



City of University Place, Washington

Annual Comprehensive Financial Report

For the fiscal year ended December 31, 2023

2023 ACFR



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



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

PREPARED BY THE FINANCE DEPARTMENT

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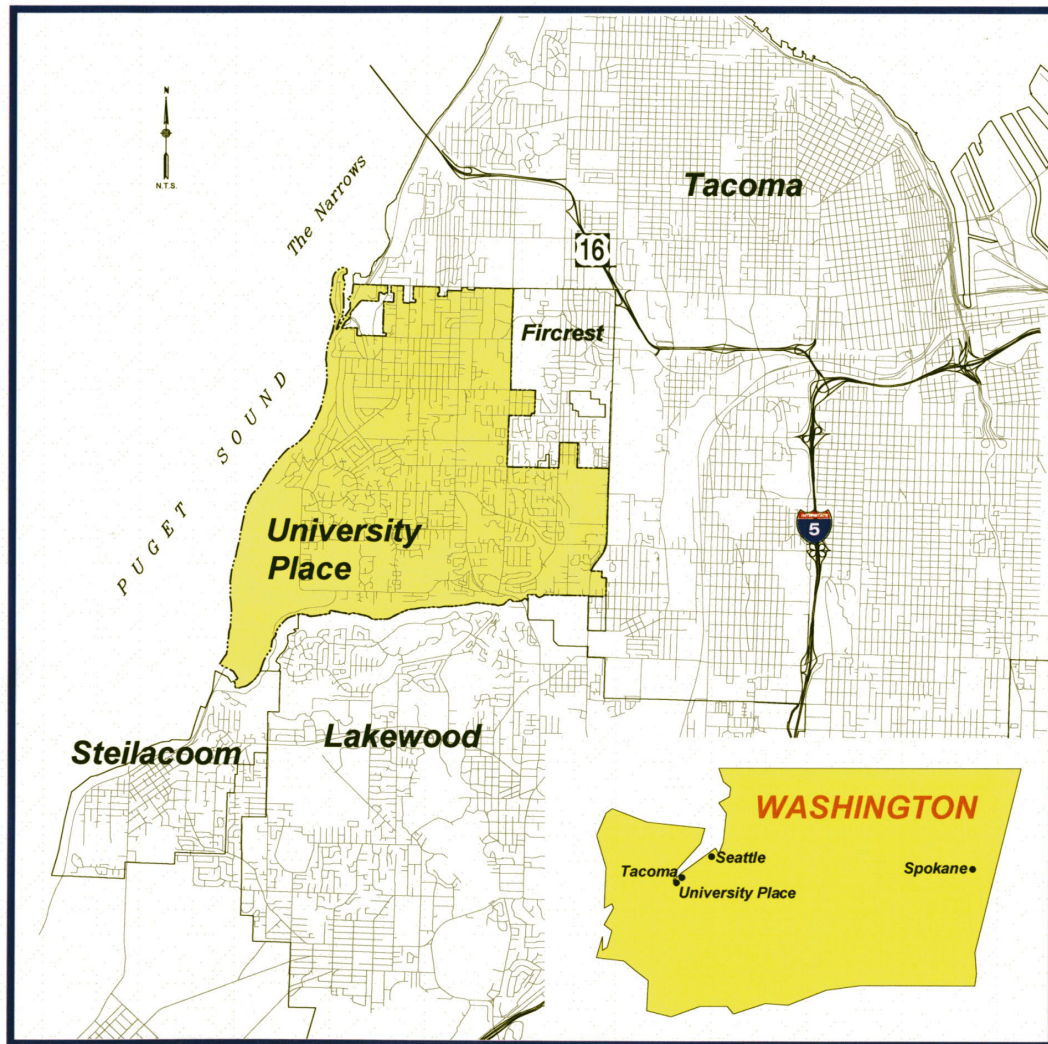
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The City of University Place

Incorporated in 1995, University Place ranks 37th in population in the State of Washington with a population of approximately 35,580. 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

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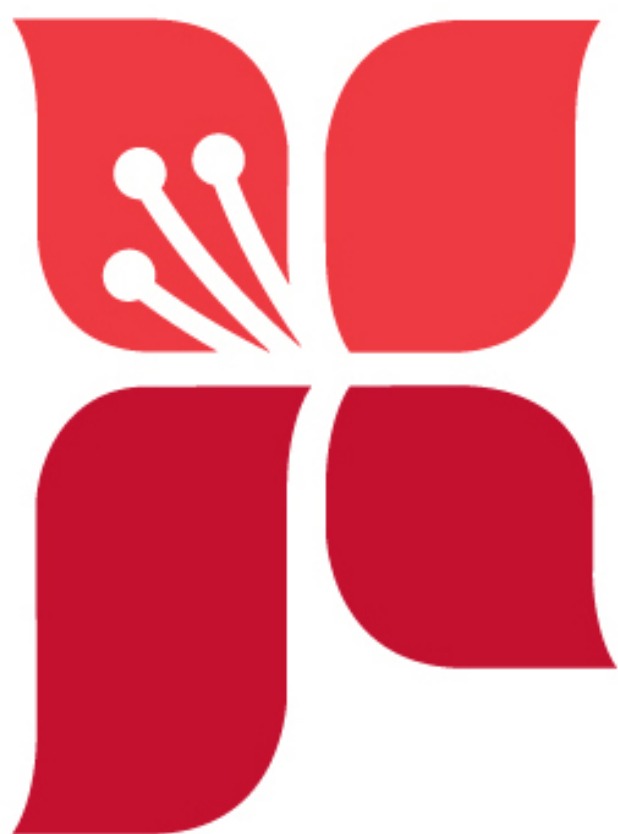
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INTRODUCTORY SECTION

Letter of Transmittal
GFOA Certificate of Achievement
List of Elected and Appointed Officials
2023 Organizational Chart



June 27, 2024

Mayor Figueroa,
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, 2023. 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.

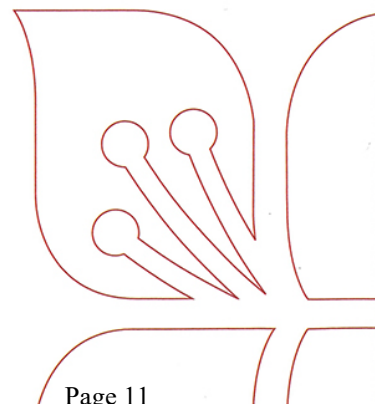
This report has been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by all Governmental Accounting Standards Board (GASB) pronouncements.

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 35,580 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 58 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 Deputy 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. University Place School District (UPSD) No. 83 and the Tacoma School District No. 10 provide educational programs for kindergarten through high school students.

ECONOMIC CONDITIONS AND OUTLOOK

Nation and Region

The Pierce County Economic Index (PCEI) ended its twelve consecutive years of gains in 2022, falling 5.2 percent reflecting the absence of any COVID economic stimulus/relief packages. The PCEI annual index is estimated to have risen 1.8 percent in 2023, with a 1.6 percent gain estimated for the 2022Q4 to 2023Q4 comparison.

Real gross domestic product increased at an annual rate of 3.2 percent in 2023, up from 2.1 percent in 2022.

The Bureau of Labor Statistics reported that from January 2023 to January 2024 consumer prices are up 3.1 percent. This is a decrease from 2022's 6.5 percent increase.

The Pierce County Housing Activity Index, which started 2023 at 95.0, had fallen to 72.3 by the end of the year. A continued slide in the number of closed sales pushed housing inventory up to over six months' supply. New listings and closed sales fell 30 percent and 27 percent, respectively.

According to the bureau of Labor Statistics, the unemployment rate held at 3.7 percent in December 2023, this is consistent with 2022's rate. Pierce County unemployment fell from 5.3 percent in 2022Q4 to an estimated 4.5 percent in 2023Q4.

Local

The City substantially reduced staff and expenditures in 2009 to address the revenue reductions experienced during the recession and maintained the reduced service levels through 2020. During 2021, 2022, and 2023 the City has added additional staffing to address upcoming staff retirements. The overlap allows us to adequately train new staff prior to the departure of retiring staff.

In 2023 the number of licensed businesses in the City totaled 1,750 which is an increase from the 2022 total of 1,684. Of the 1,750 business licenses active in 2023, 932 are for home-based businesses.

In 2023 13 new single-family residential permits were issued. A large decrease from 2022 numbers; 8 new single -family residential permits, 2 duplex permits, four 12-unit apartment building permits, seven 24-unit apartment building permits, and two 54-unit apartment building permits.

Local sales tax collected in 2023 totaled \$4.48M which is an increase of 4.22% from 2022. Retail sales tax increased 1.34%. Taxes from Construction increased by 8.74%. Taxes generated for the Services sector increased by 8.67%.

In 2023, the real estate market experienced a decrease in sales volume. The decline is attributed to persistent low inventory and higher interest rate. As a result, Real Estate Excise tax decreased 41.53% when compared to 2022.

The City continues 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 2023 total assessed value of property in University Place for 2024 tax collections was \$6,892,212,903, which is a 2.74% decrease from the 2022 assessed valuation of \$7,081,173,954.

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. This helps 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

Public Safety and City Finances

The most significant event for the City in 2023 was voters' approval of a ballot measure to support public safety. The approved "levy lid lift" will increase the City's property tax levy rate in 2024 from \$0.66 per \$1,000 in assessed value to \$1.01 per \$1,000 – a 53% increase. This additional funding will provide long-term financial support for the City's existing public safety program (including retention of the City's 16 police officers) and allowed the City to add eight additional commissioned officers.

By strengthening the resources supporting the City's largest single (and arguably most important) expense, there will be reduced financial and political pressure on other City resources. This should further stabilize the City's service delivery. Moreover, with the additional revenue beginning in 2024, the City now has the financial reserves needed to weather another significant economic downturn, should one occur in the near future.

Development

In 2023, the City saw significant new mixed-use residential and commercial development. A developer completed a 104-unit apartment project located at 4201 Bridgeport Way W. The project consists of two buildings, one five story and one four story. The project is valued at \$30 million and was completed in the fall of 2023.

In the Spring of 2022, construction started on a nine-building, 272-unit apartment project located in the 2200 block of Mildred Street W. The first phase of the project was completed in the winter of 2023, with full completion anticipated in summer of 2024. The total project value will be \$80 million.

Construction was completed in the summer of 2023 on two commercial buildings located at 4020 Bridgeport Way W. One building consists of a 2,300 square foot Chipotle restaurant and the other is a 2,600 square foot Habit Burger restaurant.

During 2023, construction has taken place on a 48-unit apartment project located at 6007 67th Ave. Ct. West. The project will be completed in spring of 2024.

OUTLOOK FOR THE FUTURE

Our VISION for University Place is unchanged as "a safe, attractive city that provides a supportive environment for all citizens to work, shop, play, get an education and raise families." On July 18, 2022, City Council adopted the following Goals and Priorities for the 2023/2024 Biennium:

Public Safety

Increase public safety and funding for public safety.

Areas of focus:

- Develop financial strategy for public safety including public safety levy

Economic Development

Utilize targeted strategies with focused efforts to grow and strengthen the business community.

Areas of focus:

- District sub-area plans
- Business start-up cost study
- Business sector analysis
- Wayfinding signs and electronic messaging board

Infrastructure

Overview of infrastructure to plan for future needs.

Areas of focus:

- Parks maintenance and growth
- Street maintenance and growth
- Sewers

Engagement

Increased community engagement.

Areas of focus:

- Foundational marketing and education
- Increased community outreach and partnerships (i.e., school district, community groups, etc.)
- Review analytics, measurements, and provide community surveys
- Evaluate best practices

Recreation

Review opportunities for developing some level of recreation services to the community.

Areas of focus:

- Park public usage
- Field rentals
- Regional providers
- Explore developing interlocal(s) and partnerships with school district and neighboring cities

Regional Influence

Find ways to broaden the City's influence regionally.

Areas of focus:

- Participation in professional and organizational associations by Councilmembers and staff
- Participation in commissions, boards, taskforces, and public and private associations by Councilmembers and staff
- Development of financial strategies to leverage regional, State, and federal funding and/or policies for City needs

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.

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 2023 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 2023. 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 year ended December 31, 2022. This was the twenty sixth 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 could not have been accomplished without the efforts and dedication of City staff. We would like to express appreciation to the staff, including personnel for various departments and outside agencies who assisted in its preparation. 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 prudent, committed, and responsible manner.

Respectively submitted,



Stephen P. Sugg, P.E.
City Manager



Leslie Blaisdell
Finance Director/Chief Financial Officer



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, 2022

Christopher P. Morrill

Executive Director/CEO



CITY OF UNIVERSITY PLACE ELECTED & APPOINTED OFFICIALS December 31, 2023

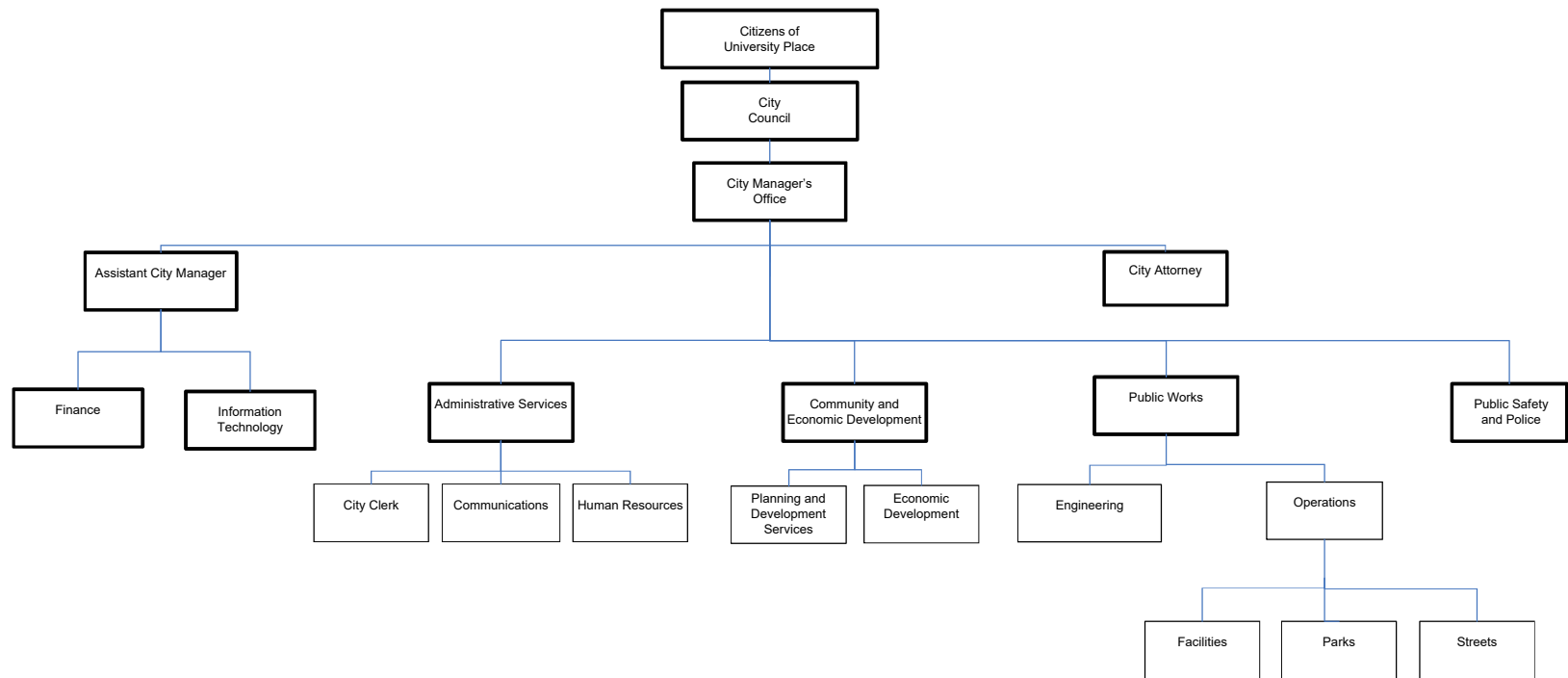
ELECTED OFFICIALS



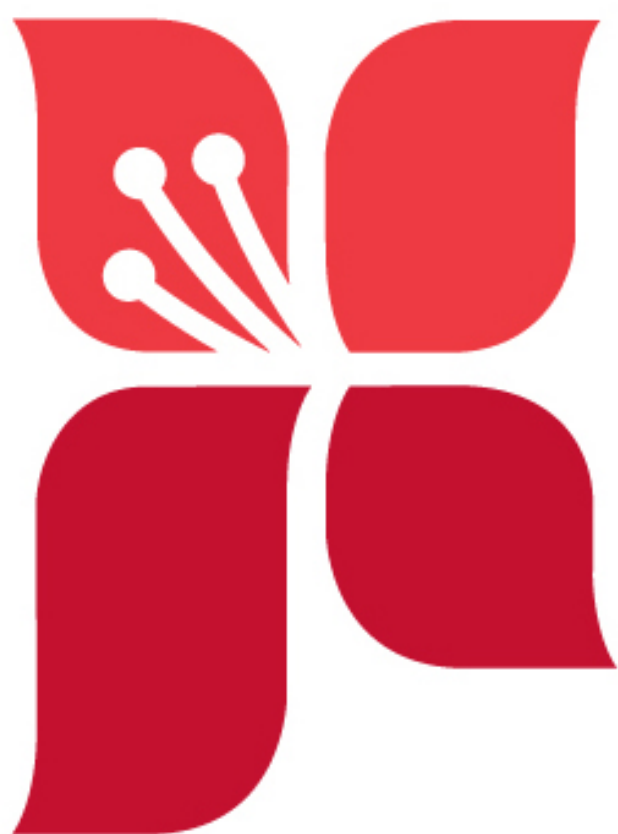
APPOINTED OFFICIALS

City Manager
Assistant City Manager
City Attorney
Director of Finance and Risk Manager
Director of Public Works
Director of Community & Economic Development
Director of Administrative Services
Police Chief

Stephen P. Sugg
Eric Faison
Matt Kaser
Leslie Blaisdell
Jack Ecklund
Kevin Briske
Lisa Petorak
Patrick Burke



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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

35th Street Court W. – Before and After



Chambers Creek Road – Before and After



Grandview Drive Overlay – After



Cirque Park – Fitness Station





**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 then ended December 31, 2023, 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, 2023, 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 (GAAS) 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.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2023, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *SBITA*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed;

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and
- 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 as 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 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 as a whole.

