



City of University Place, Washington

Annual Comprehensive Financial Report

For the fiscal year ended December 31, 2021

2021 ACFR



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CITY OF UNIVERSITY PLACE, WASHINGTON
**ANNUAL COMPREHENSIVE FINANCIAL
REPORT**



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

PREPARED BY THE FINANCE DEPARTMENT

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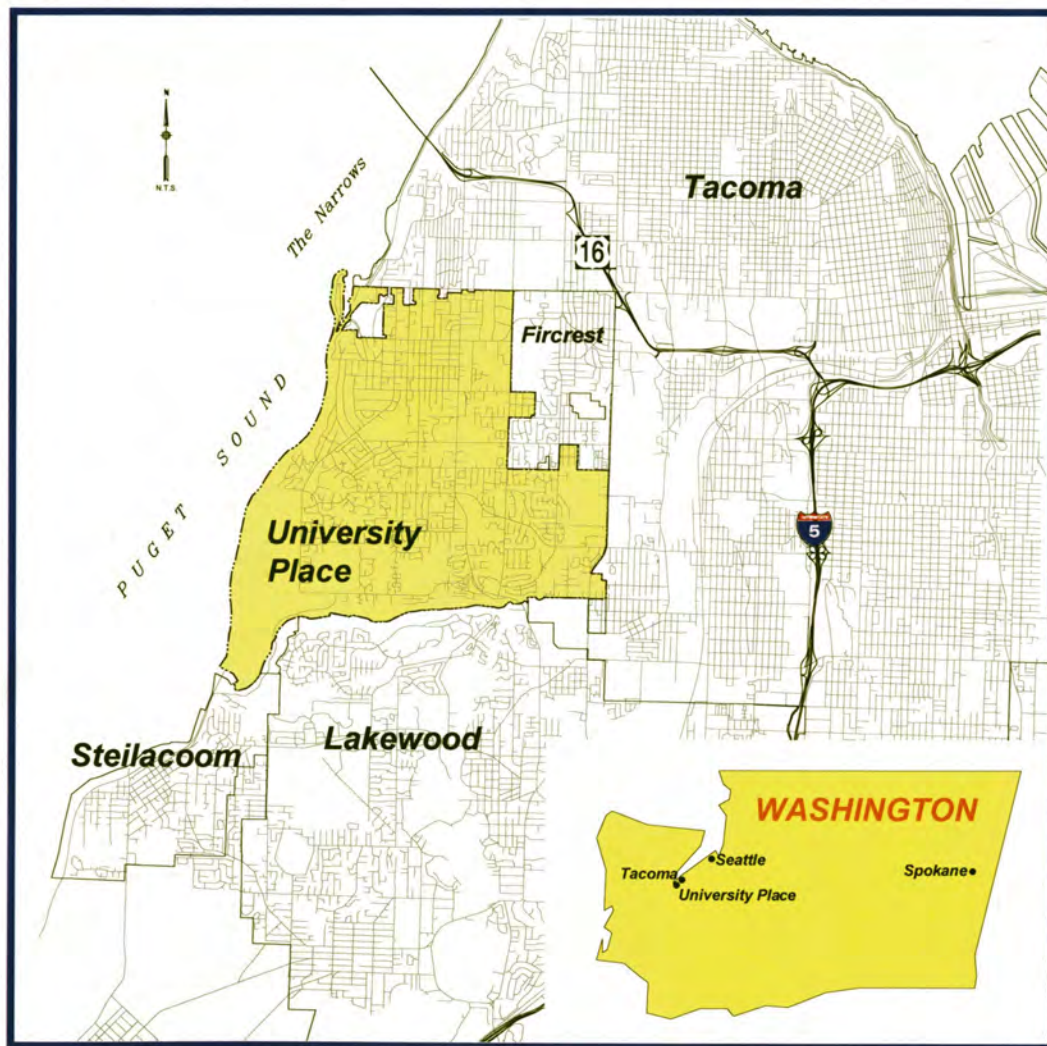
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The City of University Place

Incorporated in 1995, University Place ranks 37th in population in the State of Washington with a population of approximately 35,100. University Place encompasses an area of 8.4 square miles and is a mostly suburban residential city located on the picturesque Puget Sound just south of Tacoma. In addition to its proximity to Tacoma, University Place offers easy accessibility to Seattle, Olympia, and the Puget Sound peninsulas. University Place is easily accessible by Interstate 5 or Highway 16.

The City has a Council/Manager form of government. The City Council consists of seven council members, each of whom is elected at-large. The Council elects the Mayor from its members. The City Manager serves as the chief executive officer and is responsible for daily administration of personnel, policies and programs. The City Manager is appointed by, reports directly to, and serves at the pleasure of the Council.

City of University Place, WA

TABLE OF CONTENTS

I. INTRODUCTORY SECTION

Letter of Transmittal.....	11
Certificate of Achievement.....	18
Elected Officials and Executive Staff.....	19
City Organizational Chart.....	20

II. FINANCIAL SECTION

Independent Auditor's Report.....	25
-----------------------------------	----

A. MANAGEMENT DISCUSSION AND ANALYSIS (required supplementary information).....29 - 37

B. BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position.....	38
Statement of Activities.....	39

Fund Statements

Governmental Fund Financial Statements

Balance Sheet.....	40
Reconciliation of the Governmental Fund Balances to Net Position of Governmental Activities.....	41
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	42
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	43

Proprietary Fund Financial Statements

Statement of Net Position - Proprietary Funds.....	44
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds.....	45
Statement of Cash Flows.....	46

Notes to the Financial Statements.....	47 - 76
--	---------

C. REQUIRED SUPPLEMENTAL INFORMATION OTHER THAN MD&A

Budgetary Comparison Schedule - General Fund.....	77
Schedule of Proportionate Share of the Net Pension Liability Public Employee's Retirement System Plan 1.....	78
Schedule of Proportionate Share of the Net Pension Liability Public Employee's Retirement System Plans 2 and 3.....	79
Schedule of Employer Contributions Public Employee's Retirement System Plan 1.....	80
Schedule of Employer Contributions Public Employee's Retirement System Plans 2 and 3.....	81

Notes to the Required Supplementary Information.....	82
--	----

D. COMBINING & INDIVIDUAL FUND STATEMENTS & SCHEDULES

Non-Major Funds - Other Governmental Funds

Combining Balance Sheet - Nonmajor Governmental Funds.....	84
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Funds.....	85
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	87
Combining Balance Sheet - Nonmajor Capital Projects Fund.....	88
Combining Statement of Revenues, Expenditures, and Changes in Fund	

City of University Place, WA

Balances - Nonmajor Capital Projects Fund.....	89
--	----

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Street Fund.....	92
Donations Fund.....	93
Parks Capital Improvement Fund.....	94
Municipal Facilities Capital Improvement Fund.....	95
Public Works Capital Improvement Fund.....	96
Debt Service Fund.....	97
Parks and Recreation Fund.....	98
Police and Public Safety Fund.....	99
Strategic Reserve Fund.....	100
Arterial Street Fund.....	101
Real Estate Excise Tax Fund.....	102
Traffic Impact Fee Fund.....	103

Internal Service Funds

Combining Statement of Net Position.....	105
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position.....	106
Combining Statement of Cash Flows.....	107

E. SUPPLEMENTAL INFORMATION

Schedules

Schedule of Expenditures of Federal Awards.....	109
Schedule of State and Local Financial Assistance.....	110

III. STATISTICAL SECTION

Table 1 - Net Position by Component, Last Ten Fiscal Years.....	115
Table 2 - Changes in Net Position, Last Ten Fiscal Years.....	116
Table 3 - Program Revenues by Function/Program.....	118
Table 4 - Fund Balances, Governmental Funds.....	119
Table 5 - Changes in Fund Balances, Governmental Funds.....	120
Table 6 - Tax Revenue by Source, Last Ten Years.....	121
Table 7 - Assessed and Estimated Actual Value of Taxable Property - Current Year.....	122
Table 8 - Property Tax Levies - Direct and Overlapping Governments.....	123
Table 9 - Principal Taxpayers, Current and Nine Years Ago.....	124
Table 10 - Property Tax Levies and Collections.....	125
Table 11 - Taxable Sales by Category.....	126
Table 12 - Direct and Overlapping Sales Tax Rates.....	127
Table 13 - Sales Tax Payers, Current and Nine Years Ago.....	128
Table 14 - Ratios of Outstanding Debt by Type.....	129
Table 15 - Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita.....	130
Table 16 - Computation of Direct and Overlapping Debt.....	131
Table 17 - Computation of Limitation of Indebtedness.....	132
Table 18 - Compilation of General Obligation Debt Capacity, Last Ten Years.....	133
Table 19 - Demographic Statistics.....	134
Table 20 - Principal Employers, Current and Nine Years Ago.....	135
Table 21 - Full Time Equivalent Employees by Function, Last Ten Years.....	136
Table 22 - Operating Indicators by Function/Program, Last Ten Years.....	137
Table 23 - Capital Asset Statistics by Function/program, Last Ten Years.....	138

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INTRODUCTORY SECTION

Letter of Transmittal
GFOA Certificate of Achievement
List of Elected and Appointed Officials
2021 Organizational Chart



June 27, 2022

Mayor Worthington,
The University Place City Council, and
Residents of University Place, Washington:

This letter transmits the Annual Comprehensive Financial Report of the City of University Place for the fiscal year ended December 31, 2021. This report is published annually as the official annual financial report and complies with State law (RCW 43.09.230) requiring annual reports for Washington municipal governments to be certified and filed with the State Auditor's Office in a timely fashion.

The management of the city is responsible for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures. We believe the enclosed data is accurate in all material respects and is reported in a manner designed to accurately present the financial position and results of operations of the various funds of the City of University Place. The report includes all disclosures necessary to enable readers to understand the City's financial activities.

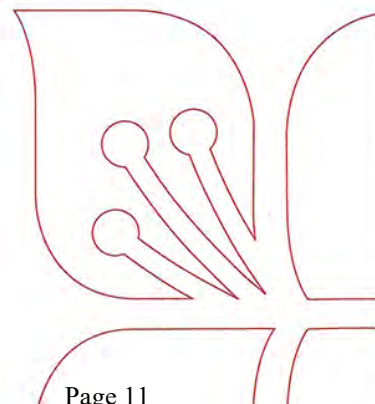
This report has been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by all Governmental Accounting Standards Board (GASB) pronouncements.

This report includes all funds of the City in conformance with Governmental Accounting and Financial Reporting Standards. It includes all funds, agencies, and boards controlled by or dependent on the City of University Place. To aid the reader, the major sections of this report are segregated by divider pages, which provide introductions to the sections.

Generally Accepted Accounting Principles (GAAP) requires management to provide a narrative introduction, overview, and analysis within a Management's Discussion & Analysis (MD&A) to accompany the basic financial statements. This letter of transmittal is designed to complement, and be read in conjunction with, the MD&A. The City of University Place's MD&A can be found immediately following the independent auditor's report.

REPORTING ENTITY

The City of University Place is located on the picturesque Puget Sound halfway between the state capitol of Olympia and the state's largest city, Seattle. Boasting beautiful scenic views of the Olympic Mountains, Mount Rainier, and the Puget Sound, University Place is easily accessible via Interstate 5 or Highway 16. Encompassing 8.4 square miles, the City is a lovely community in which its 35,100 residents can live, work, and play.



The City of University Place incorporated on August 31, 1995. The City is a non-charter Optional Code City with a Council-Manager form of government. The City Council consists of seven Councilmembers, each of whom is elected at-large. The Council elects the Mayor from its members. The City Manager serves as the chief executive officer and is responsible for daily administration of personnel, policies, and programs. The City Manager is appointed by, reports directly to, and serves at the pleasure of the Council.

At the direction of Council, the City maintains a relatively small staff (currently 55 full time equivalents) for a city its size and contracts with public and private entities for many services. City services provided include police protection, jail services, municipal court, animal control, construction and maintenance of streets, surface water management, building inspection, planning and zoning, park maintenance, and general administration.

The City Manager coordinates the work of the City staff utilizing a flat and flexible organizational structure. Maintaining a flat organization allows staff to work interdepartmentally as needed, while continuing to focus on performing quality work in their primary departments. The City departments include: Finance, Public Safety, Development Services, Engineering, Parks & Public Works, Administrative Services and the City Manager's Department. The City Manager's Department includes the City Manager's Office and the Assistant City Manager's Office. The City Attorney's Office and Administrative Services departments are separate from other departments, and report to the City Manager. See the included Organizational Chart for more details.

The City contracts with Pierce County for law enforcement, court, animal control and jail services. West Pierce Fire and Rescue provides fire protection and emergency medical services. Tacoma Public Utilities delivers water and electric services. Pierce County Public Works and Utilities provides sewer services. Pierce Transit offers public transportation services. The Pierce County Library District makes library and reference services available to residents. The University Place School District (UPSD) No. 83 and the Tacoma School District provide educational programs for kindergarten through high school students.

ECONOMIC CONDITIONS AND OUTLOOK

Nation and Region

In 2021 the Pierce County Economic Index logged 12 consecutive years of growth, enabled by three economic stimulus packages. This is an estimated 2.8 percent gain in the annual index and a modest .5 percent gain from 2020Q4 to 2021Q4. Real Gross Domestic Product increased 5.7 percent in 2021 in contrast to a decrease of 3.4 percent in 2020.

The Bureau of Labor Statistics reported that from December 2020 to December 2021, consumer prices for all items rose 7.0 percent, the largest December to December percent change since 1981. This is up from a 1.4 percent increase in 2020 and 2.3 in 2019.

Prior to the pandemic, Pierce County's Housing Activity Index stood at 105.9 but rose through 2021 to 116.5 at the end of the fourth quarter. This easily beat the 2020 end-of-year forecast by almost 10 points. New listings increased 10.7 percent, with closed sales increasing by 12 percent.

Lack of new listings continues to be a bottleneck to higher housing activity. There were 1.1 months of residential inventory in February 2020. By February 2021, this had fallen to 0.54 months of inventory, which was approximately the average for the remainder of 2021.

During 2021 the National Unemployment Rate was 5.3 percent according to the Bureau of Labor Statistics. Pierce County unemployment dropped from 15 percent in April 2020 to 3.83 percent at the end of 2021.

Local

The City substantially reduced staff and expenditures in 2009 to address the revenue reductions experienced during the recession. The City maintained the reduced service levels through 2020. During 2021 the City added additional staffing to address upcoming staff retirements. The overlap allowed us to adequately train new staff prior to the departure of retiring staff.

In 2021 the number of licensed businesses in the City totaled 2,004 which is an increase from the 2020 total of 1,738. This total includes home occupancy businesses.

University Place issued 11 new single-family residential permits, one duplex permit, a 54-unit apartment building and a 50-unit apartment building in 2021, compared to 20 single-family residential permits and no duplex permits in 2020.

Local sales tax collected in 2021 totaled \$3.9M which is an increase of 13.06% from 2020. Taxes from retail trade increased by 10.87%. Higher personal income boosted consumer demand and some spending that would have occurred in 2020 was likely shifted to 2021. Total real taxable retail sales are forecast to rise 1.8% in 2022.

The City continued to provide tax incentives in the form of tax abatements to developers/owners of new construction or rehabilitation of multifamily housing located in designated areas within the City. Tax relief applies to the value of the improvements, excluding land and nonresidential improvements. This program is designed to encourage increased residential opportunities for local governments that plan under the State's Growth Management Act.

The 2021 total assessed value of property in University Place for 2022 tax collections was \$5,945,578,967, which is approximately 15.06% higher than the 2020 assessed valuation of \$5,167,407,710.

To ensure that the City has resources sufficient to meet all of its financial and legal obligations the City maintains a ten-year financial forecast, which it updates annually. The forecast includes facts and assumptions to enable an accurate forecast of the financial future of the city to ensure whether adequate resources will be available to maintain current and projected city service levels with a focus on the impact of current economic conditions and, if not, develop strategies to address them. The forecast serves as a tool to examine financial trends and to help identify opportunities as new and existing services or programs are evaluated.

SIGNIFICANT EVENTS AND ACCOMPLISHMENTS

For many reasons, 2021 was a remarkable year. Clearly, the COVID-19 pandemic has dominated the headlines and created economic and social challenges for everyone, including for the City, our residents and our businesses. But, from this challenge, we think we all have seen how resilient and creative we are. We have learned new skills and improved upon our government in ways that we would not have explored in the pre-pandemic environment.

We radically altered the way we communicate, the way we operate and the way we interact with the public and with each other. We successfully created hybrid Council meetings, allowing our residents to safely attend our meetings in person or in the comfort of their homes. We also continue to work with Pierce County TV to ensure live streaming of our meetings to both YouTube and the City's cable TV network (UPTV).

We have brought new technologies to our permitting and licensing programs, creating more efficient processes for our residents, our businesses, and our staff. We have updated our website to create a more stable online environment that incorporates the latest developments and trends. Notable new enhancements include:

- An Agenda Center (packets, agendas/minutes & links to video all in one place).
- A homepage slideshow (showcasing our great photos, linkable to more information).
- Added ADA accessibility (increasing transparency for all website visitors and getting us up to industry standards).
- A social media presence throughout all of the pages (connecting our community to all of our media channels from wherever they land).

We believe our efforts have created a more open government, and that these changes are here to stay.

City Finances

The COVID-19 pandemic continued its impacts, and the continued economic shock has affected all of us on a personal and professional basis. With the close of the year, the City's overall financial condition was resilient. The City's General Fund revenues increased from 2020, resulting in a budget surplus. The surplus is partly due to budget cuts made to offset COVID-19 impacts to revenues, and partly due to growth in sales tax revenue received due to sales tax generated from online orders during the pandemic as well as large construction projects. We project that, barring any substantial unexpected events, the City will continue its strong financial position.

Development

In the fall of 2021, construction was completed on a 6 story, 80-unit apartment building located in the Mixed-Use Urban zone. The project is valued at 20 million dollars. Located at 4201 Bridgeport a 104-unit apartment project started construction in the summer of 2021. The project will consist of two buildings one five story and one four story. The project is valued at 25 million dollars.

Economic Development

It's the combination of a well-managed city and the close-knit, engaged community that also has made University Place a desirable place to do business. Remarkably, since 2019, total business licenses in the City have increased by 35%, including a 23% increase in brick-and-mortar businesses and a 48% increase in home-based businesses. We have made it a priority to attract new businesses and create a stable, healthy, friendly environment to help businesses survive and thrive.

OUTLOOK FOR THE FUTURE

Due to the impacts that the COVID-19 pandemic had on staff workloads and ability to meet in person the City Council did not adopt new goals for the 2021/2022 Biennium and elected to carryforward the uncompleted Goals and Priorities originally adopted for the 2019/2020 Biennium:

1. Utilize a targeted business retention/recruitment strategy, complete a Strength, Weakness, Opportunities and Threats (SWOT) analysis priorities:
 - Business that can thrive with UP's geographic, social and quality of life assets.
 - Select business types that have the optimum ratio between tax revenue and the cost to provide local government services to that business type.
 - Use the UP-Business SWOT Analysis to prioritize business types in certain zoning districts in the overlay district and other zoning actions.

- Consider optimum tax to cost of service impacts in the SEPA process when applicable so that certain high return business construction impacts are balanced with their long-term positive net cost for government services.
 - Further develop strategies to market “Opportunity Properties.” Pay particular attention to attracting mid-sized employers looking to be near the boom in King County.
2. Implement an electronic citizens/public communications strategy.
 - Virtual communication and social media.
 - Complete and implement e-communication to the public.
 - Complete/enhance what we have, create new e-platforms.
 - Develop a comprehensive communication strategy and implement by end of year.
 3. Hold citywide 25-year celebration that will highlight accomplishments and solicit future needs/expectations.
 - UP Citizens involved in meaningful way to recraft the community vision for the next long-term planning horizon. (Comp Plan update)
 4. Conduct a detailed review of public safety needs with commission, community, and business input and develop long range planning document.
 5. Complete and implement action plans for the Subarea Plans.
 6. Unneeded City property sold, returning it to tax paying purposes.
 7. Explore partnering with UPSD to do an advisory bond measure to hire additional police officers for school and neighborhood safety.
 8. Increase strategic reserves 1% each budget cycle until reserves reach a best practice standard of 13% of GF.
 9. Part-time community/volunteer position.
 10. Understand and define citizen involvement and value of volunteers/events on community image and desirability.
 11. Conservative forecasting and expenditures to ensure debt reduction.
 - Continue our conservative financial business practices.
 - Continue to look for opportunities to pay down principle and reduce interest rate.
 12. Develop a policy for prioritizing one time and excess revenues to support police and transportation based on identified planning document.
 13. Lower Park Impact fees and SWM fees.
 14. Establish a viable homeless action plan and partner with existing services.

15. Increase staff awareness/education of Council's direction on overall service to the community.
"Service that results in citizen trust and confidence."
16. Work on a solution with the UPSD for ½ days and support youth centric services – open gyms along with programs: Dance/Sports.
17. Develop a City value statement which includes transparency and integrity in the City's actions and communications. Use the value statement.

As we look forward, we continue to deal with the complexities and uncertainties created by COVID-19. However, we believe the City is in a strong financial position to deal with these challenges. With the strength of the macroeconomic conditions in the region, we anticipate continued economic and fiscal growth.

FINANCIAL INFORMATION

The City of University Place is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurances that these objectives are being met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of the relative cost and benefits of the control system requires estimates and judgments by management.

Single Audit

As a recipient of federal, state, and county financial assistance, the City is required to maintain an adequate internal control structure to ensure compliance with applicable laws and regulations. This internal control structure is subject to periodic evaluation by management and the State Auditor's Office.

The City did not expend \$750,000 or more in federal awards in fiscal year 2021 and was not required to have a single audit conducted.

Budgetary Controls

The City maintains budgetary controls in accordance with the revised Code of Washington (RCW 35A.34). The objectives of these budgetary controls are to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Special Revenue Funds (except the Donations Fund), and Debt Service Funds are included in the annual appropriated budget. The level of budgetary control at which expenditures cannot legally exceed the appropriated amount is established at the individual fund level. The Internal Service Funds are management budgets only and are therefore not presented in the ACFR.

In August 2010, the City Council approved a resolution dedicating the property tax to public safety and defined public safety expenses. The Police and Public Safety Fund was established in 2012 to identify revenues and expenditures related to the operation of police services, court services, jail, city attorney's office, crime prevention, animal control, code enforcement and emergency management. Revenues supporting this fund include property taxes, revenues identified by state statutes collected in support of public safety, fines and forfeitures, pet license fees, and grants.

The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. All appropriations lapse at year-end with the exception of multi-year capital improvement projects. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

INDEPENDENT AUDIT

State law requires an annual audit of all City books of account, financial records, and transactions by the State Auditor, an independently elected State official. The 2021 audit of the City has been completed in conformance with generally accepted auditing standards. The financial statements of all City funds have been included in this audit. The City has been given an unmodified opinion for 2021. The State Auditor's report on the General Purpose Financial Statements is included in the financial section of this report.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of University Place for its Annual Comprehensive Financial Report for fiscal the year ended December 31, 2020. This was the twenty fourth consecutive year that the City has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

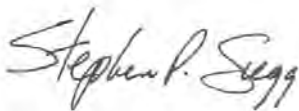
A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report was made possible by the dedicated service of the Finance Department staff. In addition, staff in all City departments and outside agencies should be recognized for responding so positively to requests for the detailed information that accompanies each annual audit. The role of the State Auditor's Office should also be acknowledged for their significant contribution to this report.

Finally, we wish to express our appreciation to the Mayor and City Council for their ongoing support and for providing their encouragement, interest, and assistance in conducting the financial operations of the City in a sound and progressive manner.

Respectively submitted,



Stephen P. Sugg, P.E.
City Manager



Leslie Blaisdell
Finance Director/Risk Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of University Place
Washington**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Executive Director/CEO



CITY OF UNIVERSITY PLACE ELECTED & APPOINTED OFFICIALS December 31, 2021

ELECTED OFFICIALS

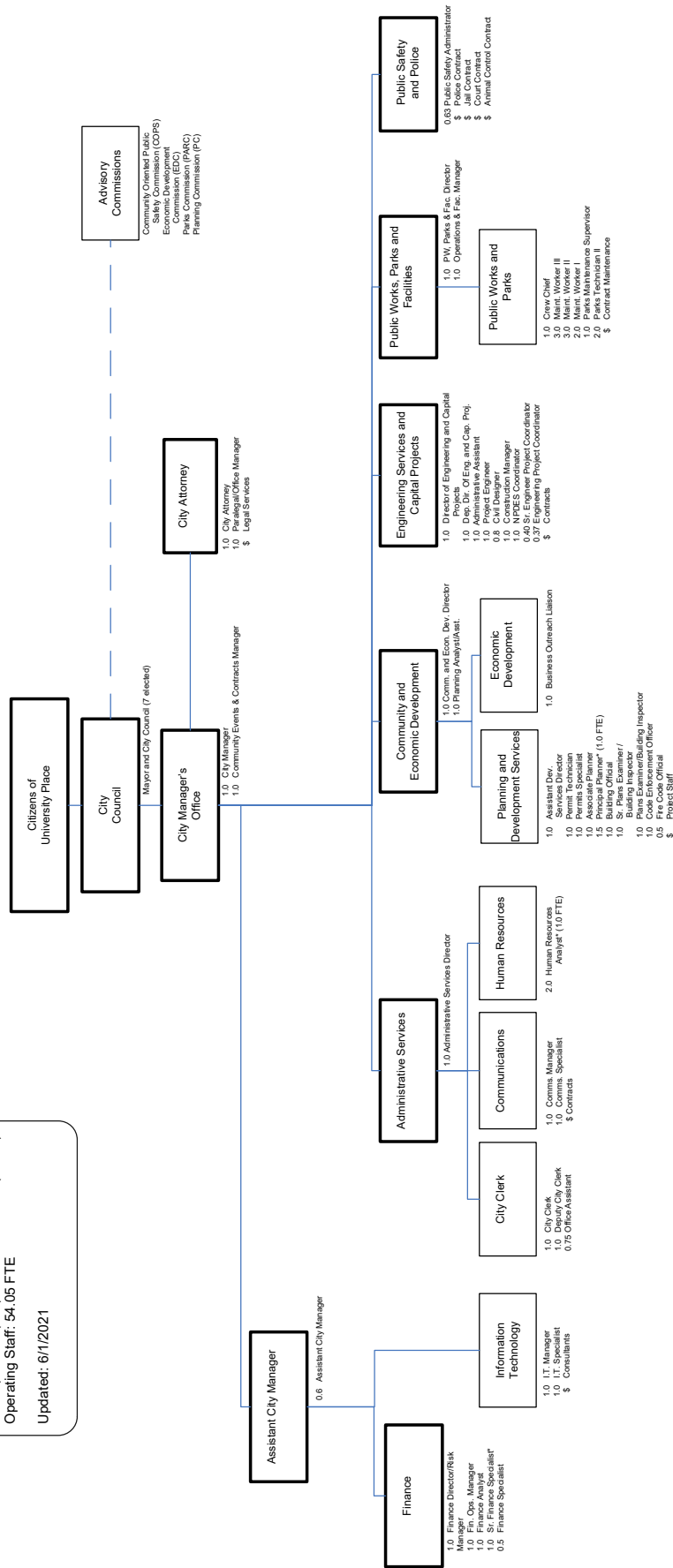


APPOINTED OFFICIALS

City Manager
Assistant City Manager
City Attorney
Finance Director/Risk Manager
Parks/Public Works Director
City Engineer
Administrative Services Director
Police Chief
Development Services Director

Stephen P. Sugg
Eric Faison
Matt Kaser
Leslie Blaisdell
Gary Cooper
Jack Ecklund
Lisa Petorak
Greg Premo
Kevin Briske

2021 UP Org Chart
 UP Population (est.): 33,310 WA OFM (4/1/20)
 Operating Staff: 54.05 FTE
 Updated: 6/1/2021



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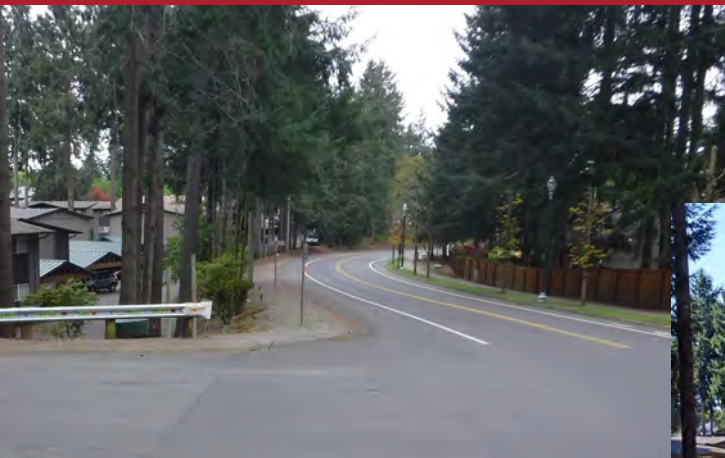


FINANCIAL SECTION

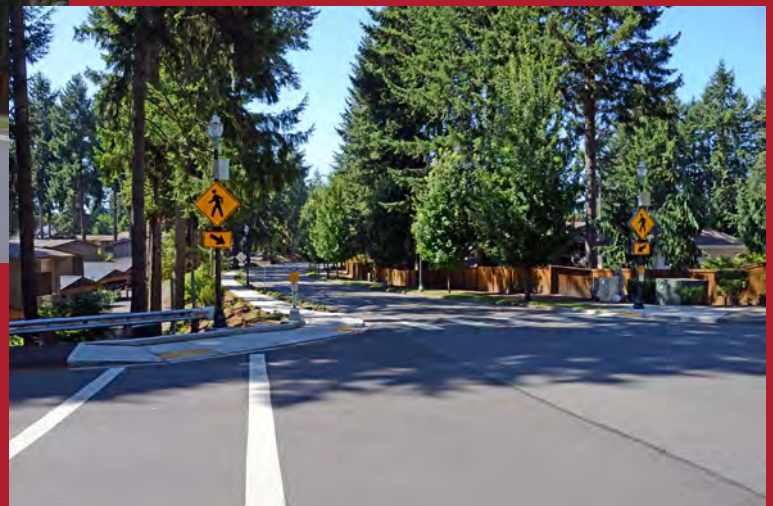
Independent Auditor's Report
Management's Discussion and Analysis
Basic Financial Statements
Required Supplemental Information
Combining & Individual Fund Statements and Schedules
Supplemental Information



**Larsen Lane - 2021
Before & After**



**Cirque - 2021
Before & After**



**Chambers Creek
Bridge Installation-
2021**



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

**INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE
FINANCIAL STATEMENTS**

Mayor and City Council
City of University Place
University Place, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of University Place as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of University Place, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit 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. 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 as a whole 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 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
- 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for the purposes of additional analysis and are not a required part of the basic 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 basic financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements taken as a whole.

