinance amending Tacoma Municipal Code (TMC) 1.06.340 - Inventory of City Property - to update the required frequency of physical inventory from annually to bi-annually. This is in alignment with the Washington State Auditor’s Office (SAO) recommendations, industry best practice and will align with current practices throughout the City of Tacoma with TMC.

**BACKGROUND:**

**The Finance Department Recommendation is Based on:**

Tacoma Municipal Code (TMC) 1.06.340 states the following:

*The heads of departments in each and every department of the City government shall cause an inventory to be taken of all property, with the value thereof, belonging to the City in or under the control of said departments respectively, on the first day of each year, and shall submit to the City Council an annual report showing a list of all such property on hand, together with the value thereof, with notations of condition, and explaining any loss of property and the reason therefor, and shall keep a record showing where the various articles of property are and to what use they and each of them are being put.*

This inventory requirement hasn’t been updated since 1899 when it was first implemented. Currently, common practice throughout the City is to perform inventory, typically, on a biannual basis. The every two year inventory is a best practice as identified by:

- the Washington State Auditor’s Office (SAO)
- Federal regulations (Code of Federal Regulations (2 CFR 200.313))
- Washington State Office of Financial Management (OFM)
- RCW 36.32.210, which is specific to Washington counties, but offers another example of the every other year inventory best practice.

**Issue:**

Staff is recommending changing TMC to align with best practices as recommended by these institutions. A part of most standard audits performed by the SAO is for them to compare practice to written law, polices, and procedures. In this case, the City could be found to be out of compliance with it’s own policies and face potential findings.

**COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:**

City staff conducted research to identify best practices and federal requirements pertaining to timing of physical inventory of property.



**2025 STRATEGIC PRIORITIES:**

**Equity and Accessibility:**

There is a low opportunity to reduce racial and other inequities, disparities, or discrimination to under-represented communities with this proposed legislation. This is a technical fix to reduce the City’s exposure to potential audit findings and align TMC with best practice. By avoiding audit findings, staff can focus their efforts on having positive impacts on equity, equality, diversity or inclusion, as opposed to addressing audit findings.

**Economy/Workforce:** *Equity Index Score:* Select Index Score.

Increase positive public perception related to the Tacoma economy.

**Explain how your legislation will affect the selected indicator(s).**

Avoiding audit findings can have positive impacts on the public’s perception of the City and its stewardship of public resources.

**ALTERNATIVES:**

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1.No change	In alignment with TMC and auditing requirements.	Increased staff time in annual inventory as well as increased staff time to monitor, enforce, update & socialize all policy and procedure changes.
2.		
3.		

**EVALUATION AND FOLLOW UP:**

Citywide socialization of the updated TMC. Follow up will include a schedule of inventory years and monitoring to ensure adherence to that schedule.

**STAFF/SPONSOR RECOMMENDATION:**

It is recommended to do bi-annual inventory in even numbered years.

**FISCAL IMPACT:**

There is no fiscal impact

**ATTACHMENTS:**

None