Other Information

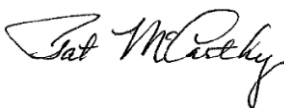
The other information comprises Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinions on the basic financial statements do not cover 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 basic 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, 2024, 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 in the City's Single Audit Report. 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, 2024

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, 2023. 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 \$126,448,482. Of this amount, \$52,986,088 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 \$12,630,446. Of the \$12,630,446 increase, the Business-type activities contributed to an operating increase of \$177,905 before transfers out of \$5,617 resulting in an overall increase of \$172,288. The City transferred out \$5,617 for Surface Water Management related road 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 2023 when compared to 2022. 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 \$47,791,954, an increase of \$2,065,501 in comparison with the prior year. Of this amount, \$23,817,994 is available for spending at the government's discretion (unassigned fund balance) and \$9,816,211 is restricted by legislation to specific purposes. The committed classification is established by Council ordinance for specific uses. Assigned classifications total \$14,157,749. 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 in minimizing 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 nine 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 Surface 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 2023 with comparative totals for 2022.

Table 1
Condensed Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 59,377,054	\$ 52,439,713	\$ 5,902,226	\$ 5,916,928	\$ 65,279,280	\$ 58,356,641
Capital, lease and SBITA assets	97,465,754	95,761,868	11,189,301	11,111,730	108,655,055	106,873,598
Total assets	156,842,808	148,201,581	17,091,527	17,028,658	173,934,335	165,230,239
Deferred outflows of resources	2,169,614	2,471,615	271,332	322,473	2,440,946	2,794,088
Liabilities						
Other liabilities	9,186,025	10,509,705	71,992	23,481	9,258,017	10,533,186
Non-current liabilities	38,927,021	40,944,727	231,092	274,944	39,158,113	41,219,671
Total liabilities	48,113,046	51,454,432	303,084	298,425	48,416,130	51,752,857
Deferred inflows of resources	1,338,464	2,116,010	172,205	337,424	1,510,669	2,453,434
Net position						
Net invested in capital assets	62,273,093	58,786,463	11,189,301	11,111,728	73,462,394	69,898,191
Restricted for						
Debt service	239,743	239,517	-	-	239,743	239,517
Pension	1,310,224	1,299,001	315,968	330,044	1,626,192	1,629,045
Capital facilities plan financing	2,212,807	2,887,910	-	-	2,212,807	2,887,910
Traffic impact-roadway improvements	4,554,814	3,988,909	-	-	4,554,814	3,988,909
Parks capital improvement	2,669,693	3,151,633	-	-	2,669,693	3,151,633
Other	42,082	19,862	-	-	42,082	19,862
Unrestricted	36,258,456	26,729,459	5,382,301	5,273,510	41,640,757	32,002,969
Total net position	\$109,560,912	\$ 97,102,754	\$ 16,887,570	\$ 16,715,282	\$126,448,482	\$113,818,036

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 \$126,448,482 at the close of the most recent year.

By far the largest portion of the City of University Place net position (58.10 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 \$52,986,088 may be used to meet the City's ongoing obligations to citizens and creditors.

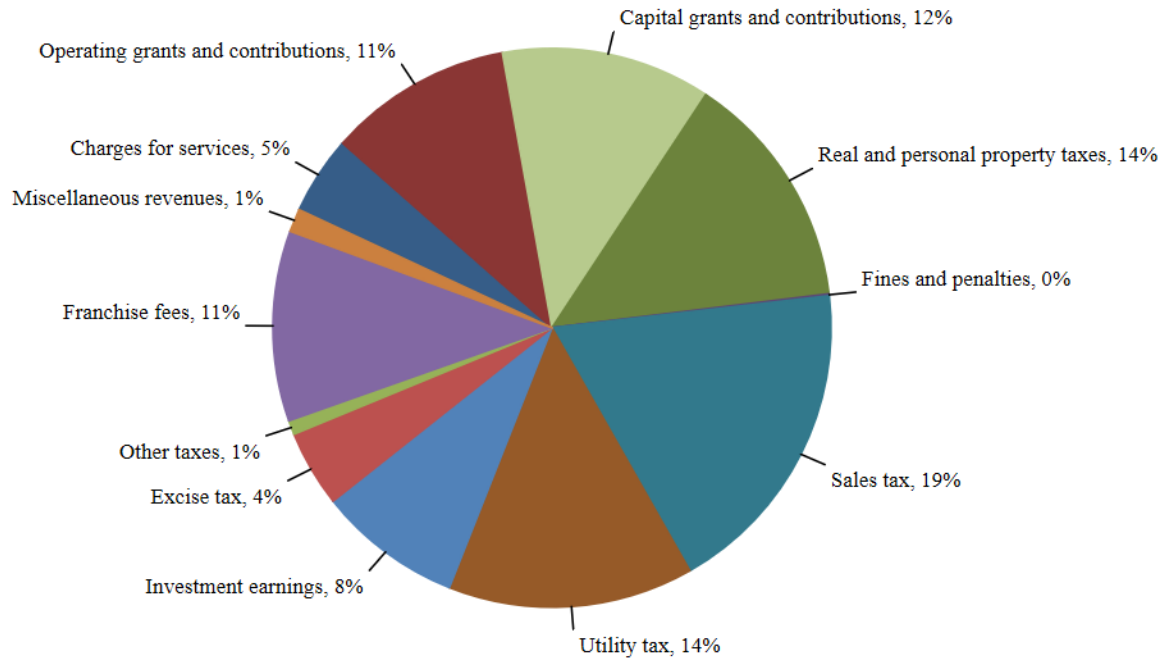
City of University Place's change in net position from the current year activities on the statement of activities increased by \$5,280,151. Operating grants and contributions has increased by \$1,946,168 largely due to ongoing ARPA funded projects. Capital grants and contributions has also increased by \$2,061,529 as a result of large grant funded road projects.

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 2019 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.

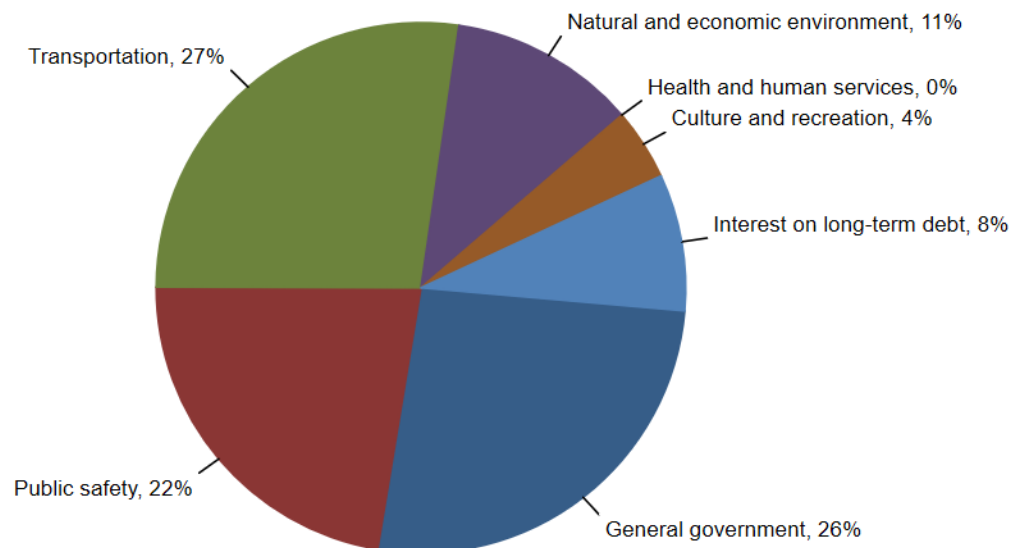
Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	\$ 1,540,880	\$ 2,168,954	2,831,883	2,834,644	\$ 4,372,763	\$ 5,003,598
Operating grants and contributions	3,616,717	1,766,842	112,733	16,440	3,729,450	1,783,282
Capital grants and contributions	4,113,835	2,052,306	-	-	4,113,835	2,052,306
General revenue						
Taxes						
Real and personal property	4,667,108	4,615,707	-	-	4,667,108	4,615,707
Sales	6,307,008	6,141,508	-	-	6,307,008	6,141,508
Utility	4,821,429	4,405,162	-	-	4,821,429	4,405,162
Excise and other	1,779,496	2,220,969	-	-	1,779,496	2,220,969
Franchise fees	3,734,631	4,316,466	-	-	3,734,631	4,316,466
Fines and penalties	37,718	32,626	-	-	37,718	32,626
Miscellaneous revenues	450,607	432,814	19,416	-	470,023	432,814
Investment earnings	2,831,200	447,288	-	-	2,831,200	447,288
Gain on the sale of capital assets	-	-	599	173	599	173
Interest revenue from leases	12,348	14,308	-	-	12,348	14,308
Total revenues	<u>33,912,977</u>	<u>28,614,950</u>	<u>2,964,631</u>	<u>2,851,257</u>	<u>36,877,608</u>	<u>31,466,207</u>
Expenses						
General government	5,664,638	6,108,775	-	-	5,664,638	6,108,775
Public safety	4,842,408	4,402,738	-	-	4,842,408	4,402,738
Transportation	5,885,982	6,237,064	-	-	5,885,982	6,237,064
Natural and economic environment	2,463,389	2,211,952	-	-	2,463,389	2,211,952
Health and human services	144	-	-	-	144	-
Culture and recreation	940,830	1,035,926	-	-	940,830	1,035,926
Interest on long-term debt	1,797,669	1,732,539	-	-	1,797,669	1,732,539
Surface Water Management	-	-	2,786,726	2,481,366	2,786,726	2,481,366
Total expenses	<u>21,595,060</u>	<u>21,728,994</u>	<u>2,786,726</u>	<u>2,481,366</u>	<u>24,381,786</u>	<u>24,210,360</u>
Excess (deficiency) before contributions, special items, and transfers	<u>12,317,917</u>	<u>6,885,956</u>	<u>177,905</u>	<u>369,891</u>	<u>12,495,822</u>	<u>7,255,847</u>
Transfers	5,617	8,233	(5,617)	(8,233)	-	-
Insurance recoveries	134,624	94,448	-	-	134,624	94,448
Change in net position	<u>12,458,158</u>	<u>6,988,637</u>	<u>172,288</u>	<u>361,658</u>	<u>12,630,446</u>	<u>7,350,295</u>
Beginning net position	97,102,754	90,114,117	16,715,282	16,353,624	113,818,036	106,467,741
Beginning net position restated	97,102,754	90,114,117	16,715,282	16,353,624	113,818,036	106,467,741
Ending net position	<u>\$ 109,560,912</u>	<u>\$ 97,102,754</u>	<u>\$ 16,887,570</u>	<u>\$ 16,715,282</u>	<u>\$ 126,448,482</u>	<u>\$ 113,818,036</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 \$47,791,954. This represents an increase of \$7,724,666 from 2022. This increase was due primarily to an increase in federal grants for capital projects.

The General Fund saw a net fund balance increase of \$7,991,668. The city saw an unanticipated increase in investment income of \$2,383,912. This is a result of interest rate improvements over the year. Additionally, \$9,286,637 was budgeted for ARPA projects and only \$2,155,244 was spent. These projects will continue in 2024. 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 Public Works Capital Improvement Fund are due to a reduction in transfers required for projects, resulting in a current year reported loss of \$403,809.

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 2023 budget is the first year of the current biennial budget cycle.

Sales tax revenues of \$4.48 million exceeded the budget estimate of \$3.90 million. Increased revenues were received in the Retail Trade category from increased online purchases. Additionally, there was an increase in the Construction category due to a large multi-family apartment project and continued residential building.

Utility tax revenues of \$4.82 million exceeded the budget estimate of \$4.21 million. Electric, Gas, and Water utility taxes all exceeded budget estimates. These can be impacted by weather. We continue to see a drop in telephone utility taxes and residents cancel land lines.

Fuel tax revenues remain lower than average due to continued impacts of remote work. Revenues in the amount of \$701,528 were below our budget estimate of \$731,069.

Investment income has continued rebounding after COVID-19 pandemic created turbulence in the global financial markets and propelled investors into a race for liquidity. Revenues in the amount of \$2,394,424 exceeded our budget estimate of \$1,460,000.

Real Estate Excise taxes of \$1,158,694 was below the budgeted estimate of \$1,390,000. This is down from 2022 revenues of \$1,639,953 due to a cooling in the real estate market.

On the expenditure side, Contingency funds in the amount of \$448,553 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 \$454,816 to Information services for the Computer Hardware and Software replacements were under the budget amount of \$1,505,635 by \$1,050,819 due to projects being delayed. \$956,380 of the unspent funds will be carried forward for expenditure in 2024.

Capital Asset and Debt Administration

Capital assets. The City's capital assets for its governmental activities as of December 31, 2023, amounts to \$97,465,754 (net of accumulated depreciation), which is an increase of \$1,703,886 from 2022. The additions are from a combination of new capital assets that includes land, buildings, machinery, equipment and software, infrastructure, and construction in progress. With the adoption of GASB 96 SBITAs have also been included this year. The following table summarizes capital assets for the current year and a comparison with year 2022.

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

	2023 Total Governmental Activities	2022 Total Governmental Activities
Land	\$ 21,552,870	\$ 21,552,870
Easement	3,769,299	3,648,394
Buildings	27,798,849	27,817,223
Equipment and software	1,404,357	1,157,430
Infrastructure	36,999,483	37,800,807
Equipment - right to use	38,346	37,558
Information technology systems - right to use	63,577	-
Construction in progress	5,838,973	3,747,586
Total	<u>\$ 97,465,754</u>	<u>\$ 95,761,868</u>

	2023 Total Business-type Activities	2022 Total Business-type Activities
Equipment and software	\$ 373,141	\$ 282,347
Infrastructure	9,750,839	9,807,171
Construction in progress	1,065,321	1,022,212
Total	<u>\$ 11,189,301</u>	<u>\$ 11,111,730</u>

Additional information on the City's capital assets can be found in Note 2 of the Notes to the Financial Statements.

The City of University Place had total long-term debt outstanding of \$37,555,000 which is comprised of General obligation bonds.

The following table summarizes long-term debt for the current year and a comparison with year 2022.

Table 4
Outstanding Debt at Year-End

	2023	2022
Governmental		
General obligation bonds	\$ 37,555,000	\$ 39,480,000
Total	<u>\$ 37,555,000</u>	<u>\$ 39,480,000</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, 2023, and the City may issue non-voted debt at this time.

Note 2 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 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 2023/2024 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, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 42,784,078	\$ 4,193,412	\$ 46,977,490
Investment	11,639,097	-	11,639,097
Receivables - net	739,527	-	739,527
Lease receivable	157,579	-	157,579
Interest receivables from leases	937	-	937
Internal balances	(1,037,375)	1,037,373	(2)
Prepaid expense	14,575	-	14,575
Due from other governments	3,194,250	103,590	3,297,840
Total current assets	57,492,668	5,334,375	62,827,043
Non-current assets			
Long-term receivables	74,397	251,883	326,280
Lease receivable	499,765	-	499,765
Net Pension Asset	1,310,224	315,968	1,626,192
Capital, lease and SBITA assets			
Capital assets, not being depreciated	31,161,142	1,065,321	32,226,463
Capital, lease and SBITA assets, being depreciated and amortized	66,304,612	10,123,980	76,428,592
Total capital, lease and SBITA assets	97,465,754	11,189,301	108,655,055
Total non-current assets	99,350,140	11,757,152	111,107,292
Total assets	156,842,808	17,091,527	173,934,335
Deferred outflows of resources			
Deferred outflows related to pensions	1,153,769	271,332	1,425,101
Deferred loss bond refunding	1,015,845	-	1,015,845
Total deferred outflows of resources	2,169,614	271,332	2,440,946
Liabilities			
Current liabilities			
Accounts payable	1,418,635	54,442	1,473,077
Accrued payroll and employee benefits	73,033	17,433	90,466
Interest payable	404,807	-	404,807
Retainage payable	25,051	-	25,051
Unearned revenue	7,262,377	-	7,262,377
Due to other governments	-	117	117
Other current liabilities	2,122	-	2,122
Long-term debt due in less than 1 year	2,314,468	31,184	2,345,652
Total current liabilities	11,500,493	103,176	11,603,669
Non-current liabilities			
Due in more than 1 year	36,046,137	63,311	36,109,448
Net pension liability	566,416	136,597	703,013
Total non-current liabilities	36,612,553	199,908	36,812,461
Total liabilities	48,113,046	303,084	48,416,130
Deferred inflows of resources			
Deferred inflows related to pensions	711,818	172,205	884,023
Deferred inflows - lease Revenue	626,646	-	626,646
Total deferred inflows of resources	1,338,464	172,205	1,510,669
Net position			
Net investment in capital assets	62,273,093	11,189,301	73,462,394
Restricted for			
Debt service	239,743	-	239,743
Pension	1,310,224	315,968	1,626,192
Capital facilities plan financing	2,212,807	-	2,212,807
Traffic impact-roadway improvements	4,554,814	-	4,554,814
Parks capital improvement	2,669,693	-	2,669,693
Other	42,082	-	42,082
Unrestricted	36,258,456	5,382,301	41,640,757
Total net position	\$ 109,560,912	\$ 16,887,570	\$ 126,448,482