Other Information

The other information comprises the Introductory and Statistical Sections, the Schedule of Expenditures of Federal Awards, and the Schedule of State and Local Financial Assistance, but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinions on the basic financial statements do not cover the other information, and, we do not express an opinion or provide any assurance thereon.

In connection with the audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 27, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover. 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 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.

Sincerely,

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

Pat McCarthy, State Auditor

Olympia, WA

June 27, 2022

City of University Place, WA Management's Discussion and Analysis

The management of the City of University Place offers readers of its financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the City's financial performance as a whole. It is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial positions, and identify fund issues or concerns. The Management Discussion and Analysis (MD&A) is designed to focus on the report year's activities, resulting changes, and currently known facts. We encourage readers to consider the information presented here in conjunction with the additional information furnished in the Letter of Transmittal in the introductory section and the Financial Statements that follow.

Financial Information

The City's government-wide financial statements have been prepared on the full-accrual basis of accounting in conformity with generally accepted accounting principles (GAAP). The City's fund financial statements for governmental funds (General, Special Revenue, Debt Service, and Capital Projects) have been prepared on the modified accrual basis of accounting in conformity with GAAP. The City's proprietary funds (Enterprise and Internal Service) are accounted for on the accrual basis. A detailed discussion on government-wide and fund financial statements is provided later in this report.

Financial Highlights

Net Position - The assets and deferred outflows of the City of University Place exceeded its liabilities and deferred inflows at the close of the most recent year by \$106,467,741. Of this amount, \$35,356,398 is classified as restricted and unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

Change in Net Position - The City's total net position increased by \$6,089,580. Of the \$6,089,580 increase, the Business-type activities contributed to an operating increase of \$772,300 before transfers out of \$6,826 resulting in an overall increase of \$765,474. The City transferred out \$6,826 for Surface Water Management related maintenance and permitting costs. Governmental activities continue to provide growth due to the economic recovery which has brought growth in construction, real estate sales and higher assessed property values, all of which result in an increase in revenues. Sales tax increased in 2021 when compared to 2020. Increased single-family and multi-family residential construction in the City resulted in increased license and permit fees. Additionally, University Place has been the recipient of capital construction grants and contributions which have offset a significant amount of the cost of construction for various projects.

As of the close of the current year, the City's governmental funds reported combined ending fund balances of \$33,551,964, an increase of \$4,592,578 in comparison with the prior year. Of this amount, \$10,883,506 is available for spending at the government's discretion (unassigned fund balance) and \$8,860,190 is restricted by legislation to specific purposes. The committed classification is established by Council ordinance for specific uses. There is one committed fund balance of \$2,286,824 for the Strategic Reserve Fund. Assigned classifications total \$11,521,444. Committed, assigned and unassigned monies have been designated by management to address budget amendments, equipment replacement, street improvements, facility repairs, and property acquisitions. These monies assist to minimize future debt and are intended to provide a cushion against significant downturns in revenue and to maintain sufficient working capital and cash flow to meet daily financial needs.

From the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds, revenues, received primarily from property, sales, utility and general taxes, were used to support the major activities of the City government:

- General Government – Administration, Finance, City Attorney, Human Resources, City Clerk, Community Information and Outreach, and Court Services;
- Public Safety – Police, Jail, Crime Prevention, Emergency Operations and Animal Control;
- Culture and Recreation – Parks Maintenance;
- Economic Environment – Planning, Development Services, Code Enforcement, and Economic Development;
- Transportation – Public Works, Streets, and Surface Water Management;
- Physical Environment – Building Maintenance and Property Management

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of University Place basic financial statements. The statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the required components, the City's annual report also includes other supplementary information. The first set of supplementary information is the Combining Statements. These provide Balance Sheets, Schedules of Revenues, Expenditures, and Changes in Fund Balances with Budget to Actual Comparisons, Statement of Net Position, and Cash Flows for all Non-Major Funds. The other set of supplementary information is the Statistical Section. This section provides a ten-year view of the City's revenues, expenditures, debt obligations and capacity, the City's largest taxpayers, and those entities with the largest employment within the City of University Place. This section provides a long-term perspective on the City's economy.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the finances in a manner that is similar to a private-sector business.

The Statement of Net Position presents information on all the City of University Place assets and liabilities, and deferred inflows/outflows of resources with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of University Place is improving or deteriorating. The focus of the Statement of Net Position is designed to be similar to a bottom line for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (uncollected taxes and earned but unused vacation leave). This is intended to summarize and simplify the user's analysis of costs of various governmental services and/or subsidy to various business-type activities. The Governmental Activities reflects the City of University Place's basic functions: General Government; Public Safety; Physical Environment; Transportation; Economic Environment; and Culture and Recreation. Property, sales, and utility taxes finance the majority of these functions.

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of University Place, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds. The focus is on Major Funds, rather than types. A Major Fund is defined in the following manner:

- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent (10%) of the corresponding total (assets, liabilities, etc.) for all funds of that category or type (that is, total governmental or total enterprise funds); and
- Total assets, liabilities, revenues, or expenditures/expenses of the individual government fund or enterprise fund are at least five percent (5%) of the corresponding total for all governmental and enterprise funds combined; or
- Any other governmental or enterprise fund the government's officials believe is particularly important to financial statement users.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of government. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Funds are established for various purposes and the Fund Financial Statement allows for the demonstration of sources and uses and/or budgeting compliance associated therewith. These statements begin in the required supplemental information section. The City of University Place maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Public Works Capital Improvement Fund, and Debt Service Fund. All of these funds are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements in the other supplementary information described below.

The City of University Place adopts a biennial appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds maintained by the City include an enterprise fund and four internal service funds. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City of University Place uses an enterprise fund to account for its Storm Water Management.

Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles and equipment, information and technology systems, property management and risk management activities. Because these services benefit governmental functions they have been included within governmental activities in the government-wide financial statements.

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Required Supplementary Information includes financial information and disclosures that are required by the Governmental Accounting Standards Board (GASB) but are not considered a part of the basic financial statements. Budgetary comparison schedules for certain major governmental funds are presented immediately following the notes to the basic financial statements.

Other Supplementary Information includes the combining statements for the non-major capital projects funds and budgetary comparison schedules for non-major capital projects funds and sub funds. These are presented immediately following the required supplementary information.

Government-wide Financial Analysis

The City has prepared the financial statements in accordance with Generally Accepted Accounting Principles (GAAP). The City's Proprietary Funds include all Internal Service Funds and an Enterprise Fund which are included in the governmental activities and business-type activities for the entity-wide statements. The following table reflects a Summary of Net Position for the year 2021 with comparative totals for 2020.

Table 1
Condensed Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 42,457,720	\$ 30,147,878	\$ 5,697,391	\$ 4,725,212	\$ 48,155,111	\$ 34,873,090
Capital assets	98,153,092	100,216,659	11,331,617	11,270,358	109,484,709	111,487,017
Total assets	140,610,812	130,364,537	17,029,008	15,995,570	157,639,820	146,360,107
Deferred outflows of resources	1,616,229	1,719,922	66,403	88,087	1,682,632	1,808,009
Liabilities						
Other liabilities	6,120,478	1,632,827	19,468	22,826	6,139,946	1,655,653
Non-current liabilities	42,321,006	45,280,940	148,249	392,148	42,469,255	45,673,088
Total liabilities	48,441,484	46,913,767	167,717	414,974	48,609,201	47,328,741
Deferred inflows of resources	3,671,440	401,271	574,070	59,943	4,245,510	461,214
Net position						
Net invested in capital assets	59,779,725	60,512,728	11,331,618	11,243,326	71,111,343	71,756,054
Restricted for						
Debt service	239,364	240,064	-	-	239,364	240,064
Pension	3,575,277	-	562,775	-	4,138,052	-
Capital facilities plan financing	3,283,408	2,282,190	-	-	3,283,408	2,282,190
Traffic impact-roadway improvements	3,067,029	2,542,155	-	-	3,067,029	2,542,155
Parks capital improvement	2,248,956	1,773,211	-	-	2,248,956	1,773,211
Other	21,433	174,505	-	-	21,433	174,505
Unrestricted	17,898,925	17,244,568	4,459,231	4,365,414	22,358,156	21,609,982
Total net position	\$ 90,114,117	\$ 84,769,421	\$ 16,353,624	\$ 15,608,740	\$106,467,741	\$100,378,161

There are five basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

- Net Result of Activities – which will impact (increase/decrease) current assets and unrestricted net position.
- Borrowing for Capital – which will increase current assets and long-term debt.
- Spending Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets. There is a second impact, which is an increase in related net debt that will not change the net investment in capital assets.
- Principal Payment on Debt – which will reduce current assets and reduce long-term debt and will reduce unrestricted net position and increase net investment in capital assets.
- Reduction of Capital Assets through Depreciation – which will reduce capital assets and net investment in capital assets.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of University Place, assets and deferred outflows exceeded liabilities and deferred inflows by \$106,467,741 at the close of the most recent year.

By far the largest portion of the City of University Place net position (66.79 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of \$35,356,398 may be used to meet the City's ongoing obligations to citizens and creditors.

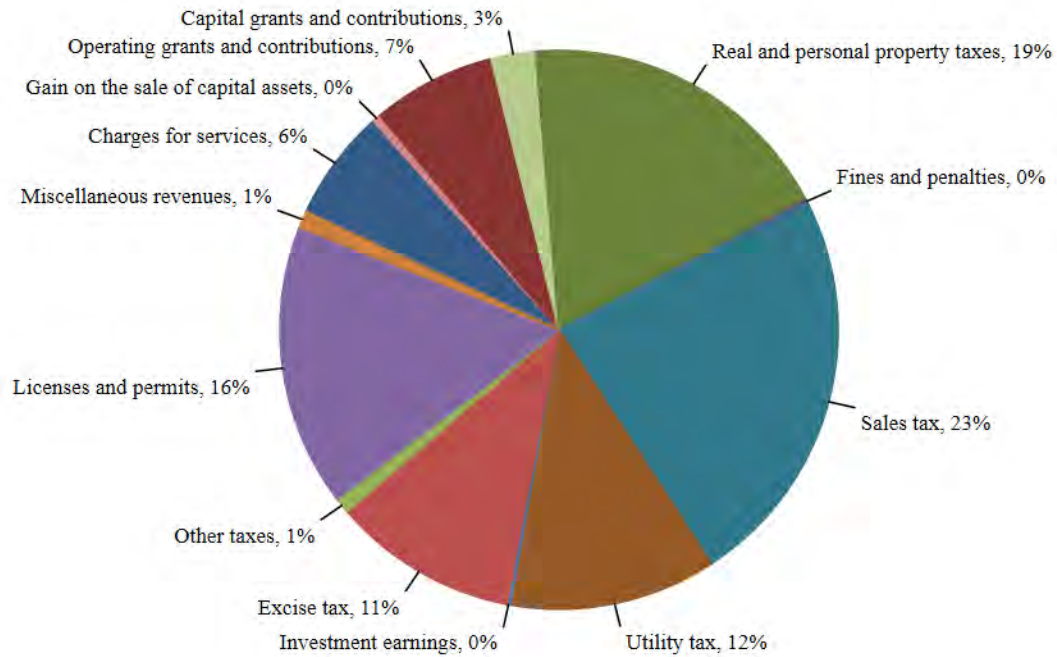
City of University Place's change in net position from the current year activities on the statement of activities increased by \$6,073,077.

City revenues are tracking as forecasted and the City is meeting, and will continue to meet, all operational and debt obligations according to the adopted budget. In August of 2019 Standard & Poor's Ratings Services raised its long-term rating on the City of University Place's outstanding general obligation (GO) bonds to AA+/ Outlook Stable from AA/ Outlook Stable. In January of 2018 Moody's Ratings Services raised its long-term rating on the City of University Place's outstanding general obligation (GO) bonds to AA2/ Outlook from AA3/ Outlook.

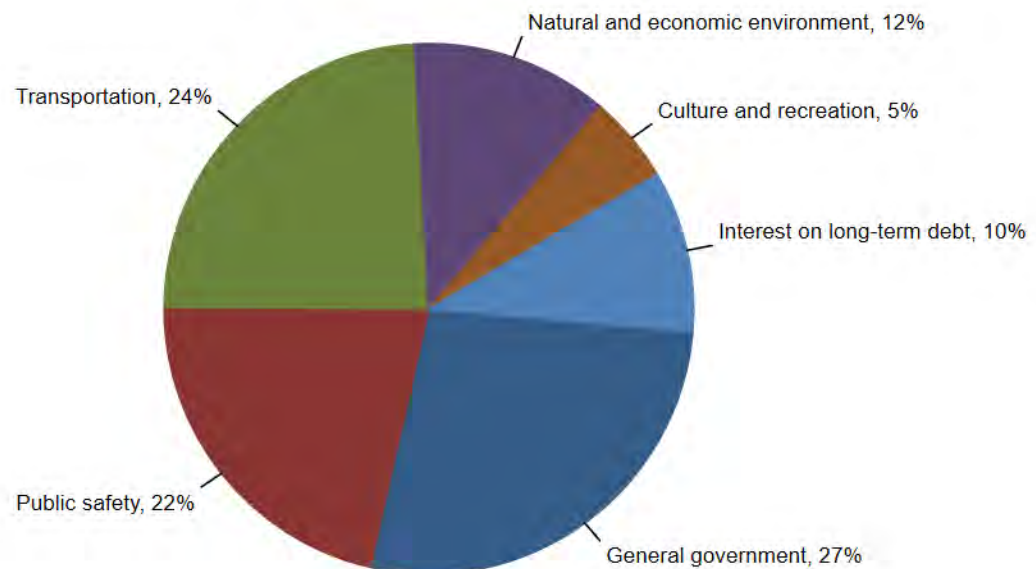
Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for services	\$ 1,573,515	\$ 1,537,467	2,828,943	2,813,139	\$ 4,402,458	\$ 4,350,606
Operating grants and contributions	1,745,608	1,852,868	-	50,000	1,745,608	1,902,868
Capital grants and contributions	625,379	2,175,517	-	-	625,379	2,175,517
General revenue						
Taxes						
Real and personal property	4,534,676	4,479,979	-	-	4,534,676	4,479,979
Sales	5,667,907	4,928,570	-	-	5,667,907	4,928,570
Utility	2,919,695	2,059,743	-	-	2,919,695	2,059,743
Excise and other	2,830,648	3,779,198	-	-	2,830,648	3,779,198
Licenses and permits	3,972,427	3,811,593	-	-	3,972,427	3,811,593
Fines and penalties	45,647	47,434	-	-	45,647	47,434
Miscellaneous revenues	236,657	170,979	4,658	1,444	241,315	172,423
Investment earnings	47,078	210,501	-	-	47,078	210,501
Gain on the sale of capital assets	120,000	120,000	-	-	120,000	120,000
Total revenues	<u>24,319,237</u>	<u>25,173,849</u>	<u>2,833,601</u>	<u>2,864,583</u>	<u>27,152,838</u>	<u>28,038,432</u>
Expenses						
General government	5,212,803	7,417,412	-	-	5,212,803	7,417,412
Public safety	4,126,057	4,521,917	-	-	4,126,057	4,521,917
Transportation	4,608,248	4,099,911	-	-	4,608,248	4,099,911
Natural and economic environment	2,319,589	2,035,481	-	-	2,319,589	2,035,481
Culture and recreation	1,017,258	846,994	-	-	1,017,258	846,994
Interest on long-term debt	1,890,165	1,960,644	-	-	1,890,165	1,960,644
Surface Water Management	-	-	2,061,301	2,265,993	2,061,301	2,265,993
Total expenses	<u>19,174,120</u>	<u>20,882,359</u>	<u>2,061,301</u>	<u>2,265,993</u>	<u>21,235,421</u>	<u>23,148,352</u>
Excess (deficiency) before contributions, special items, and transfers	<u>5,145,117</u>	<u>4,291,490</u>	<u>772,300</u>	<u>598,590</u>	<u>5,917,417</u>	<u>4,890,080</u>
Transfers	6,826	76,676	(6,826)	(76,676)	-	-
Insurance recoveries	155,660	64,421	-	-	155,660	64,421
Change in net position	<u>5,307,603</u>	<u>4,432,587</u>	<u>765,474</u>	<u>521,914</u>	<u>6,073,077</u>	<u>4,954,501</u>
Beginning net position	84,769,421	80,437,009	15,608,740	15,086,826	100,378,161	95,523,835
Prior period adjustments	37,093	(100,175)	(20,590)	-	16,503	(100,175)
Beginning net position restated	<u>84,806,514</u>	<u>80,336,834</u>	<u>15,588,150</u>	<u>15,086,826</u>	<u>100,394,664</u>	<u>95,423,660</u>
End of net position	<u>\$ 90,114,117</u>	<u>\$ 84,769,421</u>	<u>\$ 16,353,624</u>	<u>\$ 15,608,740</u>	<u>\$ 106,467,741</u>	<u>\$ 100,378,161</u>

Revenues by Source Governmental Activities



Governmental Expenditures by Function



Financial Analysis of the City's Funds

Governmental funds. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of University Place's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

Fund balances of governmental funds are classified according to five specifically defined categories. In order from most restrictive to least restrictive, these categories are Nonspendable, Restricted, Committed, Assigned and Unassigned. The classifications reflect the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. At the end of the year, the City of University Place's governmental funds reported combined ending fund balances of \$33,551,964. This represents an increase of \$4,592,578 from 2020. This increase was due primarily to an increase in federal grants for capital projects.

The General Fund saw a net fund balance an increase of \$5,108,769. The city saw an unanticipated increase in Sales tax, Admissions tax and Utility tax in the amount of \$1,051,333. Additionally, there were increases in State Shared Revenues in the amount of 263,000 and Real Estate Excise Tax of \$502,000. Expenditure savings include reduced interfund transfers needed for capital projects and IT capital expenses, salary savings from unfilled positions, and reduced professional service costs.

Variances in the Street fund are due to the Transportation Benefit District moving to the fund. TBD fees in 2021 totaled \$520,461. Fuel Taxes in the amount of \$700,641 are presented as Intergovernmental revenue in 2021. In prior years they were listed with taxes in error.

Variances in the Public Works Capital Improvement Fund are due to a reduction in transfers required for projects, resulting in a current year reported loss of \$1,485,060.

Proprietary funds. As previously noted, the City's proprietary funds are comprised of four internal service funds and one enterprise fund. The increase in the Surface Water Management (SWM) Fund balance is due primarily to fees collected that exceeded expenditures.

Budgetary Information

While the City utilizes a two year or biennial budget, each year is considered on its own merits for financial purposes. The 2021 budget is the first year of the current biennial budget cycle.

Sales tax revenues of \$3.90 million exceeded the budget estimate of \$3.10 million. Increased revenues were received in the Retail Trade category from increased online purchases due to Covid19. Additionally, we saw increase in the Construction category due to a large multi-family apartment project and continued residential building.

Utility tax revenues of \$2.91 million exceeded the budget estimate of \$2.70 million. In 2021, new taxes for electric, water and sewer were implemented. All three exceeded our original estimates. We continue to see a drop in cellular and telephone utility taxes.

Fuel tax revenues also suffered due to Covid19 shutdowns as many employers shifted to remote work. Revenues in the amount of \$700,641 were below our budget estimate of \$752,140.

Investment income remains much lower than previous year at \$47,076. The COVID-19 pandemic created turbulence in global financial markets and propelled investors into a race for liquidity, so we saw investment funds grappling with some of the issues they had confronted the global financial crisis.

Real Estate Excise taxes of \$1,988,874 exceeded the budgeted amount of \$1,486,740 due to the continued active real estate market within the City. The University Place School District is highly sought after and continues to bring families to the City.

On the expenditure side, Contingency funds in the amount of \$351,398 budgeted in the General Fund went unspent. These funds are budgeted at 2% of operating expenditures for use for unanticipated expenses and require City Council approval to spend.

The General fund transfer of \$240,075 to Information services for the Computer Hardware and Software replacements were under the budget amount of \$1,270,108 by \$1,030,033 due to projects being delayed. \$898,058 of the unspent funds will be carried forward to 2021.

Capital Asset and Debt Administration

Capital assets. The City's capital assets for its governmental activities as of December 31, 2021 amounts to \$98,153,092 (net of accumulated depreciation), which is a decrease of \$2,063,567 from 2020. The additions are from a combination of new capital assets that includes land, buildings, machinery, equipment and software, infrastructure and construction in progress. The following table summarizes capital assets for the current year and a comparison with year 2020.

Table 3
Capital Assets at Year-End
(Net of Depreciation)

	2021 Total Governmental Activities	2020 Total Governmental Activities
Land	\$ 21,552,870	\$ 21,552,870
Easement	3,314,291	3,203,141
Buildings	29,093,403	30,599,232
Equipment and software	1,303,073	1,510,398
Infrastructure	39,424,697	40,997,439
Construction in progress	3,464,758	2,353,579
Total	<u>\$ 98,153,092</u>	<u>\$ 100,216,659</u>

	2021 Total Business-type Activities	2020 Total Business-type Activities
Equipment and software	\$ 316,086	\$ 287,861
Infrastructure	10,103,045	10,506,805
Construction in progress	912,486	475,692
Total	<u>\$ 11,331,617</u>	<u>\$ 11,270,358</u>

Additional information on the City's capital assets can be found in Note 3 of the Notes to the Financial Statements.

The City of University Place had total long-term debt outstanding of \$41,310,000 which is comprised of General obligation bonds. The public works trust fund loan was paid in full in 2021.

The following table summarizes long-term debt for the current year and a comparison with year 2020.

Table 4
Outstanding Debt at Year-End

	2021	2020
Governmental		
General obligation bonds	\$ 41,310,000	\$ 43,070,000
Public works trust fund loan	-	207,766
Total	<u>\$ 41,310,000</u>	<u>\$ 43,277,766</u>
Business-type Activities		
Public works trust fund loan	\$ -	\$ 27,032
Total	<u>\$ -</u>	<u>\$ 27,032</u>

Washington State law provides a maximum debt limit for general obligations. A city may incur debt equal to 1.5% of the City's assessed value without a vote of the people and debt for general government equal to 2.5% of the assessed value with a vote of the people. An additional 2.5% of assessed value may be incurred to finance water, sewer, and parks projects, also with a vote of the people. Based on the assessed value of property in University Place, the City's outstanding debt, subject to the State of Washington constitutional limits, the City had debt capacity on December 31, 2021 and the City may issue non-voted debt at this time.

Note 3 of the Basic Financial Statements identifies the City's long-term debt and provides additional detail regarding the City's outstanding debt.

Economic Factors and the Next Year's Budgets and Rates

The State of Washington, by constitution, does not have a state personal income tax and therefore the state operates primarily using property, sales, business and occupation, and gasoline taxes. Local governments (cities, counties, school districts) primarily rely on property and a limited array of other taxes (sales, utility, admission, and business and occupation) and fees (franchise, licenses, development services, etc.) for their governmental activities. There are a limited number of state-shared revenues (i.e., gas taxes, liquor excise taxes, liquor profits taxes, etc.) and recurring and non-recurring grants from both the state and federal government.

For the business-type and certain governmental activities (permitting, recreation programs, etc.) the user pays a related fee or charge associated therewith.

The level of taxes, fees and charges for services (including development related mitigation fees) will have a bearing on the specific City's competitive ability to encourage retail, office, residential, and industrial development to locate in their jurisdiction. The City places significant emphasis on encouraging economic development.

The 2021/2022 biennial budget ensures operating expenditures are within the constraints of available operating revenues and does not use reserves to balance the budget.

An issue we need to recognize is the competition among local and regional governments for a portion of the property tax. One of these is Sound Transit's additional tax in support of its ST3 initiative. Property taxes are the primary source of revenue for municipalities and special districts, such as, school districts, library districts, and fire districts. Increased property taxes imposed by Sound Transit will have an adverse impact on the ability of local special service districts access to funds in support of new schools, library services and fire services.

Local governments also must deal with the potential costs of unfunded State and Federal mandates. The State Supreme Court McCleary decision on public education funding and reform has left the State with significant budgetary challenges that could negatively impact local governments.

Requests for Information

This financial report is designed to provide a general overview of the City of University Place's financial condition. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of University Place Finance Department, 3609 Market Place W, Suite 200, University Place, WA 98466-4488, telephone 253-566-5656, or visit the City's website at www.CityofUP.com.

City of University Place, WA
Statement of Net Position
As of December 31, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 34,068,331	\$ 4,386,709	\$ 38,455,040
Investment	3,002,291	-	3,002,291
Receivables - net	584,192	-	584,192
Internal balances	(701,558)	701,558	-
Prepaid expense	4,241	-	4,241
Due from other governments	1,918,715	46,349	1,965,064
Total current assets	38,876,212	5,134,616	44,010,828
Non-current assets			
Long-term receivables	6,231	-	6,231
Net Pension Asset	3,575,277	562,775	4,138,052
Capital assets			
Capital assets, not being depreciated	28,331,919	912,486	29,244,405
Capital assets, being depreciated	69,821,173	10,419,131	80,240,304
Total capital assets	98,153,092	11,331,617	109,484,709
Total non-current assets	101,734,600	11,894,392	113,628,992
Total assets	140,610,812	17,029,008	157,639,820
Deferred outflows of resources			
Deferred outflows related to pensions	444,100	66,403	510,503
Deferred loss bond refunding	1,172,129	-	1,172,129
Total deferred outflows of resources	1,616,229	66,403	1,682,632
Liabilities			
Current liabilities			
Accounts payable	799,828	5,994	805,822
Accrued payroll and employee benefits	64,593	13,214	77,807
Interest payable	462,009	-	462,009
Retainage payable	37,202	-	37,202
Unearned revenue	4,754,724	-	4,754,724
Due to other governments	-	260	260
Other current liabilities	2,122	-	2,122
Long-term debt due in less than 1 year	2,051,060	31,202	2,082,262
Total current liabilities	8,171,538	50,670	8,222,208
Non-current liabilities			
Due in more than 1 year	39,928,818	63,349	39,992,167
Net pension liability	341,128	53,698	394,826
Total non-current liabilities	40,269,946	117,047	40,386,993
Total liabilities	48,441,484	167,717	48,609,201
Deferred inflows of resources			
Deferred inflows related to pensions	3,671,440	574,070	4,245,510
Total deferred inflows of resources	3,671,440	574,070	4,245,510
Net position			
Net investment in capital assets	59,779,725	11,331,618	71,111,343
Restricted for			
Debt service	239,364	-	239,364
Pension	3,575,277	562,775	4,138,052
Capital facilities plan financing	3,283,408	-	3,283,408
Traffic impact-roadway improvements	3,067,029	-	3,067,029
Parks capital improvement	2,248,956	-	2,248,956
Other	21,433	-	21,433
Unrestricted	17,898,925	4,459,231	22,358,156
Total net position	\$ 90,114,117	\$ 16,353,624	\$ 106,467,741

The accompanying notes are an integral part of these financial statements.

City of University Place, WA
Statement of Activities
For the Year Ended December 31, 2021

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
Function/Programs							
Primary Government:							
Governmental activities:							
General government	\$ 5,212,803	\$ 8,054	\$ 729,945	\$ -	\$ (4,474,804)	\$ -	\$ (4,474,804)
Public safety	4,126,057	15,111	315,021	-	(3,795,925)	-	(3,795,925)
Utilities	-	533,651	-	-	533,651	-	533,651
Transportation	4,608,248	275	700,642	625,379	(3,281,952)	-	(3,281,952)
Natural and economic environment	2,319,589	1,016,424	-	-	(1,303,165)	-	(1,303,165)
Culture and recreation	1,017,258	-	-	-	(1,017,258)	-	(1,017,258)
Interest on long-term debt	1,890,165	-	-	-	(1,890,165)	-	(1,890,165)
Total governmental activities	19,174,120	1,573,515	1,745,608	625,379	(15,229,618)	-	(15,229,618)
Business-type activities:							
Surface water management	2,061,301	2,828,943	-	-	-	767,642	767,642
Total business-type activities	2,061,301	2,828,943	-	-	-	767,642	767,642
Total primary government	\$ 21,235,421	\$ 4,402,458	\$ 1,745,608	\$ 625,379	\$ (15,229,618)	\$ 767,642	\$ (14,461,976)
General Revenues:							
Taxes							
Real and personal property					\$ 4,534,676	\$ -	\$ 4,534,676
Sales					5,667,907	-	5,667,907
Utility					2,919,695	-	2,919,695
Excise and other					2,830,648	-	2,830,648
Other revenue					4,254,731	4,658	4,259,389
Investment earnings					47,078	-	47,078
Gain on the sale of capital assets					120,000	-	120,000
Total general revenues					20,374,735	4,658	20,379,393
Transfers					6,826	(6,826)	-
Insurance recoveries					155,660	-	155,660
Change in net position					5,307,603	765,474	6,073,077
Net position, beginning of year					84,769,421	15,608,740	100,378,161
Prior period adjustment					37,093	(20,590)	16,503
Net position, beginning of year restated					84,806,514	15,588,150	100,394,664
Net position, end of year					\$ 90,114,117	\$ 16,353,624	\$ 106,467,741

The accompanying notes are an integral part of these financial statements.

City of University Place, WA
Balance Sheet
Governmental Funds
December 31, 2021

	General Funds	Public Works CIP	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and equivalents	\$ 23,529,863	\$ 4,815,655	\$ 239,364	\$ 5,031,752	\$ 33,616,634
Investments	3,002,291	-	-	-	3,002,291
Accounts receivables	529,328	-	-	51,952	581,280
Due from other government units	1,454,690	240,697	-	223,328	1,918,715
Notes receivable	6,231	-	-	-	6,231
Prepaid items	4,241	-	-	-	4,241
Total assets	<u>\$ 28,526,644</u>	<u>\$ 5,056,352</u>	<u>\$ 239,364</u>	<u>\$ 5,307,032</u>	<u>\$ 39,129,392</u>
Liabilities, deferred inflows of resources, and fund balances					
Liabilities					
Accounts payable	\$ 194,745	\$ 237,046	\$ -	\$ 153,461	\$ 585,252
Accrued salaries and wages	47,864	5,071	-	6,792	59,727
Accrued liabilities	2,122	-	-	-	2,122
Retainage payable	37,202	-	-	-	37,202
Unearned revenue	4,743,162	-	-	-	4,743,162
Total liabilities	<u>5,025,095</u>	<u>242,117</u>	<u>-</u>	<u>160,253</u>	<u>5,427,465</u>
Deferred inflows of resources					
Unavailable revenue	42,120	107,066	-	777	149,963
Total deferred inflows of resources	<u>42,120</u>	<u>107,066</u>	<u>-</u>	<u>777</u>	<u>149,963</u>
Fund balances					
Restricted					
Capital facilities plan financing	3,283,408	-	-	-	3,283,408
Traffic impact-roadway improvements	243,612	-	-	2,823,417	3,067,029
Donations	-	-	-	21,433	21,433
Parks capital improvement	-	-	-	2,248,956	2,248,956
Debt	-	-	239,364	-	239,364
Committed					
Unanticipated emergency	2,286,824	-	-	-	2,286,824
Assigned					
Public safety	6,762,079	-	-	-	6,762,079
Public works capital improvement	-	4,707,169	-	-	4,707,169
Municipal facilities capital improvements	-	-	-	52,196	52,196
Unassigned	<u>10,883,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,883,506</u>
Total fund balances	<u>23,459,429</u>	<u>4,707,169</u>	<u>239,364</u>	<u>5,146,002</u>	<u>33,551,964</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 28,526,644</u>	<u>\$ 5,056,352</u>	<u>\$ 239,364</u>	<u>\$ 5,307,032</u>	<u>\$ 39,129,392</u>

The accompanying notes are an integral part of these financial statements.

City of University Place, WA
Reconciliation of Governmental Fund Balances
To Net Position of Governmental Activities
December 31, 2021

Total fund balances - governmental funds	\$ 33,551,964
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The total net position reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Internal service funds amounts are not reflected in these balances, they are reported below with the Internal service fund amounts.

Capital assets, not being depreciated	28,331,919	
Capital assets being depreciated	243,228,915	
Accumulated depreciation	<u>(173,672,269)</u>	
Total Capital assets net of accumulated depreciation		97,888,565

Deferred outflows of resources are not reported in the governmental funds:

Deferred loss on bond refunding		1,172,129
Deferred outflows for employer contributions		418,363

Internal service fund costs of certain activities, such as insurance, technology services and fleet operations to individual governmental funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position

Internal service funds change in net position		289,709
		186,850

Other assets not available in the current period and therefore are not reported in the governmental funds:

Internal balances	<u>(701,558)</u>	
Total other assets not available in current period		(701,558)

Long-term liabilities and related accrued interest are not due and payable in the current and therefore are not reported in the governmental funds:

Debt and notes payable		
General obligation bonds	(41,625,390)	
Accrued compensated absences	(649,552)	
Interest payable	(146,619)	
Net pension activity	<u>3,046,239</u>	
		(39,375,322)

Deferred inflows reported in the funds are considered financial resources for governmental activities

Other unavailable revenues		149,186
Deferred inflows related to pension		<u>(3,465,769)</u>

Net Position of Governmental Activities	<u>\$ 90,114,117</u>
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City of University Place, WA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General Funds	Public Works CIP	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 15,278,018	\$ -	\$ -	\$ 689,787	\$ 15,967,805
Licenses and permits	3,458,536	-	-	513,891	3,972,427
Intergovernmental	1,105,690	945,419	-	700,641	2,751,750
Charges for services	1,019,457	-	-	553,756	1,573,213
Miscellaneous					
Fines and forfeitures	45,647	-	-	-	45,647
Rental, concessions and sales	5,965	-	-	-	5,965
Investment earnings	46,936	-	142	-	47,078
Contributions	3,010	-	-	7,635	10,645
Other revenues	16,686	-	-	31,316	48,002
Total revenues	<u>20,979,945</u>	<u>945,419</u>	<u>142</u>	<u>2,497,026</u>	<u>24,422,532</u>
Expenditures					
Current					
General government	3,753,834	82,727	-	71,081	3,907,642
Public safety	4,274,749	-	-	-	4,274,749
Transportation	249,921	213,208	-	1,761,668	2,224,797
Natural and economic environment	2,075,631	247,188	-	-	2,322,819
Culture and recreation	641,943	-	-	92,729	734,672
Capital outlay	-	2,088,745	-	81,762	2,170,507
Debt service					
Principal retirement	-	-	1,967,764	-	1,967,764
Interest	-	-	1,839,618	-	1,839,618
Total expenditures	<u>10,996,078</u>	<u>2,631,868</u>	<u>3,807,382</u>	<u>2,007,240</u>	<u>19,442,568</u>
Excess (deficiency) of revenues over expenditures	<u>9,983,867</u>	<u>(1,686,449)</u>	<u>(3,807,240)</u>	<u>489,786</u>	<u>4,979,964</u>
Other financing sources/uses					
Transfers in	170,544	201,389	3,807,380	346,100	4,525,413
Transfers out	(5,163,445)	-	(840)	(61,267)	(5,225,552)
Insurance recovery	9,766	-	-	145,894	155,660
Proceeds from sale of assets	120,000	-	-	-	120,000
Total other financing sources/uses	<u>(4,863,135)</u>	<u>201,389</u>	<u>3,806,540</u>	<u>430,727</u>	<u>(424,479)</u>
Net change in fund balances	5,120,732	(1,485,060)	(700)	920,513	4,555,485
Fund balances, beginning of year	18,350,660	6,192,229	240,064	4,176,433	28,959,386
Prior period adjustments	(11,963)	-	-	49,056	37,093
Fund balances, beginning of year restated	<u>18,338,697</u>	<u>6,192,229</u>	<u>240,064</u>	<u>4,225,489</u>	<u>28,996,479</u>
Fund balances, end of year	<u>\$ 23,459,429</u>	<u>\$ 4,707,169</u>	<u>\$ 239,364</u>	<u>\$ 5,146,002</u>	<u>\$ 33,551,964</u>

The accompanying notes are an integral part of these financial statements.

City of University Place, WA
Reconciliation of The Statement of Revenue, Expenditures,
And Changes In Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2021

Net changes in fund balances - total governmental funds	\$	4,555,485
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives as depreciation expense. Amounts related to capital assets are reported below. Internal service funds amounts are not reflected in these balances, they are reported below with the Internal service fund amounts.

Capital assets reclassified from capital outlay	2,291,764	
Depreciation Expense	<u>(4,251,992)</u>	(1,960,228)

Expenses not recorded on fund statements recorded on government funds		(13,705)
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Pension expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		1,226,964
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Expenses for compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(59,505)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This is the amount of the net effect of these differences in the treatment of long-term debt and related items.

Long-term debt principal repayments	1,967,764	
Interest expense	27,595	
Amortization of bond premium and discounts	<u>(78,142)</u>	1,917,217

Unavailable revenue not reported in the funds are considered financial resources for governmental activities.		(395,645)
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Internal service funds are used by management to charge the costs of insurance and information services to individual funds. The net revenue of the internal service funds is reported with the governmental activities.

Internal service funds change in net position		186,850
Internal service look back adjustment to zero out Business activities transfers		<u>(149,830)</u>

Change in net position of governmental activities	\$	<u><u>5,307,603</u></u>
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City of University Place, WA
Statement of Net Position
Proprietary Funds
As of December 31, 2021

	Business-Type Activities - Enterprise Funds		
	Major Fund		Gov. Activities
	Surface Water Mgmt	Total	Internal Service Funds
Assets			
Current assets			
Cash and equivalents	\$ 4,386,709	\$ 4,386,709	\$ 451,697
Accounts receivables	-	-	2,912
Due from other government units	46,349	46,349	-
Total current assets	4,433,058	4,433,058	454,609
Noncurrent assets			
Net pension asset	\$ 562,775	\$ 562,775	\$ 207,730
Capital assets			
Depreciable & CIP capital assets	20,310,101	20,310,101	1,803,027
Less: accumulated depreciation	(8,978,484)	(8,978,484)	(1,538,501)
Total capital assets	11,331,617	11,331,617	264,526
Total assets	16,327,450	16,327,450	926,865
Deferred outflows of resources			
Deferred outflows related to pensions	66,403	66,403	25,737
Total deferred outflows of resources	66,403	66,403	25,737
Liabilities			
Current liabilities			
Accounts payable	5,994	5,994	214,576
Accrued salaries and wages	13,214	13,214	-
Accrued liabilities	-	-	4,866
Due to other governments	260	260	-
Unearned revenue	-	-	10,785
Compensated absences	31,202	31,202	6,707
Total current liabilities	50,670	50,670	236,934
Noncurrent Liabilities			
Compensated absences	63,349	63,349	13,618
Net pension liability	53,698	53,698	19,820
Total noncurrent liabilities	117,047	117,047	33,438
Total liabilities	167,717	167,717	270,372
Deferred inflows of resources			
Deferred inflows related to pensions	574,070	574,070	205,671
Total deferred inflows of resources	574,070	574,070	205,671
Net position			
Invested in capital assets	11,331,618	11,331,618	264,527
Restricted for pensions	562,775	562,775	207,730
Unrestricted	3,757,673	3,757,673	4,302
Total net position	\$ 15,652,066		\$ 476,559

Reconciliation to government-wide statement of net position:

Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.

	701,558
Net position of business-type activities	\$ 16,353,624

The accompanying notes are an integral part of these financial statements.

City of University Place, WA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>		
	<u>Surface Water Mgmt</u>	<u>Total</u>	<u>Gov. Activities Internal Service Funds</u>
Operating Revenues:			
Charges for services	\$ 2,828,943	\$ 2,828,943	\$ 1,140,914
Miscellaneous	4,660	4,660	149,972
Total operating revenues	<u>2,833,603</u>	<u>2,833,603</u>	<u>1,290,886</u>
Operating Expenses:			
Salaries and employee benefits	780,987	780,987	274,143
Materials and supplies	29,469	29,469	187,876
Services and charges	844,656	844,656	1,096,048
Insurance claims and expenses	-	-	147,580
Depreciation and amortization	555,869	555,869	127,427
Total operating expenses	<u>2,210,981</u>	<u>2,210,981</u>	<u>1,833,074</u>
Operating income (loss)	<u>622,622</u>	<u>622,622</u>	<u>(542,188)</u>
Nonoperating revenue (expenses):			
Interest expense	(152)	(152)	-
Gain (Loss) on disposal of assets	-	-	22,073
Total nonoperating revenue (expenses)	<u>(152)</u>	<u>(152)</u>	<u>22,073</u>
Income (loss) before transfers	622,470	622,470	(520,115)
Transfers in	-	-	706,965
Transfers out	<u>(6,826)</u>	<u>(6,826)</u>	<u>-</u>
Change in net position	615,644	615,644	186,850
Net position, beginning of year	15,057,012		289,709
Prior period adjustment	<u>(20,590)</u>		<u>-</u>
Net position, beginning of year restated	<u>15,036,422</u>		<u>289,709</u>
Net position, end of year	<u>\$ 15,652,066</u>		<u>\$ 476,559</u>

Reconciliation to government-wide statement of net position:

Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.

	149,830
Change in net assets of business-type activities	<u>\$ 765,474</u>

City of University Place, WA
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Major Funds</u>		Gov. Activities
	<u>Surface Water Mgmt</u>	<u>Total</u>	<u>Internal Service Funds</u>
Cash from operating activities:			
Cash receipts from customers	\$ 2,818,766	\$ 2,818,766	\$ 1,280,413
Cash paid to employees for services	(954,969)	(954,969)	(391,363)
Cash paid to suppliers for goods and services	(875,772)	(875,772)	(1,258,577)
Cash paid for employee benefits	(71,537)	(71,537)	(958)
Cash receipts from operating grants or subsidies	44,721	44,721	-
Cash paid for insurance claims	-	-	(147,580)
Cash received for other purposes	-	-	8,611
	<u>961,209</u>	<u>961,209</u>	<u>(509,454)</u>
Net cash provided (used) by operating activities			
	<u>961,209</u>	<u>961,209</u>	<u>(509,454)</u>
Cash from noncapital financing activities:			
Cash receipts/(payments) from transfers from other funds	(6,826)	(6,826)	706,959
Cash paid for debt principal	(27,032)	(27,032)	-
Cash paid for Interest on long-term debt	(175)	(175)	-
	<u>(34,033)</u>	<u>(34,033)</u>	<u>706,959</u>
Net cash provided (used) by noncapital financing activities			
	<u>(34,033)</u>	<u>(34,033)</u>	<u>706,959</u>
Cash from capital and related financing activities:			
Proceeds/(loss) from retirement of assets	-	-	22,073
Cash payments to acquire, construct or improve capital assets	(617,128)	(617,128)	(24,081)
	<u>(617,128)</u>	<u>(617,128)</u>	<u>(2,008)</u>
Net cash provided (used) by capital and related financing activities			
	<u>(617,128)</u>	<u>(617,128)</u>	<u>(2,008)</u>
Net increase (decrease) in cash and cash equivalents			
	<u>310,048</u>	<u>310,048</u>	<u>195,497</u>
Cash and cash equivalents, beginning of year	<u>4,076,661</u>	<u>4,076,661</u>	<u>256,200</u>
Cash and cash equivalents, end of year	<u>\$ 4,386,709</u>	<u>\$ 4,386,709</u>	<u>\$ 451,697</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income(loss)	\$ 622,622	\$ 622,622	\$ (542,188)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	555,869	555,869	127,427
Changes in assets and liabilities:			
Accounts receivable	5,753	5,753	(2,869)
Due from other governments	24,131	24,131	-
Accrued compensated absences	645	645	(30,490)
Accounts payable	(1,647)	(1,647)	25,351
Accrued benefits	(1,740)	(1,740)	(205)
Net pension liability	(217,460)	(217,460)	(73,451)
Net Pension Asset	(562,775)	(562,775)	(207,730)
Deferred inflows/outflows for employer contributions	535,811	535,811	193,698
Prepays and deposits payable	-	-	1,003
	<u>961,209</u>	<u>961,209</u>	<u>(509,454)</u>
Net cash provided (used) by operating activities:			
	<u>\$ 961,209</u>	<u>\$ 961,209</u>	<u>\$ (509,454)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of University Place have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

The City of University Place, Pierce County, Washington was incorporated on August 31, 1995 and operates under the laws of the State of Washington applicable to an Optional Municipal Code City (RCW 35A) with a Council-Manager form of government. As required by the generally accepted accounting principles the financial statements present The City of University Place, the primary government, and its component units. The component units discussed below are included in the City of University Place reporting entity because of the significance of its operational or financial relationship with the City.

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity and activity of the internal service funds has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation between the Governmental and Business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements or a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds, Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The City considers property taxes as available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and interest associated within the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements.

The accounts of the City are organized on the basis of funds. Each fund is a separate accounting entity with a self-balancing set of accounts. The City's resources are allocated to and accounted for in individual funds according to the purpose for which

CITY OF UNIVERSITY PLACE, WA NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

they are spent and how they are controlled. There are two categories of funds – governmental and proprietary. A description of the fund categories is provided below.

The City reports the following major governmental funds:

General Fund

The City of University Place's General (or current expense) Fund accounts for all current financial resources not required by law or administrative action to be accounted for in another fund. It is the largest accounting entity in the City and provides for most of the general government operations. The major revenue sources to the fund are general tax revenues. Licenses and permits, charges for services, and investment interest also provide support.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of resources for and the payment of principal and interest for Council-approved general obligation bonds, letters of credit, and Public Works Trust Fund loans. The City of University Place pledges its full faith and credit for payment of these obligations.

Public Works Capital Improvement Fund

The Public Works Capital Improvement Fund was established to account for receipts and disbursements related to the acquisition, design, construction, and any other related street, traffic, or surface water management project expenditures. Revenues supporting this fund's activities include bond proceeds, grant proceeds, interfund transfers and other revenue sources as may be authorized by the City Council.

The City reports the following major enterprise fund:

Surface Water Management Fund

The Surface Water Management Fund was established to administer and account for all receipts and expenditures related to the City's surface and storm water management system. Activities that are primarily supported by user fees include administration, billings and collections, engineering, construction, operation, maintenance, and repairs.

The City reports the following non-major governmental funds:

Special Revenue Funds

These funds account for revenues derived from specific taxes or other earmarked revenue sources, including state gas tax and state revenue sharing entitlements, which are legally restricted to expenditures for specified purposes.

The *Street Fund* was established in accordance with RCW 35A.37.010 to account for maintenance and improvement of the City's street and traffic control systems. The Transportation Benefit District was established to account for vehicle license fees collected. The fees are collected to fund maintenance, preservation, and safety enhancements to University Place's existing transportation network. This activity is being reported in the Street Fund.

The *Donations Fund* was established to receive donations designated for specific purposes identified by the donor.

Parks Capital Improvement Fund

The Parks Capital Improvement fund was established to account for receipts and disbursements related to acquisition, design, construction, and any other related parks capital expenditures. Park impact fees and a transfer from the REET Fund is the source of revenues for this fund.

Municipal Facilities Capital Improvement Fund

The Municipal Facilities Capital Improvement fund was established to account for receipts and disbursements related to acquisition, design, construction, and any other related facility expenditures. A transfer from the General Fund is the source of revenue for this fund.

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City reports the following four Internal Service funds on a consolidated basis.

Internal Service Funds

These funds (Fleet and Equipment, Information Technology and Services, Property Management and Risk Management) are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, on a cost reimbursement basis.

As a general rule the effect of the inter-fund activity has been eliminated for the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The *Fleet and Equipment Fund* is an internal service fund which accounts for the costs of maintaining and replacing the majority of the City's vehicles and auxiliary equipment. All equipment costs, including depreciation, are factors in calculating the rates that are charged to each user department.

The *Information Technology and Services Fund* is an internal service fund which accounts for all costs associated with data processing, telecommunications, cable, postal operations, copier and duplication services, and the Geographical Information System (GIS). This fund owns and depreciates all non-proprietary fund assets related to these functions, and charges users for both maintenance and operation costs and equipment replacement charges based on depreciation schedules.

The *Property Management Fund* is an internal service fund which accounts for all costs associated with the maintenance and operation of City-owned buildings. Replacement, recovery, maintenance, and operation costs are charged to other City funds and departments for such facilities and furnishings.

The *Risk Management Fund* is an internal service fund which accounts for the City's risk financing activities established to minimize the adverse effects of losses associated with property and casualty, medical and dental, unemployment, and worker's compensation claims. Both risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses) are involved. The City is a member of Washington Cities Insurance Authority (WCIA), which offers a combination of self-insurance, or standard insurance to cover liability and property risks. The City is currently only self-insuring State Unemployment Compensation.

The Strategic Reserve Fund was established by Ordinance 179 to set aside financial resources for mitigating adverse situations caused by severe short-term revenue shortfalls, expenditures resulting from emergencies, or as otherwise designated by the City Council. The fund is financed by transferring unassigned fund balance in the General Fund at the end of each calendar year or by other appropriation, as deemed appropriate by the City Council. This fund is a recourse of last resort and shall be used only when no other reasonable financial management alternative exists. This fund maintains a fund balance in the committed category of Unanticipated emergency with a balance of \$2,286,824.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financial uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and statements for governmental funds.

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis of accounting refers to the recognition of revenues and expenditures or expenses in the accounts and reporting them in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting.

The **accrual** basis of accounting recognizes revenues when they are earned and expenses are recorded when incurred. All assets and liabilities are recorded in the fund.

The **modified accrual** basis of accounting recognizes revenues and other financial resources when they become susceptible to accrual, i.e., when the related funds become both measurable and available to finance expenditures of the current period. “Measurable” means the amount of the transaction can be determined. To be considered “available”, revenue typically must be collected within sixty days after year-end.

Expenditures are recorded when the fund liability is incurred, except for principal and interest on general long-term debt, and vacation and sick pay which are recorded when paid.

The effect of interfund activity has been eliminated from the government-wide financial statements so that expenses are not reported twice. Amounts reported on the government-wide statements as program revenues include charges to customers or applicants for goods, operating grants and contributions, and capital grants and contributions. General revenues include all taxes. Major revenues recorded on the modified accrual basis are:

Property Taxes – Pierce County acts as the City’s collection agent for these taxes. Once a month, the County electronically transmits to the City the taxes that it has collected on the City’s behalf in the prior month. On this basis, property taxes received in January are considered both measurable and available and therefore are recognized as revenue in the current year.

Other Locally Levied Taxes – Pierce County also acts as the City’s collection agent for the one quarter percent and optional one quarter percent real estate excise taxes. Although a time lag occurs in payment of these taxes to the City, since the taxes are actually collected by Pierce County in December and receipted to the City within 10 days after the end of the year, they are considered to be both measurable and available, and therefore are accrued as revenue at year-end. The State of Washington acts as the City’s collection agency for the locally levied sales tax. The sales tax is distributed monthly and remitted to the City in the following month. It is both measurable and available and is therefore accrued as revenue at year-end.

Grant Revenues – Under Section G60.109 of the Codification of Governmental Accounting and Financial Reporting Standards, revenues for cost reimbursement grants are determined to be earned, and therefore available, at the time related expenditures are incurred. For this reason, grant revenues to be received as reimbursement for expenditures incurred in the current year are also recognized as revenue in that year.

Shared Revenues – Revenues that have been collected but not remitted by an intermediary collection agency to the City are considered measurable and available.

Other Revenue Sources – Other items recognized as revenue in the current year on the modified accrual basis include investment interest earned but not received at year-end; operating transfers, interfund, and intergovernmental service billings related to services provided in the current year which are outstanding at year-end; and any other material revenue amounts determined to be both measurable and available under current modified accrual accounting practices. Revenues not considered to meet the criteria for recognition on the modified accrual basis include licenses and permits, fines and forfeitures, and other miscellaneous revenues which are not generally measurable until received.

Biennial appropriated budgets are adopted for the general and special revenue funds on the modified accrual basis of accounting. Budgets for debt service and capital project funds are adopted at the level of the individual debt issue or project and for fiscal periods that correspond to the lives of debt issues or projects. Managerial Funds are adopted at the fund level. They are presented as separate budgets but are reported within the General fund actuals on the financial statements.

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Appropriations for general and special revenue funds lapse at year-end (except for appropriations for capital outlays, which are carried forward from year to year until fully expended or the purpose of the appropriation has been accomplished or abandoned).

The individual funds within each fund type, which are included in the City's biennial operating budget, are listed below. These funds are budgeted for on a biennial basis.

General Fund

Special Revenue Funds:

Street Fund
Donations Fund

Debt Service Funds:

Debt Service Funds

Capital Projects Funds:

Municipal Facilities CIP Fund
Parks Capital Projects Fund
Public works CIP Fund

Enterprise Funds:

Surface Water Management Fund

Managerial Funds:

Strategic Reserve Fund
Parks and Recreation Fund
Arterial Street Fund
Police/Public Safety Fund
Traffic Impact Fees Fund
Real Estate Excise Tax Fund

The City's budget process and the time limits under which the budget must be prepared are defined by the Revised Code of Washington (RCW) 35A.34. The procedures followed in establishing the biennial budget are described below:

- ◇ By late May, the official budget call is made by the Finance Director for current level service budgets and a preliminary financial forecast.
- ◇ By late July, departments submit their preliminary expenditure estimates and the Finance Department updates the preliminary revenue estimates to define resources available to finance coming year expenditure programs.
- ◇ Prior to the first Tuesday in October, the City Manager submits the proposed budget to the City Council. This budget is based on priorities established by the Council and estimates provided by the City departments during the preceding months and balanced with revenue estimates made by the Finance Director.
- ◇ By October 1, the City Manager files a preliminary budget with the City Clerk. Copies of the preliminary budget are provided to staff and the City Council and are made available to the public.
- ◇ During the first two weeks of October, the City Clerk publishes a notice of the filing of the preliminary budget and notices of public hearings to be held during preliminary budget deliberations.
- ◇ City Council conducts workshops and two public hearings on the proposed budget between October and December. Final hearing on the budget must begin on or before the first Monday of December and may continue until the 25th day prior to the beginning of the next fiscal year.
- ◇ In early December, the City Council adopts an ordinance to establish the amount of property taxes to be levied in the coming year.
- ◇ By December 31, the City Council makes its adjustments to the proposed budget and adopts a final budget by ordinance.
- ◇ The final operating budget, as adopted, is published and distributed within the first three months of the following year. Copies of the adopted budget are made available to the public.
- ◇ By September 1 after the start nor later than December 31 of the first year of the fiscal biennium, the City provides for a mid-biennium review including the preparation of proposed budget modifications and provides for publication of notice of public hearings.