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, 2023

Function/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government:							
Governmental activities:							
General government	\$ 5,664,638	\$ 367,499	\$ 2,716,098	\$ -	\$ (2,581,041)	\$ -	\$ (2,581,041)
Public safety	4,842,408	121,112	199,091	-	(4,522,205)	-	(4,522,205)
Utilities	-	668,716	-	-	668,716	-	668,716
Transportation	5,885,982	-	701,528	3,764,181	(1,420,273)	-	(1,420,273)
Natural and economic environment	2,463,389	383,553	-	-	(2,079,836)	-	(2,079,836)
Health and human services	144	-	-	-	(144)	-	(144)
Culture and recreation	940,830	-	-	349,654	(591,176)	-	(591,176)
Interest on long-term debt	1,797,669	-	-	-	(1,797,669)	-	(1,797,669)
Total governmental activities	21,595,060	1,540,880	3,616,717	4,113,835	(12,323,628)	-	(12,323,628)
Business-type activities:							
Surface water management	2,786,726	2,831,883	112,733	-	-	157,890	157,890
Total business-type activities	2,786,726	2,831,883	112,733	-	-	157,890	157,890
Total primary government	\$ 24,381,786	\$ 4,372,763	\$ 3,729,450	\$ 4,113,835	\$ (12,323,628)	\$ 157,890	\$ (12,165,738)
General Revenues:							
Taxes							
Real and personal property					\$ 4,667,108	\$ -	\$ 4,667,108
Sales					6,307,008	-	6,307,008
Utility					4,821,429	-	4,821,429
Excise and other					1,779,496	-	1,779,496
Other revenue					488,325	19,416	507,741
Franchise fees					3,734,631	-	3,734,631
Investment earnings					2,831,200	-	2,831,200
Gain on the sale of capital assets					-	599	599
Interest revenue from leases					12,348	-	12,348
Total general revenues					24,641,545	20,015	24,661,560
Transfers					5,617	(5,617)	-
Insurance recoveries					134,624	-	134,624
Change in net position					12,458,158	172,288	12,630,446
Net position, beginning of year					97,102,754	16,715,282	113,818,036
Net position, end of year					\$ 109,560,912	\$ 16,887,570	\$ 126,448,482

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

City of University Place, WA
Balance Sheet
Governmental Funds
December 31, 2023

	General Funds	Public Works CIP	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and equivalents	\$ 31,274,136	\$ 3,741,996	\$ 239,743	\$ 7,085,681	\$ 42,341,556
Investments	11,639,097	-	-	-	11,639,097
Accounts receivables	577,880	-	-	161,188	739,068
Due from other government units	1,555,781	1,140,206	-	498,247	3,194,234
Prepaid items	-	-	-	14,575	14,575
Impact fee deferral	74,397	-	-	-	74,397
Total assets	<u>\$ 45,121,291</u>	<u>\$ 4,882,202</u>	<u>\$ 239,743</u>	<u>\$ 7,759,691</u>	<u>\$ 58,002,927</u>
Liabilities, deferred inflows of resources, and fund balances					
Liabilities					
Accounts payable	\$ 683,961	\$ 191,984	\$ -	\$ 410,780	\$ 1,286,725
Accrued salaries and wages	53,863	4,042	-	8,103	66,008
Accrued liabilities	2,122	-	-	-	2,122
Retainage payable	25,051	-	-	-	25,051
Unearned revenue	7,251,592	-	-	-	7,251,592
Total liabilities	<u>8,016,589</u>	<u>196,026</u>	<u>-</u>	<u>418,883</u>	<u>8,631,498</u>
Deferred inflows of resources					
Unavailable revenue	<u>50,854</u>	<u>1,140,206</u>	<u>-</u>	<u>388,415</u>	<u>1,579,475</u>
Total deferred inflows of resources	<u>50,854</u>	<u>1,140,206</u>	<u>-</u>	<u>388,415</u>	<u>1,579,475</u>
Fund balances					
Restricted					
Housing and community development	-	-	-	97,072	97,072
Capital facilities plan financing	2,212,807	-	-	-	2,212,807
Traffic impact-roadway improvements	411,268	-	-	4,143,546	4,554,814
Donations	-	-	-	18,005	18,005
Parks capital improvement	-	-	-	2,669,693	2,669,693
Health and human services	-	-	-	24,077	24,077
Debt	-	-	239,743	-	239,743
Assigned					
Public safety	10,611,779	-	-	-	10,611,779
Public works capital improvement	-	3,545,970	-	-	3,545,970
Unassigned	<u>23,817,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,817,994</u>
Total fund balances	<u>37,053,848</u>	<u>3,545,970</u>	<u>239,743</u>	<u>6,952,393</u>	<u>47,791,954</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 45,121,291</u>	<u>\$ 4,882,202</u>	<u>\$ 239,743</u>	<u>\$ 7,759,691</u>	<u>\$ 58,002,927</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, 2023

Total fund balances - governmental funds	\$ 47,791,954
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The total net position reported for governmental activities in the Statement of Net Position are different because:

Capital assets, lease and SBITA 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	31,161,142
Capital assets, lease and SBITA assets being depreciated	245,843,883
Accumulated depreciation and amortization	<u>(180,084,975)</u>

Total capital assets, leases and SBITA assets net of accumulated depreciation and amortization	96,920,050
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Deferred outflows of resources are not reported in the governmental funds:

Deferred loss on bond refunding	1,015,845
Deferred outflows for employer contributions	1,067,276

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	553,380
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Other assets not available in the current period and therefore are not reported in the governmental funds:

Internal balances	<u>(1,037,375)</u>
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Total other assets not available in current period	(1,037,375)
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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	(37,964,351)
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Deferred inflows reported in the funds are considered financial resources for governmental activities

Other unavailable revenues	1,579,475
Deferred inflows related to pension	<u>(658,580)</u>

Total deferred inflows	920,895
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Net Position of Governmental Activities	<u><u>\$ 109,560,912</u></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, 2023

	General Funds	Public Works CIP	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 16,753,539	\$ -	\$ -	\$ 814,658	\$ 17,568,197
Licenses and permits	3,655,695	-	-	551,790	4,207,485
Intergovernmental	2,871,325	3,260,265	-	887,491	7,019,081
Charges for services	1,007,531	-	-	61,656	1,069,187
Miscellaneous					
Fines and forfeitures	37,718	-	-	-	37,718
Rental, concessions and sales	16,555	-	-	40	16,595
Investment earnings	2,831,200	-	-	-	2,831,200
Contributions	10,000	-	-	9,398	19,398
Other revenues	11,230	-	-	66,755	77,985
Judgements and settlements	-	-	-	24,221	24,221
Total revenues	<u>27,194,793</u>	<u>3,260,265</u>	<u>-</u>	<u>2,416,009</u>	<u>32,871,067</u>
Expenditures					
Current					
General government	4,460,214	165,968	-	80,849	4,707,031
Public safety	4,882,442	-	-	-	4,882,442
Transportation	441,538	815,143	-	2,027,011	3,283,692
Natural and economic environment	2,486,514	-	-	56	2,486,570
Culture and recreation	755,596	-	-	55,113	810,709
Health and human services	-	-	-	144	144
Capital outlay	-	3,482,530	-	913,213	4,395,743
Debt service					
Principal retirement	-	-	1,925,000	-	1,925,000
Interest expense	-	-	1,667,489	-	1,667,489
Total expenditures	<u>13,026,304</u>	<u>4,463,641</u>	<u>3,592,489</u>	<u>3,076,386</u>	<u>24,158,820</u>
Excess (deficiency) of revenues over expenditures	<u>14,168,489</u>	<u>(1,203,376)</u>	<u>(3,592,489)</u>	<u>(660,377)</u>	<u>8,712,247</u>
Other financing sources/uses					
Transfers in	-	799,567	3,592,715	790,346	5,182,628
Transfers out	(6,176,821)	-	-	(128,012)	(6,304,833)
Insurance recovery	-	-	-	134,624	134,624
Total other financing sources/uses	<u>(6,176,821)</u>	<u>799,567</u>	<u>3,592,715</u>	<u>796,958</u>	<u>(987,581)</u>
Net change in fund balances	7,991,668	(403,809)	226	136,581	7,724,666
Fund balances, beginning of year	<u>29,062,180</u>	<u>3,949,779</u>	<u>239,517</u>	<u>6,815,812</u>	<u>40,067,288</u>
Fund balances, end of year	<u>\$ 37,053,848</u>	<u>\$ 3,545,970</u>	<u>\$ 239,743</u>	<u>\$ 6,952,393</u>	<u>\$ 47,791,954</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, 2023

Net changes in fund balances - total governmental funds	\$	7,724,666
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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	4,361,168	
Depreciation and amortization expense	<u>(2,916,954)</u>	1,444,214

Expenses not recorded on fund statements recorded on government funds		(1,683)
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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.		607,951
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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.		(36,658)
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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	1,925,000	
Interest expense	<u>29,041</u>	1,797,757
Amortization of bond premium and discounts	(156,284)	

Unavailable revenue not reported in the funds are considered financial resources for governmental activities.		805,474
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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	293,238	
Internal service look back adjustment to zero out Business activities transfers	<u>(176,801)</u>	116,437

Change in net position of governmental activities	\$	<u><u>12,458,158</u></u>
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City of University Place, WA
Statement of Net Position
Proprietary Funds
As of December 31, 2023

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>		Gov. Activities
	<u>Surface Water Mgmt</u>	<u>Total</u>	<u>Internal Service Funds</u>
Assets			
Current assets			
Cash and equivalents	\$ 4,193,412	\$ 4,193,412	\$ 442,522
Accounts receivables	-	-	459
Due from other government units	103,590	103,590	16
Lease receivables	-	-	157,579
Interest receivable	-	-	937
Total current assets	<u>4,297,002</u>	<u>4,297,002</u>	<u>601,513</u>
Noncurrent assets			
Net pension asset	315,968	315,968	98,872
Lease receivables	-	-	499,765
Notes Receivable	251,883	251,883	-
Capital, lease and SBITA assets			
Lease and SBITA assets, net	-	-	101,923
Depreciable & CIP capital assets	21,306,900	21,306,900	1,906,707
Less: accumulated depreciation	<u>(10,117,599)</u>	<u>(10,117,599)</u>	<u>(1,462,926)</u>
Total noncurrent assets	<u>11,757,152</u>	<u>11,757,152</u>	<u>1,144,341</u>
Total assets	<u>16,054,154</u>	<u>16,054,154</u>	<u>1,745,854</u>
Deferred outflows of resources			
Deferred outflows related to pensions	<u>271,332</u>	<u>271,332</u>	<u>86,493</u>
Total deferred outflows of resources	<u>271,332</u>	<u>271,332</u>	<u>86,493</u>
Liabilities			
Current liabilities			
Accounts payable	54,442	54,442	131,910
Accrued salaries and wages	17,433	17,433	-
Accrued liabilities	-	-	7,025
Due to other governments	117	117	-
Accrued interest payable	-	-	643
Unearned revenue	-	-	10,785
Compensated absences	31,184	31,184	11,066
Lease liability	-	-	14,172
SBITA liability	-	-	40,584
Total current liabilities	<u>103,176</u>	<u>103,176</u>	<u>216,185</u>
Noncurrent Liabilities			
Compensated absences	63,311	63,311	22,470
Net pension liability	136,597	136,597	42,743
Lease liability	-	-	24,447
Total noncurrent liabilities	<u>199,908</u>	<u>199,908</u>	<u>89,660</u>
Total liabilities	<u>303,084</u>	<u>303,084</u>	<u>305,845</u>
Deferred inflows of resources			
Deferred inflows related to pension	172,205	172,205	53,238
Deferred inflows - Lease revenue	-	-	626,646
Total deferred inflows of resources	<u>172,205</u>	<u>172,205</u>	<u>679,884</u>
Net position			
Invested in capital assets	11,189,301	11,189,301	466,501
Restricted for pensions	315,968	315,968	98,872
Unrestricted	<u>4,344,928</u>	<u>4,344,928</u>	<u>281,245</u>
Total net position	<u>\$ 15,850,197</u>		<u>\$ 846,618</u>
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.		1,037,373	
Net position of business-type activities		<u>\$ 16,887,570</u>	

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, 2023

	<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	\$ 2,831,883	\$ 2,831,883	\$ 1,295,692
Intergovernmental	112,733	112,733	-
Lease revenue	-	-	174,250
Miscellaneous	19,416	19,416	12,147
Total operating revenues	<u>2,964,032</u>	<u>2,964,032</u>	<u>1,482,089</u>
Operating Expenses:			
Salaries and employee benefits	1,060,212	1,060,212	508,268
Materials and supplies	136,594	136,594	147,583
Services and charges	1,192,367	1,192,367	1,322,031
Insurance claims and expenses	-	-	232,885
Depreciation	574,354	574,354	51,444
Amortization expense	-	-	71,566
Total operating expenses	<u>2,963,527</u>	<u>2,963,527</u>	<u>2,333,777</u>
Operating income (loss)	<u>505</u>	<u>505</u>	<u>(851,688)</u>
Nonoperating revenue (expenses):			
Interest expense	-	-	(2,937)
Gain (Loss) on disposal of assets	-	-	7,691
Interest revenue from leases	-	-	12,348
Proceeds from sale of assets	599	599	-
Total nonoperating revenue (expenses)	<u>599</u>	<u>599</u>	<u>17,102</u>
Income (loss) before transfers	1,104	1,104	(834,586)
Transfers in	-	-	1,127,824
Transfers out	<u>(5,617)</u>	<u>(5,617)</u>	<u>-</u>
Change in net position	(4,513)	(4,513)	293,238
Net position, beginning of year	15,854,710		553,380
Net position, end of year	<u>\$ 15,850,197</u>		<u>\$ 846,618</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.

	176,801
Change in net assets of business-type activities	<u>\$ 172,288</u>

City of University Place, WA
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Major Funds</u>		
	<u>Surface Water Mgmt</u>	<u>Total</u>	<u>Gov. Activities Internal Service Funds</u>
Cash from operating activities:			
Cash receipts from customers	\$ 2,825,257	\$ 2,825,257	\$ 1,500,357
Cash paid to employees for services	(989,091)	(989,091)	(500,918)
Cash paid to suppliers for goods and services	(1,280,974)	(1,280,974)	(1,385,466)
Cash paid for employee benefits	(214,456)	(214,456)	(51,091)
Cash receipts from operating grants or subsidies	62,374	62,374	(16)
Cash paid for insurance claims	-	-	(232,885)
Cash received for other purposes	-	-	12,147
	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>403,110</u>	<u>403,110</u>	<u>(657,872)</u>
Cash from noncapital financing activities:			
Cash receipts/(payments) from transfers from other funds	(5,617)	(5,617)	1,127,822
Cash receipts from interest revenue from leases	-	-	12,348
	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>(5,617)</u>	<u>(5,617)</u>	<u>1,140,170</u>
Cash from capital and related financing activities:			
Proceeds/(loss) from retirement of assets	599	599	7,691
Cash payments to acquire, construct or improve capital assets	(651,923)	(651,923)	(246,750)
Cash paid to acquire right of use assets	-	-	(135,931)
Cash paid for lease liability	-	-	42,114
Cash paid for interest expense	-	-	(2,937)
	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(651,324)</u>	<u>(651,324)</u>	<u>(335,813)</u>
Net increase (decrease) in cash and cash equivalents	<u>(253,831)</u>	<u>(253,831)</u>	<u>146,485</u>
Cash and cash equivalents, beginning of year	<u>4,447,243</u>	<u>4,447,243</u>	<u>296,037</u>
Cash and cash equivalents, end of year	<u>\$ 4,193,412</u>	<u>\$ 4,193,412</u>	<u>\$ 442,522</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income(loss)	\$ 505	\$ 505	\$ (851,690)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	574,354	574,354	123,010
Changes in assets and liabilities:			
Accounts receivable	(13,998)	(13,998)	4,426
Due from other governments	(50,359)	(50,359)	(16)
Lease receivable	-	-	150,790
Note receivable	(12,047)	(12,047)	-
Accrued compensated absences	9,246	9,246	10,322
Accounts payable	47,987	47,987	84,151
Accrued benefits	777	777	1,657
Net pension liability	(53,353)	(53,353)	(5,541)
Net Pension Asset	14,076	14,076	(14,976)
Deferred inflows/outflows for employer contributions	(114,078)	(114,078)	(35,203)
Deferred inflows - lease revenue	-	-	(162,252)
Prepays and deposits payable	-	-	37,450
	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by operating activities:	<u>\$ 403,110</u>	<u>\$ 403,110</u>	<u>\$ (657,872)</u>

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

City of University Place, WA
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2023

	<u>Custodial</u>
Assets	
Cash and equivalents	\$ <u>6,692</u>
Total assets	<u><u>6,692</u></u>
Liabilities	
Accounts payable	<u>6,692</u>
Total liabilities	<u><u>6,692</u></u>
Net position	
Restricted	<u>-</u>
Total net position	<u><u>\$ -</u></u>

City of University Place, WA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2023

	<u>Custodial</u>
Additions:	
State fees collected	\$ 5,422
Leasehold excise tax	<u>26,530</u>
Total additions:	<u>31,952</u>
Deductions:	
Distributions to state	<u>31,952</u>
Total deductions	<u>31,952</u>
Change in net position	-
Net position, beginning of year	<u>-</u>
Net position, end of year	<u><u>\$ -</u></u>

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

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.

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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. 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 fee 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.

The *Affordable Housing Fund* was established to track sales and use taxes collected for affordable and supportive housing authorized under RCW 83.14.540.

The *Opioid Settlement Fund* was established to track opioid settlement funds to address the impact of the opioid epidemic.

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 transfers from the REET Fund and the General Fund is the source of revenues for this fund.

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Transfers from the General Fund and REET Fund are the sources of revenue for this fund.

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 unassigned category with a balance of \$2,912,109.

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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.

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

Managerial Funds:

Strategic Reserve Fund
Police/Public Safety Fund
Traffic Impact Fees Fund
Real Estate Excise Tax Fund

Capital Projects Funds:

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

Debt Service Funds:

Debt Service Funds

Special Revenue Funds:

Street Fund
Donations Fund
Affordable Housing Fund
Opioid Settlement Fund

Enterprise Funds:

Surface Water Management Fund

Fiduciary Funds

Custodial 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.

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- ◇ 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.

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, 2023, the City was holding \$46,977,490 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 consist 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.

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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
SBITA Right of use	5,000	1-3 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.

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 bond proceeds of \$2,466,593 from capital assets.