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of a fund or that affect the number of authorized employee positions, salary ranges, hours or other conditions of employment must be approved by the City Council.

When the City Council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund, it may do so by ordinance approved by a simple majority after holding public hearing(s).

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

The budget for the donations fund is established only at the end of the fiscal year. Therefore, there is no original budget in the Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual.

It is the City's policy to invest all temporary cash surpluses. At December 31, 2021, the City was holding \$38,455,040 in short-term residual investments of surplus cash. This amount is classified on the balance sheet as cash and cash equivalents in various funds. The interest on these investments is held in the General Fund.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments are valued at fair value. The fair value of the City's position in the state investment pool is the same as the value of the pool shares. See Note 3.A, Deposits and Investments.

Taxes receivable consists of property taxes and related interest and penalties (See Property Taxes Note 5C) Accrued interest receivable consists of amounts earned on investments, notes and contracts at the end of the year.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund loans receivable/payable or advances to/from other funds. All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances. A separate schedule of interfund loans receivable and payable is furnished in Note 3.F. Interfund Balances and Transfers.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resource.

Capital assets, which include property, plant, equipment and software, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost and an estimated useful life. Capitalization thresholds and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings and improvements	\$ 15,000	10-100 Years
Equipment and software	5,000	4-12 Years
Roads - collectors and residential	15,000	7-40 Years

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset.

The costs for normal maintenance and repairs are not capitalized.

CITY OF UNIVERSITY PLACE, WA NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of the capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest incurred by the City during the current year.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over their estimated useful lives.

Net investment in capital assets reported on the Statement of Net Position is calculated by subtracting outstanding debt (less unspent revenue bond proceeds of \$2,973,835) from capital assets.

Compensated absences are absences for which employees will be paid, such as vacation leave and sick leave. All vacation and sick pay are accrued when incurred in the government-wide and proprietary fund financial statements.

There is no maximum on the vacation balance an employee may carry. However, the maximum vacation balance that an employee may cash out at termination is 240 hours. Vacation pay is payable to the maximum upon resignation, retirement or the death of an employee.

A non-exempt employee may request compensatory time in lieu of overtime payment. Compensatory time is accrued at a rate of one and one-half hours for each hour of overtime worked, accruable to a maximum of 80 hours.

Sick leave accumulation is unlimited. Effective January 1, 2005 any employee in good standing with at least five (5) years of regular employment with the City may cash out up to 40 hours of sick leave per year for 50% of its value at the employee's current hourly wage if their remaining sick balance is over 100 hours. As of January 1, 2007 employees in good standing with seven (7) or more years of regular employment with the City may cash out up to 80 hours for 75% of its value at their current hourly wage as long as their sick leave balance remains over 100 hours. Other sick leave is only payable upon resignation, retirement or the death of an employee. An employee who has been with the City for at least two years may receive twenty-five percent of accumulated sick leave up to a maximum balance of 960 hours.

In accordance with GASB Statement 16, the City accrues vacation pay and no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as termination leave prior to resignation. This provides for the termination pay for eligible employees vacation and twenty-five percent of their sick leave to a maximum of 960 hours accrued.

The entire compensated absence liability is reported on the government-wide financial statements as it meets the criteria identified in the 2005 GAAFR. In the proprietary funds, the amount of compensated absences related to internal service funds is reported as a liability.

Unearned revenues consist of amounts collected before revenue recognition criteria are met. Unearned revenue of \$4,743,162 was reported in the 2021 Governmental Funds Balance Sheet. The City received \$4,696,090 in unspent ARPA funds, \$1,241 for pet licenses and Traffic Impact Fees totaled \$6,231 all funds were received in 2021 for 2022. Deposits in the amount of \$39,600 also remained at the end of 2021 in the Governmental Funds and \$10,785 in the Internal Service Funds for tenant security deposits.

In addition to assets, the Statement of Net Position and or Balance Sheet will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The deferred outflows of resources are reported in the government-wide statement of net position for governmental and business activities and the fund level for the proprietary statement of net position. The City has two items that qualify for reporting in this category. First, the City's pension plan contributions made from the measurement date of the pension plan to the current fiscal year end are deferred and will be recognized in the subsequent fiscal year. Second, the difference between projected and actual earnings on pension plan investments are deferred and recognized as pension plan expense over a closed five-year period as required by GASB 68. In addition to liabilities, the Statement of Net Position and or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has two items that qualify for reporting in this category. At the governmental fund level, revenues that have been billed but not yet collected are reported as unavailable revenues. These amounts are deferred and recognized as an inflow of resources in the period they become available to the City. A deferred

CITY OF UNIVERSITY PLACE, WA NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

inflow of resources is recognized in the government-wide statement of net position for governmental and business activities and the fund level for the proprietary statement of net position for the difference between the expected experience and the actual experience in the actuarial measurement of the total pension liability not recognized in the current year. The amount is deferred and amortized over a period of years determined by the plan actuary. The amortization period is based on the estimated average remaining service lives of employees that are provided with a pension through the pension plan (active and inactive employees) for the City determined as of the beginning of the measurement date.

All payables, accrued liabilities, and noncurrent liabilities are reported in the government-wide financial statements and on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities once incurred are paid in a timely manner and in full from current financial resources and are reported as obligations of the funds. Bonds, capital leases and long-term loans are recognized as a liability on the governmental fund financial statements when due.

The City of University Place implemented Governmental Accounting Standards Board Statement No. 54. For governmental fund financial statements fund balances are reported in five classifications.

- a. Non-spendable: Fund balance amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to remain intact. The City has no non-spendable fund balances at this time.
- b. Restricted: Fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or by law through constitutional provisions or enabling legislation.
- c. Committed: Fund balance amounts that are constrained for specific purposes which are internally imposed by the City Council through an ordinance which must be approved by the affirmative vote of a majority of the City Council in a public meeting. Such an ordinance can only be repealed or amended by the affirmative vote of a majority of the City Council in a public meeting.
- d. Assigned: Fund balance amounts that are constrained by the City Council's intent to be used for specific purposes but are neither restricted nor committed. This category of fund balance represents amounts the City Council has authorized the City Manager to assign, through resolution or through the ordinance adopting the City's budget, to be used for a specific purpose. Once assigned, the limitation imposed by the ordinance or resolution remain in place until a similar action is taken (the adoption of an ordinance or passing of a resolution) to remove or revise the limitation.
- e. Unassigned: Fund balance amounts that represent residual positive fund balance within the General Fund that has not been classified as restricted, committed, or assigned, and negative fund balances in other governmental funds.

The City considers restricted amounts to have been spent first when expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available. When expenditures of unrestricted fund balance are incurred, the City considers committed amounts spent first, then assigned amounts, and lastly unassigned amounts.

A minimum fund balance has been established through Resolution 702 Section 3: The City shall attempt to maintain a cash reserve of five to fifteen percent (5%-15%) of its operating budget.

For purposes of measuring the net pension liability, net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of calculating the restricted net position related to the net pension asset, the City includes the net pension asset only.

**CITY OF UNIVERSITY PLACE, WA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

During 2021, there have been no material violations of finance-related legal or contractual provisions.

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

As required by state law, all deposits and investments of the City's funds are entirely 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 (WPDPC).

Investments

On December 31, 2021, the City had the following investments:

Investment	Fair Value
State Investment Pool	\$ 38,358,754
Federal National Mortgage Assn	\$ 991,783
Federal Farm Credit	\$ 982,905
US Treasury Strip	\$ 984,720

The City is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pools is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with RCW 43.250. Investments in the LGIP are reported at amortized cost, which is the same 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.

The Federal Farm Credit and Federal National Mortgage Association bonds are rated Aaa by Moody's and AA+ by Standard and Poors. The Fico Strip bond is rated Aaa by Moody's.

The City has considered GASB 72 requirement for reporting in relation to investments and determined that the LGIP is not required as it is a 2a-7 investment. The FICO Strip and the Federal Home Loan Bond do, however, come under the GASB 72 disclosure agreements. The FHLP bond is currently presented at FMV. The City also considered its Library property that has 2 Retail spaces within the building. This building was originally placed in service as a single office space and was not recorded as and a mixed use asset. Therefor it does not require the detailed reporting of GASB 72.

The city measures and reports investments at cost and discloses investments at fair value using the valuation input hierarchy established by generally accepted accounting principles, as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: The City uses the market approach for the fair value valuation of its Significant Other Observable Inputs Investments. This approach uses prices and other relevant information from market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities. The City also can make use of quoted market prices as a technique that is consistent with the market approach.

Level 3: Unobservable inputs for an asset or liability.

CITY OF UNIVERSITY PLACE, WA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Investments

At December 31, 2021, the city had the following investments measured at fair value:

	Fair Value Hierarchy				Net Asset Value	Fair Value
	Level 1	Level 2	Level 3			
U.S Government						
U.S. Strips	\$ -	\$ 984,720	\$ -	\$ 999,124	\$ 984,720	
Federal Home Loan Bank	-	982,905	-	1,002,186	982,905	
Federal National Mortgage Assn	\$ -	\$ 991,783	\$ -	\$ 1,000,989	\$ 991,783	

B. Receivables and Due from Other Governments

The following is an analysis of the accounts receivable and amounts due from other governments for 2021:

Accounts receivable	
Utility company taxes and ROW use fees	\$ 514,179
Gambling and admissions taxes	15,149
Miscellaneous receivables	54,864
Total	<u>\$ 584,192</u>
Due from other governments	
Due from other governments	\$ 1,612,338
Grants receivable	240,697
Property tax receivable	112,029
Total	<u>\$ 1,965,064</u>

CITY OF UNIVERSITY PLACE, WA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. DETAILED NOTES ON ALL FUNDS

C. Capital Assets

Capital assets are tangible or intangible assets having initial useful lives extending beyond a single reporting period. The City has included intangible assets for a number of years and is in compliance with GASB 51. Capital assets activity for governmental activities for the year ended December 31, 2021 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 21,552,870	\$ -	\$ -	\$ 21,552,870
Easement	3,203,141	111,150	-	3,314,291
Construction in progress	2,353,580	2,153,113	1,041,934	3,464,759
Total capital assets, not being depreciated	<u>27,109,591</u>	<u>2,264,263</u>	<u>1,041,934</u>	<u>28,331,920</u>
Capital Assets, Being Depreciated				
Buildings	\$ 44,698,254	\$ -	\$ -	\$ 44,698,254
Infrastructure	194,785,338	1,041,936	-	195,827,274
Equipment and Software	4,529,962	51,581	75,129	4,506,414
Total capital assets, being depreciated	<u>244,013,554</u>	<u>1,093,517</u>	<u>75,129</u>	<u>245,031,942</u>
Less Accumulated Depreciated for				
Buildings	\$ (14,099,022)	\$ (1,505,829)	\$ -	\$ (15,604,851)
Infrastructure	(153,787,899)	(2,614,679)	-	(156,402,578)
Equipment and Software	(3,019,564)	(258,911)	75,133	(3,203,342)
Total accumulated depreciation	<u>(170,906,485)</u>	<u>(4,379,419)</u>	<u>75,133</u>	<u>(175,210,771)</u>
Total capital assets, being depreciated, net	<u>73,107,069</u>	<u>(3,285,902)</u>	<u>(4)</u>	<u>69,821,171</u>
Governmental activities capital assets, net	<u>\$ 100,216,660</u>	<u>\$ (1,021,639)</u>	<u>\$ 1,041,930</u>	<u>\$ 98,153,091</u>

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. DETAILED NOTES ON ALL FUNDS

C. Capital Assets

Depreciation expense was charged to functions/programs of the primary government as follows:

Functions/Programs:	
General government	\$ 1,433,468
Transportation	2,665,078
Cultural and Recreation	280,873
Total depreciation expense	<u>\$ 4,379,419</u>

Capital asset for Business-type activities for year ended December 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Construction in progress	\$ 475,692	\$ 527,488	\$ 90,694	\$ 912,486
Capital Assets, Being Depreciated				
Infrastructure	18,438,368	90,693	-	18,529,061
Equipment and software*	778,913	89,641	-	868,554
Total capital assets, being depreciated	<u>19,217,281</u>	<u>180,334</u>	<u>-</u>	<u>19,397,615</u>
Less Accumulated Depreciated for				
Infrastructure*	(7,931,563)	(494,453)	-	(8,426,016)
Equipment and software*	(491,052)	(61,416)	-	(552,468)
Total accumulated depreciation	<u>(8,422,615)</u>	<u>(555,869)</u>	<u>-</u>	<u>(8,978,484)</u>
Total capital assets, being depreciated net	<u>10,794,666</u>	<u>(375,535)</u>	<u>-</u>	<u>10,419,131</u>
Business-type activities capital assets, net	<u>\$ 11,270,358</u>	<u>\$ 151,953</u>	<u>\$ 90,694</u>	<u>\$ 11,331,617</u>

Depreciation expense for Business-type activities was charged to functions/programs of the primary government as follows

Surface Water Management	\$ 555,869
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D. Long-Term Debt

The various categories of long-term debt reflected on the City's financial statements are briefly described in the following paragraphs.

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

In 2009 the City issued \$7,760,000 in limited tax general obligation bonds with an interest rate of 5.92%-6.42%. Proceeds of the 2009 Series B bonds were used to pay a portion of the costs of completing the Civic Building and to pay taxable lines of credit entered in connection with the Town Square project.

In 2012 the City issued \$14,130,000 limited tax general obligation bonds with an interest rate of 4.5%-5.0% to refinance the 2007 Series B and the remaining principal on the 2001 LTGO. Those bonds were issued for the purpose of park and

CITY OF UNIVERSITY PLACE, WA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. DETAILED NOTES ON ALL FUNDS

D. Long-Term Debt

recreation improvements at the Cirque and Bridgeport Park site and finance the acquisition of property within the Town Center of the City.

In 2016 the City issued \$19,675,000 in limited tax general obligation bonds with an interest rate of 2.0%-5.0% for the purpose of refinancing of bonds issued in 2005, 2007, and 2009. Those bonds were issued for various purposes including the purchase of Windmill Village/City Hall, Windmill Village remodel, Grandview Avenue CIP, arterial lighting CIP and park land acquisition, make street improvements and sewer improvements, construct a portion of a transit center garage, construct other public capital projects related to the Town Center project and finance the acquisition of property within the Town Center of the City.

In 2019 the City issued \$3,225,000 limited tax general obligation bonds with an interest rate of 3.0%-4.0% for the purposes of funding public improvements in the Town Center of the City. Payment utilizes “local revitalization financing” by using revenues received from a local sales and use tax imposed pursuant to RCW 82.14.510 to pay the principal of and interest on the debt.

Also, in 2019 the City issued \$15,950,000 in limited tax refunding bonds with an interest rate of 1.84%-3.19% to advance refund the 2011 Revenue Bond, and the 2012A and B limited tax general obligation bonds. A portion of the 2012 Series A and B bonds remain unrefunded (\$885,000) and will be paid off in 2022.

General Obligation Bonds approved by the voters are typically repaid through an annual “excess” property tax levy authorized for this purpose by State statute. At year-end 2021 the City had no voter-approved bonds outstanding.

Public Works Trust Fund Loans

State of Washington Public Works Trust Fund Loan (PWTF) was a direct responsibility of the City. University Place had one (1) such loan active in 2021. The loan agreement provides for the interest at 1% or 2% per annum on the outstanding loan balance. This loan was paid in full in 2021. Proceeds were used for Bridgeport Way improvements and Town Center Streetscape improvements.

CITY OF UNIVERSITY PLACE, WA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. DETAILED NOTES ON ALL FUNDS

D. Long-Term Debt

Long-term debt activity for the year ended December 31, 2021 follows:

Description	Date of Issue	Maturity Date	Amount Originally Issued	Beginning Outstanding Debt	Amount Issued	Amount Redeemed	Ending Outstanding Debt
Governmental Activity							
General obligation bonds							
2009 Series B	24-Aug-09	1-Dec-34	\$ 7,760,000	\$ 5,410,000	\$ -	\$ 775,000	\$ 4,635,000
2012 Series A	20-Nov-12	1-Dec-37	6,250,000	230,000	-	230,000	-
2012 Series B (taxable)	20-Nov-12	1-Dec-37	7,880,000	290,000	-	160,000	130,000
2016 LTGO	29-Sep-16	1-Dec-34	19,675,000	18,345,000	-	210,000	18,135,000
2019 LTGO Series A (Tax Exempt)	5-Dec-19	1-Dec-37	3,225,000	3,085,000	-	145,000	2,940,000
2019 LTGO Refunding Series B (Taxable)	5-Dec-19	1-Dec-37	15,950,000	15,710,000	-	240,000	15,470,000
Subtotal			<u>60,740,000</u>	<u>43,070,000</u>	<u>-</u>	<u>1,760,000</u>	<u>41,310,000</u>
Other debt							
Public works trust fund loan							
PW-05-691-PRE-145	1-Jul-06	1-Jul-25	766,983	207,766	-	207,766	-
Subtotal			<u>766,983</u>	<u>207,766</u>	<u>-</u>	<u>207,766</u>	<u>-</u>
Total governmental activity general obligation bonds & other debt			<u>\$ 61,506,983</u>	<u>\$ 43,277,766</u>	<u>\$ -</u>	<u>\$ 1,967,766</u>	<u>\$ 41,310,000</u>

Business-type Activity

Other debt							
Public works trust fund loan							
PW-05-691-PRE-145	1-Jul-06	1-Jul-25	99,762	27,032	-	27,032	-
Subtotal			<u>99,762</u>	<u>27,032</u>	<u>-</u>	<u>27,032</u>	<u>-</u>
Total business-type activity other-debt			<u>\$ 99,762</u>	<u>\$ 27,032</u>	<u>\$ -</u>	<u>\$ 27,032</u>	<u>\$ -</u>

Annual debt service requirements to maturity for general obligation debt are as follows:

General Obligation Bonds

Year	Governmental Activities		
	Principal	Interest	Total
2022	1,830,000	1,759,425	3,589,425
2023	1,925,000	1,666,089	3,591,089
2024	2,020,000	1,569,964	3,589,964
2025	2,055,000	1,468,245	3,523,245
2026	2,170,000	1,363,704	3,533,704
2027-2031	11,835,000	5,380,189	17,215,189
2032-2036	15,780,000	2,418,861	18,198,861
2037	3,695,000	119,809	3,814,809
Total	<u>\$ 41,310,000</u>	<u>\$ 15,746,286</u>	<u>\$ 57,056,286</u>

CITY OF UNIVERSITY PLACE, WA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. DETAILED NOTES ON ALL FUNDS

E. Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2021 is as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year	Due in More than One Year
Bonds and Loans Payable						
General obligation bonds	\$ 43,070,000	\$ -	\$ (1,760,000)	\$41,310,000	\$ 1,830,000	\$ 39,480,000
Public works trust fund loans	207,766	-	(207,766)	-	-	-
Total bonds and loans payable	<u>43,277,766</u>	<u>-</u>	<u>(1,967,766)</u>	<u>41,310,000</u>	<u>1,830,000</u>	<u>39,480,000</u>
Compensated absences	640,863	29,015	-	669,878	221,060	448,818
Net pension liability	<u>1,362,311</u>	<u>-</u>	<u>(1,021,184)</u>	<u>341,127</u>	<u>-</u>	<u>341,128</u>
Government activities, long-term liabilities	<u>\$ 45,280,940</u>	<u>\$ 29,015</u>	<u>\$ (2,988,950)</u>	<u>\$42,321,005</u>	<u>\$ 2,051,060</u>	<u>\$ 40,269,946</u>
Business-type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year	Due in More than One Year
Bonds and loans payable						
Public works trust fund loans	\$ 27,032	\$ -	\$ (27,032)	\$ -	\$ -	\$ -
Total bonds and loans payable	<u>27,032</u>	<u>-</u>	<u>(27,032)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Compensated absences	93,957	595	-	94,552	31,202	63,349
Net pension liability	<u>271,158</u>	<u>-</u>	<u>(217,460)</u>	<u>53,698</u>	<u>-</u>	<u>53,698</u>
Business -type activities, long-term liabilities	<u>\$ 392,147</u>	<u>\$ 595</u>	<u>\$ (244,492)</u>	<u>\$ 148,250</u>	<u>\$ 31,202</u>	<u>\$ 117,047</u>

The general fund and internal service funds typically have been used in prior years to liquidate the liability for compensated absences.

CITY OF UNIVERSITY PLACE, WA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. DETAILED NOTES ON ALL FUNDS

F. Transfers

Transfers are legally authorized contributions of resources from one fund to another to subsidize designated activities or expenditures. Transfers are accounted for as “Other Financing Sources and Uses”. The City transferred funds for various construction projects, to the debt service fund as principle and interest payments become due and to finance various programs accounted for in other funds in accordance with budgetary authorizations. The following transfers were recorded during 2021:

Fund Category	2021	
	Transfer in	Transfer out
General	\$ 170,544	\$ 5,163,445
Surface water management	-	6,826
Public works capital improvement	201,389	-
Municipal facilities capital improvement	111,451	-
Debt service	3,807,380	840
Street Fund	234,649	61,267
Internal service	706,965	-
Total	<u>\$ 5,232,378</u>	<u>\$ 5,232,378</u>

G. Construction and other significant commitments

Construction Commitments - The City has active public works capital improvement construction projects as of December 31, 2021. The projects include street construction and widening, parks and trails, general government facilities, technology upgrades and waterworks system improvements. At December 31, 2021, the City’s construction commitments were \$938,664.

Construction Commitments	
Project	Remaining
Main St. Lot Plan	\$ 100
Larson Lan Phase 2	2,200
Alameda Avenue Extension	323,704
Remodel Room 101	40,589
35th Street Improvements	9,759
Survey Lakewood Drive Overlay	3,176
Chambers Creek Road	2,412
67th Phase 1	156,662
67th Phase 2	138,549
Homestead Park	106,297
Mt. Tahoma SWM	9,814
Brookside Drive SWM	68,516
Chambers Creek Trail	76,886
Total	<u>\$ 938,664</u>

Encumbrances – Encumbrances (e.g., purchase orders, contracts) accounting is employed in governmental funds. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At the year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General funds	\$ 41,986
Public Works CIP	115,162
IT Internal service fund	62,996
Total	<u>\$ 220,144</u>

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. PENSION PLANS

The following table represents the aggregate pension amounts for the year 2021:

Aggregate Pension Amounts - All Plans	PERS 1	PERS 2/3	Total
Pension liabilities	\$ 394,826	\$ -	\$ 394,826
Pension assets	\$ -	\$ 4,138,052	\$ 4,138,052
Deferred outflows of resources	\$ 95,368	\$ 415,135	\$ 510,503
Deferred inflows of resources	\$ 438,124	\$ 3,807,386	\$ 4,245,510
Pension Expense/Expenditures	\$ (41,802)	\$ (923,018)	\$ (964,820)

State Sponsored Pension Plans

Substantially all of the City of University Place's full-time and qualifying part-time employees participate in one of the following statewide retirement systems 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 (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

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

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

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. PENSION PLANS

Public Employees' Retirement System (PERS)

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee
January through June 2021		
PERS Plan 1	7.92 %	6.00 %
PERS Plan 1 UAAL	4.87 %	- %
Administrative Fees	0.18 %	- %
Total	12.97 %	6.00 %
July through December 2021		
PERS Plan 1	10.07 %	6.00 %
Administrative Fee	0.18 %	- %
Total	10.25 %	6.00 %

* For employees participating in JBM, the contribution rate was 12.26%

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

With a benefit that is reduced by three percent for each year before age 65; or

With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

CITY OF UNIVERSITY PLACE, WA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. PENSION PLANS

Public Employees' Retirement System (PERS)

Contributions

PERS Plan 2/3			
Actual Contribution Rates:		Employer 2/3	Employee 2/3
January through June 2021			
PERS Plan 1		7.92 %	7.90 %
PERS Plan 1 UAAL		4.87 %	- %
Administrative Fees		0.18 %	- %
Total		<u>12.97 %</u>	<u>7.90 %</u>
July through December 2021			
PERS Plan 1		6.36 %	6.36 %
Administrative Fee		3.71 %	- %
Administrative Fee		0.18 %	Varies
Total		<u>10.25 %</u>	<u>6.36 %</u>

* For employees participating in JBM, the contribution rate was 12.26%

The City of University Place's actual PERS plan contributions were \$217,769 to PERS Plan 1 and \$362,547 to PERS Plan 2/3 for the year ended December 31, 2021.

CITY OF UNIVERSITY PLACE, WA NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. PENSION PLANS

Actuarial Assumptions

The total pension liability (TPL) for each of the plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in valuation are summarized in the Actuarial Section of DRS' Annual Comprehensive Financial Report located on the DRS website. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2019 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. <http://leg.wa.gov/osa/> The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

Inflation: 2.75% total economic inflation; 3.5% salary inflation

Salary increases: In addition to the base 3.5% salary inflation assumption, salaries are also expected to grow by promotions and longevity.

Investment rate of return: 7.4%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g., active, retiree, or survivor), as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

There were no changes in assumptions since the last valuation. There were changes in methods since the last valuation.

Method Changes:

- For purposes of the June 30, 2020 Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the Office of the State Actuary (OSA) introduced temporary method changes to produce asset and liability measures as of the valuation date. A high-level summary of those changes is outlined in the following paragraph. OSA will revert back to the methods outlined in their 2019 AVR when preparing the 2021 AVR, a contribution ratesetting valuation, which will serve as the basis for 2022 ACFR results.
- To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR OSA relied on the same data, assets, methods, and assumptions as the June 30, 2019, AVR. OSA projected the data forward one year reflecting assumed new hires and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the Fiscal Year (FY)-end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020. OSA reviewed the actual June 30, 2020, participant and financial data to determine if any material changes to our projection assumptions were necessary. OSA also considered any material impacts to the plans from 2021.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. PENSION PLANS

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed income	20.00 %	2.20 %
Tangible assets	7.00 %	5.10 %
Real estate	18.00 %	5.80 %
Global equity	32.00 %	6.30 %
Private equity	23.00 %	9.30 %
	100.00 %	

Sensitivity of NPL

The table below presents the City of University Place's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the City of University Place's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 672,607	\$ 394,826	\$ 152,571
PERS 2/3	\$ (1,178,851)	\$ (4,138,052)	\$ (6,574,956)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, the City of University Place's proportionate share of the collective net pension liabilities was as follows:

PERS 1	\$ 394,826
PERS 2/3	(4,138,052)
	<u>\$ (3,743,226)</u>

At June 30, the City of University Place's proportionate share of the collective net pension liabilities was as follows:

CITY OF UNIVERSITY PLACE, WA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. PENSION PLANS

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

	Proportionate Share 6/30/2020	Proportionate Share 6/30/2021	Change in Proportion
PERS 1	0.031437 %	0.032330 %	0.000893 %
PERS 2/3	0.040938 %	0.041540 %	0.000602 %

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans.

The collective net pension liability (asset) was measured as of June 30, 2021, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2020, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2021 the City of University Place recognized pension expense as follows:

	Pension Expense
PERS 1	\$ (41,802)
PERS 2/3	(923,018)
Total	\$ (964,820)

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. PENSION PLANS

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, the City of University Place reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience PERS 2/3	\$ 200,979	\$ (50,729)
Net difference between projected and actual investment earnings PERS 2/3	-	(3,458,441)
Change of assumptions PERS 2/3	6,047	(293,870)
Changes in proportionate share	44,620	(4,347)
Contributions subsequent to the measurement date	163,489	-
Total PERS 2/3	415,135	(3,807,387)
Net difference between projected and actual investment earnings PERS 1	-	(438,123)
Contributions subsequent to the measurement date	95,368	-
Total PERS 1	95,368	(438,123)
Total all plans	\$ 510,503	\$ (4,245,510)

Deferred outflows of resources related to pensions resulting from the city's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PERS 1	PERS 2/3
2022	\$ (116,059)	\$ (930,861)
2023	(106,352)	(868,724)
2024	(100,560)	(839,161)
2025	(115,152)	(910,585)
2026	-	(10,228)
Thereafter	-	3,817
Total Net Deferred (Inflows)/Outflows	\$ (438,123)	\$ (3,555,742)

Other Local Government Pension Systems - City of University Place Employee's Retirement Plan

The City Council established a defined contribution retirement plan called the University Place Retirement Plan effective August 31, 1995 (the date of incorporation) in accordance with Internal Revenue Code Section 401(a). The plan was established as an alternative to the Federal Social Security System and is authorized by the Federal Social Security Act (42 USCA, Section 418(g)). In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the financial statements of the City. The City Council is authorized under RCW 41.48.050 to establish or amend the plan's provisions and contribution requirements.

The plan is currently administered by ICMA Retirement Corporation (Mission Square). The City Manager is the appointed Trustee of the plan. Covered payroll for 2021 was \$4,566,854 and total City payroll for benefit covered employees was \$5,200,967. The City's contribution was \$283,145 and the employee's contribution was \$308,020. During 2021, there were a total of 56 individuals covered by this plan. As of the end of the year, 49 remained as active employees of the City. 6 employees were added to the plan and 2 employees left the City's employment and either had been reimbursed their contributions or reimbursement was pending. Eight employees are on a union retirement plan.

The pension benefits a participant will receive depend only on the amount contributed to the participant's account and earnings on investments of these contributions. Employees' self-direct investment amounts to various investment options for both employee and employer contributions. All contributions are invested in instruments arranged through the ICMA

CITY OF UNIVERSITY PLACE, WA NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. PENSION PLANS

Retirement Corporation (Mission Square). The plan assets are not the property of the City and are not subject to the claims of the City's general creditors.

All regular, non-represented employees are required to participate in the City's 401(a) defined contribution retirement plan. The employee contributes a minimum of 6.0% up to 18.0%, and the City provides a matching contribution of 6.2%. Contributions into the plan are tax deferred. Vesting for the City share of the 401(a) contribution is 33.3% after one year, 66.7% after two years, and 100% after three years of being employed with the City of University Place.

International Union of Operating Engineers (IUOE)

Employees represented by the bargaining unit of International Union of Operating Engineers (IUOE) participate in the IUOE pension plan. Per collective bargaining agreement, the City contributes 13.974% to the IUOE pension plan and no employee contribution is required.

NOTE 5. OTHER INFORMATION

A. Other Employee Benefits

Health and Welfare

The City of University Place is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2021, 262 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

In April 2020, the Board of Trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members.

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2020, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an individual stop loss (ISL) of \$1.5 million through Commencement Bay Risk Management, and Kaiser ISL at \$1 million with Companion Life through ASG Risk Management. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC 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 HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. OTHER INFORMATION

A. Other Employee Benefits

Health and Welfare

contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the 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 the 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.

For the employees of the City of University Place, per the contract through the Trust to the insurance company, the employer must pay 50% of the premium for medical insurance however the employer does not have a requirement to pay a minimum level for dependents. For dental (WDS/Willamette) the Trust requires the employer to pay 75% of the employee, spouse, and dependent premium. For vision (VSP) the Trust requires the employer to pay 100% of the employee premium. The City's contributions to the Trust for the year ended December 31, 2021 were \$809,989 for Medical, \$74,116 for Dental and \$9,534 for Vision which equaled the required contributions of that year.

Long-term Disability

The City also provides insurance payments (approximately 1%) for all full-time employees, and part-time employees that work 20 hours or more per week, for long-term disability, accidental death and dismemberment, and lump sum death benefit coverage.

Deferred Compensation

The City offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. These plans permit City employees to defer a portion of their salary into future years. The deferred compensation is not available until termination, retirement, death, or unforeseeable emergency. Employees may choose to have their plan administered by the State of Washington Deferred Compensation Program (DCP), ICMA Retirement Corporation, Nationwide Retirement Solutions, or Teachers Insurance and Annuity Association/College Retirement Equity Fund (TIAA-CREF). The plan became effective June 14, 1995.

In accordance with GASB Statement 32, the assets of the deferred compensation plans are no longer presented in the City's financial statements. Due to recent changes in the tax law as set forth in the Internal Revenue Code, these assets are not the property of the City or subject to the claims of the City's general creditors.

B. Other Post-Employment Benefits

Association of Washington Cities Benefit Trust ("Trust")

Trust Description. The City 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. 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 includes financial statements and requires supplementary information for Trust. That report along with a copy of the Trust document may be obtained by writing to Trust at 1076 Franklin Street SE, Olympia, WA 98501-1346 or by calling 1-800-562-8981.

**CITY OF UNIVERSITY PLACE, WA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 5. OTHER INFORMATION

B. Other Post-Employment Benefits

Association of Washington Cities Benefit Trust ("Trust")

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. Retirees of the City receiving medical benefits from the Trust contribute the following monthly amounts:

Health First - 1000	Health First - 2500
\$1,092.22 for non-Medicare enrolled retiree coverage	\$1,028.94 for non-Medicare enrolled retiree coverage
\$1,101.70 for non-Medicare enrolled spouse coverage	\$1,036.40 for non-Medicare enrolled spouse coverage
N/A for Medicare enrolled retiree coverage	N/A for Medicare enrolled retiree coverage
N/A for non-Medicare enrolled spouse coverage	N/A for non-Medicare enrolled spouse coverage

Participating Employers are not contractually required to contribute at the rates assessed each year for non-LEOFF I retirees. The retiree pays for 100% of the premium.

Retirement Health Savings

The city also offers employees a Retirement Health Savings (RHS) plan for all benefit eligible employees. RHS is a plan to provide tax-free savings during employment for payment of medical insurance premiums and other qualified post-employment medical expenses allowable under IRC Section 213. The RHS plan is considered to be an HRA (Health Reimbursement Account), and as such Retirement Health Savings plans are unique. As compared to other retirement fund accounts, RHS accumulates on a tax deferred basis and the proceeds are tax free upon withdrawal.

The plan is administered by ICMA Retirement Corporation. The City Manager is the appointed Trustee of the plan.

Until 2007, an employee could make the individual choice to join RHS and determine the amount to be contributed into the account. In April of 2007, the Internal Revenue Service issued a revenue ruling that created a uniform rule set for all HRA accounts. As a result of this ruling, the City had to organize itself into several groups and the affected employees within each group had to decide if they wanted to opt in at a predetermined amount or completely opt out of the system. The City was organized into the following groups: executive team, management team, union staff, line staff, and finally the City Council.

A mandatory city-wide vote was conducted to determine if employees would participate in RHS. This vote was finalized on December 6, 2007. With the exception of the City Council group, which opted out of RHS, groups had over a 60% consensus for opting into the RHS program. The resolution was then brought before the City Council on December 17, 2007 and was unanimously passed. The revised RHS plan took effect on January 1, 2008. A vote was taken again in 2011 and all participating groups opted to continue their participation at the existing rates. The following is a breakdown of what percent of salary each group decided to participate at:

Executive team	3.5 %
Management team	3.0 %
Union staff	2.0 %
Line staff	1.5 %

The total amount contributed by employees in 2021 was \$134,471.

**CITY OF UNIVERSITY PLACE, WA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 5. OTHER INFORMATION

C. Property Taxes

The County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Collections are due on approximately the 10th of each month for the prior month's collections.

Property Tax Calendar

January 1	Taxes are levied and become an enforceable lien against properties.
February 14	Tax bills are mailed.
April 30	First of two equal installment payments is due.
May 31	Assessed value of property is established for next year's levy at 100 percent of value.
October 31	Second installment is due.

During the year, property tax revenues are recognized when payments are received from the County. At year end, property tax revenues are recognized for collections expected to occur within 60 days. Unpaid property taxes are recorded as delinquent taxes receivable, offset by deferred inflows. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. The City may levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services, subject to two limitations:

Washington State (RCW 84.55.010) limits the growth of regular property taxes to six percent per year, after adjustment for new construction. If the assessed valuation increases by more than six percent due to reevaluation, the levy rate will be reduced.

The Washington State Constitution limits the total regular property taxes to one percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1 percent limit.

Special property tax levies approved by the voters are not subject to the above limitations.

The City's regular tax levy for 2021 was \$0.88 per \$1,000 on an assessed valuation of \$5,167,407,710 for a total regular levy of \$4,544,980.

CITY OF UNIVERSITY PLACE, WA NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. OTHER INFORMATION

D. Risk Management

The City of University Place 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, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence 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 aggregate sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage 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, and loss analyses. WCIA contracts certain claims investigations consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. OTHER INFORMATION

D. Risk Management

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.

Risk Management Fund

The City established the Risk Management Fund as an Internal Service Fund to pay insurance premiums, claims, and deductibles for the above areas of risk, as well as to establish reserves for self-insurance and uncovered losses. City operating funds contribute to the Insurance Fund based on information from the contributing funds past claims experience and loss exposures. In the past three years, none of the settlements exceeded the City's insurance coverage. The Risk Management Fund reserves for December 31, 2021 and 2020 were as follows:

	2021	2020
Beginning of year	\$ -	\$ -
Insurance Claims and		
Changes in Estimates	149,921	115,314
Claims Payments	(149,921)	(115,314)
End of Year	<u>\$ -</u>	<u>\$ -</u>

E. Estimated Arbitrage Rebate

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt of over \$5 million to make payments to the United States Treasury of investment interest received at yields that exceed the issuer's tax-exempt borrowing rates. Payments of arbitrage rebate amounts due under these regulations must be made to the U.S. Treasury every five years. The City's estimated rebatable arbitrage amount as of December 31, 2021 is \$0 for its tax-exempt general obligation bond issues subject to the Tax Reform Act issued through that date.

NOTE 6. PRIOR PERIOD ADJUSTMENTS

In prior years certain amounts were understated should have been included in income. The adjustment effected both the fund statements and the Government Wide financial statements. The amount of the prior period adjustment to beginning net position for the Primary Government was \$16,503.

	Governmental Type Activities Net Position	Business Type Activities Net Position
Correction of Street fund overstatement of accounts receivable due to property taxes resulting in a decrease in receivable balance and decrease of net position	\$ 49,056	\$ -
Correction due to overstatement of property taxes receivable	(11,963)	-
Net position was decreased due to error in recording property taxes receivable balance resulting in an overstatement of receivable	-	(20,590)
Total prior period adjustments to increase(decrease) net position	<u>\$ 37,093</u>	<u>\$ (20,590)</u>

CITY OF UNIVERSITY PLACE, WA NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. TAX ABATEMENTS

The City enters into property tax abatement agreements with local businesses under Ordinance No. 619. This ordinance allows the City to enter into agreements to provide ad valorem property tax exemptions for multi-family housing in urban centers. The Ordinance will allow for residential targeted area for multi-family property tax exemption in the Town Center Overlay Zone, an urban center as defined by State law and as designated in the City's Comprehensive Plan. Tax abatement will provide limited eight-year exemptions from ad valorem property taxation for multi-family housing in the designated residential targeted area. For the fiscal year ended December 31, 2021, the City abated property taxes totaling \$56,165.

NOTE 8. RELATED PARTY DISCLOSURE

As a result of its land holdings in the Town Center complex, the City of University Place is subject to two sets of Covenants, Conditions & Restrictions (CC&Rs) and is a member of two associated Condominium Associations (one for each lot). The first is for the site upon which City Hall sits is commonly referred to as "Lot 9," or the "Civic Building." The second is for the site directly adjacent to the north is commonly referred to as "Lot 8."

Under both sets of agreements, whose CC&Rs have been filed with the Pierce County Assessor and bylaws filed with the Washington Secretary of State, the City owns condominium units within each lot and is a co-owner of condominium elements within each of the lots. The City's ownership of common elements and obligation to contribute towards common expenses is as set forth in the respective CC&Rs and Bylaws.

To manage its Civic Building obligations, the City and the other condominium owner, the Pierce County Library (under the authority of the Condominium Association) have hired a property management company, Association Management, Inc. The City is responsible for 69.54% of the costs associated with the common elements. In the reporting period, this amount was \$382,704.

To address its Lot 8 obligations, in lieu of proceeding through the condominium association, the City and the other condominium owner, have generally separately addressed the operations and maintenance expenditures of the areas principally within their control as expenditures arise.

NOTE 9. COVID-19 PANDEMIC

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of Covid19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

In response to the pandemic, most city facilities remained closed to the public many city employees work remotely, and new procedures have been put in place. While some activities have been limited or temporarily curtailed, the City continues to operate all major functions and meet its public mandates. The City has remained economically stable and continues to adapt to the changing conditions. We continued to see negative impacts to our fuel tax revenues but the growth in sales tax generated from online sales remained.

City Hall moved from an appointment only basis to fully open to the public on Monday, April 4, 2022.

City of University Place, WA
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 6,342,925	\$ 6,559,413	\$ 7,618,213	\$ 1,058,800
Licenses and permits	3,492,594	3,444,992	3,337,233	(107,759)
Intergovernmental	499,238	5,280,229	790,669	(4,489,560)
Charges for services	577,241	678,318	858,861	180,543
Miscellaneous				
Fines and forfeitures	-	-	40	40
Rental, concessions and sales	-	7,500	5,965	(1,535)
Investment earnings	164,600	50,600	46,936	(3,664)
Contributions	-	-	3,010	3,010
Other revenues	30,500	31,992	16,602	(15,390)
Total revenues	<u>11,107,098</u>	<u>16,053,044</u>	<u>12,677,529</u>	<u>(3,375,515)</u>
Expenditures				
Current				
General government	3,587,192	8,624,650	3,037,393	5,587,257
Public safety	64,568	64,610	59,431	5,179
Transportation	392,442	341,433	249,813	91,620
Natural and economic environment	1,980,252	2,308,846	1,945,371	363,475
Culture and recreation	851,915	848,552	641,943	206,609
Capital outlay	16,000	187,328	-	187,328
Total expenditures	<u>6,892,369</u>	<u>12,375,419</u>	<u>5,933,951</u>	<u>6,441,468</u>
Excess (deficiency) of revenues over expenditures	<u>4,214,729</u>	<u>3,677,625</u>	<u>6,743,578</u>	<u>3,065,953</u>
Other financing sources/uses				
Transfers in Excluding General fund	-	169,208	170,544	1,336
Transfers out	(3,892,716)	(5,918,364)	(4,905,631)	1,012,733
Proceeds from sale of assets	120,000	120,000	120,000	-
Insurance recovery	-	-	9,766	9,766
Total other financing sources/uses	<u>(3,772,716)</u>	<u>(5,629,156)</u>	<u>(4,605,321)</u>	<u>1,023,835</u>
Net change in budgetary fund balances	442,013	(1,951,531)	2,138,257	4,089,788
Fund balances, beginning of year	<u>6,833,722</u>	<u>8,748,350</u>	<u>8,748,350</u>	<u>-</u>
Prior period adjustments	<u>-</u>	<u>-</u>	<u>(3,101)</u>	<u>(3,101)</u>
Fund balances, end of year	<u>\$ 7,275,735</u>	<u>\$ 6,796,819</u>		<u>\$ 4,086,687</u>

Perspective Difference Reconciliation:

Actual fund balance-general fund schedule of revenues, expenditures, and changes in fund balance \$ 10,883,506

The following funds were budgeted as special revenue funds
but do not meet the definition of a special revenue fund
under GASB Statement 54 and therefore are accounted for
within the General Fund

Police and Public Safety	6,762,079
Strategic Reserve Fund	2,286,824
Real Estate Excise Tax Fund	3,283,408
Traffic Impact Fees	<u>243,612</u>

Total fund balance - general fund balance sheet for governmental funds \$ 23,459,429

City of University Place, WA
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
Public Employee's Retirement System Plan 1
As of June 30, 2021
Last 10 Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability (asset)	0.032330 %	0.031437 %	0.031882 %	0.031920 %	0.031751 %	0.030163 %	0.033911 %
Employer's proportionate share of the net pension liability	<u>\$ 394,825</u>	<u>\$ 1,109,896</u>	<u>\$ 1,225,976</u>	<u>\$ 1,425,558</u>	<u>\$ 1,506,610</u>	<u>\$ 1,619,895</u>	<u>\$ 1,565,428</u>
Employer's covered payroll	<u>\$ 4,970,086</u>	<u>\$ 4,787,719</u>	<u>\$ 4,469,376</u>	<u>\$ 4,259,211</u>	<u>\$ 4,004,159</u>	<u>\$ 3,759,385</u>	<u>\$ 3,734,829</u>
Employer's proportionate share of the net pension liability as a percentage of covered payroll	7.94 %	23.18 %	27.43 %	33.47 %	37.63 %	43.09 %	41.91 %
Plan fiduciary net position as a percentage of the total pension liability	88.74 %	68.64 %	67.12 %	63.22 %	61.24 %	57.03 %	59.10 %

* Until a full 10-year trend is compiled, the City will not represent information for those years for which information is not available.

City of University Place, WA
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
Public Employee's Retirement System Plans 2 and 3
As of June 30, 2021
Last 10 Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability (asset)	0.041540 %	0.040938 %	0.041161 %	0.040981 %	0.040841 %	0.038694 %	0.043812 %
Employer's proportionate share of the net pension liability(assets)	<u>(4,138,052)</u>	<u>523,574</u>	<u>399,813</u>	<u>699,714</u>	<u>1,419,030</u>	<u>1,948,212</u>	<u>1,565,428</u>
Employer's covered payroll	<u>\$ 4,970,086</u>	<u>\$ 4,787,719</u>	<u>\$ 4,469,376</u>	<u>\$ 4,259,211</u>	<u>\$ 4,004,159</u>	<u>\$ 3,759,385</u>	<u>\$ 3,734,829</u>
Employer's proportionate share of the net pension liability as a percentage of covered payroll	(83.26)%	10.94 %	8.95 %	16.43 %	35.44 %	51.82 %	41.91 %
Plan fiduciary net position as a percentage of the total pension liability	120.29 %	97.22 %	97.77 %	95.77 %	90.97 %	85.82 %	89.20 %

* Until a full 10-year trend is compiled, the City will not represent information for those years for which information is not available

City of University Place, WA
Required Supplementary Information
Schedule of Employer Contributions
Public Employee's Retirement System Plan 1
As of December 31, 2021
Last 10 Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily or contractually required contributions	\$ 217,769	\$ 235,147	\$ 227,973	\$ 221,690	\$ 202,005	\$ 185,267	\$ 162,900
Contributions in relation to the statutorily or contractually required contributions	<u>(217,769)</u>	<u>(235,147)</u>	<u>(227,973)</u>	<u>(221,690)</u>	<u>(202,005)</u>	<u>(185,267)</u>	<u>(162,900)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,087,562	\$ 4,896,166	\$ 4,613,018	\$ 4,381,735	\$ 4,122,195	\$ 3,884,027	\$ 3,718,569
Contributions as a percentage of covered payroll	4.28 %	4.80 %	4.94 %	5.06 %	4.90 %	4.77 %	4.38 %

* Until a full 10-year trend is compiled, the City will not represent information for those years for which information is not available

City of University Place, WA
Required Supplementary Information
Schedule of Employer Contributions
Public Employee's Retirement System Plans 2 and 3
As of December 31, 2021
Last 10 Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily or contractually required contributions	\$ 362,547	\$ 365,255	\$ 356,277	\$ 328,572	\$ 283,003	\$ 241,977	\$ 209,109
Contributions in relation to the statutorily or contractually required contributions	<u>(362,547)</u>	<u>(365,255)</u>	<u>(356,277)</u>	<u>(328,572)</u>	<u>(283,003)</u>	<u>(241,977)</u>	<u>(209,109)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 5,087,562</u>	<u>\$ 4,896,166</u>	<u>\$ 4,613,018</u>	<u>\$ 4,381,735</u>	<u>\$ 4,122,195</u>	<u>\$ 3,884,027</u>	<u>\$ 3,718,569</u>
Contributions as a percentage of covered payroll	7.13 %	7.46 %	7.72 %	7.50 %	6.87 %	6.23 %	5.62 %

* Until a full 10-year trend is compiled, the City will not represent information for those years for which information is not available.

City of University Place, WA
Notes to the Required Supplementary Information

Budgetary Information

The City's biennial budget is adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) for all governmental funds.

**Fund Financial Statements
Non-Major Governmental Funds**

Special Revenue Funds

These funds account for the proceeds of specific revenue sources other than special assessments, expendable trust, or major capital projects. These revenues finance particular activities or functions as required by law or administrative regulations. The City of University Place's Non-major Special Revenue Funds are summarized below.

Street Fund

The Street Fund was established in accordance with RCW 35A.37.010 to account for maintenance and improvement of the City's street and traffic control systems. The Transportation Benefit District was established to account for vehicle license fees collected. The fees are collected to fund maintenance, preservation, and safety enhancements to University Place's existing transportation network. This activity is being reported in the Street Fund.

Donations Fund

The Donations Fund was established to receive donations designated for specific purposes identified by the donor.

Capital Projects Funds

These funds are used to account for the acquisition or development of major facilities, except those projects financed by proprietary funds. Sources of these funds include general obligation bond proceeds, federal and state grants, general property taxes, interest earnings, and transfers from other funds.

Parks Capital Projects Fund

The Parks Capital Projects Fund accounts for receipts and disbursements related to acquisitions, design, construction, and any other related park capital project expenditures. Fund appropriations do not lapse at the end of any calendar year, but remain in effect until such projects are complete. All Parks costs associated with acquisitions, improvements, issuance of bonds, and other costs shall be paid by this fund.

Municipal Facilities Capital Improvement Fund

The Municipal Facilities Capital Improvement fund was established to account for receipts and disbursements related to the acquisition, design, construction, and any other related facility expenditures. A transfer from the General Fund is the source of revenue for this fund.

City of University Place, WA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021
(Unaudited)

	Total Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets			
Cash and equivalents	\$ 2,644,432	\$ 2,387,320	\$ 5,031,752
Accounts receivables	51,952	-	51,952
Due from other government units	213,395	9,933	223,328
Total assets	<u>\$ 2,909,779</u>	<u>\$ 2,397,253</u>	<u>\$ 5,307,032</u>
Liabilities, deferred inflows and fund balance			
Liabilities			
Accounts payable	\$ 58,137	\$ 95,324	\$ 153,461
Accrued salaries and wages	6,792	-	6,792
Total liabilities	<u>64,929</u>	<u>95,324</u>	<u>160,253</u>
Deferred inflows of resources			
Unavailable revenue	-	777	777
Total deferred inflows of resources	<u>-</u>	<u>777</u>	<u>777</u>
Fund balances			
Restricted			
Traffic impact-roadway improvements	2,823,417	-	2,823,417
Donations	21,433	-	21,433
Parks capital improvement	-	2,248,956	2,248,956
Municipal facilities capital improvements	<u>-</u>	<u>52,196</u>	<u>52,196</u>
Total fund balances	<u>2,844,850</u>	<u>2,301,152</u>	<u>5,146,002</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 2,909,779</u>	<u>\$ 2,397,253</u>	<u>\$ 5,307,032</u>

City of University Place, WA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2021
(Unaudited)

	Total Nonmajor Special Revenue Funds	Nonmajor Capital Project	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 689,787	\$ -	\$ 689,787
Licenses and permits	513,891	-	513,891
Intergovernmental	700,642	-	700,642
Charges for services	-	553,756	553,756
Miscellaneous			
Contributions	7,635	-	7,635
Other revenues	25,022	6,294	31,316
Total revenues	<u>1,936,977</u>	<u>560,050</u>	<u>2,497,027</u>
Expenditures			
Current			
General government	71,082	-	71,082
Transportation	1,761,668	-	1,761,668
Culture and recreation	8,424	84,305	92,729
Capital outlay	18,958	62,804	81,762
Total expenditures	<u>1,860,132</u>	<u>147,109</u>	<u>2,007,241</u>
Excess (deficiency) of revenues over expenditures	<u>76,845</u>	<u>412,941</u>	<u>489,786</u>
Other financing sources/uses			
Transfers in	234,649	111,451	346,100
Transfers out	(61,267)	-	(61,267)
Insurance recovery	145,894	-	145,894
Total other financing sources/uses	<u>319,276</u>	<u>111,451</u>	<u>430,727</u>
Net change in fund balances	396,121	524,392	920,513
Fund balances, beginning of year	2,399,673	1,776,760	4,176,433
Prior period adjustment	49,056	-	49,056
Fund balances, beginning of year restated	2,448,729	1,776,760	4,225,489
Fund balances, end of year	<u>\$ 2,844,850</u>	<u>\$ 2,301,152</u>	<u>\$ 5,146,002</u>

City of University Place, WA
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2021
(Unaudited)

	Street	Donations Fund	Total Nonmajor Special Revenue Funds
	<u>Street</u>	<u>Donations Fund</u>	<u>Funds</u>
Assets			
Cash and equivalents	\$ 2,622,999	\$ 21,433	\$ 2,644,432
Accounts receivables	51,952	-	51,952
Due from other government units	213,395	-	213,395
Total assets	<u>\$ 2,888,346</u>	<u>\$ 21,433</u>	<u>\$ 2,909,779</u>
Liabilities and fund balance			
Liabilities			
Accounts payable	\$ 58,137	\$ -	\$ 58,137
Accrued salaries and wages	6,792	-	6,792
Total liabilities	<u>64,929</u>	<u>-</u>	<u>64,929</u>
Fund balances			
Restricted			
Traffic impact-roadway improvements	2,823,417	-	2,823,417
Donations	-	21,433	21,433
Total fund balances	<u>2,823,417</u>	<u>21,433</u>	<u>2,844,850</u>
Total liabilities and fund balance	<u>\$ 2,888,346</u>	<u>\$ 21,433</u>	<u>\$ 2,909,779</u>

City of University Place, WA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021
(Unaudited)

	Street	Donations Fund	Total Nonmajor Special Revenue Funds
Revenues			
Taxes	\$ 689,787	\$ -	\$ 689,787
Licenses and permits	513,891	-	513,891
Intergovernmental	700,642	-	700,642
Miscellaneous			
Contributions	-	7,635	7,635
Other revenues	25,022	-	25,022
Total revenues	<u>1,929,342</u>	<u>7,635</u>	<u>1,936,977</u>
Expenditures			
Current			
General government	71,082	-	71,082
Transportation	1,761,668	-	1,761,668
Culture and recreation	-	8,424	8,424
Capital outlay	18,958	-	18,958
Total expenditures	<u>1,851,708</u>	<u>8,424</u>	<u>1,860,132</u>
Excess (deficiency) of revenues over expenditures	<u>77,634</u>	<u>(789)</u>	<u>76,845</u>
Other financing sources/uses			
Transfers in	234,649	-	234,649
Transfers out	(61,267)	-	(61,267)
Insurance recovery	145,894	-	145,894
Total other financing sources/uses	<u>319,276</u>	<u>-</u>	<u>319,276</u>
Net change in fund balances	396,910	(789)	396,121
Fund balances, beginning of year	2,377,451	22,222	2,399,673
Prior period adjustments	49,056	-	49,056
Fund balances, beginning of year restated	<u>2,426,507</u>	<u>22,222</u>	<u>2,448,729</u>
Fund balances, end of year	<u>\$ 2,823,417</u>	<u>\$ 21,433</u>	<u>\$ 2,844,850</u>

City of University Place, WA
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2021
(Unaudited)

	Municipal Facilities CIP	Parks CIP	Total Nonmajor Capital Projects Funds
Assets			
Cash and equivalents	\$ 62,166	\$ 2,325,154	\$ 2,387,320
Due from other government units	-	9,933	9,933
Total assets	<u>\$ 62,166</u>	<u>\$ 2,335,087</u>	<u>\$ 2,397,253</u>
Liabilities, deferred inflows and fund balance			
Liabilities			
Accounts payable	\$ 9,970	\$ 85,354	\$ 95,324
Total liabilities	<u>9,970</u>	<u>85,354</u>	<u>95,324</u>
Deferred inflows of resources			
Unavailable revenue	-	777	777
Total deferred inflows of resources	<u>-</u>	<u>777</u>	<u>777</u>
Fund balances			
Restricted			
Parks capital improvement	-	2,248,956	2,248,956
Municipal facilities capital improvements	52,196	-	52,196
Total fund balances	<u>52,196</u>	<u>2,248,956</u>	<u>2,301,152</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 62,166</u>	<u>\$ 2,335,087</u>	<u>\$ 2,397,253</u>

City of University Place, WA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
December 31, 2021
(Unaudited)

	Municipal Facilities CIP	Parks CIP	Total Nonmajor Capital Projects Funds
Revenues			
Charges for services	\$ -	\$ 553,756	\$ 553,756
Other revenues	-	6,294	6,294
Total revenues	<u>-</u>	<u>560,050</u>	<u>560,050</u>
Expenditures			
Current			
Culture and recreation	-	84,305	84,305
Capital outlay	62,804	-	62,804
Total expenditures	<u>62,804</u>	<u>84,305</u>	<u>147,109</u>
Excess (deficiency) of revenues over expenditures	<u>(62,804)</u>	<u>475,745</u>	<u>412,941</u>
Other financing sources/uses			
Transfers in	111,451	-	111,451
Total other financing sources/uses	<u>111,451</u>	<u>-</u>	<u>111,451</u>
Net change in fund balances	48,647	475,745	524,392
Fund balances, beginning of year	3,549	1,773,211	1,776,760
Fund balances, end of year	<u>\$ 52,196</u>	<u>\$ 2,248,956</u>	<u>\$ 2,301,152</u>

Budgetary Comparison Schedule Governmental Funds

Governmental Budgetary Comparison Statements include the following:

⇒ Special Revenue Funds

- Street Fund
- Donations Fund

⇒ Capital Project Funds

- Parks Capital Projects Fund
- Public Works Capital Projects Fund
- Municipal Facilities Capital Projects Fund

⇒ Debt Service Funds

Managerial Funds for Budgetary Purposes

These funds account for the proceeds of specific revenue sources other than special assessments, expendable trust, or major capital projects. These revenues finance particular activities or functions as required by law or administrative regulations. The City of University Place's Managerial Funds that are not classified as Special Revenue Funds are summarized below.