Leases are defined by the general government as the right to use an underlying asset. As lessee, the city recognizes a lease liability and an intangible right-of-use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. Right-of-use lease assets are measured based on the net present value of the future lease payments at inception, using the weighted average cost of capital, which approximate the incremental borrowing rate. Re-measurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability. The city calculates the amortization of the discount on the lease liability and report that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the lease liability. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred. As lessor, the city recognizes a lease receivable. The lease receivable is measured using the net present value of future lease payments to be received for the lease term and deferred inflow of receivables at the beginning of the lease term. Periodic amortization of the discount on the receivable are reported as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease. This recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. Any initial direct costs are reported as an outflow of resources for that period. Re-measurement of lease receivables occurs when there are modifications, including but not limited to changes in the contract price, lease term, and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference. For lease contracts that are short-term, the city recognizes short-term lease payments as inflows of resources (revenues) based on the payment provisions of the lease contract. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period. Leases between the Airport System and air carriers and other aeronautical users are subject to external laws and regulations. As permitted by GASBS No. 87, paragraph 43, the Airport System recognizes inflows of resources based on the payment provisions of the lease contract, and the accounting policies do not apply to regulated leases. Additional disclosures regarding regulated leases are in note 2.F.

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City follows the guidance of GASB Statement No. 96, "Subscription-Based Information Technology Arrangements," for accounting and financial reporting. Under this standard, the City recognizes a right-to-use subscription asset and a corresponding liability for subscription-based information technology arrangements that have a noncancelable term of more than one year. The right-to-use asset is amortized over the term of the arrangement, and interest expense is recognized on the liability. Costs associated with short-term subscriptions, which have a term of one year or less, are expensed as incurred. The standard requires disclosures about the nature and terms of SBITAs, including the description of the arrangement, the total amount of subscription assets recognized, and the basis for amortization.

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 employee's 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 \$7,251,592 was reported in the 2023 Governmental Funds Balance Sheet. The City received \$7,131,394 in unspent ARPA funds, \$1,622 for pet licenses and Traffic Impact Fees totaled \$74,397. The City reported \$4,352 in miscellaneous unearned revenue, all funds were received in 2023 for 2024. Deposits in the amount of \$39,827 also remained at the end of 2023 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 assets 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 assets 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 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

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Pronouncements Adopted

New Accounting Pronouncement: GASB Statement No. 96, "Subscription-Based Information Technology Arrangements" (SBITA), was issued in May 2020. This statement provides guidance on how governments should account for and report subscription-based information technology arrangements, reflecting the evolving nature of how technology services are procured and used in the public sector. City has implemented GASB Statement No. 96 in this annual report.

2. 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, 2023, the City had the following investments:

Investment	Fair Value
US Treasury Note	\$ 994,844
US Treasury Strip	941,277
US Treasury Note	976,797
Federal National Mortgage Assn	972,996
Federal Farm Credit	1,003,796
Federal Farm Credit	946,678
Federal National Mortgage Assn	989,204
Federal Farm Credit	940,038
Federal National Mortgage Assn	943,217
Federal Farm Credit	928,598
Federal Home Loan Mortgage Corp	995,971
Federal Home Loan Banks	1,005,681
Total Investments	<u>\$ 11,639,097</u>

The City is a voluntary participant in the Local Government Investment Pool (LGIP), an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with 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. At December 31, 2023 the City had the following amount invested in LGIP \$46,922,080. The City records this amount in Cash and Cash equivalents on the financial statements.

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.

All the securities are rated Aaa by Moody's and AA+ by Standard and Poors.

The City has considered GASB 72 requirement for reporting in relation to investments and determined that the LGIP is not required. The securities do, however, come under the GASB 72 disclosure agreement and are currently presented at FMV. The City also considered its Civic Building property that has 3 Retail spaces within the building. This building was originally placed in service as a single office space and was not recorded as a mixed-use asset. Therefore, it does not require the detailed reporting of GASB 72.

CITY OF UNIVERSITY PLACE, WA
NOTES TO THE FINANCIAL STATEMENTS

2. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Investments

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.

At December 31, 2023, the city had the following investments measured at fair value:

	Fair Value Hierarchy				
	Level 1	Level 2	Level 3	Net Asset Value	Fair Value
U.S Government					
US Treasury Note	\$ -	\$ 994,844	\$ -	\$ 984,845	\$ 994,844
US Treasury Strip	-	941,277	-	999,124	941,277
US Treasury Note	-	976,797	-	958,281	976,797
Federal National Mortgage Assn	-	972,996	-	1,000,989	972,996
Federal Farm Credit	-	1,003,796	-	1,001,633	1,003,796
Federal Farm Credit	-	946,678	-	1,002,186	946,678
Federal National Mortgage Assn	-	989,204	-	985,816	989,204
Federal Farm Credit	-	940,038	-	913,925	940,038
Federal National Mortgage Assn	-	943,217	-	925,499	943,217
Federal Farm Credit	-	928,598	-	982,107	928,598
Federal Home Loan Mortgage Corp	-	995,971	-	1,000,000	995,971
Federal Home Loan Banks	\$ -	\$ 1,005,681	\$ -	\$ 978,367	\$ 1,005,681

B. Receivables and Due from Other Governments

The following is an analysis of the accounts receivable and amounts due from other governments for 2023:

Accounts receivable	
Utility company taxes and ROW use fees	\$ 568,446
Gambling and admissions taxes	9,434
Opioid settlement	134,010
Miscellaneous receivables	27,637
Total	<u>\$ 739,527</u>
Due from other governments	
Due from other governments	\$ 1,726,598
Grants receivable	1,449,976
Property tax receivable	121,266
Total	<u>\$ 3,297,840</u>

CITY OF UNIVERSITY PLACE, WA
NOTES TO THE FINANCIAL STATEMENTS

2. DETAILED NOTES ON ALL FUNDS

C. Capital Assets

Capital 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 and right of use asset activity for governmental activities for the year ended December 31, 2023, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 21,552,870	\$ -	\$ -	\$ 21,552,870
Easement	3,648,394	120,905	-	3,769,299
Construction in progress	3,747,586	4,052,181	(1,960,794)	5,838,973
Total capital assets, not being depreciated	<u>28,948,850</u>	<u>4,173,086</u>	<u>(1,960,794)</u>	<u>31,161,142</u>
Capital and Right of Use Assets, Being Depreciated and Amortized				
Buildings	\$ 44,927,902	\$ 107,750	\$ -	\$ 45,035,652
Infrastructure	196,840,008	1,853,044	-	198,693,052
Equipment and Software	4,564,856	434,834	(977,803)	4,021,887
Equipment - right of use	58,113	21,208	(6,952)	72,369
Information technology systems - right of use	-	114,723	-	114,723
Total capital and right of use assets, being depreciated and amortized	<u>246,390,879</u>	<u>2,531,559</u>	<u>(984,755)</u>	<u>247,937,683</u>
Less Accumulated Depreciated and Amortization for				
Buildings	\$ (17,110,679)	\$ (126,124)	\$ -	\$ (17,236,803)
Infrastructure	(159,039,201)	(2,654,368)	-	(161,693,569)
Equipment and Software	(3,407,426)	(187,907)	977,803	(2,617,530)
Equipment - right to use amortization	(20,555)	(20,420)	6,952	(34,023)
Information technology systems - right of use	-	(51,146)	-	(51,146)
Total accumulated depreciation and amortization	<u>(179,577,861)</u>	<u>(3,039,965)</u>	<u>984,755</u>	<u>(181,633,071)</u>
Total capital and Right of use assets, being depreciated and amortized, net	<u>66,813,018</u>	<u>(508,406)</u>	<u>-</u>	<u>66,304,612</u>
Governmental Activities capital and right of use assets, net	<u>\$ 95,761,868</u>	<u>\$ 3,664,680</u>	<u>\$ (1,960,794)</u>	<u>\$ 97,465,754</u>

CITY OF UNIVERSITY PLACE, WA
NOTES TO THE FINANCIAL STATEMENTS

2. DETAILED NOTES ON ALL FUNDS

C. Capital Assets

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

	<u>Depreciation</u>	<u>Amortization</u>
Functions/Programs:		
General government	\$ 259,179	\$ 71,567
Transportation	2,681,602	-
Cultural and Recreation	<u>27,617</u>	<u>-</u>
Total depreciation and amortization expense	<u>\$ 2,968,398</u>	<u>\$ 71,567</u>

Capital asset for Business-type activities for year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital Assets, Not Being Depreciated				
Construction in progress	\$ 1,022,212	\$ 489,317	\$ 446,208	\$ 1,065,321
Total capital assets, not being depreciated	<u>1,022,212</u>	<u>489,317</u>	<u>446,208</u>	<u>1,065,321</u>
Capital Assets, Being Depreciated				
Infrastructure	18,729,061	446,208	-	19,175,269
Equipment and software	903,701	162,609	-	1,066,310
Total capital assets, being depreciated	<u>19,632,762</u>	<u>608,817</u>	<u>-</u>	<u>20,241,579</u>
Less Accumulated Depreciated for				
Infrastructure	(8,921,890)	(502,540)	-	(9,424,430)
Equipment and software	(621,354)	(71,815)	-	(693,169)
Total accumulated depreciation	<u>(9,543,244)</u>	<u>(574,355)</u>	<u>-</u>	<u>(10,117,599)</u>
Total capital assets, being depreciated net	<u>10,089,518</u>	<u>34,462</u>	<u>-</u>	<u>10,123,980</u>
Business-type activities capital assets, net	<u>\$ 11,111,730</u>	<u>\$ 523,779</u>	<u>\$ 446,208</u>	<u>\$ 11,189,301</u>

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

Functions/Programs:	
Surface Water Management	\$ 574,355
Total depreciation expense	<u>\$ 574,355</u>

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

2. DETAILED NOTES ON ALL FUNDS

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 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). The 2012A was paid off in prior years and the 2012B was 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 2023 the City had no voter-approved bonds outstanding.

Long-term debt activity for the year ended December 31, 2023, are as 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	\$ 3,535,000	\$ -	\$ 1,170,000	\$ 2,365,000
2016 LTGO	29-Sep-16	1-Dec-34	19,675,000	17,925,000	-	220,000	17,705,000
2019 LTGO Series A (Tax Exempt)	5-Dec-19	1-Dec-37	3,225,000	2,795,000	-	150,000	2,645,000
2019 LTGO Refunding Series B (Taxable)	5-Dec-19	1-Dec-37	15,950,000	15,225,000	-	385,000	14,840,000
Total governmental activity general obligation bonds			<u>\$ 46,610,000</u>	<u>\$ 39,480,000</u>	<u>\$ -</u>	<u>\$ 1,925,000</u>	<u>\$ 37,555,000</u>

CITY OF UNIVERSITY PLACE, WA
NOTES TO THE FINANCIAL STATEMENTS

2. DETAILED NOTES ON ALL FUNDS

D. Long-Term Debt

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

Year	Governmental Activities		
	Principal	Interest	Total
2024	2,020,000	1,569,914	3,589,914
2025	2,055,000	1,468,245	3,523,245
2026	2,170,000	1,363,704	3,533,704
2027	2,085,000	1,269,148	3,354,148
2028	2,195,000	1,178,712	3,373,712
2029-2033	13,320,000	4,296,627	17,616,627
2034-2038	13,710,000	1,174,372	14,884,372
Total	<u>\$ 37,555,000</u>	<u>\$ 12,320,722</u>	<u>\$ 49,875,722</u>

E. Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2023, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year	Due in More than One Year
Governmental Activities						
Bonds and Loans Payable						
General obligation bonds	\$ 39,480,000	\$ -	\$ (1,925,000)	\$ 37,555,000	\$ 2,020,000	\$ 35,535,000
Total bonds and loans payable	<u>39,480,000</u>	<u>-</u>	<u>(1,925,000)</u>	<u>37,555,000</u>	<u>2,020,000</u>	<u>35,535,000</u>
Compensated absences	679,420	271,190	(224,208)	726,402	239,712	486,690
Lease liability	37,703	21,208	(20,293)	38,618	14,172	24,447
Information technology systems liability	-	114,723	(74,139)	40,584	40,584	-
Net pension liability	<u>747,602</u>	<u>-</u>	<u>(181,187)</u>	<u>566,415</u>	<u>-</u>	<u>566,416</u>
Government activities, long-term liabilities	<u>\$ 40,944,725</u>	<u>\$ 407,121</u>	<u>\$ (2,424,827)</u>	<u>\$ 38,927,019</u>	<u>\$ 2,314,468</u>	<u>\$ 36,612,553</u>
Business-type Activities						
Compensated absences	\$ 84,994	\$ 37,548	\$ (28,047)	\$ 94,495	\$ 31,184	\$ 63,311
Net pension liability	<u>189,950</u>	<u>-</u>	<u>(53,353)</u>	<u>136,597</u>	<u>-</u>	<u>136,597</u>
Business -type activities, long- term liabilities	<u>\$ 274,944</u>	<u>\$ 37,548</u>	<u>\$ (81,400)</u>	<u>\$ 231,092</u>	<u>\$ 31,184</u>	<u>\$ 199,908</u>

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

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

2. DETAILED NOTES ON ALL FUNDS

F. Leases and Subscription Based Information Technology

For the year ended December 31, 2023, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

Lessor

The city entered into 4 leases as Lessor for the use of buildings and cell towers. An initial lease receivable was recorded in the amount of \$951,151. As of December 31, 2023, the value of the lease receivable is \$657,343. The lessees are required to make annual fixed payments of \$156,387. The leases have interest rates ranging from 1.027% - 2.13%. The value of the deferred inflow of resources as of December 31, 2023, was \$626,646, and the city recognized lease revenue of \$162,238 during the fiscal year. The city received \$12,348 in interest income from leases during the fiscal year. The lessees of the land for cell towers have 2 extension option(s), each for 60 months.

Governmental Activities			
Classification	Term Range Months Remaining	Lease Receivable as of Commencement Date	Lease Receivable as of December 31, 2023
Buildings	34-106	\$ 778,208	\$ 553,232
Land for Cell Towers	43-52	172,943	104,111
		<u>\$ 951,151</u>	<u>\$ 657,343</u>

Receipt Forecast

Total future minimum lease revenue under lessor agreements are as follows:

Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
2024	\$ 157,578	\$ 10,455	\$ 168,033
2025	151,064	8,236	159,300
2026	74,547	6,495	81,042
2027	53,433	5,296	58,729
2028	53,405	4,197	57,602
Thereafter	167,316	5,314	172,630
Total	<u>\$ 657,343</u>	<u>\$ 39,993</u>	<u>\$ 697,336</u>

Lessee

The city entered into 5 leases with different vendors, the remaining terms range from 18-58 months for use of equipment. An initial lease liability was recorded in the amount of \$58,114. As of December 31, 2023, the value of the lease liability is \$40,584. The city is required to make monthly fixed payments of \$40,584. The leases have interest rates ranging from 2.65% - 2.71%. The city recorded a right to use assets for equipment in the amount of \$72,369. As of December 31, 2023 \$21,208, was recorded as amortization expense during the year. The lessees have no extension options.

CITY OF UNIVERSITY PLACE, WA
NOTES TO THE FINANCIAL STATEMENTS

2. DETAILED NOTES ON ALL FUNDS

Payment Forecast

Total future minimum lease payments under lease agreements are as follows:

Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
2024	\$ 14,172	\$ 704	\$ 14,876
2025	9,649	495	10,144
2026	8,164	307	8,471
2027	4,427	150	4,577
2028	2,206	29	2,235
Total	<u>\$ 38,618</u>	<u>\$ 1,685</u>	<u>\$ 40,303</u>

Subscription Based Information Technology Arrangements

During the fiscal year, the City entered into 3 subscription-based information technology arrangements (SBITA) in accordance with GASB 96. These arrangements have been capitalized as right-to-use assets within the City's capital assets. As of December 31, 2023, the City's subscription-based IT arrangements resulted in the recognition of \$114,723 in subscription assets, which are included in the capital assets under the category of "Information Technology Systems."

Amortization expense related to these subscription assets amounted to \$51,146 for the fiscal year. The right-to-use subscription assets are being amortized on a straight-line basis over the noncancelable term of the respective agreements, which range from 1 to 2 years. As of December 31, 2023, the value of the SBITA liability is \$40,584. The city is required to make annual fixed payments of \$40,584. The SBITAs have interest rates ranging from 2.65% - 2.71%.

Total future minimum SBITA payments under agreements are as follows:

Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
2024	\$ 40,584	\$ 1,114	\$ 41,698
Total	<u>\$ 40,584</u>	<u>\$ 1,114</u>	<u>\$ 41,698</u>

G. 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 2023:

Fund Category	2023	
	Transfer in	Transfer out
General	\$ -	\$ 6,176,821
Surface water management	-	5,617
Public works capital improvement	799,567	-
Municipal facilities capital improvement	116,236	-
Parks capital improvement	88,118	-
Debt service	3,592,715	-
Special revenue funds	585,992	128,012
Internal service	1,127,822	-
Total	<u>\$ 6,310,450</u>	<u>\$ 6,310,450</u>

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

2. DETAILED NOTES ON ALL FUNDS

H. Construction and other significant commitments

Construction Commitments - The City has active public works capital improvement construction projects as of December 31, 2023. The projects include street construction and widening, parks and trails, general government facilities, technology upgrades and waterworks system improvements. At December 31, 2023, the City's construction commitments were \$2,860,603.

Construction Commitments	
Project	Remaining
Town Ctr Boundary Line	\$ 1,819
35th St Improvement	8,555
Homestead Park	28,476
Sanitary Sewer Plan	127,737
Lakewood Drive	31,413
Homestead Playground	71,323
67th St Phase 1	140,312
67th St Phase 2	58,432
Brookside Dr SWM	27,816
Chambers Creek Trail	39,996
Grandview Drive	419,267
Chambers Creek Road	1,905,457
Total	<u>\$ 2,860,603</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	\$ 473,149
Parks & Recreation	166,000
Public Works CIP	1,270,605
IT Internal service fund	168,338
Total	<u>\$ 2,078,092</u>

3. PENSION PLANS

The following table represents the aggregate pension amounts for the year 2023:

Aggregate Pension Amounts - All Plans	PERS 1	PERS 2/3	Total
Pension liabilities	\$ 703,013	\$ -	\$ 703,013
Pension assets	\$ -	\$ 1,626,192	\$ 1,626,192
Deferred outflows of resources	\$ 87,725	\$ 1,337,376	\$ 1,425,101
Deferred inflows of resources	\$ 79,303	\$ 804,720	\$ 884,023
Pension Expense/Expenditures	\$ 90,844	\$ 143,924	\$ 234,768

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.

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

3. PENSION PLANS

State Sponsored Pension Plans

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 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 Court employees of local governments; and higher education employees not participating in higher education retirement programs.