Parks and Recreation Fund

The Parks and Recreation Fund was established to identify revenues and expenditures related to the operation of Parks and Recreation. The City discontinued its Recreation programs in 2017, so currently this fund only tracks Parks Maintenance operations. Parks maintenance is funded through a 1% Sales tax dedicated to Parks and a transfer from the General Fund. This fund was closed to the general fund in 2021 and is no longer used.

Police and Public Safety Fund

The Police and Public Safety Fund was established to identify revenues and expenditures related to police services, court services, jail services, city attorney's office, crime prevention, animal control, code enforcement, and emergency management. It is funded through property taxes, revenues identified by state statutes collected in support of public safety, fines and forfeitures, pet license fees, and grants.

Strategic Reserve Fund

The Strategic Reserve Fund was established by ordinance to set aside financial resources for mitigating adverse situations caused by severe short-term revenue shortfalls, expenditures resulting from emergencies, or as otherwise designated by the City Council. Per City Ordinance 179, the fund is financed by transferring undesignated and unreserved fund balance, (now classified as unassigned fund balance by GASB 54) in the General Fund at the end of each calendar year or by other appropriation, as deemed appropriate by the City Council. This fund is a recourse of last resort and shall be used only when no other reasonable financial management alternative exists.

**Budgetary Comparison Schedule
Governmental Funds**

Arterial Street Fund

The Arterial Street Fund was established in accordance with RCW 82.36.020 for the administration of the State-levied motor vehicle fuel tax. These revenues are to be used for the construction, improvement, chip sealing, seal coating, and repair of arterial highways and city streets, or for the payment of related municipal debt. Fund was moved into the Street Special Revenue Fund with the closing of the fund in 2021.

Real Estate Excise Tax Fund

The REET Fund accounts for the receipt and disbursement of the .25% real estate excise tax that is dedicated for capital purposes including public buildings and facilities, parks and debt service associated with such capital oriented projects. The fund also accounts for the receipt and expenditure of the additional .25% real estate excise tax authorized by the Growth Management Act. These revenues are restricted to financing capital projects that are specified in the capital facilities plan.

Traffic Impact Fee Fund

The Traffic Impact Fee Fund was established in accordance with RCW 82.02.050 to account for fees received from developers whose projects trigger the imposition of these fees. The fees pay for the incremental impact of the traffic generated by that construction. The funds are restricted for use in construction of specific roadway improvements identified in the enabling ordinances.

City of University Place, WA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Street
For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 647,696	\$ 647,696	\$ 689,787	\$ 42,091
Licenses and permits	477,050	477,050	513,891	36,841
Intergovernmental	752,140	752,140	700,642	(51,498)
Miscellaneous				
Other revenues	2,000	3,570	25,022	21,452
Total revenues	<u>1,878,886</u>	<u>1,880,456</u>	<u>1,929,342</u>	<u>48,886</u>
Expenditures				
Current				
General government	93,549	90,639	71,082	19,557
Transportation	2,109,311	2,247,317	1,761,668	485,649
Capital outlay	-	18,958	18,958	-
Total expenditures	<u>2,202,860</u>	<u>2,356,914</u>	<u>1,851,708</u>	<u>505,206</u>
Excess (deficiency) of revenues over expenditures	<u>(323,974)</u>	<u>(476,458)</u>	<u>77,634</u>	<u>554,092</u>
Other financing sources/uses				
Transfers in	137,022	258,832	234,649	(24,183)
Transfers out	(35,674)	(165,616)	(61,267)	104,349
Insurance recovery	20,000	36,642	145,894	109,252
Total other financing sources/uses	<u>121,348</u>	<u>129,858</u>	<u>319,276</u>	<u>189,418</u>
Net change in fund balances	(202,626)	(346,600)	396,910	743,510
Fund balances, beginning of year	1,957,369	2,377,451	2,377,451	-
Prior period adjustment	-	-	49,056	49,056
Fund balance, beginning as restated	<u>1,957,369</u>	<u>2,377,451</u>	<u>2,426,507</u>	<u>49,056</u>
Fund balances, end of year	<u>\$ 1,754,743</u>	<u>\$ 2,030,851</u>	<u>\$ 2,823,417</u>	<u>\$ 792,566</u>

City of University Place, WA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Donations Fund
For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Contributions	\$ -	\$ -	\$ 7,635	\$ 7,635
Total revenues	-	-	7,635	7,635
Expenditures				
Current				
Natural and economic environment	-	1,191	-	1,191
Culture and recreation	-	21,031	8,424	12,607
Total expenditures	-	22,222	8,424	13,798
Excess (deficiency) of revenues over expenditures	-	(22,222)	(789)	21,433
Net change in fund balances	-	(22,222)	(789)	21,433
Fund balances, beginning of year	-	22,222	22,222	-
Fund balances, end of year	\$ -	\$ -	\$ 21,433	\$ 21,433

City of University Place, WA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Parks CIP
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$ 480,098	\$ 363,629	\$ -	\$ (363,629)
Charges for services	447,356	447,356	553,756	106,400
Other revenues	-	-	6,294	6,294
Total revenues	<u>927,454</u>	<u>810,985</u>	<u>560,050</u>	<u>(250,935)</u>
Expenditures				
Culture and recreation	-	222,333	84,305	138,028
Capital outlay	<u>2,522,767</u>	<u>1,794,025</u>	<u>-</u>	<u>1,794,025</u>
Total expenditures	<u>2,522,767</u>	<u>2,016,358</u>	<u>84,305</u>	<u>1,932,053</u>
Excess (deficiency) of revenues over expenditures	<u>(1,595,313)</u>	<u>(1,205,373)</u>	<u>475,745</u>	<u>1,681,118</u>
Other financing sources/uses				
Transfers in	-	65,000	-	(65,000)
Total other financing sources/uses	<u>-</u>	<u>65,000</u>	<u>-</u>	<u>(65,000)</u>
Net change in fund balances	(1,595,313)	(1,140,373)	475,745	1,616,118
Fund balances, beginning of year	<u>1,595,313</u>	<u>1,773,210</u>	<u>1,773,211</u>	<u>1</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 632,837</u>	<u>\$ 2,248,956</u>	<u>\$ 1,616,119</u>

City of University Place, WA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Municipal Facilities CIP
For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Capital outlay	-	115,000	62,804	52,196
Total expenditures	-	115,000	62,804	52,196
Excess (deficiency) of revenues over expenditures	-	(115,000)	(62,804)	52,196
Other financing sources/uses				
Transfers in	-	111,451	111,451	-
Total other financing sources/uses	-	111,451	111,451	-
Net change in fund balances	-	(3,549)	48,647	52,196
Fund balances, beginning of year	-	3,549	3,549	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,196</u>	<u>\$ 52,196</u>

City of University Place, WA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Public Works CIP
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$ 4,803,190	\$ 9,802,676	\$ 945,419	\$ (8,857,257)
Miscellaneous				
Other revenues	85,000	85,000	-	(85,000)
Total revenues	<u>4,888,190</u>	<u>9,887,676</u>	<u>945,419</u>	<u>(8,942,257)</u>
Expenditures				
Current				
General government	107,313	136,904	82,728	54,176
Transportation	1,200,000	2,717,748	213,208	2,504,540
Natural and economic environment	-	-	247,188	(247,188)
Capital outlay	<u>5,977,120</u>	<u>18,061,520</u>	<u>2,088,745</u>	<u>15,972,775</u>
Total expenditures	<u>7,284,433</u>	<u>20,916,172</u>	<u>2,631,869</u>	<u>18,284,303</u>
Excess (deficiency) of revenues over expenditures	<u>(2,396,243)</u>	<u>(11,028,496)</u>	<u>(1,686,450)</u>	<u>9,342,046</u>
Other financing sources/uses				
Transfers in	<u>2,396,243</u>	<u>4,836,267</u>	<u>201,389</u>	<u>(4,634,878)</u>
Total other financing sources/uses	<u>2,396,243</u>	<u>4,836,267</u>	<u>201,389</u>	<u>(4,634,878)</u>
Net change in fund balances	-	(6,192,229)	(1,485,061)	4,707,168
Fund balances, beginning of year	-	6,192,229	6,192,229	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,707,168</u>	<u>\$ 4,707,168</u>

City of University Place, WA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Debt Service
For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Miscellaneous				
Investment earnings	\$ -	\$ -	\$ 142	\$ 142
Total revenues	-	-	142	142
Expenditures				
Debt service				
Principal retirement	1,801,553	1,967,765	1,967,764	1
Interest	1,839,516	1,841,996	1,839,618	2,378
Total expenditures	3,641,069	3,809,761	3,807,382	2,379
Excess (deficiency) of revenues over expenditures	(3,641,069)	(3,809,761)	(3,807,240)	2,521
Other financing sources/uses				
Transfers in	3,640,872	3,809,758	3,807,380	(2,378)
Transfers out	-	(840)	(840)	-
Total other financing sources/uses	3,640,872	3,808,918	3,806,540	(2,378)
Net change in fund balances	(197)	(843)	(700)	143
Fund balances, beginning of year	235,075	240,064	240,064	-
Fund balances, end of year	\$ 234,878	\$ 239,221	\$ 239,364	\$ 143

City of University Place, WA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Parks and Recreation
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Total expenditures	-	-	-	-
Other financing sources/uses				
Transfers out	-	(169,208)	(169,208)	-
Total other financing sources/uses	-	(169,208)	(169,208)	-
Net change in fund balances	-	(169,208)	(169,208)	-
Fund balances, beginning of year	-	169,208	169,208	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of University Place, WA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Police/Public Safety Fund
For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 5,336,983	\$ 5,416,983	\$ 5,670,507	\$ 253,524
Licenses and permits	200,400	200,400	121,303	(79,097)
Intergovernmental	164,367	297,576	315,021	17,445
Charges for services	145,681	145,181	82,111	(63,070)
Miscellaneous				
Fines and forfeitures	41,531	41,531	45,607	4,076
Other revenues	-	-	84	84
Total revenues	<u>5,888,962</u>	<u>6,101,671</u>	<u>6,234,633</u>	<u>132,962</u>
Expenditures				
Current				
General government	833,571	962,358	716,440	245,918
Public safety	4,624,271	4,534,788	4,215,318	319,470
Transportation	3,700	3,700	108	3,592
Natural and economic environment	136,864	141,864	130,260	11,604
Total expenditures	<u>5,598,406</u>	<u>5,642,710</u>	<u>5,062,126</u>	<u>580,584</u>
Excess (deficiency) of revenues over expenditures	<u>290,556</u>	<u>458,961</u>	<u>1,172,507</u>	<u>713,546</u>
Other financing sources/uses				
Transfers out	(31,963)	-	-	-
Total other financing sources/uses	<u>(31,963)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	258,593	458,961	1,172,507	713,546
Fund balances, beginning of year	5,295,363	5,598,434	5,598,434	-
Prior period adjustment	-	-	(8,862)	(8,862)
Fund balances, beginning of year restated	<u>5,295,363</u>	<u>5,598,434</u>	<u>5,589,572</u>	<u>(8,862)</u>
Fund balances, end of year	<u>\$ 5,553,956</u>	<u>\$ 6,057,395</u>	<u>\$ 6,762,079</u>	<u>\$ 704,684</u>

City of University Place, WA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Strategic Reserve
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources/uses				
Transfers in	126,053	1,051,333	1,051,333	-
Total other financing sources/uses	126,053	1,051,333	1,051,333	-
Net change in fund balances	126,053	1,051,333	1,051,333	-
Fund balances, beginning of year	1,235,491	1,235,491	1,235,491	-
Fund balances, end of year	<u>\$ 1,361,544</u>	<u>\$ 2,286,824</u>	<u>\$ 2,286,824</u>	<u>\$ -</u>

City of University Place, WA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Arterial Street
For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Total expenditures	-	-	-	-
Other financing sources/uses				
Transfers out	(30,472)	(152,282)	(152,282)	-
Total other financing sources/uses	(30,472)	(152,282)	(152,282)	-
Net change in fund balances	(30,472)	(152,282)	(152,282)	-
Fund balances, beginning of year	30,472	152,282	152,282	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of University Place, WA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Real Estate Excise Tax
For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 1,286,740	\$ 1,486,740	\$ 1,988,875	\$ 502,135
Total revenues	<u>1,286,740</u>	<u>1,486,740</u>	<u>1,988,875</u>	<u>502,135</u>
Expenditures				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>1,286,740</u>	<u>1,486,740</u>	<u>1,988,875</u>	<u>502,135</u>
Other financing sources/uses				
Transfers out	(1,599,911)	(2,247,666)	(987,657)	1,260,009
Total other financing sources/uses	<u>(1,599,911)</u>	<u>(2,247,666)</u>	<u>(987,657)</u>	<u>1,260,009</u>
Net change in fund balances	(313,171)	(760,926)	1,001,218	1,762,144
Fund balances, beginning of year	<u>1,121,622</u>	<u>2,282,190</u>	<u>2,282,190</u>	-
Fund balances, end of year	<u>\$ 808,451</u>	<u>\$ 1,521,264</u>	<u>\$ 3,283,408</u>	<u>\$ 1,762,144</u>

City of University Place, WA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Traffic Impact Fees
For the Year Ended December 31, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ 423	\$ 423
Charges for services	253,298	253,298	78,485	(174,813)
Total revenues	253,298	253,298	78,908	(174,390)
Expenditures				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	253,298	253,298	78,908	(174,390)
Net change in fund balances	253,298	253,298	78,908	(174,390)
Fund balances, beginning of year	285,895	164,704	164,704	-
Fund balances, end of year	\$ 539,193	\$ 418,002	\$ 243,612	\$ (174,390)

**Non-Major Funds
Proprietary Funds**

Internal Service Funds

These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, on a cost reimbursement basis.

The **Fleet and Equipment Fund** accounts for the costs of maintaining and replacing the majority of City vehicles and auxiliary equipment. All equipment costs, including depreciation, are factors in calculating the rates that are charged to each user department.

The **Information Technology and Services Fund** accounts for all costs associated with data processing, telecommunications, cable, postal operations, copier and duplication services, and the Geographical Information System (GIS). This fund owns and depreciates all non-proprietary fund assets related to these functions, and charges users for both maintenance and operating costs and equipment replacement charges based on depreciation schedules.

The **Risk Management Fund** accounts for the City's risk financing activities established to minimize the adverse effects of losses associated with property and casualty, medical and dental, unemployment, and worker's compensation claims. Both risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses) are involved. The City is a member of Washington Cities Insurance Authority (WCIA), which offers a combination of self-insurance, or standard insurance to cover liability and property risks. The City is currently self-insuring only State Unemployment Compensation. Related premiums received by the fund are used to reimburse the unemployment benefits paid to eligible individuals and to establish reserves for the payment of estimated future unemployment claims liability.

The **Property Management Fund** is an internal service fund which accounts for all costs associated with the maintenance and operation of City-owned buildings. Replacement, recovery, maintenance and operation costs are charged to other City funds and departments for such facilities and furnishings based on the specific use.

City of University Place, WA
Combining Statement of Net Position
Internal Service Funds
December 31, 2021

					<u>Govt. Activities</u>
	<u>Fleet & Equipment</u>	<u>Information Technology & Services</u>	<u>Property Management Fund</u>	<u>Risk Management</u>	<u>Total Internal Service Funds</u>
Assets					
Current assets					
Cash and equivalents	\$ 46,316	\$ 93,779	\$ 311,602	\$ -	\$ 451,697
Accounts receivables	-	-	2,912	-	2,912
Total current assets	<u>46,316</u>	<u>93,779</u>	<u>314,514</u>	<u>-</u>	<u>454,609</u>
Noncurrent assets					
Net pension asset	-	164,694	43,036	-	207,730
Capital assets					
Depreciable assets	903,845	846,035	43,105	10,043	1,803,028
Less: accumulated depreciation	<u>(766,521)</u>	<u>(747,569)</u>	<u>(14,368)</u>	<u>(10,043)</u>	<u>(1,538,501)</u>
Total noncurrent assets	<u>137,324</u>	<u>98,466</u>	<u>28,737</u>	<u>-</u>	<u>264,527</u>
Total assets	<u>183,640</u>	<u>356,939</u>	<u>386,287</u>	<u>-</u>	<u>926,866</u>
Deferred outflows of resources	<u>-</u>	<u>19,931</u>	<u>5,806</u>	<u>-</u>	<u>25,737</u>
Liabilities, deferred inflows and net position					
Current liabilities					
Accounts payable	8,317	54,274	151,985	-	214,576
Accrued liabilities	-	4,261	605	-	4,866
Unearned revenue	-	-	10,785	-	10,785
Compensated absences	-	6,707	-	-	6,707
Total current liabilities	<u>8,317</u>	<u>65,242</u>	<u>163,375</u>	<u>-</u>	<u>236,934</u>
Noncurrent liabilities					
Compensated absences	-	13,619	-	-	13,619
Net pension liability	-	15,714	4,106	-	19,820
Total noncurrent liabilities	<u>-</u>	<u>29,333</u>	<u>4,106</u>	<u>-</u>	<u>33,439</u>
Total liabilities	<u>8,317</u>	<u>94,575</u>	<u>167,481</u>	<u>-</u>	<u>270,373</u>
Deferred inflows of resources	<u>-</u>	<u>163,400</u>	<u>42,271</u>	<u>-</u>	<u>205,671</u>
Net position					
Invested in capital assets	137,324	98,466	28,737	-	264,527
Restricted for pensions	-	164,694	43,036	-	207,730
Unrestricted	37,999	(144,265)	110,568	-	4,302
Total net position	<u>\$ 175,323</u>	<u>\$ 118,895</u>	<u>\$ 182,341</u>	<u>\$ -</u>	<u>\$ 476,559</u>

City of University Place, WA
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2021

	<u>Govt. Activities</u>				
	Fleet & Equipment	Information Technology & Services	Property Management Fund	Risk Management	Total Internal Service Funds
Operating Revenues:					
Charges for services	\$ 118,983	\$ 535,600	\$ 336,410	\$ 149,921	\$ 1,140,914
Miscellaneous	-	-	149,972	-	149,972
Total operating revenues	<u>118,983</u>	<u>535,600</u>	<u>486,382</u>	<u>149,921</u>	<u>1,290,886</u>
Operating Expenses:					
Salaries and employee benefits	-	177,757	96,386	-	274,143
Materials and supplies	51,397	102,211	31,938	2,330	187,876
Services and charges	67,707	436,477	591,853	11	1,096,048
Insurance claims and expenses	-	-	-	147,580	147,580
Depreciation and amortization	46,328	77,501	3,598	-	127,427
Total operating expenses	<u>165,432</u>	<u>793,946</u>	<u>723,775</u>	<u>149,921</u>	<u>1,833,074</u>
Operating income (loss)	<u>(46,449)</u>	<u>(258,346)</u>	<u>(237,393)</u>	<u>-</u>	<u>(542,188)</u>
Nonoperating revenue (expenses):					
Gain (Loss) on disposal of assets	21,200	873	-	-	22,073
Total nonoperating revenue (expenses)	<u>21,200</u>	<u>873</u>	<u>-</u>	<u>-</u>	<u>22,073</u>
Income (loss) before transfers	<u>(25,249)</u>	<u>(257,473)</u>	<u>(237,393)</u>	<u>-</u>	<u>(520,115)</u>
Transfers in	<u>24,081</u>	<u>300,180</u>	<u>382,704</u>	<u>-</u>	<u>706,965</u>
Change in net position	(1,168)	42,707	145,311	-	186,850
Net position, beginning of year	176,491	76,188	37,030	-	289,709
Net position, end of year	<u>\$ 175,323</u>	<u>\$ 118,895</u>	<u>\$ 182,341</u>	<u>\$ -</u>	<u>\$ 476,559</u>

City of University Place, WA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2021

	Fleet & Equipment	Information Technology & Services	Property Management Fund	Risk Management	Total
Cash from operating activities:					
Cash receipts from customers	\$ 118,987	\$ 535,600	\$ 475,905	\$ 149,921	\$ 1,280,413
Cash paid to employees for services	-	(297,701)	(93,662)	-	(391,363)
Cash paid to suppliers for goods and services	(117,770)	(547,439)	(591,027)	(2,341)	(1,258,577)
Cash paid for employee benefits	-	28	(986)	-	(958)
Cash paid for insurance claims	-	-	-	(147,580)	(147,580)
Cash received for other purposes	-	-	8,611	-	8,611
Net cash provided (used) by operating activities	1,217	(309,512)	(201,159)	-	(509,454)
Cash from noncapital financing activities					
Cash receipts/(payments) from transfers from other funds	24,081	300,179	382,699	-	706,959
Net cash provided (used) by noncapital financing activities	24,081	300,179	382,699	-	706,959
Cash from capital and related financing activities:					
Proceeds/(loss) from retirement of assets	21,200	873	-	-	22,073
Cash payments to acquire, construct or improve capital assets	(24,081)	-	-	-	(24,081)
Net cash provided (used) by capital and related financing activities	(2,881)	873	-	-	(2,008)
Net increase (decrease) in cash and cash equivalents	22,417	(8,460)	181,540	-	195,497
Cash and cash equivalents, beginning of year	23,899	102,239	130,062	-	256,200
Cash and cash equivalents, end of year	\$ 46,316	\$ 93,779	\$ 311,602	\$ -	\$ 451,697
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income(loss)	\$ (46,449)	\$ (258,346)	\$ (237,393)	\$ -	\$ (542,188)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	46,328	77,501	3,598	-	127,427
Changes in assets and liabilities:					
Accounts receivable	-	-	(2,869)	-	(2,869)
Accrued compensated absences	-	(30,490)	-	-	(30,490)
Accounts payable	1,338	(8,750)	32,763	-	25,351
Accrued benefits	-	(581)	376	-	(205)
Net pension liability	-	(77,557)	4,106	-	(73,451)
Net Pension Asset	-	(164,694)	(43,036)	-	(207,730)
Deferred inflows/outflows for employer contributions	-	153,405	40,293	-	193,698
Prepays and deposits payable	-	-	1,003	-	1,003
Net cash provided (used) by operating activities:	\$ 1,217	\$ (309,512)	\$ (201,159)	\$ -	\$ (509,454)



City of University Place

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Federal Agency Name/Pass-Through Agency Name	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed Through to Subrecipients	Note
				From Pass-Through Awards	From Direct Awards	Total		
Covid-19 Coronavirus State and Local Fiscal Recovery Fund Cluster								
US Department of the Treasury	Covid-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	NA		54,201	54,201	-	1, 2, 7
Total Covid-19 Coronavirus State and Local Fiscal Recovery Fund Cluster:				\$ -	\$ 54,201	\$ 54,201		
Highway Planning and Construction Cluster								
US Department of Transportation/Pass Through from WSDOT	Highway Planning and Construction	20.205	STPUL-2957(010)	62,655	-	62,655	-	1, 2, 7
US Department of Transportation/Pass Through from WSDOT	Highway Planning and Construction	20.205	STPUL-3230(001)	94,112	-	94,112	-	1, 2, 7
US Department of Transportation/Pass Through from WSDOT	Highway Planning and Construction	20.205	STPUL-2857(003)	49,209	-	49,209	-	1, 2, 7
US Department of Transportation/Pass Through from WSDOT	Highway Planning and Construction	20.205	STPUL-2967(001)	4,906	-	4,906	-	1, 2, 7
US Department of Transportation/Pass Through from WSDOT	Highway Planning and Construction	20.205	STPUL-3200(007)	139,999	-	139,999	-	1, 2, 7
US Department of Transportation/Pass Through from WSDOT	Highway Planning and Construction	20.205	STPUL-2957(011)	213,777	-	213,777	-	1, 2, 7
Total Highway Planning and Construction Cluster:				\$ 564,658	\$ -	\$ 564,658	\$ -	
Total Federal Awards Expended:				\$ 564,658	\$ 54,201	\$ 618,859	\$ -	

City of University Place
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Note 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the City of University Place's governmental fund financial statements. The City uses the modified accrual basis of accounting, which is the basis adapted to governmental fund-type measurement focus. All grants reported on this schedule have been accounted for in governmental fund types. Grant revenues are determined to be earned and available at the time related expenditures are incurred. For this reason, grant revenues to be received as reimbursement for expenditures incurred in the current year are also recognized as revenue in that year.

Note 2 - FEDERAL DE MINIMIS INDIRECT COST RATE

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

Note 7 - 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 of University Place's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

City of University Place
Schedule of State and Local Financial Assistance
Year Ended December 31, 2021

Grantor/Program Title	Identification Number	Current Year Expenditures
<u><i>Washington State Department of Commerce</i></u>		
E2SHB 1923/Adopt a Housing Plan	20-63314-062	60,724
<i>Total Washington State Depoartment of Commerce</i>		\$ 60,724
TOTAL STATE AND LOCAL ASSISTANCE		\$ 60,724

Note 1.-BASIS OF ACCOUNTING

The Schedule of Financial Assistance is prepared on the same basis of accounting as the City of University Place's governmental fund financial statements. The City uses the modified accrual basis of accounting, which is the basis adapted to governmental fund-type measurement focus. All grants reported on this schedule have been accounted for in governmental fund types. Grant revenues are determined to be earned and available at the time related expenditures are incurred. For this reason, grant revenues to be received as reimbursement for expenditures incurred in the current year are also recognized as revenue in that year.

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STATISTICAL SECTION

Financial Trends - These schedules contain trend information to help the reader understand how the city's financial performance and fiscal health has changed over time.

Entity Wide Perspective

Table 1 - Net Position by Component, Last Ten Years

Table 2 - Changes in Net Position, Last Ten Years

Table 3 - Program Revenues by Function/Program, Last Ten Years

Fund Perspective

Table 4 - Fund Balances, Governmental Funds

Table 5 - Changes in Fund Balances, Governmental Funds

Revenue Capacity - These schedules contain information to help the reader assess the City's most significant revenue sources, property tax and retail sales tax.

Table 6 - Tax Revenue by Source

Table 7 - Assessed and Estimated Actual Value of Taxable Property – Current Year

Table 8 - Property Tax Levies - Direct and Overlapping Governments

Table 9 – Principal Taxpayers, Current and Nine Years Ago

Table 10 – Property Tax Levies and Collections

Table 11 – Sales Tax by Category

Table 12 – Direct and Overlapping Sales Tax Rates

Table 13 – Sales Taxpayers, Current and Nine Years Ago

Debt Capacity - These schedules present information used in assessing the current level of outstanding debt and the City's ability to issue additional debt in the future.

Table 14 – Ratios of Outstanding Debt by Type

Table 15 – Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita

Table 16 – Computation of Direct and Overlapping Debt

Table 17 – Computation of Limitation of Indebtedness

Table 18 – Compilation of General Obligation Debt Capacity

Demographic Statistics - These schedules offer demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place.

Table 19 – Demographic Statistics

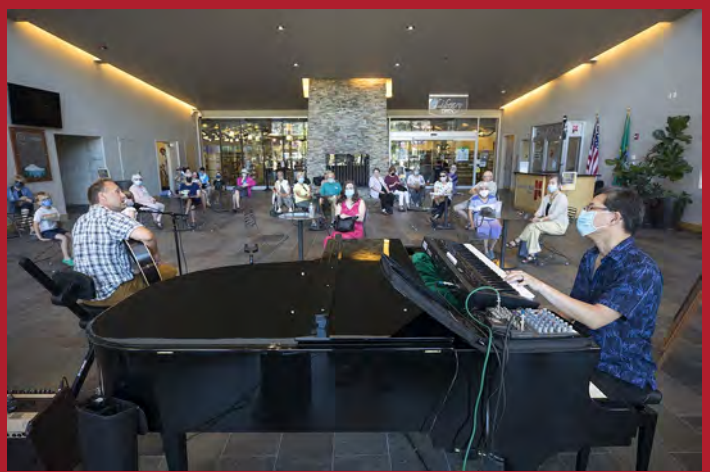
Table 20 – Principal Employers, Current and Nine Years Ago

Operating Information - These schedules offer operating data to help the reader understand how the information in the City's financial report relates to the services it provides and the activities it performs.

Table 21 – Full Time Equivalent Employees by Function

Table 22 – Operating Indicators by Function/Program

Table 23 – Capital Asset Statistics by Function/Program



City of University Place, WA
Net Position by Component
Last Ten Year

TABLE 1

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net investment in capital assets	\$ 54,839,331	\$ 51,594,485	\$ 50,158,131	\$ 49,118,959	\$ 59,736,730	\$ 65,964,032	\$ 58,775,685	\$ 61,301,736	\$ 60,512,728	\$ 59,779,725
Restricted	-	4,977,561	4,207,993	3,800,871	4,375,806	5,299,942	6,553,218	5,834,664	7,012,125	12,435,467
Unrestricted	<u>8,335,771</u>	<u>1,290,337</u>	<u>5,770,986</u>	<u>5,824,408</u>	<u>9,043,259</u>	<u>12,187,122</u>	<u>12,190,663</u>	<u>13,300,609</u>	<u>17,244,568</u>	<u>17,898,925</u>
Total governmental activities net position	<u>\$ 63,175,102</u>	<u>\$ 57,862,383</u>	<u>\$ 60,137,110</u>	<u>\$ 58,744,238</u>	<u>\$ 73,155,795</u>	<u>\$ 83,451,096</u>	<u>\$ 77,519,566</u>	<u>\$ 80,437,009</u>	<u>\$ 84,769,421</u>	<u>\$ 90,114,117</u>
Business-type activities										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,366,963	\$ 11,285,365	\$ 11,243,326	\$ 11,331,618
Restricted	-	3,882,944	4,486,712	4,106,408	4,102,472	2,754,859	3,381,389	3,801,461	4,365,414	562,775
Unrestricted net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,459,231</u>
Total business-type activities net position	<u>\$ -</u>	<u>\$ 3,882,944</u>	<u>\$ 4,486,712</u>	<u>\$ 4,106,408</u>	<u>\$ 4,102,472</u>	<u>\$ 2,754,859</u>	<u>\$ 14,748,352</u>	<u>\$ 15,086,826</u>	<u>\$ 15,608,740</u>	<u>\$ 16,353,624</u>
Primary Government										
Net investment in capital assets	\$ 54,839,331	\$ 51,594,485	\$ 50,158,131	\$ 49,118,959	\$ 59,736,730	\$ 65,964,032	\$ 70,142,648	\$ 72,587,101	\$ 71,756,054	\$ 71,111,343
Restricted for	-	8,860,505	8,694,705	7,907,279	8,478,278	8,054,801	9,934,607	9,636,125	11,377,539	12,998,242
Unrestricted	<u>8,335,771</u>	<u>1,290,337</u>	<u>5,770,986</u>	<u>5,824,408</u>	<u>9,043,259</u>	<u>12,187,122</u>	<u>12,190,663</u>	<u>13,300,609</u>	<u>17,244,568</u>	<u>22,358,156</u>
Total primary government net position	<u>\$ 63,175,102</u>	<u>\$ 61,745,327</u>	<u>\$ 64,623,822</u>	<u>\$ 62,850,646</u>	<u>\$ 77,258,267</u>	<u>\$ 86,205,955</u>	<u>\$ 92,267,918</u>	<u>\$ 95,523,835</u>	<u>\$ 100,378,161</u>	<u>\$ 106,467,741</u>

Source: City of University Place ACFR 2012-2021

City of University Place
Changes in Net Position
Last Ten Fiscal Years

TABLE 2

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
General government	\$ 4,078,073	\$ 4,135,066	\$ 4,838,826	\$ 5,341,577	\$ 4,056,702	\$ 7,522,751	\$ 6,064,189	\$ 5,321,828	\$ 7,417,412	\$ 5,212,803
Public safety	4,116,238	3,610,062	3,772,857	4,313,236	3,716,082	3,931,285	4,139,033	4,470,208	4,521,917	4,126,057
Utilities	(740)	1,501	229	-	-	-	-	-	-	-
Transportation	5,614,993	4,118,244	4,487,987	4,185,572	3,883,320	4,540,685	4,498,213	5,838,408	4,099,911	4,608,248
Natural and economic environment	1,229,910	1,531,871	1,562,354	1,359,236	1,369,390	1,604,326	1,702,345	1,804,795	2,035,481	2,319,589
Health and human services	-	-	19,861	104,130	42,435	12,034	10,782	10,782	-	-
Culture and recreation	921,633	1,103,983	1,162,408	1,304,953	1,238,095	844,917	832,749	1,005,497	846,994	1,017,258
Interest on long-term debt	2,868,939	2,750,344	2,566,304	2,694,094	2,045,581	2,321,204	2,236,073	2,168,299	1,960,644	1,890,165
Total governmental activities	18,829,046	17,251,071	18,410,826	19,302,798	16,351,605	20,777,202	19,483,384	20,619,817	20,882,359	19,174,120
Business-type activities										
Surface water management	-	1,559,845	1,497,100	1,355,212	1,272,675	1,604,681	2,169,149	2,220,002	2,265,995	2,061,301
Total business-type activities	-	1,559,845	1,497,100	1,355,212	1,272,675	1,604,681	2,169,149	2,220,002	2,265,995	2,061,301
Total primary government	18,829,046	18,810,916	19,907,926	20,658,010	17,624,280	22,381,883	21,652,533	22,839,819	23,148,354	21,235,421
Program revenues										
Governmental activities										
Charges for services										
General government	2,884,980	3,432,163	3,258,958	486,337	31,837	11,469	11,958	8,714	3,969	8,054
Public safety	129,907	92,195	88,198	79,377	84,489	83,629	85,623	103,584	86,835	15,111
Utilities	2,699,026	79,288	1,221	432,920	455,484	459,918	472,647	521,801	472,939	533,651
Transportation	-	44,434	233,384	265,791	-	-	-	-	(3,697)	275
Natural and economic environment	714,299	736,287	1,200,882	619,785	965,998	1,466,006	691,406	817,050	974,171	1,016,424
Culture and recreation	586,405	397,062	373,800	369,536	293,130	600	275	737	3,250	-
Operating grants and contributions	2,642,625	763,943	316,874	1,188,004	1,018,653	486,660	358,779	326,855	1,852,868	1,745,608
Capital grants and contributions	621,526	2,816,307	3,571,298	3,308,256	5,666,466	4,582,858	3,792,763	2,337,267	2,175,517	625,379
Total governmental activities	10,278,768	8,361,679	9,044,615	6,750,006	8,516,057	7,091,140	5,413,451	4,116,008	5,565,852	3,944,502
Business-type activities										
Charges for services	-	-	-	2,770,459	2,783,441	2,772,805	2,805,698	2,823,158	2,813,139	2,828,943
Operating grants and contributions	-	2,819,837	2,747,343	11,133	11,837	2,030	50,000	-	50,000	-
Capital grants and contributions	-	158,308	23,510	-	-	-	-	-	-	-
Total business-type activities	-	2,978,145	2,770,853	2,781,592	2,795,278	2,774,835	2,855,698	2,823,158	2,863,139	2,828,943
Total primary government	10,278,768	11,339,824	11,815,468	9,531,598	11,311,335	9,865,975	8,269,149	6,939,166	8,428,991	6,773,445
Net (expense)/revenue										
Governmental activities	\$ (8,550,278)	\$ (8,889,392)	\$ (9,366,211)	\$ (12,552,792)	\$ (7,835,548)	\$ (13,686,062)	\$ (14,069,933)	\$ (16,503,809)	\$ (15,316,507)	\$ (15,229,618)
Business-type activities	-	1,418,300	1,273,753	1,426,380	1,522,603	1,170,154	686,549	603,156	597,144	767,642
Total primary government net (expenses)/revenue	(8,550,278)	(7,471,092)	(8,092,458)	(11,126,412)	(6,312,945)	(12,515,908)	(13,383,384)	(15,900,653)	(14,719,363)	(14,461,976)

City of University Place
Changes in Net Position
Last Ten Fiscal Years

TABLE 2, Continued

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Assets										
Governmental activities										
Taxes:										
Real and personal property	3,856,992	4,012,030	4,063,189	4,125,973	4,195,368	4,187,169	4,297,076	4,396,021	4,479,979	4,534,676
Sales	3,093,414	3,419,454	4,123,518	4,661,338	4,118,444	3,981,069	4,412,189	4,701,463	4,928,570	5,667,907
Utility	-	-	-	2,323,109	2,278,742	2,297,559	2,167,341	2,088,097	2,059,743	2,919,695
Excise and other taxes	4,295,915	4,185,622	5,270,134	3,045,399	2,897,346	3,134,039	3,368,294	3,622,946	3,779,198	2,830,648
Other revenue	955,057	267,245	223,406	3,187,561	3,328,034	5,156,020	3,920,015	3,979,763	4,030,006	4,254,731
Investment earnings	10,558	13,400	27,445	42,489	91,520	201,873	439,131	495,885	210,501	47,078
Gain on the sale of capital assets	-	-	-	135,529	120,000	185,584	120,000	120,000	120,000	120,000
Capital contributions to other governments	-	(1,764,902)	-	-	-	-	-	-	-	-
Transfers	-	801,248	669,985	1,367,936	1,526,539	2,517,767	855,461	289,128	76,676	6,826
Insurance recoveries	-	-	-	-	-	-	46,391	37,281	64,421	155,660
Special item - sale of land	-	-	(2,736,739)	-	-	-	-	-	-	-
Total governmental activities	12,211,936	10,934,097	11,640,938	18,889,334	18,555,993	21,661,080	19,625,898	19,730,584	19,749,094	20,537,221
Business-type activities										
Other revenue	-	-	-	-	-	-	-	-	1,444	4,658
Transfers	-	(801,248)	(669,985)	(1,367,936)	(1,526,539)	(2,517,767)	(855,461)	(289,128)	(76,676)	(6,826)
Total business-type activities	-	(801,248)	(669,985)	(1,367,936)	(1,526,539)	(2,517,767)	(855,461)	(289,128)	(75,232)	(2,168)
Total primary government	12,211,936	10,132,849	10,970,953	17,521,398	17,029,454	19,143,313	18,770,437	19,441,456	19,673,862	20,535,053
Change in net position										
Governmental activities	3,661,658	2,044,705	2,274,727	6,336,542	10,720,445	7,975,018	5,555,965	3,226,775	4,432,587	5,307,603
Business-type activities	-	617,052	603,768	58,444	(3,936)	(1,347,613)	(168,912)	314,028	521,912	765,474
Total primary government	\$ 3,661,658	\$ 2,661,757	\$ 2,878,495	\$ 6,394,986	\$ 10,716,509	\$ 6,627,405	\$ 5,387,053	\$ 3,540,803	\$ 4,954,499	\$ 6,073,077

Source: City of University Place ACFR 2012-2021

City of University Place, WA
Program Revenues by Function / Program
Last Ten Year

TABLE 3

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
General government	\$ 5,246,885	\$ 3,557,528	\$ 3,473,156	\$ 511,337	\$ 69,571	\$ 25,985	\$ 203,811	\$ 167,326	\$ 1,641,798	\$ 737,999
Public safety	233,760	261,793	264,184	367,116	375,567	389,472	252,549	271,827	258,181	330,132
Utilities	2,782,067	520,034	1,221	432,920	455,484	459,918	472,647	521,801	472,939	533,651
Transportation	621,696	2,860,741	3,703,981	3,549,048	5,428,732	4,570,592	3,791,847	2,337,267	2,215,513	1,326,296
Natural and economic environment	743,867	736,287	1,200,882	625,118	1,655,456	1,466,006	691,406	817,050	974,171	1,016,424
Health and human services	-	-	-	894,933	38,117	178,567	-	-	-	-
Culture and recreation	650,493	425,296	401,191	369,536	493,130	600	1,191	737	3,250	-
Total governmental activities	<u>\$ 10,278,768</u>	<u>\$ 8,361,679</u>	<u>\$ 9,044,615</u>	<u>\$ 6,750,008</u>	<u>\$ 8,516,057</u>	<u>\$ 7,091,140</u>	<u>\$ 5,413,451</u>	<u>\$ 4,116,008</u>	<u>\$ 5,565,852</u>	<u>\$ 3,944,502</u>
Business-type activities										
Surface water management	-	2,978,145	2,770,853	2,781,592	2,795,278	2,774,835	2,855,698	2,823,158	2,863,139	2,828,943
Total business-type activities	<u>\$ -</u>	<u>\$ 2,978,145</u>	<u>\$ 2,770,853</u>	<u>\$ 2,781,592</u>	<u>\$ 2,795,278</u>	<u>\$ 2,774,835</u>	<u>\$ 2,855,698</u>	<u>\$ 2,823,158</u>	<u>\$ 2,863,139</u>	<u>\$ 2,828,943</u>
 Total primary government	 <u>\$ 10,278,768</u>	 <u>\$ 11,339,824</u>	 <u>\$ 11,815,468</u>	 <u>\$ 9,531,600</u>	 <u>\$ 11,311,335</u>	 <u>\$ 9,865,975</u>	 <u>\$ 8,269,149</u>	 <u>\$ 6,939,166</u>	 <u>\$ 8,428,991</u>	 <u>\$ 6,773,445</u>

Source: City of University Place ACFR 2012-2021

City of University Place, WA
Fund Balances - Governmental Funds
Last Ten Years

TABLE 4

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ 1,836,644	\$ 2,021,497	\$ 2,756,380	\$ 2,969,510	\$ 2,599,176	\$ 3,527,020
Committed	-	-	-	-	856,934	1,000,000	1,000,000	1,145,012	1,235,491	2,286,824
Assigned	1,114,750	1,543,822	1,892,740	2,241,115	2,185,328	2,764,364	3,997,109	5,062,216	5,598,434	6,762,079
Unassigned	1,652,292	2,575,720	4,758,169	6,282,239	5,816,838	7,169,038	6,874,793	6,540,953	8,917,559	10,883,506
Total general fund	<u>\$ 2,767,042</u>	<u>\$ 4,119,542</u>	<u>\$ 6,650,909</u>	<u>\$ 8,523,354</u>	<u>\$ 10,695,744</u>	<u>\$ 12,954,899</u>	<u>\$ 14,628,282</u>	<u>\$ 15,717,691</u>	<u>\$ 18,350,660</u>	<u>\$ 23,459,429</u>
All Other Governmental Funds										
Unreserved:										
Restricted	8,681,487	4,977,561	4,207,993	4,400,983	2,665,213	3,278,446	3,796,838	2,865,154	4,412,948	5,333,170
Committed	2,737	-	-	-	-	-	-	-	-	-
Assigned	305,820	630,218	968,017	1,131,735	4,066,457	8,080,243	3,452,175	5,993,512	6,195,778	4,759,365
Unassigned	-	-	-	-	-	(5,642,039)	-	-	-	-
Total all other governmental funds	<u>8,990,044</u>	<u>5,607,779</u>	<u>5,176,010</u>	<u>5,532,718</u>	<u>6,731,670</u>	<u>5,716,650</u>	<u>7,249,013</u>	<u>8,858,666</u>	<u>10,608,726</u>	<u>10,092,535</u>
Total governmental funds	<u>\$ 11,757,086</u>	<u>\$ 9,727,321</u>	<u>\$ 11,826,919</u>	<u>\$ 14,056,072</u>	<u>\$ 17,427,414</u>	<u>\$ 18,671,549</u>	<u>\$ 21,877,295</u>	<u>\$ 24,576,357</u>	<u>\$ 28,959,386</u>	<u>\$ 33,551,964</u>

Source: City of University Place ACFR 2012-2021

GASB 54 implemented new fund balance classification in 2011

City of University Place, WA
Changes in Fund Balances - Governmental Funds
Last Ten Years

TABLE 5

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 10,844,349	\$ 10,882,470	\$ 13,458,468	\$ 13,776,967	\$ 13,072,767	\$ 13,309,372	\$ 13,945,971	\$ 14,502,542	\$ 14,889,474	\$ 15,967,805
Licenses and permits	2,704,465	2,721,159	3,046,342	2,881,674	3,078,264	3,717,061	3,674,813	3,749,935	3,811,593	3,972,427
Intergovernmental	3,792,019	4,162,096	3,750,035	4,768,985	6,083,802	2,189,609	6,220,967	4,187,920	3,930,985	2,751,750
Charges for services	4,078,935	1,958,444	2,023,177	1,700,294	1,826,896	1,890,962	1,263,698	1,452,882	1,500,328	1,573,213
Miscellaneous										
Fines and forfeitures	3,603	11,902	5,240	19,701	37,289	42,837	58,884	43,882	47,434	45,647
Rental, concessions and sales	-	-	-	94,553	95,266	14,487	10,855	9,345	4,145	5,965
Investment earnings	-	-	-	42,489	91,520	201,873	439,131	495,885	210,501	47,078
Contribution in aid for constructions	-	-	-	25,000	37,734	12,266	-	-	-	-
Contributions	15,779	-	6,097	34,746	900,142	351,738	204,605	8,957	8,848	10,645
Other revenues	-	-	-	123,940	131,302	73,743	31,494	17,058	16,511	48,002
Federal grants	456,112	304,003	341,786	10,414	-	1,000,266	-	-	-	-
State grants and entitlements	-	-	-	5,333	175	2,250	-	-	-	-
Miscellaneous	-	-	-	-	-	718	-	-	-	-
Total revenues	<u>21,895,262</u>	<u>20,040,074</u>	<u>22,631,145</u>	<u>23,484,095</u>	<u>25,355,157</u>	<u>22,807,182</u>	<u>25,850,418</u>	<u>24,468,406</u>	<u>24,419,819</u>	<u>24,422,532</u>
Expenditures										
Current										
General government	2,479,311	3,046,198	3,275,889	3,300,848	3,415,933	3,410,493	3,476,965	3,667,267	4,626,052	3,907,642
Public safety	4,161,087	3,611,011	3,770,125	3,923,198	3,791,170	3,918,786	4,142,300	4,482,962	4,548,074	4,274,749
Transportation	3,360,629	1,625,130	1,979,723	2,147,100	1,403,373	1,837,182	1,812,844	1,979,294	1,435,517	2,224,797
Natural and economic environment	1,347,956	1,513,284	1,563,013	1,359,815	1,307,642	1,509,428	1,756,734	1,900,620	2,127,919	2,322,819
Culture and recreation	1,063,147	1,098,592	1,164,493	1,018,193	1,017,902	545,927	546,103	725,192	595,290	734,672
Health and human services	-	-	-	93,348	35,502	1,252	-	-	-	-
Capital outlay	2,119,023	3,700,702	5,296,863	6,312,496	8,404,171	9,668,941	8,795,189	7,247,035	2,364,670	2,170,507
Debt service										
Principal retirement	15,152,467	1,306,240	1,726,239	1,631,239	1,786,239	1,521,239	1,499,697	3,062,697	1,809,697	1,967,764
Interest	2,824,585	2,662,644	2,632,559	2,544,095	2,102,553	2,285,972	2,241,629	2,180,953	1,909,411	1,839,618
Debt issuance costs	107,650	-	-	-	-	-	-	1,586,746	-	-
Total expenditures	<u>32,615,855</u>	<u>18,563,801</u>	<u>21,408,904</u>	<u>22,330,332</u>	<u>23,264,485</u>	<u>24,699,220</u>	<u>24,271,461</u>	<u>26,832,766</u>	<u>19,416,630</u>	<u>19,442,568</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(10,720,593)</u>	<u>1,476,273</u>	<u>1,222,241</u>	<u>1,153,763</u>	<u>2,090,672</u>	<u>(1,892,038)</u>	<u>1,578,957</u>	<u>(2,364,360)</u>	<u>5,003,189</u>	<u>4,979,964</u>
Other Financing Sources (Uses)										
Transfers in	23,376,320	5,190,609	7,150,777	7,019,382	9,085,501	10,080,116	8,230,998	6,595,322	9,038,587	4,525,413
Transfers out	(23,128,200)	(4,934,568)	(6,819,421)	(6,004,731)	(7,891,199)	(8,345,124)	(7,990,069)	(6,850,647)	(9,706,572)	(5,225,552)
Insurance recovery	-	-	-	27,768	-	-	46,391	37,281	64,421	155,660
Proceeds from sale of assets	600,000	120,000	546,000	120,000	120,000	1,401,180	717,300	120,000	120,000	120,000
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(14,392,002)	-	-
Proceeds of refunding long term debt	14,130,000	-	-	-	-	-	-	15,950,000	-	-
Premium on issuance of bonds	-	-	-	-	-	-	-	3,225,000	-	-
Bond anticipation note	-	-	-	-	-	-	-	378,468	-	-
Total other financing sources (uses)	<u>14,978,120</u>	<u>376,041</u>	<u>877,356</u>	<u>1,162,419</u>	<u>1,314,302</u>	<u>3,136,172</u>	<u>1,004,620</u>	<u>5,063,422</u>	<u>(483,564)</u>	<u>(424,479)</u>
Net change in fund balances	<u>4,257,527</u>	<u>1,852,314</u>	<u>2,099,597</u>	<u>2,316,182</u>	<u>3,404,974</u>	<u>1,244,134</u>	<u>2,583,577</u>	<u>2,699,062</u>	<u>4,519,625</u>	<u>4,555,485</u>
Fund balances, beginning of year	\$ 7,499,558	\$ 7,875,008	\$ 9,727,322	\$ 11,760,382	\$ 14,022,435	\$ 17,427,414	\$ 18,671,549	\$ 21,877,295	\$ 24,576,360	\$ 28,959,386
Prior period adjustment ⁽¹⁾	-	-	-	-	-	-	622,169	-	(136,599)	37,093
Fund balances, beginning of year restated	<u>7,499,558</u>	<u>7,875,008</u>	<u>9,727,322</u>	<u>11,760,382</u>	<u>14,022,435</u>	<u>17,427,414</u>	<u>19,293,718</u>	<u>21,877,295</u>	<u>24,439,761</u>	<u>28,996,479</u>
Fund balances, end of year	<u>\$ 11,757,085</u>	<u>\$ 9,727,322</u>	<u>\$ 11,826,919</u>	<u>\$ 14,076,564</u>	<u>\$ 17,427,409</u>	<u>\$ 18,671,548</u>	<u>\$ 21,877,295</u>	<u>\$ 24,576,357</u>	<u>\$ 28,959,386</u>	<u>\$ 33,551,964</u>
Debt services as a percentage of non-capital expenditures	58.95 %	26.70 %	27.05 %	26.00 %	26.17 %	25.33 %	23.78 %	24.92 %	21.81 %	22.20 %

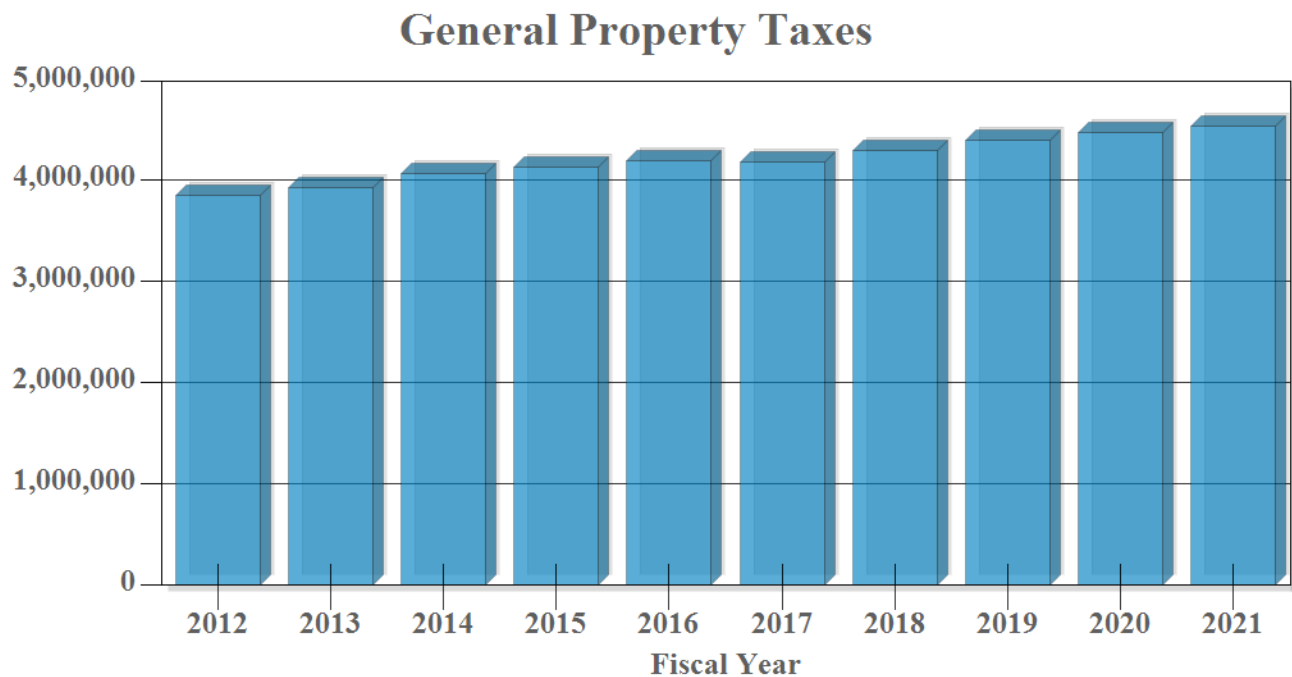
(1) This change effective starting in 2018.