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of the benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

PERS Plan 1 provides retirement, disability, and death benefits. Retirement benefits are determined as 2% 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. PERS Plan 2 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). 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.

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, adopted by the Pension Funding Council and is subject to change by the legislature. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee
January - June 2023		
PERS Plan 1	6.36 %	6.00 %
PERS Plan 1 UAAL	3.85 %	- %
Administrative Fees	0.18 %	- %
Total	10.39 %	6.00 %
July - August 2023		
PERS Plan 1	6.36 %	6.00 %
PERS Plan 1 UAAL	2.85 %	- %
Administrative Fees	0.18 %	- %
Total	9.39 %	6.00 %
September - December 2,023		
PERS Plan 1	6.36 %	6.00 %
PERS Plan 1 UAAL	2.97 %	- %
Administrative Fee	0.20 %	- %
Total	9.53 %	6.00 %

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

3. PENSION PLANS

Public Employees' Retirement System (PERS)

Contributions

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. 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 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on CPI, capped at 3% annually. 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. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The rates are adopted by the Pension Fund Funding Council, and are subject to change by the Legislature. The employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UUAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plan 2/3 defined benefit required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer	Employee
January - June 2023		
PERS Plan 2/3	6.36 %	6.36 %
PERS Plan 1 UAAL	3.85 %	- %
Administrative Fees	0.18 %	- %
Total	<u>10.39 %</u>	<u>6.36 %</u>
July - August 2023		
PERS Plan 2/3	6.36 %	6.36 %
PERS Plan 1 UAAL	2.85 %	- %
Administrative Fee	0.18 %	Varies
Total	<u>9.39 %</u>	<u>6.36 %</u>
September - December 2023		
PERS Plan 2/3	6.36 %	6.36 %
PERS Plan 1 UAAL	2.97 %	- %
Administrative Fee	0.20 %	Varies
Total	<u>9.53 %</u>	<u>6.36 %</u>

The City of University Place's actual PERS plan contributions were \$202,383 to PERS Plan 1 and \$379,874 to PERS Plan 2/3 for the year ended December 31, 2023.

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

3. PENSION PLANS

Actuarial Assumptions

The total pension liability (TPL) for each of the plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study and the 2021 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2023. Plan liabilities were rolled forward from June 30, 2022, to June 30, 2023, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

Inflation: 2.75% total economic inflation; 3.25% salary inflation

Salary increases: In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increase

Investment rate of return: 7.00%

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. 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. Mortality rates are applied on a generational basis; meaning, a member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Methods did not change from the prior contribution rate setting June 30, 2021, Actuarial Valuation Report (AVR). OSA did make an assumption change to adjust TRS Plan 1 assets, LEOFF Plan 1/2 Assets, and LEOFF participant data to reflect certain material changes occurring after the June 30, 2022, measurement date.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0%.

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 7.0% was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.0%t was determined using a building-block-method. In selecting this assumption, 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.

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

3. PENSION PLANS

Estimated Rates of Return by Asset Class

The table below summarizes the 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. The inflation component used to create the table is 2.2% 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 %	1.50 %
Tangible assets	7.00 %	4.70 %
Real estate	18.00 %	5.40 %
Global equity	32.00 %	5.90 %
Private equity	23.00 %	8.90 %
	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 7.0%, 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%) or 1-percentage point higher (8%) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
PERS 1	\$ 982	\$ 703,013	\$ 459,381
PERS 2/3	\$ 1,768,680	\$ (1,626,192)	\$ (4,415,297)

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, 2023, the City of University Place reported its proportionate share of the net pension liabilities as follows:

PERS 1	\$ 703,013
PERS 2/3	(1,626,192)
	<u>\$ (923,179)</u>

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

	Proportionate Share 6/30/2022	Proportionate Share 6/30/2023	Change in Proportion
PERS 1	0.033672 %	0.030797 %	(0.002875)%
PERS 2/3	0.043924 %	0.039676 %	(0.004248)%

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

3. PENSION PLANS

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

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2023 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 except LEOFF 1.

Pension Expense

For the year ended December 31, 2023, the City of University Place recognized pension expense as follows:

	<u>Pension Expense</u>
PERS 1	\$ (90,844)
PERS 2/3	<u>(143,924)</u>
Total	\$ (234,768)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2023, the City of University Place reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience PERS 2/3	\$ 331,254	\$ (18,170)
Net difference between projected and actual investment earnings PERS 2/3	-	(612,847)
Change of assumptions PERS 2/3	682,732	(148,809)
Changes in proportion and differences between contributions and proportionate share of contributions	132,761	(24,895)
Contributions subsequent to the measurement date	<u>190,629</u>	<u>-</u>
Total PERS 2/3	<u>1,337,376</u>	<u>(804,721)</u>
Differences between actual and experience PERS 1.	-	-
Net difference between projected and actual investment earnings PERS 1	-	(79,302)
Contributions subsequent to the measurement date	<u>87,725</u>	<u>-</u>
Total PERS 1	<u>87,725</u>	<u>(79,302)</u>
Total all plans	<u>\$ 1,425,101</u>	<u>\$ (884,023)</u>

Deferred outflows of resources related to pensions resulting from the City of University Place's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>PERS 1</u>	<u>PERS 2/3</u>
2024	\$ (53,954)	\$ (268,595)
2025	(67,854)	(336,012)
2026	41,838	523,903
2027	668	200,654
2028	-	196,355
Thereafter	<u>-</u>	<u>25,721</u>
Total Net Deferred (Inflows)/Outflows	<u>\$ (79,302)</u>	<u>\$ 342,026</u>

CITY OF UNIVERSITY PLACE, WA NOTES TO THE FINANCIAL STATEMENTS

3. PENSION PLANS

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 2023 was \$5,486,050 and total City payroll for benefit covered employees was \$5,433,937. The City's contribution was \$333,674 and the employee's contribution was \$270,417. During 2023, there were a total of 56 individuals covered by this plan. As of the end of the year, 51 remained as active employees of the City. Eight employees were added to the plan and six employees left the City's employment and either had been reimbursed their contributions or reimbursement was pending. Nine 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 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.

4. 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, 2023, 264 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.

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

4. OTHER INFORMATION

A. Other Employee Benefits

Health and Welfare

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

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

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2022, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris and Kaiser plans at an individual stop loss (ISL) of \$1.5 million through Commencement Bay Risk Management, United States Fire insurance Company. The aggregate policy is for 200% of expected medical claims.

Participating employers pay monthly premiums to the AWC Trust HCP. the ACW Trust HCP is responsible for payment of all covered claims. In 2023, the AWS Trust HCP purchased medical stop loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of \$2 million through United States Fire Insurance Company. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from 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, 2023, were \$916,961.00 for Medical, \$75,100.00 for Dental and \$9,567.00 for Vision which equaled the required contributions of that year.

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

4. OTHER INFORMATION

A. Other Employee Benefits

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), MissionSquare formerly ICMA Retirement Corporation, or Nationwide Retirement Solutions. 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 that 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.

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
\$1,187.04 for non-Medicare enrolled retiree coverage	\$1,118.26 for non-Medicare enrolled retiree coverage
\$1,126.36 for non-Medicare enrolled spouse coverage	\$1,132.86 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 provides a mandatory 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. All eligible employees contribute \$100.00 per month. The total amount contributed by employees in 2023 was \$85,139.

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

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

4. 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 2023 was \$0.66 per \$1,000 on an assessed valuation of \$7,081,176,954 for a total regular levy of \$4,678,340.

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 169 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, employment practices, prior wrongful acts, and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

All Members are provided a separate cyber risk policy and premises pollution liability coverage group purchased by WCIA. The cyber risk policy provides coverage and separate limits for security & privacy, event management, and cyber extortion, with limits up to \$1 million and subject to member deductibles, sublimits, and a \$5 million pool aggregate. Premises pollution liability provides Members with a \$2 million incident limit and \$10 million pool aggregate subject to a \$100,000 per incident Member deductible.

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$1,000,000, 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'

CITY OF UNIVERSITY PLACE, WA

NOTES TO THE FINANCIAL STATEMENTS

4. OTHER INFORMATION

D. Risk Management

deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance, and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

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

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

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, 2023, and 2022 were as follows:

	2023	2022
Beginning of year	\$ -	\$ -
Insurance Claims and		
Changes in Estimates	236,281	180,830
Claims Payments	(236,281)	(180,830)
End of Year	\$ -	\$ -

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, 2023, is \$0 for its tax-exempt general obligation bond issues subject to the Tax Reform Act issued through that date.

5. 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, 2023, the City abated property taxes totaling \$56,482.

CITY OF UNIVERSITY PLACE, WA NOTES TO THE FINANCIAL STATEMENTS

6. 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 60.94% of the costs associated with the common elements. In the reporting period, this amount was \$446,568.

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.

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, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 7,827,105	\$ 8,197,672	\$ 9,368,735	\$ 1,171,063
Licenses and permits	3,788,615	4,039,083	3,543,476	(495,607)
Intergovernmental	623,809	8,173,259	866,652	(7,306,607)
Charges for services	736,667	836,835	873,840	37,005
Miscellaneous				
Fines and forfeitures	-	-	1,340	1,340
Rental, concessions and sales	6,500	6,500	16,555	10,055
Investment earnings	178,000	1,465,000	2,831,200	1,366,200
Other revenues	5,500	2,500	11,301	8,801
Total revenues	<u>13,166,196</u>	<u>22,720,849</u>	<u>17,513,099</u>	<u>(5,207,750)</u>
Expenditures				
Current				
General government	5,594,202	7,031,414	3,533,457	3,497,957
Public safety	80,708	73,343	73,435	(92)
Transportation	503,975	460,585	439,609	20,976
Natural and economic environment	2,551,626	2,798,729	2,341,133	457,596
Culture and recreation	875,705	1,170,396	755,596	414,800
Capital outlay	16,000	230,233	-	230,233
Total expenditures	<u>9,622,216</u>	<u>11,764,700</u>	<u>7,143,230</u>	<u>4,621,470</u>
Excess (deficiency) of revenues over expenditures	<u>3,543,980</u>	<u>10,956,149</u>	<u>10,369,869</u>	<u>(586,280)</u>
Other financing sources/uses				
Transfers out	(4,697,781)	(13,488,456)	(4,968,309)	8,520,147
Proceeds from sale of assets	-	721,560	-	(721,560)
Total other financing sources/uses	<u>(4,697,781)</u>	<u>(12,766,896)</u>	<u>(4,968,309)</u>	<u>7,798,587</u>
Net change in budgetary fund balances	(1,153,801)	(1,810,747)	5,401,560	7,212,307
Fund balances, beginning of year	13,359,367	8,748,350	15,504,325	6,755,975
Fund balances, end of year	<u>\$ 12,205,566</u>	<u>\$ 6,937,603</u>		<u>\$ 13,968,282</u>

Perspective Difference Reconciliation:

Actual fund balance-general fund schedule of revenues, expenditures, and changes in fund balance \$ 20,905,885

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	10,611,779
Strategic Reserve Fund	2,912,109
Real Estate Excise Tax Fund	2,212,807
Traffic Impact Fees	<u>411,268</u>

Total fund balance - general fund balance sheet for governmental funds \$ 37,053,848

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, 2023
Last 10 Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.030797 %	0.033672 %	0.032330 %	0.031437 %	0.031882 %	0.031920 %	0.031751 %	0.030163 %	0.033911 %
Employer's proportionate share of the net pension liability	<u>\$ 703,013</u>	<u>\$ 937,552</u>	<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>\$ 5,797,405</u>	<u>\$ 5,288,785</u>	<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	12.13 %	17.73 %	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	80.16 %	76.56 %	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, 2023
Last 10 Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.039676 %	0.043924 %	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>(1,626,193)</u>	<u>(1,629,045)</u>	<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>\$ 5,797,405</u>	<u>\$ 5,288,785</u>	<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	(28.05)%	(30.80)%	(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	107.02 %	106.73 %	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, 2023
Last 10 Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	\$ 202,383	\$ 205,638	\$ 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>(202,383)</u>	<u>(205,638)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,972,837	\$ 5,537,262	\$ 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	3.39 %	3.71 %	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, 2023
Last 10 Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	\$ 379,874	\$ 352,869	\$ 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>(379,874)</u>	<u>(352,869)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 5,972,837</u>	<u>\$ 5,537,262</u>	<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>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered payroll	6.36 %	6.37 %	7.13 %	7.46 %	7.72 %	7.50 %	6.87 %	- %	- %

* 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 Fund

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 Fund is summarized below.

Street Fund

The Street Fund was established in accordance with RCW 35A.37.010 to account for maintenance and improvements of the City's street and traffic control systems. The Transportation Benefit District was established to account for vehicle license fee 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.

Affordable Housing Fund

The Affordable Housing Fund was established to identify revenues and expenditures related to the imposed 1% sales to support affordable housing initiatives and alleviate housing challenges in local communities. It is funded through the 1% Sales tax authorized by SHB 1406.

Opioid Settlement Fund

The Opioid Settlement Fund was established to identify revenues and expenditures related to address the impact of opioid addiction by focusing on prevention, treatment and recovery. It is funded through settlement funds received to address the impact of the opioid epidemic.

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, 2023

	Total Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets			
Cash and equivalents	\$ 4,082,109	\$ 3,003,572	\$ 7,085,681
Accounts receivables	161,188	-	161,188
Due from other government units	205,682	292,565	498,247
Prepaid items	-	14,575	14,575
Total assets	<u>\$ 4,448,979</u>	<u>\$ 3,310,712</u>	<u>\$ 7,759,691</u>
Liabilities, deferred inflows and fund balance			
Liabilities			
Accounts payable	\$ 39,912	\$ 370,868	\$ 410,780
Accrued salaries and wages	8,007	96	8,103
Total liabilities	<u>47,919</u>	<u>370,964</u>	<u>418,883</u>
Deferred inflows of resources			
Unavailable revenue	<u>118,360</u>	<u>270,055</u>	<u>388,415</u>
Total deferred inflows of resources	<u>118,360</u>	<u>270,055</u>	<u>388,415</u>
Fund balances			
Restricted			
Housing and community development	97,072	-	97,072
Traffic impact-roadway improvements	4,143,546	-	4,143,546
Donations	18,005	-	18,005
Parks capital improvement	-	2,669,693	2,669,693
Health and human services	<u>24,077</u>	<u>-</u>	<u>24,077</u>
Total fund balances	<u>4,282,700</u>	<u>2,669,693</u>	<u>6,952,393</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 4,448,979</u>	<u>\$ 3,310,712</u>	<u>\$ 7,759,691</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, 2023

	Total Nonmajor Special Revenue Funds	Nonmajor Capital Project	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 814,658	\$ -	\$ 814,658
Licenses and permits	551,790	-	551,790
Intergovernmental	701,528	185,963	887,491
Charges for services	-	61,656	61,656
Miscellaneous			
Rental, concessions and sales	40	-	40
Contributions	9,398	-	9,398
Other revenues	66,755	-	66,755
Judgements and settlements	24,221	-	24,221
Total revenues	<u>2,168,390</u>	<u>247,619</u>	<u>2,416,009</u>
Expenditures			
Current			
General government	80,849	-	80,849
Transportation	2,027,011	-	2,027,011
Natural and economic environment	56	-	56
Culture and recreation	11,315	43,798	55,113
Health and human services	144	-	144
Capital outlay	15,848	897,365	913,213
Total expenditures	<u>2,135,223</u>	<u>941,163</u>	<u>3,076,386</u>
Excess (deficiency) of revenues over expenditures	<u>33,167</u>	<u>(693,544)</u>	<u>(660,377)</u>
Other financing sources/uses			
Transfers in	585,992	204,354	790,346
Transfers out	(128,012)	-	(128,012)
Insurance recovery	134,624	-	134,624
Total other financing sources/uses	<u>592,604</u>	<u>204,354</u>	<u>796,958</u>
Net change in fund balances	625,771	(489,190)	136,581
Fund balances, beginning of year	3,656,929	3,158,883	6,815,812
Fund balances, end of year	<u>\$ 4,282,700</u>	<u>\$ 2,669,693</u>	<u>\$ 6,952,393</u>

City of University Place, WA
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2023

	Street	Donations	Affordable Housing	Opioid Settlement	Total Nonmajor Special Revenue Funds
Assets					
Cash and equivalents	\$ 3,961,519	\$ 18,055	\$ 93,964	\$ 8,571	\$ 4,082,109
Accounts receivables	27,178	-	-	134,010	161,188
Due from other government units	202,574	-	3,108	-	205,682
Total assets	<u>\$ 4,191,271</u>	<u>\$ 18,055</u>	<u>\$ 97,072</u>	<u>\$ 142,581</u>	<u>\$ 4,448,979</u>
Liabilities, deferred inflows and fund balance					
Liabilities					
Accounts payable	\$ 39,718	\$ 50	\$ -	\$ 144	\$ 39,912
Accrued salaries and wages	8,007	-	-	-	8,007
Total liabilities	<u>47,725</u>	<u>50</u>	<u>-</u>	<u>144</u>	<u>47,919</u>
Deferred inflows of resources					
Unavailable revenue	-	-	-	118,360	118,360
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,360</u>	<u>118,360</u>
Fund balances					
Restricted					
Housing and community development	-	-	97,072	-	97,072
Traffic impact-roadway improvements	4,143,546	-	-	-	4,143,546
Donations	-	18,005	-	-	18,005
Health and human services	-	-	-	24,077	24,077
Total fund balances	<u>4,143,546</u>	<u>18,005</u>	<u>97,072</u>	<u>24,077</u>	<u>4,282,700</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 4,191,271</u>	<u>\$ 18,055</u>	<u>\$ 97,072</u>	<u>\$ 142,581</u>	<u>\$ 4,448,979</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, 2023

	Street	Donations	Affordable Housing	Opioid Settlement	Total Nonmajor Special Revenue Funds
Revenues					
Taxes	\$ 788,697	\$ -	\$ 25,961	\$ -	\$ 814,658
Licenses and permits	551,790	-	-	-	551,790
Intergovernmental	701,528	-	-	-	701,528
Miscellaneous					
Rental, concessions and sales	-	40	-	-	40
Contributions	-	9,398	-	-	9,398
Other revenues	66,679	76	-	-	66,755
Judgements and settlements	-	-	-	24,221	24,221
Total revenues	<u>2,108,694</u>	<u>9,514</u>	<u>25,961</u>	<u>24,221</u>	<u>2,168,390</u>
Expenditures					
Current					
General government	80,849	-	-	-	80,849
Transportation	2,027,011	-	-	-	2,027,011
Natural and economic environment	-	56	-	-	56
Culture and recreation	-	11,315	-	-	11,315
Health and human services	-	-	-	144	144
Capital outlay	15,848	-	-	-	15,848
Total expenditures	<u>2,123,708</u>	<u>11,371</u>	<u>-</u>	<u>144</u>	<u>2,135,223</u>
Excess (deficiency) of revenues over expenditures	<u>(15,014)</u>	<u>(1,857)</u>	<u>25,961</u>	<u>24,077</u>	<u>33,167</u>
Other financing sources/uses					
Transfers in	514,881	-	71,111	-	585,992
Transfers out	(128,012)	-	-	-	(128,012)
Insurance recovery	134,624	-	-	-	134,624
Total other financing sources/uses	<u>521,493</u>	<u>-</u>	<u>71,111</u>	<u>-</u>	<u>592,604</u>
Net change in fund balances	506,479	(1,857)	97,072	24,077	625,771
Fund balances, beginning of year	3,637,067	19,862	-	-	3,656,929
Fund balances, end of year	<u>\$ 4,143,546</u>	<u>\$ 18,005</u>	<u>\$ 97,072</u>	<u>\$ 24,077</u>	<u>\$ 4,282,700</u>

City of University Place, WA
TOTAL(H5..H51) - H21 - H36 - H38 - H47 - H51 Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2023

	Municipal Facilities CIP	Parks CIP	Total Nonmajor Capital Projects Funds
Assets			
Cash and equivalents	\$ 43,280	\$ 2,960,292	\$ 3,003,572
Due from other government units	-	292,565	292,565
Prepaid items	-	14,575	14,575
Total assets	<u>\$ 43,280</u>	<u>\$ 3,267,432</u>	<u>\$ 3,310,712</u>
Liabilities, deferred inflows and fund balance			
Liabilities			
Accounts payable	\$ 43,280	\$ 327,588	\$ 370,868
Accrued salaries and wages	-	96	96
Total liabilities	<u>43,280</u>	<u>327,684</u>	<u>370,964</u>
Deferred inflows of resources			
Unavailable revenue	-	270,055	270,055
Total deferred inflows of resources	<u>-</u>	<u>270,055</u>	<u>270,055</u>
Fund balances			
Restricted			
Parks capital improvement	-	2,669,693	2,669,693
Committed			
Total fund balances	<u>-</u>	<u>2,669,693</u>	<u>2,669,693</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 43,280</u>	<u>\$ 3,267,432</u>	<u>\$ 3,310,712</u>

City of University Place, WA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
December 31, 2023

	Municipal Facilities CIP	Parks CIP	Total Nonmajor Capital Projects Funds
Revenues			
Intergovernmental	\$ -	\$ 185,963	\$ 185,963
Charges for services	-	61,656	61,656
Total revenues	<u>-</u>	<u>247,619</u>	<u>247,619</u>
Expenditures			
Current			
Culture and recreation	43,798	-	43,798
Capital outlay	79,688	817,677	897,365
Total expenditures	<u>123,486</u>	<u>817,677</u>	<u>941,163</u>
Excess (deficiency) of revenues over expenditures	<u>(123,486)</u>	<u>(570,058)</u>	<u>(693,544)</u>
Other financing sources/uses			
Transfers in	116,236	88,118	204,354
Total other financing sources/uses	<u>116,236</u>	<u>88,118</u>	<u>204,354</u>
Net change in fund balances	(7,250)	(481,940)	(489,190)
Fund balances, beginning of year	7,250	3,151,633	3,158,883
Fund balances, end of year	<u>\$ -</u>	<u>\$ 2,669,693</u>	<u>\$ 2,669,693</u>

Budgetary Comparison Schedule Governmental Funds

Governmental Budgetary Comparison Statements include the following:

- ⇒ Special Revenue Funds
 - Street Fund
 - Donations Fund
 - Affordable Housing Fund
 - Opioid Settlement 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.

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.

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, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 725,329	\$ 747,629	\$ 788,697	\$ 41,068
Licenses and permits	525,871	530,871	551,790	20,919
Intergovernmental	731,069	731,069	701,528	(29,541)
Miscellaneous				
Other revenues	2,000	2,000	66,679	64,679
Total revenues	<u>1,984,269</u>	<u>2,011,569</u>	<u>2,108,694</u>	<u>97,125</u>
Expenditures				
Current				
General government	98,326	122,169	80,849	41,320
Transportation	2,536,932	2,917,767	2,027,011	890,756
Capital outlay	-	-	15,848	(15,848)
Total expenditures	<u>2,635,258</u>	<u>3,039,936</u>	<u>2,123,708</u>	<u>916,228</u>
Excess (deficiency) of revenues over expenditures	<u>(650,989)</u>	<u>(1,028,367)</u>	<u>(15,014)</u>	<u>1,013,353</u>
Other financing sources/uses				
Transfers in	524,264	524,264	514,881	(9,383)
Transfers out	(20,000)	(128,012)	(128,012)	-
Insurance recovery	20,000	20,000	134,624	114,624
Total other financing sources/uses	<u>524,264</u>	<u>416,252</u>	<u>521,493</u>	<u>105,241</u>
Net change in fund balances	(126,725)	(612,115)	506,479	1,118,594
Fund balances, beginning of year	<u>3,002,786</u>	<u>3,637,067</u>	<u>3,637,067</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,876,061</u>	<u>\$ 3,024,952</u>	<u>\$ 4,143,546</u>	<u>\$ 1,118,594</u>

City of University Place, WA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Donations
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Rental, concessions and sales	\$ -	\$ -	\$ 40	\$ 40
Contributions	-	-	9,398	9,398
Other revenues	-	-	76	76
Total revenues	-	-	9,514	9,514
Expenditures				
Current				
Natural and economic environment	-	1,191	56	1,135
Culture and recreation	-	18,671	11,315	7,356
Total expenditures	-	19,862	11,371	8,491
Excess (deficiency) of revenues over expenditures	-	(19,862)	(1,857)	18,005
Net change in fund balances	-	(19,862)	(1,857)	18,005
Fund balances, beginning of year	-	-	19,862	19,862
Fund balances, end of year	\$ -	\$ (19,862)	\$ 18,005	\$ 37,867

City of University Place, WA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Opioid Settlement
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Judgements and settlements	\$ -	\$ -	\$ 24,221	\$ 24,221
Total revenues	-	-	24,221	24,221
Expenditures				
Health and human services	-	-	144	(144)
Total expenditures	-	-	144	(144)
Excess (deficiency) of revenues over expenditures	-	-	24,077	24,077
Net change in fund balances	-	-	24,077	24,077
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,077</u>	<u>\$ 24,077</u>

City of University Place, WA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Affordable Housing
For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes	\$ -	\$ 25,413	\$ 25,961	\$ 548
Total revenues	-	25,413	25,961	548
Expenditures				
Excess (deficiency) of revenues over expenditures	-	25,413	25,961	548
Other financing sources/uses				
Transfers in	-	71,111	71,111	-
Total other financing sources/uses	-	71,111	71,111	-
Net change in fund balances	-	96,524	97,072	548
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ 96,524</u>	<u>\$ 97,072</u>	<u>\$ 548</u>

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, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ -	\$ 668,008	\$ 185,963	\$ (482,045)
Charges for services	512,444	512,444	61,656	(450,788)
Total revenues	512,444	1,180,452	247,619	(932,833)
Expenditures				
Culture and recreation	-	632,837	-	632,837
Capital outlay	515,000	4,050,998	817,677	3,233,321
Total expenditures	515,000	4,683,835	817,677	3,866,158
Excess (deficiency) of revenues over expenditures	(2,556)	(3,503,383)	(570,058)	2,933,325
Other financing sources/uses				
Transfers in	257,500	351,750	88,118	(263,632)
Total other financing sources/uses	257,500	351,750	88,118	(263,632)
Net change in fund balances	254,944	(3,151,633)	(481,940)	2,669,693
Fund balances, beginning of year	1,802,544	3,151,633	3,151,633	-
Fund balances, end of year	\$ 2,057,488	\$ -	\$ 2,669,693	\$ 2,669,693

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, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Culture and recreation	-	-	43,798	(43,798)
Capital outlay	225,000	456,500	79,688	376,812
Total expenditures	225,000	456,500	123,486	333,014
Excess (deficiency) of revenues over expenditures	(225,000)	(456,500)	(123,486)	333,014
Other financing sources/uses				
Transfers in	214,804	449,250	116,236	(333,014)
Total other financing sources/uses	214,804	449,250	116,236	(333,014)
Net change in fund balances	(10,196)	(7,250)	(7,250)	-
Fund balances, beginning of year	10,196	7,250	7,250	-
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
Public Works CIP
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 7,395,271	\$ 17,635,673	\$ 3,260,265	\$ (14,375,408)
Miscellaneous				
Other revenues	-	85,000	-	(85,000)
Total revenues	<u>7,395,271</u>	<u>17,720,673</u>	<u>3,260,265</u>	<u>(14,460,408)</u>
Expenditures				
Current				
General government	78,031	7,166,776	165,969	7,000,807
Transportation	243,235	2,404,622	815,143	1,589,479
Capital outlay	9,090,094	24,481,491	3,482,530	20,998,961
Total expenditures	<u>9,411,360</u>	<u>34,052,889</u>	<u>4,463,642</u>	<u>29,589,247</u>
Excess (deficiency) of revenues over expenditures	<u>(2,016,089)</u>	<u>(16,332,216)</u>	<u>(1,203,377)</u>	<u>15,128,839</u>
Other financing sources/uses				
Transfers in	2,016,089	12,382,437	799,567	(11,582,870)
Total other financing sources/uses	<u>2,016,089</u>	<u>12,382,437</u>	<u>799,567</u>	<u>(11,582,870)</u>
Net change in fund balances	-	(3,949,779)	(403,810)	3,545,969
Fund balances, beginning of year	-	3,949,779	3,949,780	1
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,545,970</u>	<u>\$ 3,545,970</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, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Miscellaneous				
Expenditures				
Debt service				
Principal retirement	\$ 1,925,000	\$ 1,925,000	\$ 1,925,000	\$ -
Interest expense	1,667,689	1,667,689	1,667,489	200
Total expenditures	<u>3,592,689</u>	<u>3,592,689</u>	<u>3,592,489</u>	<u>200</u>
Excess (deficiency) of revenues over expenditures	<u>(3,592,689)</u>	<u>(3,592,689)</u>	<u>(3,592,489)</u>	<u>200</u>
Other financing sources/uses				
Transfers in	<u>3,592,915</u>	<u>3,592,915</u>	<u>3,592,715</u>	<u>(200)</u>
Total other financing sources/uses	<u>3,592,915</u>	<u>3,592,915</u>	<u>3,592,715</u>	<u>(200)</u>
Net change in fund balances	226	226	226	-
Fund balances, beginning of year	<u>242,047</u>	<u>239,517</u>	<u>239,517</u>	<u>-</u>
Fund balances, end of year	<u>\$ 242,273</u>	<u>\$ 239,743</u>	<u>\$ 239,743</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
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 6,154,326	\$ 6,126,050	\$ 6,217,221	\$ 91,171
Licenses and permits	124,795	126,295	112,219	(14,076)
Intergovernmental	1,983,304	1,983,304	2,004,673	21,369
Charges for services	122,551	131,616	83,154	(48,462)
Miscellaneous				
Fines and forfeitures	21,210	18,210	36,378	18,168
Contributions	-	10,000	10,000	-
Other revenues	-	-	(71)	(71)
Total revenues	<u>8,406,186</u>	<u>8,395,475</u>	<u>8,463,574</u>	<u>68,099</u>
Expenditures				
Current				
General government	858,285	1,048,097	926,757	121,340
Public safety	5,140,750	5,399,011	4,809,007	590,004
Transportation	3,687	3,687	1,929	1,758
Natural and economic environment	162,847	167,547	145,381	22,166
Capital outlay	-	17,000	-	17,000
Total expenditures	<u>6,165,569</u>	<u>6,635,342</u>	<u>5,883,074</u>	<u>752,268</u>
Excess (deficiency) of revenues over expenditures	<u>2,240,617</u>	<u>1,760,133</u>	<u>2,580,500</u>	<u>820,367</u>
Other financing sources/uses				
Transfers out	-	(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	2,240,617	1,695,133	2,580,500	885,367
Fund balances, beginning of year	<u>7,708,426</u>	<u>8,031,278</u>	<u>8,031,279</u>	<u>1</u>
Fund balances, end of year	<u>\$ 9,949,043</u>	<u>\$ 9,726,411</u>	<u>\$ 10,611,779</u>	<u>\$ 885,368</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, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources/uses				
Transfers in	<u>385,285</u>	<u>625,285</u>	<u>625,285</u>	<u>-</u>
Total other financing sources/uses	<u>385,285</u>	<u>625,285</u>	<u>625,285</u>	<u>-</u>
Net change in fund balances	<u>385,285</u>	<u>625,285</u>	<u>625,285</u>	<u>-</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>2,286,824</u>	<u>2,286,824</u>
Fund balances, end of year	<u><u>\$ 385,285</u></u>	<u><u>\$ 625,285</u></u>	<u><u>\$ 2,912,109</u></u>	<u><u>\$ 2,286,824</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, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes	\$ 1,390,001	\$ 1,390,001	\$ 1,158,694	\$ (231,307)
Total revenues	<u>1,390,001</u>	<u>1,390,001</u>	<u>1,158,694</u>	<u>(231,307)</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,390,001</u>	<u>1,390,001</u>	<u>1,158,694</u>	<u>(231,307)</u>
Other financing sources/uses				
Transfers out	<u>(2,076,089)</u>	<u>(3,348,064)</u>	<u>(1,833,797)</u>	<u>1,514,267</u>
Total other financing sources/uses	<u>(2,076,089)</u>	<u>(3,348,064)</u>	<u>(1,833,797)</u>	<u>1,514,267</u>
Net change in fund balances	(686,088)	(1,958,063)	(675,103)	1,282,960
Fund balances, beginning of year	<u>1,471,820</u>	<u>2,887,910</u>	<u>2,887,910</u>	<u>-</u>
Fund balances, end of year	<u>\$ 785,732</u>	<u>\$ 929,847</u>	<u>\$ 2,212,807</u>	<u>\$ 1,282,960</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, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ 8,889	\$ 8,889
Charges for services	716,587	716,587	50,537	(666,050)
Total revenues	716,587	716,587	59,426	(657,161)
Expenditures				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	716,587	716,587	59,426	(657,161)
Net change in fund balances	716,587	716,587	59,426	(657,161)
Fund balances, beginning of year	291,117	351,842	351,842	-
Fund balances, end of year	\$ 1,007,704	\$ 1,068,429	\$ 411,268	\$ (657,161)

**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, 2023

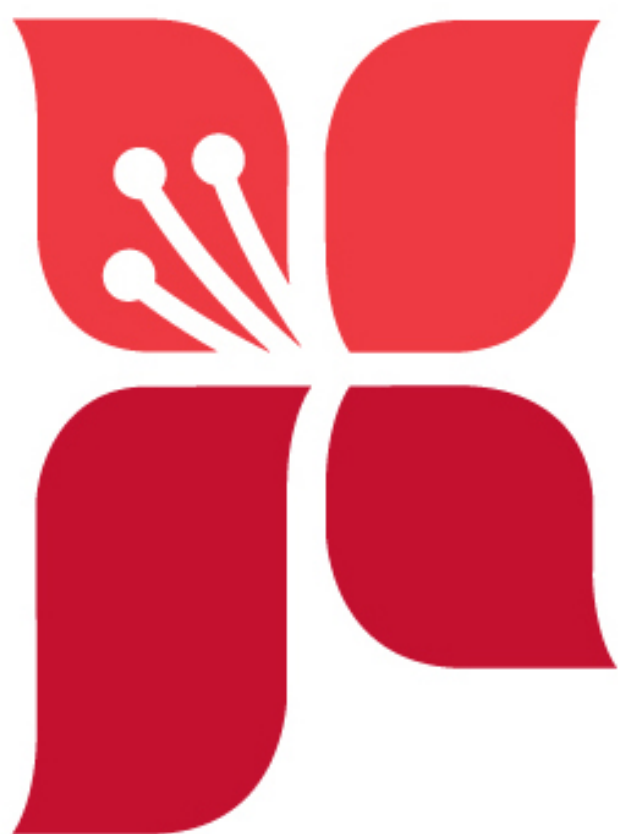
	Govt. Activities				
	Fleet & Equipment	Information Technology & Services	Property Management	Risk Management	Total Internal Service Funds
Assets					
Current assets					
Cash and equivalents	\$ 125,111	\$ 62,434	\$ 254,977	\$ -	\$ 442,522
Accounts receivables	-	-	459	-	459
Due from other government units	-	-	16	-	16
Lease receivables	-	-	157,579	-	157,579
Interest receivable	-	-	937	-	937
Total current assets	125,111	62,434	413,968	-	601,513
Noncurrent assets					
Net pension asset	-	74,154	24,718	-	98,872
Lease receivables	-	-	499,765	-	499,765
Capital, lease and SBITA assets					
Lease and SBITA assets, net	-	101,923	-	-	101,923
Depreciable assets	1,082,659	770,900	43,105	10,043	1,906,707
Less: accumulated depreciation	(790,686)	(640,645)	(21,552)	(10,043)	(1,462,926)
Total noncurrent assets	291,973	306,332	546,036	-	1,144,341
Total assets	417,084	368,766	960,004	-	1,745,854
Deferred outflows of resources					
Deferred outflows related to pensions	-	64,432	22,061	-	86,493
Total deferred outflows of resources	-	64,432	22,061	-	86,493
Liabilities, deferred inflows and net position					
Current liabilities					
Accounts payable	63,188	25,394	43,328	-	131,910
Accrued liabilities	-	4,706	2,319	-	7,025
Accrued interest payable	-	643	-	-	643
Unearned revenue	-	-	10,785	-	10,785
Compensated absences	-	11,066	-	-	11,066
Lease liability	-	14,172	-	-	14,172
SBITA liability	-	40,584	-	-	40,584
Total current liabilities	63,188	96,565	56,432	-	216,185
Noncurrent liabilities					
Compensated absences	-	22,470	-	-	22,470
Net pension liability	-	32,057	10,686	-	42,743
Lease liability	-	24,447	-	-	24,447
Total noncurrent liabilities	-	78,974	10,686	-	89,660
Total liabilities	63,188	175,539	67,118	-	305,845
Deferred inflows of resources					
Deferred inflows related to pension	-	40,260	12,978	-	53,238
Deferred inflows - Lease revenue	-	-	626,646	-	626,646
Total deferred inflows of resources	-	40,260	639,624	-	679,884
Net position					
Invested in capital assets	291,973	152,975	21,553	-	466,501
Restricted for pensions	-	74,154	24,718	-	98,872
Unrestricted	61,923	(9,730)	229,052	-	281,245
Total net position	\$ 353,896	\$ 217,399	\$ 275,323	\$ -	\$ 846,618