Source: City of University Place, ACFR 2012-2021

City of University Place, WA
Tax Revenue by Source Last Ten Years
General, Special Revenue, and Debt Service Funds
Last Ten Years

TABLE 6

Year	General Property Taxes	General Sales Tax	Utility Taxes	(a) Miscellaneous Other Taxes and Assessments	Total Taxes
2012	\$ 3,856,992	\$ 2,552,103	\$ 2,456,160	\$ 1,979,094	\$ 10,844,349
2013	3,924,801	3,419,454	2,410,110	1,128,108	10,882,473
2014	4,063,189	4,123,518	2,357,963	2,913,798	13,458,468
2015	4,125,973	4,661,338	2,323,109	3,045,399	14,155,819
2016	4,195,368	4,118,444	2,278,742	2,897,346	13,489,900
2017	4,187,169	3,981,069	2,297,559	2,843,575	13,309,372
2018	4,297,076	4,412,189	2,167,341	3,069,365	13,945,971
2019	4,401,025	4,701,463	2,088,097	3,311,957	14,502,542
2020	4,479,979	4,928,570	2,059,743	3,421,182	14,889,474
2021	4,534,676	5,667,907	2,919,695	2,845,527	15,967,805
Change 2012 - 2021	117.57 %	222.09 %	118.87 %	143.78 %	147.25 %



Source: City of University Place, ACFR 2012-2021

a) Includes real estate excise, gambling excise, admissions, fuel excise and leasehold excise tax

City of University Place, WA
Assessed Value and Actual Value of Taxable Property
Last Ten Years

TABLE 7

Year	Real Property	Personal Property	Total	Total Direct Tax Rate
2012	2,836,789,663	55,289,781	2,892,079,444	1.33
2013	2,602,333,635	52,736,646	2,655,070,281	1.47
2014	2,723,191,741	56,340,282	2,779,532,023	1.43
2015	2,951,603,991	55,213,796	3,006,817,787	1.35
2016	3,101,533,411	58,004,282	3,159,537,693	1.31
2017	3,349,604,625	60,329,046	3,409,933,671	1.23
2018	3,740,855,065	61,095,704	3,801,950,769	1.13
2019	4,181,840,195	56,369,094	4,238,209,289	1.04
2020	4,586,015,986	57,889,638	4,643,905,624	0.97
2021	5,111,420,187	55,987,523	5,167,407,710	0.88

Source: Pierce County Assessor/Treasurer's Office

Tax rates per \$1,000 of Assessed Value

City of University Place, WA
Property Tax Levies
Direct and Overlapping Governments
Last Ten Years

TABLE 8

Year	City of University Place (1)	Pierce County	U.P. School District #83	Port of Tacoma	Library District	Centra PS Reg. Transit	Fire District #3	State of Washington	Total Taxes
Tax Rates Per \$1,000 Assessed Valuation									
2012	1.33	1.42	6.93	0.18	0.50	-	3.11	2.41	15.88
2013	1.47	1.69	7.47	0.18	0.50	-	3.29	2.63	17.23
2014	1.43	1.66	7.17	0.18	0.50	-	3.52	2.53	16.99
2015	1.35	1.58	7.17	0.18	0.50	-	3.42	2.39	16.59
2016	1.31	1.53	6.89	0.18	0.50	-	3.33	2.23	15.97
2017	1.23	1.42	6.33	0.18	0.47	0.25	3.23	2.07	15.18
2018	1.13	1.31	5.79	0.18	0.43	0.23	3.05	2.91	15.03
2019	1.04	1.20	3.90	0.18	0.50	0.21	2.73	2.62	12.38
2020	0.97	1.15	4.86	0.18	0.47	0.20	3.14	3.01	13.98
2021	0.88	1.09	4.66	0.17	0.44	0.20	2.99	2.93	13.36
Detail of Tax Rates for 2021									
Basic Rate	0.88	1.09	-	0.17	0.44	0.20	1.95	2.93	7.66
Voted Rate	-	-	4.66	-	-	-	1.04	-	5.70

Source: Pierce County Assessor/Treasurer's Office

1) Note: The City's direct rate consists wholly of the regular levy; there are no voted excess levies.

**City of University Place, WA
Principal Property Taxpayers
Current Year and Nine Years Ago**

TABLE 9

Tax Payer	Type of Business	2021 Assessed Valuation	Rank	Percentage of Total Assessed Valuation*	2012 Assessed Valuation	Percentage of Total Assessed Valuation*
Chambers Creek 433 LLC	Apartment Complex	\$ 77,220,400	1	1.30 %	\$ 26,670,000	0.86 %
BreitWave MF Stonepoint	Apartment Complex	41,752,000	2	0.70 %	-	0.00 %
USPA Green Firs Towne Center LLC	Commercial/Retail	32,535,700	3	0.55 %	20,964,900	0.68 %
Fred Meyer	Commercial/Retail	26,190,762	4	0.44 %	17,464,401	0.56 %
Ridgedale Associates LLC	Commercial Property	22,114,400	5	0.37 %	-	0.00 %
Market Place Flats LLC	Retail/Apartment Complex	21,170,900	6	0.36 %	-	0.00 %
27th and Grandview LLC	Apartment Complex	20,930,200	7	0.35 %	8,152,200	0.26 %
Abbey Lane Apartments LLC	Apartment Complex	19,849,800	8	0.33 %	8,946,300	0.29 %
Sunset Ridge Apartment Investors	Apartment Complex	19,096,300	9	0.32 %	-	0.00 %
Peach Creek LLC	Real Estate/Homes	18,495,200	10	0.31 %	-	0.00 %
C F Franklin LP	Retirement Home	18,280,100	11	0.31 %	-	0.00 %
5802 Hannah Pierce LLC	Apartment Complex	17,630,300	12	0.30 %	-	0.00 %
Dominion-Valley View Assoc. LLC	Apartment Complex	16,278,600	13	0.27 %	-	0.00 %
Hidden Vale Apartments LLC	Apartment Complex	15,430,800	14	0.26 %	7,835,400	0.25 %
Latitude 47 Mixed Use Building LLC	Retail/Apartment Complex	14,821,950	15	0.25 %	-	0.00 %
		<u>\$ 381,797,412</u>		<u>6.42 %</u>	<u>\$ 90,033,201</u>	<u>2.91 %</u>

* Total assessed value for the City	\$ 5,945,576,697	\$ 3,098,393,277
-------------------------------------	------------------	------------------

Source: Pierce County Assessor/Treasurer's Office

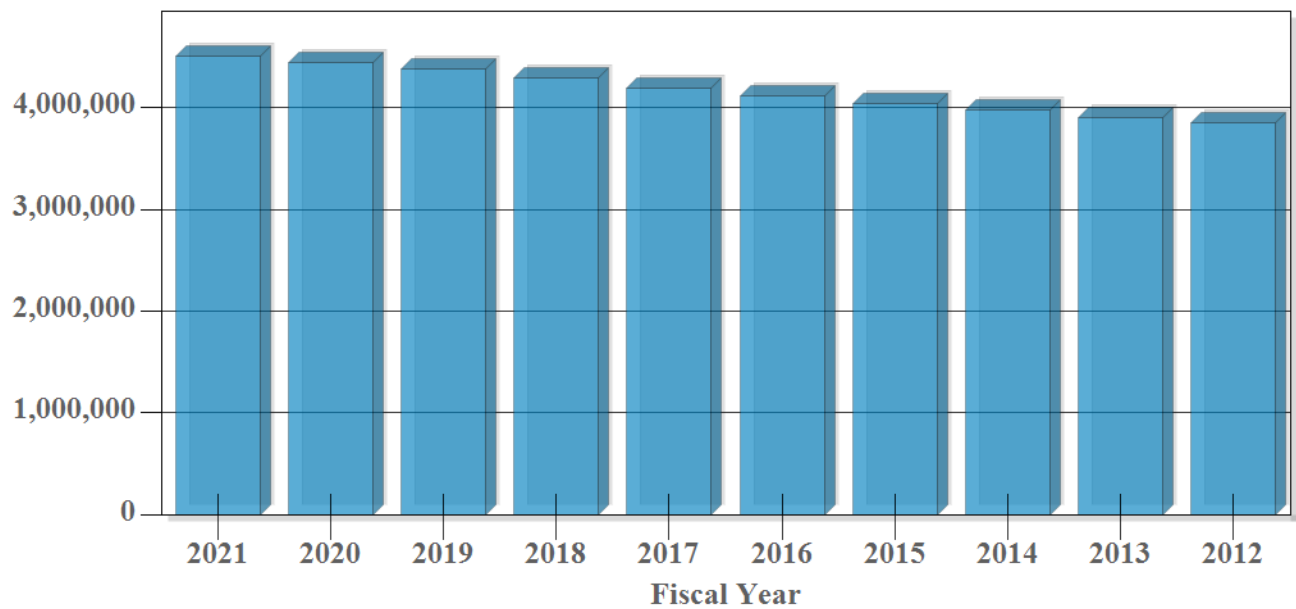
Information not available for assessed valuations for all of 2012

City of University Place, WA
Property Taxes Levies and Collections
Last Ten Years

TABLE 10

Year	Taxes Levied for Fiscal Year ¹	Current Tax Collections	Percentage of Levy	Collections in Subsequent Years ²	Total Tax Collections to Date	Percentage of Levy
2012	3,857,832	3,779,775	98.0 %	70,309	3,850,084	99.8 %
2013	3,908,520	3,849,279	98.5 %	49,820	3,899,099	99.8 %
2014	3,980,549	3,924,947	98.6 %	47,751	3,972,698	99.8 %
2015	4,045,432	3,998,753	98.8 %	43,133	4,041,886	99.9 %
2016	4,144,269	4,089,021	98.7 %	28,097	4,117,118	99.3 %
2017	4,200,791	4,158,345	99.0 %	36,961	4,195,306	99.9 %
2018	4,297,743	4,260,213	99.1 %	27,424	4,287,637	99.8 %
2019	4,393,689	4,357,201	99.2 %	21,771	4,378,972	99.7 %
2020	4,483,080	4,439,031	99.0 %	1,089	4,440,120	99.0 %
2021	4,544,980	4,503,580	99.1 %	-	4,503,580	99.1 %

Total Taxes Collected



Source: Pierce County Budget and Finance

Note:

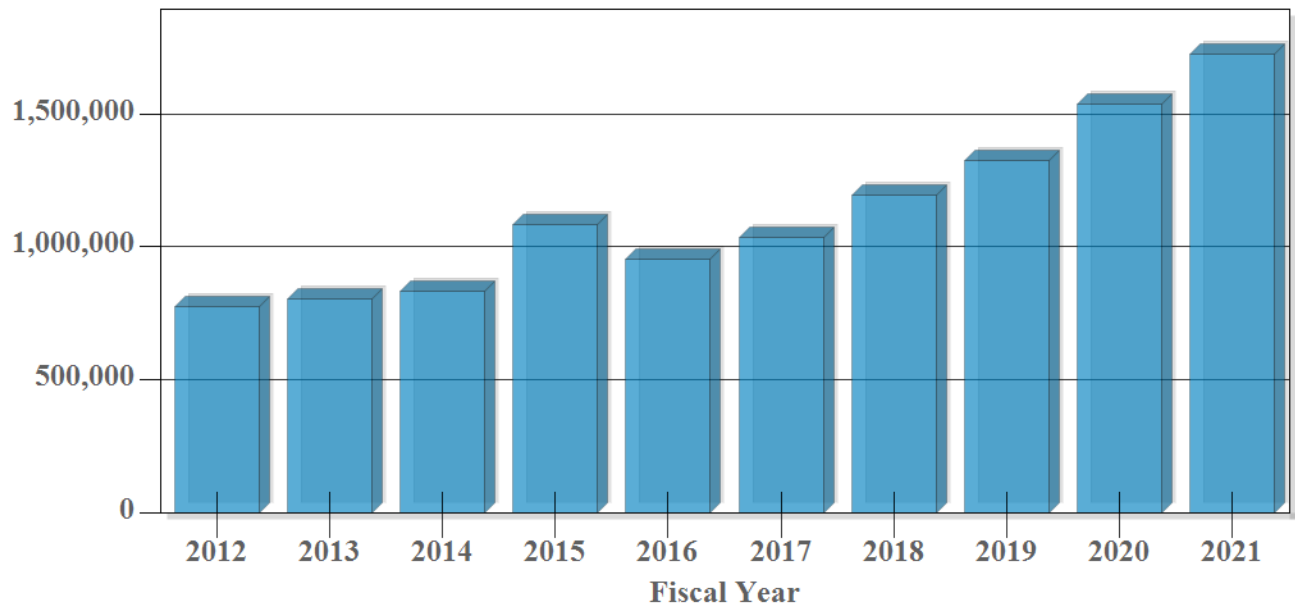
- 1) Original amount levied for the fiscal year
- 2) Includes levy adjustments, penalties, interest and subsequent year tax collections

City of University Place, WA
Sales Taxes Collected by Category
Last Ten Years

TABLE 11

Year	Retail	Services	Contracting	Transportation Communication Utilities	Wholesale	Manufacturing	Finance Insurance Real Estate	Government	Other	Total
2012	777,709	396,690	319,888	143,633	62,961	37,136	65,966	38,436	88,153	1,930,572
2013	806,134	379,997	521,074	148,118	75,150	27,248	77,041	42,368	104,726	2,181,856
2014	834,377	403,291	1,043,529	165,136	95,020	36,009	88,272	39,996	98,489	2,804,119
2015	1,082,718	522,239	1,163,135	163,109	89,831	39,999	128,819	50,652	124,985	3,365,487
2016	954,444	460,371	802,091	171,699	85,381	25,907	156,097	45,781	120,261	2,822,032
2017	1,036,813	466,088	508,595	170,031	97,063	56,124	101,048	54,899	119,738	2,610,399
2018	1,194,615	577,067	541,245	178,769	117,900	45,348	96,497	46,290	141,991	2,939,722
2019	1,325,731	646,515	592,084	167,574	116,142	45,224	102,709	7,529	177,845	3,181,353
2020	1,538,216	632,978	577,094	164,763	130,105	41,558	101,048	8,231	176,227	3,370,220
2021	1,725,815	767,780	721,733	164,652	145,349	47,411	123,453	2,289	203,700	3,902,182

Retail



Source: State of Washington Treasurer's Office using Tax Tools

Does not include Local Revitalization Financing Sales Tax Revenue, Park Sales Tax Revenue or Criminal Justice Sales Tax Revenue

City of University Place, WA
Direct and Overlapping Sales Tax Rates
Last Ten Years

TABLE 12

Year	State	Pierce Transit	Pierce City Jail	Criminal Justice	Regional Transit	Pierce County	911 Comm	Parks	Public Transport	State Adm Fee	City	Total
2012	6.50 %	0.30 %	0.10 %	0.10 %	0.90 %	0.15 %	0.10 %	0.10 %	0.30 %	0.01 %	0.84 %	9.40 %
2013	6.50 %	0.30 %	0.10 %	0.10 %	0.90 %	0.15 %	0.10 %	0.10 %	0.30 %	0.01 %	0.84 %	9.40 %
2014	6.50 %	0.30 %	0.10 %	0.10 %	0.90 %	0.15 %	0.10 %	0.10 %	0.30 %	0.01 %	0.84 %	9.40 %
2015	6.50 %	0.30 %	0.10 %	0.10 %	0.90 %	0.15 %	0.10 %	0.10 %	0.30 %	0.01 %	0.84 %	9.40 %
2016	6.50 %	0.30 %	0.10 %	0.10 %	0.90 %	0.15 %	0.10 %	0.10 %	0.30 %	0.01 %	0.84 %	9.40 %
2017	6.50 %	0.30 %	0.10 %	0.10 %	0.90 %	0.15 %	0.10 %	0.10 %	0.80 %	0.01 %	0.84 %	9.90 %
2018	6.50 %	0.30 %	0.10 %	0.10 %	0.90 %	0.15 %	0.10 %	0.10 %	0.80 %	0.01 %	0.84 %	9.90 %
2019	6.50 %	0.30 %	0.10 %	0.10 %	0.90 %	0.15 %	0.10 %	0.10 %	0.80 %	0.01 %	0.84 %	9.90 %
2020	6.50 %	0.30 %	0.10 %	0.10 %	0.90 %	0.15 %	0.10 %	0.10 %	0.80 %	0.01 %	0.84 %	9.90 %
2021	6.50 %	0.30 %	0.10 %	0.10 %	0.90 %	0.25 %	0.10 %	0.10 %	0.80 %	0.01 %	0.84 %	10.00 %

Source: City of University Place, Budgets 2012-2021

City of University Place, WA
Sales Tax Payers by Industry
Current and Ten Years Ago

TABLE 13

Industry	2021 Tax Liability	Percentage of Levy	2012 Tax Liability	Percentage of Levy
Retail Trade	\$ 1,725,815	44.23 %	\$ 777,709	40.28 %
Contracting	721,733	18.50 %	319,888	16.57 %
Services	767,780	19.68 %	396,690	20.55 %
Transportation, Communication, Utilities	164,652	4.22 %	143,633	7.44 %
Finance, Insurance, Real Estate	123,453	3.16 %	65,966	3.42 %
Wholesale	145,349	3.72 %	62,961	3.26 %
Manufacturing	47,411	1.21 %	37,136	1.92 %
Government	2,289	0.06 %	38,436	1.99 %
Other	203,700	5.22 %	88,153	4.57 %
Total	<u>\$ 3,902,182</u>	<u>100.00 %</u>	<u>\$ 1,930,572</u>	<u>100.00 %</u>

Source: State of Washington Treasurer's Office using Tax Tools to obtain breakdown

City of University Place, WA
Ratios of Outstanding Debt by Type
Last Ten Years

TABLE 14

Governmental Activities

Year	General Obligation Bonds	Public Works Trust Fund Loans General Govt	Revenue Bonds	Letter of Credit	Capital Leases	Total Debt	Percent of Taxable Value	Percentage of Personal Income(1)	Per Capita
2012	47,005,000	2,111,818	5,785,000	-	-	54,901,818	2.07 %	4.04 %	1,756
2013	46,035,000	1,839,350	5,640,000	-	-	53,514,350	1.93 %	3.88 %	1,708
2014	44,645,000	1,566,882	5,495,000	-	-	51,706,882	1.72 %	3.77 %	1,646
2015	43,355,000	1,294,412	5,345,000	-	-	49,994,412	1.58 %	3.53 %	1,576
2016	40,425,000	773,096	5,190,000	-	-	46,388,096	1.36 %	3.08 %	1,439
2017	39,255,000	581,858	5,030,000	-	-	44,866,858	1.18 %	2.95 %	1,376
2018	38,045,000	457,161	4,865,000	-	-	43,367,161	1.02 %	2.54 %	1,321
2019	44,755,000	332,461	-	-	-	45,087,461	0.97 %	2.54 %	1,363
2020	43,070,000	207,766	-	-	-	43,277,766	0.84 %	2.30 %	1,299
2021	41,310,000	-	-	-	-	41,310,000	0.69 %	N/A	1,177

Business-Type Activities

Fiscal Year	Public Works Trust Fund Loans Business Type	Total Debt	Percent of Taxable Value	Percentage of Personal Income(1)	Per Capita
2012	-	-	0.00 %	0.00 %	-
2013	492,513	492,513	0.02 %	0.04 %	16
2014	411,283	411,283	0.01 %	0.03 %	13
2015	330,078	330,078	0.01 %	0.02 %	11
2016	248,847	248,847	0.01 %	0.02 %	8
2017	167,617	167,617	0.00 %	0.01 %	5
2018	120,758	120,758	0.00 %	0.00 %	4
2019	73,897	73,897	0.00 %	0.00 %	2
2020	27,036	27,036	0.00 %	0.00 %	-
2021	-	-	0.00 %	N/A	-

Source: City of University Place, ACFR 2012-2021

Pierce County Assessor/Treasurer

1) Note: 2021 data not yet available

City of University Place, WA
Ratio of Net General Bonded Debt to Assessed Value
And Net Bonded Debt per Capita
Last Ten Years

TABLE 15

Fiscal Year	(a) Population	(b) Assessed Value	General Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2012	31,270	2,655,070,281	47,005,000	1.77%	1,503.20
2013	31,340	2,779,532,023	46,035,000	1.66%	1,468.89
2014	31,420	3,006,817,787	44,645,000	1.48%	1,420.91
2015	31,720	3,159,537,693	43,355,000	1.37%	1,366.80
2016	32,230	3,409,933,671	40,425,000	1.19%	1,254.27
2017	32,610	3,801,950,766	38,285,000	1.01%	1,174.03
2018	32,820	4,238,209,289	38,045,000	0.90%	1,159.20
2019	33,090	4,643,905,624	44,755,000	0.96%	1,352.52
2020	33,310	5,167,407,710	43,070,000	0.83%	1,293.01
2021	35,100	5,945,578,967	41,310,000	0.69%	1,176.92

a) Source: Washington State Office of Financial Management.

b) The assessed value is the final certified Regular Levy assessed value of taxable property which was used by Pierce County Assessor's Office for use in calculating levy rates for the 2022 tax levy.

City of University Place, WA
Computation of Direct and Overlapping Debt
December 31, 2021

TABLE 16

	(a) Gross General Obligation Debt Outstanding	(b) Percentage Applicable to City	Amount Applicable to University Place
Direct Debt			
City of University Place	\$ 41,310,000	100.00 %	\$ 41,310,000
Overlapping Debt			
West Pierce Fire and Rescue	-	36.29 %	-
Pierce County	118,905,000	3.82 %	4,542,171
Tacoma School District No. 10	939,360,000	2.13 %	20,008,368
University Place School District No. 83	31,915,378	93.73 %	29,914,284
Clover Park School District No. 400	107,405,000	0.005 %	5,370
Steilacoom Historical School District No. 1	16,690,000	0.105 %	17,525
Port of Tacoma	135,562,000	3.82 %	5,178,468
Pierce County Rural Library District	-	5.55 %	-
Total overlapping debt	\$ 1,349,837,378		\$ 59,666,186
Total Direct and Overlapping Debt	\$ 1,391,147,378	7.26 %	\$ 100,976,186

a) Total general obligation bonds outstanding on December 31, 2021

Source: West Pierce Fire District, Pierce County Finance and Budget Office, Tacoma School District, Clover Park School District, Port of Tacoma & Pierce County Library

b) Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in reporting unit.

Source: Pierce County Assessor-Treasurers Office

TABLE 17

Page 132

City of University Place, WA
Compilation of General Obligation Debt Capacity
Last Ten Years

TABLE 18

<u>Year</u>	<u>Voter Approved Debt Capacity</u>	<u>Net Debt Outstanding</u>	<u>Remaining Debt Capacity</u>
2012	66,376,757	47,412,120	\$ 18,964,637
2013	69,488,301	47,874,350	21,613,951
2014	75,170,445	46,679,216	28,491,229
2015	78,988,442	45,128,999	33,859,443
2016	85,248,342	41,964,348	43,283,994
2017	95,048,769	40,533,567	54,515,202
2018	105,955,232	39,245,872	66,709,360
2019	116,097,641	45,161,356	70,936,285
2020	129,185,193	43,070,000	86,115,193
2021	148,639,474	41,310,000	\$ 107,329,474

Table 17 Identifies Individual Debt Limits by Category for 2022

City of University Place, WA
Demographic Statistics
Last Ten Years

TABLE 19

Year	Population	Total Personal Income (1) (2)	Per Capita Personal Income (1) (2)	Median Age (1)(2)	School Enrollment	Unemployment Rate (1)
2012	31,270	\$ 33,117,849,000	\$ 40,992	36.3	5,670	8.4 %
2013	31,340	\$ 35,232,946,000	\$ 43,407	36.5	5,655	6.6 %
2014	31,420	\$ 36,054,002,000	\$ 43,982	36.8	5,634	6.3 %
2015	31,720	\$ 36,282,818,000	\$ 43,613	35.8	5,646	5.9 %
2016	32,230	\$ 37,640,095,000	\$ 44,600	36.0	5,716	6.0 %
2017	32,610	\$ 40,228,355,000	\$ 46,706	37.5	5,700	5.4 %
2018	32,820	\$ 46,449,056,000	\$ 52,114	36.4	5,835	5.3 %
2019	33,090	\$ 48,481,266,000	\$ 53,572	37.3	5,773	4.0 %
2020	33,310	\$ 51,664,015,000	\$ 56,532	36.1	5,680	4.0 %
2021	35,100	\$ -	\$ -	-	5,661	4.8 %

Sources: U.S. Bureau of Economic Analysis

Washington State Office of Financial Management

Washington State Office of Superintendent of Public Instruction

Washington State Employment Security

1) Note: Based on data for Pierce County

2) Note: 2021 data not yet available

City of University Place, WA
Principal Employers
Current Year and Ten Years Ago

TABLE 20

Employer	Ranking 2021	Employees 2021	% of Total Employees	Ranking 2012	Employees 2012
University Place School District	1	637	32.97%	1	515
Virginia Mason Franciscan Health(1)	2	335	17.34%	2	252
West Pierce Fire & Rescue	3	215	11.13%	N/A	N/A
Whole Foods	4	131	6.78%	N/A	N/A
Fred Meyer Stores	5	118	6.11%	3	247
Tacoma Roofing & Waterproofing (2)	6	113	5.85%	N/A	N/A
Charles Wright Academy	7	110	5.69%	6	132
Safeway	8	107	5.54%	8	98
University Place Care Center(1)(2)	9	100	5.18%	N/A	N/A
Kemper Sports	10	66	3.42%	N/A	N/A
Total Employees		1,932			1,244

Source: Tacoma Pierce County Economic Development Board:

(1) Most recent count available

(2) Anecdotal data indicates > 100 FTE's; not ranked

City of University Place, WA
Full Time Equivalent City Employees by Function
Last Ten Years

Table 21

<u>Year</u>	<u>City Manager</u>	<u>City Attorney</u>	<u>Administrative Services</u>	<u>Public Works</u>	<u>Development Services</u>	<u>Engineering</u>	<u>Finance</u>	<u>Total</u>
2012	1.90	2.00	12.48	16.00	6.50	4.75	4.00	47.63
2013	1.90	2.00	11.48	16.00	6.50	4.75	4.00	46.63
2014	2.00	2.00	10.98	16.00	7.00	6.75	4.00	48.73
2015	2.00	2.00	11.98	14.00	7.50	7.00	4.50	48.98
2016	2.00	2.00	12.23	16.00	8.25	6.00	3.50	49.98
2017	2.00	2.00	12.98	13.00	8.75	8.88	3.50	51.11
2018	2.00	2.00	12.98	13.00	9.25	7.75	3.50	50.48
2019	2.00	2.00	12.98	13.00	9.25	7.75	3.50	50.48
2020	2.00	2.00	12.98	13.00	9.25	7.75	3.50	50.48
2021	2.00	2.00	12.98	14.00	12.00	7.58	4.50	55.06

Source: City of University Place Budgets 2012-2021

Total does not include Council Members or contract Police Officers

City of University Place, WA
Operating Indicators by Function
Last Ten Years

TABLE 22

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Building Permits Issued	715	735	822	752	925	1,284	972	1,047	924	1,101
Police										
Part 1 Crimes*	1,026	882	815	824	936	959	837	794	969	895
DUI Arrests	69	41	51	53	28	34	35	26	10	7
Other Traffic Arrests	266	192	154	132	143	162	113	112	68	23
Fire**										
Emergency Medical Responses	8,716	8,961	9,128	10,545	11,260	11,616	12,092	13,513	12,771	14,187
Fire Responses	312	298	286	448	384	410	1,089	1,667	1,913	2,065
Other	4,564	4,306	4,593	4,465	4,236	3,881	3,139	1,470	1,446	1,520

* *Part 1 Crimes includes violent crime (Aggravated Assault, Murder, Rape, Robbery) and Property Crime (Arson Motor Vehicle Theft Burglary and Theft)*

**Numbers reflect the total for West Pierce Fire (University Place and Lakewood).

Source: City of University Place City Development Services Office
University Place Police Department/Pierce County Sheriff's Office
West Pierce Fire

City of University Place, WA
Capital Asset Statistics by Function/Program
Last Ten Years

Table 23

Fiscal Year	General Government	Culture and Recreation	Health & Human Services⁽¹⁾	Streets/Transportation	Construction in Progress	Total
2012	39,735,243	14,841,746	-	172,701,448	26,957,875	254,236,312
2013	55,107,519	15,108,936	-	174,264,047	7,880,766	252,361,268
2014	54,286,309	15,456,923	-	175,333,107	9,460,746	254,537,085
2015	51,890,198	15,245,127	-	184,879,721	8,316,344	260,331,390
2016	52,406,903	15,528,994	349,557	202,380,644	4,723,698	275,389,796
2017	52,132,753	15,528,994	349,557	202,231,009	6,319,161	276,561,474
2018	51,332,082	15,867,510	323,457	202,393,572	14,068,690	283,985,311
2019	58,036,856	15,888,153	1,180,441	213,413,263	1,602,032	290,120,745
2020	56,217,679	15,928,981	26,100	215,814,084	2,829,271	290,816,115
2021	56,315,953	15,928,981	26,100	217,025,685	4,377,244	293,673,963

Source: City of University Place ACFR 2012-2021.

1) Health & Human Services was combined with Culture and Recreation prior to 2016 and was not separately reported.

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