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, 2023

	Govt. Activities				
	Fleet & Equipment	Information Technology & Services	Property Management	Risk Management	Total Internal Service Funds
Operating Revenues:					
Charges for services	\$ 175,687	\$ 521,227	\$ 362,497	\$ 236,281	\$ 1,295,692
Lease revenue	-	-	174,250	-	174,250
Miscellaneous	-	-	12,147	-	12,147
Total operating revenues	175,687	521,227	548,894	236,281	1,482,089
Operating Expenses:					
Salaries and employee benefits	-	375,735	132,533	-	508,268
Materials and supplies	81,663	47,106	15,418	3,396	147,583
Services and charges	94,024	583,408	644,599	-	1,322,031
Insurance claims and expenses	-	-	-	232,885	232,885
Depreciation	24,332	23,520	3,592	-	51,444
Amortization expense	-	71,566	-	-	71,566
Total operating expenses	200,019	1,101,335	796,142	236,281	2,333,777
Operating income (loss)	(24,332)	(580,108)	(247,248)	-	(851,688)
Nonoperating revenue (expenses):					
Interest expense	-	2,937	-	-	2,937
Gain (Loss) on disposal of assets	7,691	-	-	-	7,691
Interest revenue from leases	-	-	12,348	-	12,348
Total nonoperating revenue (expenses)	7,691	(2,937)	12,348	-	17,102
Income (loss) before transfers	(16,641)	(583,045)	(234,900)	-	(834,586)
Transfers in	155,837	700,556	271,431	-	1,127,824
Change in net position	139,196	117,511	36,531	-	293,238
Net position, beginning of year	214,700	99,888	238,792	-	553,380
Net position, end of year	\$ 353,896	\$ 217,399	\$ 275,323	\$ -	\$ 846,618

City of University Place, WA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2023

	Fleet & Equipment	Information Technology & Services	Property Management	Risk Management	Total
Cash from operating activities:					
Cash receipts from customers	\$ 175,688	\$ 521,227	\$ 567,161	\$ 236,281	\$ 1,500,357
Cash paid to employees for services	-	(335,360)	(165,558)	-	(500,918)
Cash paid to suppliers for goods and services	(122,256)	(633,632)	(626,182)	(3,396)	(1,385,466)
Cash paid for employee benefits	-	(68,162)	17,071	-	(51,091)
Cash receipts from operating grants or subsidies	-	-	(16)	-	(16)
Cash paid for insurance claims	-	-	-	(232,885)	(232,885)
Cash received for other purposes	-	-	12,147	-	12,147
Net cash provided (used) by operating activities	<u>53,432</u>	<u>(515,927)</u>	<u>(195,377)</u>	<u>-</u>	<u>(657,872)</u>
Cash from noncapital financing activities					
Cash receipts/(payments) from transfers from other funds	155,837	700,554	271,431	-	1,127,822
Cash receipts from interest revenue from leases	-	-	12,348	-	12,348
Net cash provided (used) by noncapital financing activities	<u>155,837</u>	<u>700,554</u>	<u>283,779</u>	<u>-</u>	<u>1,140,170</u>
Cash from capital and related financing activities:					
Proceeds/(loss) from retirement of assets	7,691	-	-	-	7,691
Cash payments to acquire, construct or improve capital assets	(155,837)	(90,913)	-	-	(246,750)
Cash paid to acquire right of use assets	-	(135,931)	-	-	(135,931)
Cash paid for lease liability	-	42,114	-	-	42,114
Cash paid for interest expense	-	(2,937)	-	-	(2,937)
Net cash provided (used) by capital and related financing activities	<u>(148,146)</u>	<u>(187,667)</u>	<u>-</u>	<u>-</u>	<u>(335,813)</u>
Net increase (decrease) in cash and cash equivalents	<u>61,123</u>	<u>(3,040)</u>	<u>88,402</u>	<u>-</u>	<u>146,485</u>
Cash and cash equivalents, beginning of year	<u>63,988</u>	<u>65,474</u>	<u>166,575</u>	<u>-</u>	<u>296,037</u>
Cash and cash equivalents, end of year	<u>\$ 125,111</u>	<u>\$ 62,434</u>	<u>\$ 254,977</u>	<u>\$ -</u>	<u>\$ 442,522</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income(loss)	\$ (24,332)	\$ (580,108)	\$ (247,250)	\$ -	\$ (851,690)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	24,332	95,086	3,592	-	123,010
Changes in assets and liabilities:					
Accounts receivable	-	-	4,426	-	4,426
Due from other governments	-	-	(16)	-	(16)
Lease receivable	-	-	150,790	-	150,790
Accrued compensated absences	-	10,322	-	-	10,322
Accounts payable	53,432	(3,118)	33,837	-	84,151
Accrued benefits	-	1,098	559	-	1,657
Net pension liability	-	(7,883)	2,342	-	(5,541)
Net Pension Asset	-	(4,757)	(10,219)	-	(14,976)
Deferred inflows/outflows for employer contributions	-	(26,567)	(8,636)	-	(35,203)
Deferred inflows - lease revenue	-	-	(162,252)	-	(162,252)
Prepays and deposits payable	-	-	37,450	-	37,450
Net cash provided (used) by operating activities:	<u>\$ 53,432</u>	<u>\$ (515,927)</u>	<u>\$ (195,377)</u>	<u>\$ -</u>	<u>\$ (657,872)</u>



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 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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net investment in capital assets	\$ 50,158,131	\$ 49,118,959	\$ 59,736,730	\$ 65,964,032	\$ 58,775,685	\$ 61,301,736	\$ 60,512,728	\$ 59,779,725	\$ 58,786,463	\$ 62,273,093
Restricted	4,207,993	3,800,871	4,375,806	5,299,942	6,553,218	5,834,664	7,012,125	12,435,467	11,586,832	11,029,363
Unrestricted	<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>	<u>26,729,459</u>	<u>36,258,456</u>
Total governmental activities net position	<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>	<u>\$ 97,102,754</u>	<u>\$ 109,560,912</u>
Business-type activities										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ 11,366,963	\$ 11,285,365	\$ 11,243,326	\$ 11,331,618	\$ 11,111,728	\$ 11,189,301
Restricted	4,486,712	4,106,408	4,102,472	2,754,859	3,381,389	3,801,461	4,365,414	562,775	330,044	315,968
Unrestricted net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,459,231</u>	<u>5,273,510</u>	<u>5,382,301</u>
Total business-type activities net position	<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>	<u>\$ 16,715,282</u>	<u>\$ 16,887,570</u>
Primary Government										
Net investment in capital assets	\$ 50,158,131	\$ 49,118,959	\$ 59,736,730	\$ 65,964,032	\$ 70,142,648	\$ 72,587,101	\$ 71,756,054	\$ 71,111,343	\$ 69,898,191	\$ 73,462,394
Restricted for	8,694,705	7,907,279	8,478,278	8,054,801	9,934,607	9,636,125	11,377,539	12,998,242	11,916,876	11,345,331
Unrestricted	<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>	<u>32,002,969</u>	<u>41,640,757</u>
Total primary government net position	<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>	<u>\$ 113,818,036</u>	<u>\$ 126,448,482</u>

Source: City of University Place ACFR 2014-2023

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

TABLE 2

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
General government	\$ 4,838,826	\$ 5,341,577	\$ 4,056,702	\$ 7,522,751	\$ 6,064,189	\$ 5,321,828	\$ 7,417,412	\$ 5,212,798	\$ 6,108,774	\$ 5,664,638
Public safety	3,772,857	4,313,236	3,716,082	3,931,285	4,139,033	4,470,208	4,521,917	4,126,057	4,402,738	4,842,408
Utilities	229	-	-	-	-	-	-	-	-	-
Transportation	4,487,987	4,185,572	3,883,320	4,540,685	4,498,213	5,838,408	4,099,911	4,748,465	6,237,064	5,885,982
Natural and economic environment	1,562,354	1,359,236	1,369,390	1,604,326	1,702,345	1,804,795	2,035,481	2,319,589	2,211,952	2,463,389
Health and human services	19,861	104,130	42,435	12,034	10,782	10,782	-	-	-	144
Culture and recreation	1,162,408	1,304,953	1,238,095	844,917	832,749	1,005,497	846,994	1,017,258	1,035,926	940,830
Interest on long-term debt	2,566,304	2,694,094	2,045,581	2,321,204	2,236,073	2,168,299	1,960,644	1,890,165	1,732,539	1,797,669
Total governmental activities	18,410,826	19,302,798	16,351,605	20,777,202	19,483,384	20,619,817	20,882,359	19,314,332	21,728,993	21,595,060
Business-type activities										
Surface water management	1,497,100	1,355,212	1,272,675	1,604,681	2,169,149	2,220,002	2,265,995	2,061,301	2,481,364	2,786,726
Total business-type activities	1,497,100	1,355,212	1,272,675	1,604,681	2,169,149	2,220,002	2,265,995	2,061,301	2,481,364	2,786,726
Total primary government	19,907,926	20,658,010	17,624,280	22,381,883	21,652,533	22,839,819	23,148,354	21,375,633	24,210,357	24,381,786
Program revenues										
Governmental activities										
Charges for services										
General government	3,258,958	486,337	31,837	11,469	11,958	8,714	3,969	8,054	14,067	367,499
Public safety	88,198	79,377	84,489	83,629	85,623	103,584	86,835	15,111	8,788	121,112
Utilities	1,221	432,920	455,484	459,918	472,647	521,801	472,939	533,651	581,548	668,716
Transportation	233,384	265,791	-	-	-	-	(3,697)	275	-	-
Natural and economic environment	1,200,882	619,785	965,998	1,466,006	691,406	817,050	974,171	1,016,424	1,563,926	383,553
Culture and recreation	373,800	369,536	293,130	600	275	737	3,250	-	625	-
Operating grants and contributions	316,874	1,188,004	1,018,653	486,660	358,779	326,855	1,852,868	1,745,608	1,766,842	3,616,717
Capital grants and contributions	3,571,298	3,308,256	5,666,466	4,582,858	3,792,763	2,337,267	2,175,517	625,379	2,052,306	4,113,835
Total governmental activities	9,044,615	6,750,006	8,516,057	7,091,140	5,413,451	4,116,008	5,565,852	3,944,502	5,988,102	9,271,432
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	2,834,644	2,831,883
Operating grants and contributions	2,747,343	11,133	11,837	2,030	50,000	-	50,000	-	16,440	112,733
Capital grants and contributions	23,510	-	-	-	-	-	-	-	-	-
Total business-type activities	2,770,853	2,781,592	2,795,278	2,774,835	2,855,698	2,823,158	2,863,139	2,828,943	2,851,084	2,944,616
Total primary government	11,815,468	9,531,598	11,311,335	9,865,975	8,269,149	6,939,166	8,428,991	6,773,445	8,839,186	12,216,048
Net (expense)/revenue										
Governmental activities	\$ (9,366,211)	\$ (12,552,792)	\$ (7,835,548)	\$ (13,686,062)	\$ (14,069,933)	\$ (16,503,809)	\$ (15,316,507)	\$ (15,369,830)	\$ (15,740,891)	\$ (12,323,628)
Business-type activities	1,273,753	1,426,380	1,522,603	1,170,154	686,549	603,156	597,144	767,642	369,720	157,890
Total primary government net (expenses)/revenue	(8,092,458)	(11,126,412)	(6,312,945)	(12,515,908)	(13,383,384)	(15,900,653)	(14,719,363)	(14,602,188)	(15,371,171)	(12,165,738)

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

TABLE 2, Continued

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Assets										
Governmental activities										
Taxes:										
Real and personal property	4,063,189	4,125,973	4,195,368	4,187,169	4,297,076	4,396,021	4,479,979	4,534,676	4,615,707	4,667,108
Sales	4,123,518	4,661,338	4,118,444	3,981,069	4,412,189	4,701,463	4,928,570	5,667,907	6,141,508	6,307,008
Utility	-	2,323,109	2,278,742	2,297,559	2,167,341	2,088,097	2,059,743	2,919,695	4,405,162	4,821,429
Excise and other taxes	5,270,134	3,045,399	2,897,346	3,134,039	3,368,294	3,622,946	3,779,198	2,830,648	2,220,969	1,779,496
Other revenue	223,406	3,187,561	3,328,034	5,156,020	3,920,015	3,979,763	4,030,006	4,254,731	4,781,906	4,222,956
Investment earnings	27,445	42,489	91,520	201,873	439,131	495,885	210,501	47,078	447,288	2,831,200
Gain on the sale of capital assets	-	135,529	120,000	185,584	120,000	120,000	120,000	120,000	-	-
Transfers	669,985	1,367,936	1,526,539	2,517,767	855,461	289,128	76,676	6,826	8,233	5,617
Insurance recoveries	-	-	-	-	46,391	37,281	64,421	155,660	94,448	134,624
Special item - sale of land	(2,736,739)	-	-	-	-	-	-	-	-	-
Interest revenue from leases	-	-	-	-	-	-	-	-	14,308	12,348
Total governmental activities	11,640,938	18,889,334	18,555,993	21,661,080	19,625,898	19,730,584	19,749,094	20,537,221	22,729,529	24,781,786
Business-type activities										
Other revenue	-	-	-	-	-	-	1,444	4,658	-	19,416
Gain on sale of capital assets	-	-	-	-	-	-	-	-	173	599
Transfers	(669,985)	(1,367,936)	(1,526,539)	(2,517,767)	(855,461)	(289,128)	(76,676)	(6,826)	(8,233)	(5,617)
Total business-type activities	(669,985)	(1,367,936)	(1,526,539)	(2,517,767)	(855,461)	(289,128)	(75,232)	(2,168)	(8,060)	14,398
Total primary government	10,970,953	17,521,398	17,029,454	19,143,313	18,770,437	19,441,456	19,673,862	20,535,053	22,721,469	24,796,184
Change in net position										
Governmental activities	2,274,727	6,336,542	10,720,445	7,975,018	5,555,965	3,226,775	4,432,587	5,167,391	6,988,638	12,458,158
Business-type activities	603,768	58,444	(3,936)	(1,347,613)	(168,912)	314,028	521,912	765,474	361,660	172,288
Total primary government	\$ 2,878,495	\$ 6,394,986	\$ 10,716,509	\$ 6,627,405	\$ 5,387,053	\$ 3,540,803	\$ 4,954,499	\$ 5,932,865	\$ 7,350,298	\$ 12,630,446

Source: City of University Place ACFR 2014-2023

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

TABLE 3

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
General government	\$ 3,473,156	\$ 511,337	\$ 69,571	\$ 25,985	\$ 203,811	\$ 167,326	\$ 1,641,798	\$ 737,999	\$ 894,195	\$ 3,083,597
Public safety	264,184	367,116	375,567	389,472	252,549	271,827	258,181	330,132	200,309	320,203
Utilities	1,221	432,920	455,484	459,918	472,647	521,801	472,939	533,651	581,548	668,716
Transportation	3,703,981	3,549,048	5,428,732	4,570,592	3,791,847	2,337,267	2,215,513	1,326,296	2,744,378	4,465,709
Natural and economic environment	1,200,882	625,118	1,655,456	1,466,006	691,406	817,050	974,171	1,016,424	1,563,926	383,553
Health and human services	-	894,933	38,117	178,567	-	-	-	-	-	-
Culture and recreation	401,191	369,536	493,130	600	1,191	737	3,250	-	3,746	349,654
Total governmental activities	<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>	<u>\$ 5,988,102</u>	<u>\$ 9,271,432</u>
Business-type activities										
Surface water management	2,770,853	2,781,592	2,795,278	2,774,835	2,855,698	2,823,158	2,863,139	2,828,943	2,851,084	2,944,616
Total business-type activities	<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>	<u>\$ 2,851,084</u>	<u>\$ 2,944,616</u>
 Total primary government	 <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>	 <u>\$ 8,839,186</u>	 <u>\$ 12,216,048</u>

Source: City of University Place ACFR 2014-2023

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

TABLE 4

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	\$ -	\$ -	\$ 1,836,644	\$ 2,021,497	\$ 2,756,380	\$ 2,969,510	\$ 2,599,176	\$ -	\$ 3,239,752	\$ 2,624,075
Committed	-	-	856,934	1,000,000	1,000,000	1,145,012	1,235,491	3,527,020	-	-
Assigned	1,892,740	2,241,115	2,185,328	2,764,364	3,997,109	5,062,216	5,598,434	6,762,079	8,031,279	10,611,779
Unassigned	4,758,169	6,282,239	5,816,838	7,169,038	6,874,793	6,540,953	8,917,559	10,883,506	17,791,149	23,817,994
Total general fund	<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>\$ 21,172,605</u>	<u>\$ 29,062,180</u>	<u>\$ 37,053,848</u>
All Other Governmental Funds										
Unreserved:										
Restricted	4,207,993	4,400,983	2,665,213	3,278,446	3,796,838	2,865,154	4,412,948	5,333,170	7,048,079	7,192,136
Assigned	968,017	1,131,735	4,066,457	8,080,243	3,452,175	5,993,512	6,195,778	4,759,365	3,957,029	3,545,970
Unassigned	-	-	-	(5,642,039)	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>11,005,108</u>	<u>10,738,106</u>
Total governmental funds	<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>\$ 31,265,140</u>	<u>\$ 40,067,288</u>	<u>\$ 47,791,954</u>

Source: City of University Place ACFR 2014-2023

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	\$ 13,458,468	\$ 13,776,967	\$ 13,072,767	\$ 13,309,372	\$ 13,945,971	\$ 14,502,542	\$ 14,889,474	\$ 15,967,805	\$ 17,387,062	\$ 17,568,197
Licenses and permits	3,046,342	2,881,674	3,078,264	3,717,061	3,674,813	3,749,935	3,811,593	3,972,427	4,316,466	4,207,485
Intergovernmental	3,750,035	4,768,985	6,083,802	2,189,609	6,220,967	4,187,920	3,930,985	2,751,750	3,197,423	7,019,081
Charges for services	2,023,177	1,700,294	1,826,896	1,890,962	1,263,698	1,452,882	1,500,328	1,573,213	2,167,756	1,069,187
Miscellaneous										
Fines and forfeitures	5,240	19,701	37,289	42,837	58,884	43,882	47,434	45,647	32,626	37,718
Rental, concessions and sales	-	94,553	95,266	14,487	10,855	9,345	4,145	5,965	8,745	16,595
Investment earnings	-	42,489	91,520	201,873	439,131	495,885	210,501	47,078	441,688	2,831,200
Contribution in aid for constructions	-	25,000	37,734	12,266	-	-	-	-	-	-
Contributions	6,097	34,746	900,142	351,738	204,605	8,957	8,848	10,645	13,922	19,398
Other revenues	-	123,940	131,302	73,743	31,494	17,058	16,511	48,002	207,346	77,985
Federal grants	341,786	10,414	-	1,000,266	-	-	-	-	-	-
State grants and entitlements	-	5,333	175	2,250	-	-	-	-	-	-
Miscellaneous	-	-	-	718	-	-	-	-	-	-
Judgements and settlements	-	-	-	-	-	-	-	-	-	24,221
Total revenues	22,631,145	23,484,095	25,355,157	22,807,182	25,850,418	24,468,406	24,419,819	24,422,532	27,773,034	32,871,067
Expenditures										
Current										
General government	3,275,889	3,300,848	3,415,933	3,410,493	3,476,965	3,667,267	4,626,052	3,907,643	4,168,509	4,707,031
Public safety	3,770,125	3,923,198	3,791,170	3,918,786	4,142,300	4,482,962	4,548,074	4,274,749	4,442,913	4,882,442
Transportation	1,979,723	2,147,100	1,403,373	1,837,182	1,812,844	1,979,294	1,435,517	4,274,749	3,646,418	3,283,692
Natural and economic environment	1,563,013	1,359,815	1,307,642	1,509,428	1,756,734	1,900,620	2,127,919	2,322,819	2,326,070	2,486,570
Culture and recreation	1,164,493	1,018,193	1,017,902	545,927	546,103	725,192	595,290	2,224,797	750,939	810,709
Health and human services	-	93,348	35,502	1,252	-	-	-	-	-	144
Capital outlay	5,296,863	6,312,496	8,404,171	9,668,941	8,795,189	7,247,035	2,364,670	734,672	1,686,186	4,395,743
Debt service										
Principal retirement	1,726,239	1,631,239	1,786,239	1,521,239	1,499,697	3,062,697	1,809,697	2,170,507	1,830,000	1,925,000
Interest expense	2,632,559	2,544,095	2,102,553	2,285,972	2,241,629	2,180,953	1,909,411	1,839,618	1,760,925	1,667,489
Debt issuance costs	-	-	-	-	-	1,586,746	-	1,967,764	-	-
Total expenditures	21,408,904	22,330,332	23,264,485	24,699,220	24,271,461	26,832,766	19,416,630	23,717,318	20,611,960	24,158,820
Excess (deficiency) of revenue over (under) expenditures	1,222,241	1,153,763	2,090,672	(1,892,038)	1,578,957	(2,364,360)	5,003,189	705,214	7,161,074	8,712,247
Other Financing Sources (Uses)										
Transfers in	7,150,777	7,019,382	9,085,501	10,080,116	8,230,998	6,595,322	9,038,587	4,525,413	5,108,182	5,182,628
Transfers out	(6,819,421)	(6,004,731)	(7,891,199)	(8,345,124)	(7,990,069)	(6,850,647)	(9,706,572)	(5,225,552)	(5,848,379)	(6,304,833)
Insurance recovery	-	27,768	-	-	46,391	37,281	64,421	4,242,853	94,448	134,624
Proceeds from sale of assets	546,000	120,000	120,000	1,401,180	717,300	120,000	120,000	(5,225,552)	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	(14,392,002)	-	155,660	-	-
Proceeds of refunding long term debt	-	-	-	-	-	15,950,000	-	120,000	-	-
Premium on issuance of bonds	-	-	-	-	-	3,225,000	-	-	-	-
Bond anticipation note	-	-	-	-	-	378,468	-	-	-	-
Total other financing sources (uses)	877,356	1,162,419	1,314,302	3,136,172	1,004,620	5,063,422	(483,564)	(1,407,178)	(645,749)	(987,581)
Net change in fund balances	2,099,597	2,316,182	3,404,974	1,244,134	2,583,577	2,699,062	4,519,625	(701,964)	6,515,325	7,724,666
Fund balances, beginning of year	\$ 9,727,322	\$ 11,760,382	\$ 14,022,435	\$ 17,427,414	\$ 18,671,549	\$ 21,877,295	\$ 24,576,360	\$ 28,959,386	\$ 39,211,128	\$ 40,067,288
Prior period adjustment ⁽¹⁾	-	-	-	-	622,169	-	(136,599)	37,093	-	-
Fund balances, beginning of year restated	9,727,322	11,760,382	14,022,435	17,427,414	19,293,718	21,877,295	24,439,761	28,996,479	39,211,128	40,067,288
Fund balances, end of year	\$ 11,826,919	\$ 14,076,564	\$ 17,427,409	\$ 18,671,548	\$ 21,877,295	\$ 24,576,357	\$ 28,959,386	\$ 28,294,515	\$ 45,726,453	\$ 47,791,954
Debt services as a percentage of non-capital expenditures	27.05 %	26.00 %	26.17 %	25.33 %	23.78 %	24.92 %	21.81 %	18.72 %	19.15 %	18.15 %

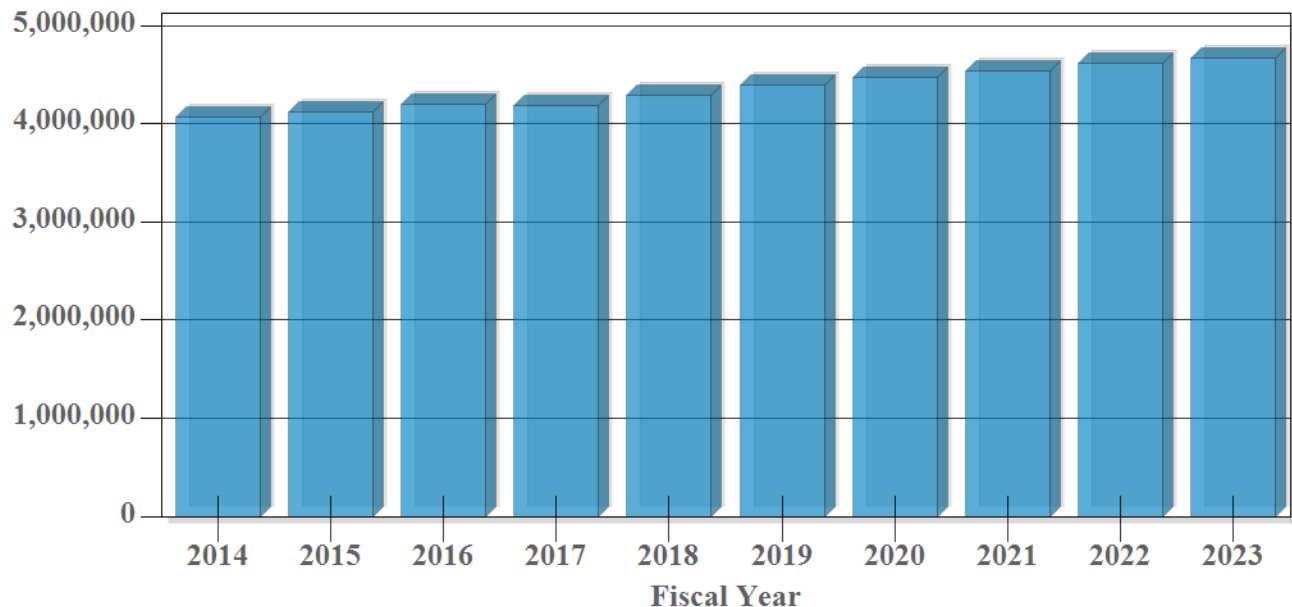
Source: City of University Place, ACFR 2014-2023

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
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
2022	4,615,707	6,141,508	4,405,162	2,224,685	17,387,062
2023	4,667,108	6,307,008	4,821,429	1,772,652	17,568,197
Change 2014 - 2023	114.86 %	152.95 %	204.47 %	60.84 %	130.54 %

General Property Taxes



Source: City of University Place, ACFR 2014-2023

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
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	3,747,883,494	54,067,272	3,801,950,766	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
2022	5,881,181,797	56,184,848	5,937,366,645	0.78
2023	7,025,293,514	55,883,440	7,081,176,954	0.66

Source: Pierce County Assessor/Treasurer's Office

Tax rates per \$1,000 of Assessed Value

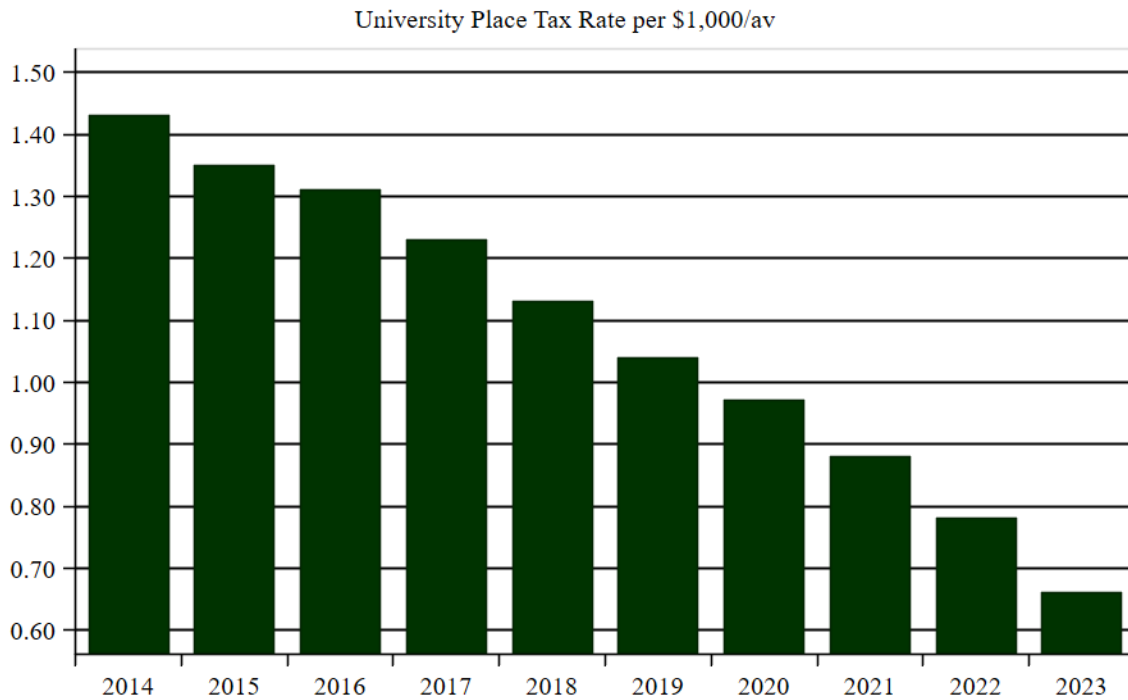
City of University Place, WA
Property Tax Levies
Direct and Overlapping Governments
Last Ten Years

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									
2014	1.43	1.66	1.31	0.18	0.50	-	3.52	2.53	11.13
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
2022	0.78	0.98	4.34	0.15	0.39	0.18	2.71	2.66	12.19
2023	0.66	0.86	4.02	0.13	0.33	0.16	2.41	2.31	10.88
Detail of Tax Rates for 2023									
Basic Rate	0.66	0.86	-	0.13	0.33	0.16	0.41	2.31	4.86
Voted Rate	-	-	4.02	-	-	-	2.00	-	6.02

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	2023 Assessed Valuation	Rank	Percentage of Total Assessed Valuation*	2014 Assessed Valuation	Percentage of Total Assessed Valuation*
Chambers Creek 433 LLC	Apartment Complex	\$ 108,629,300	1	1.58 %	\$ 32,968,600	1.19 %
BreitWave MF Stonepoint	Apartment Complex	55,112,600	2	0.80 %	20,192,100	0.73 %
USPA Green Firs Towne Center LLC	Commercial/Retail	36,655,900	3	0.53 %	17,305,500	0.62 %
Ridgedale Associates LLC	Commercial Property	27,974,800	4	0.41 %	10,624,100	0.38 %
27th and Grandview LLC	Apartment Complex	27,627,900	5	0.40 %	11,915,200	0.43 %
Fred Meyer	Commercial/Retail	27,090,726	6	0.39 %	22,671,336	0.82 %
Market Place Flats LLC	Retail/Apartment Complex	26,347,600	7	0.38 %	-	0.00 %
Abbey Lane Apartments LLC	Apartment Complex	25,109,900	8	0.36 %	9,309,000	0.33 %
Peach Creek LLC	Real Estate/Homes	24,401,700	9	0.35 %	12,001,300	0.43 %
5802 Hannah Pierce LLC	Apartment Complex	23,272,100	10	0.34 %	-	0.00 %
Dominion-Valley View Assoc. LLC	Apartment Complex	21,487,800	11	0.31 %	8,551,200	0.31 %
Sunset Ridge Apartment Investors	Apartment Complex	20,524,700	12	0.30 %	-	0.00 %
Hidden Vale Apartments LLC	Apartment Complex	20,421,000	13	0.30 %	10,113,600	0.36 %
Castellan West Apartments LLC	Apartment Complex	16,195,400	14	0.23 %	-	0.00 %
University Commons LLC	Retail/Apartment Complex	15,818,300	15	0.23 %	-	0.00 %
		<u>\$ 476,669,726</u>		<u>6.92 %</u>	<u>\$ 155,651,936</u>	<u>5.60 %</u>

* Total assessed value for the City	\$ 6,892,212,903	\$ 2,779,532,023
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Source: Pierce County Assessor/Treasurer's Office

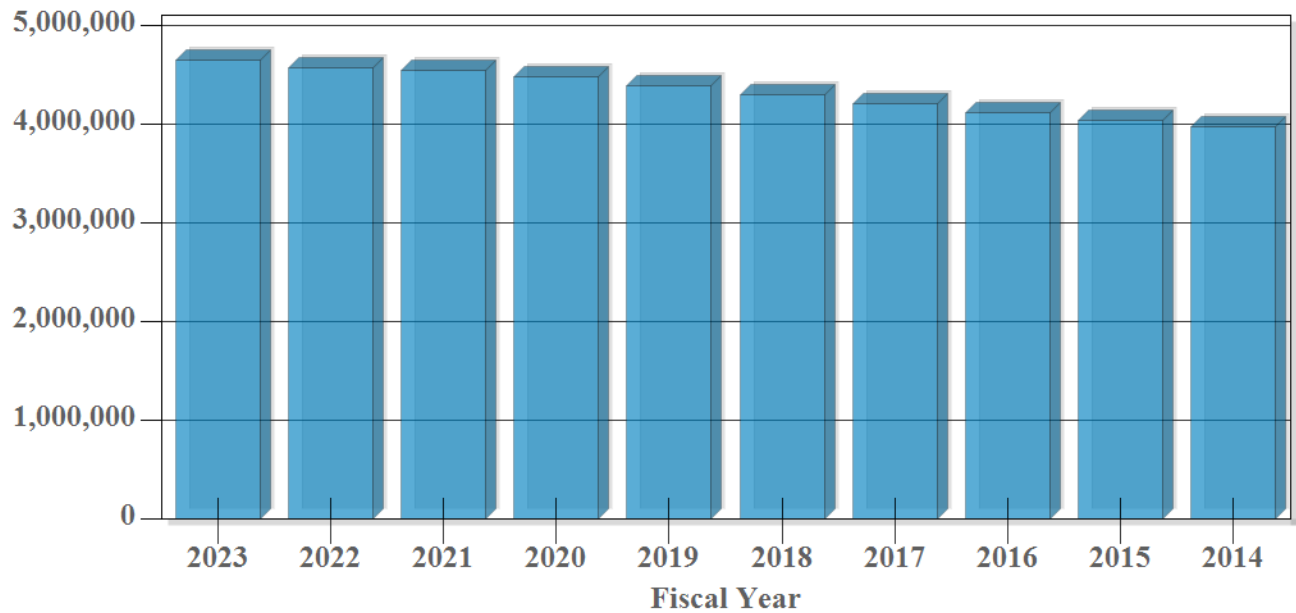
Information not available for assessed valuations for all of 2014

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
2014	3,980,549	3,924,947	98.6 %	47,927	3,972,874	99.8 %
2015	4,045,432	3,998,753	98.8 %	43,295	4,042,048	99.9 %
2016	4,144,269	4,089,021	98.7 %	28,655	4,117,676	99.4 %
2017	4,200,791	4,158,345	99.0 %	43,711	4,202,056	100.0 %
2018	4,297,743	4,260,213	99.1 %	39,080	4,299,293	100.0 %
2019	4,393,689	4,357,201	99.2 %	36,955	4,394,156	100.0 %
2020	4,483,080	4,439,031	99.0 %	38,100	4,477,131	99.9 %
2021	4,544,980	4,503,580	99.1 %	37,624	4,541,204	99.9 %
2022	4,609,967	4,569,666	99.1 %	(961)	4,568,705	99.1 %
2023	4,678,340	4,619,038	98.7 %	26,337	4,645,375	99.3 %

Total Taxes Collected



Source: Pierce County Budget and Finance

Note:

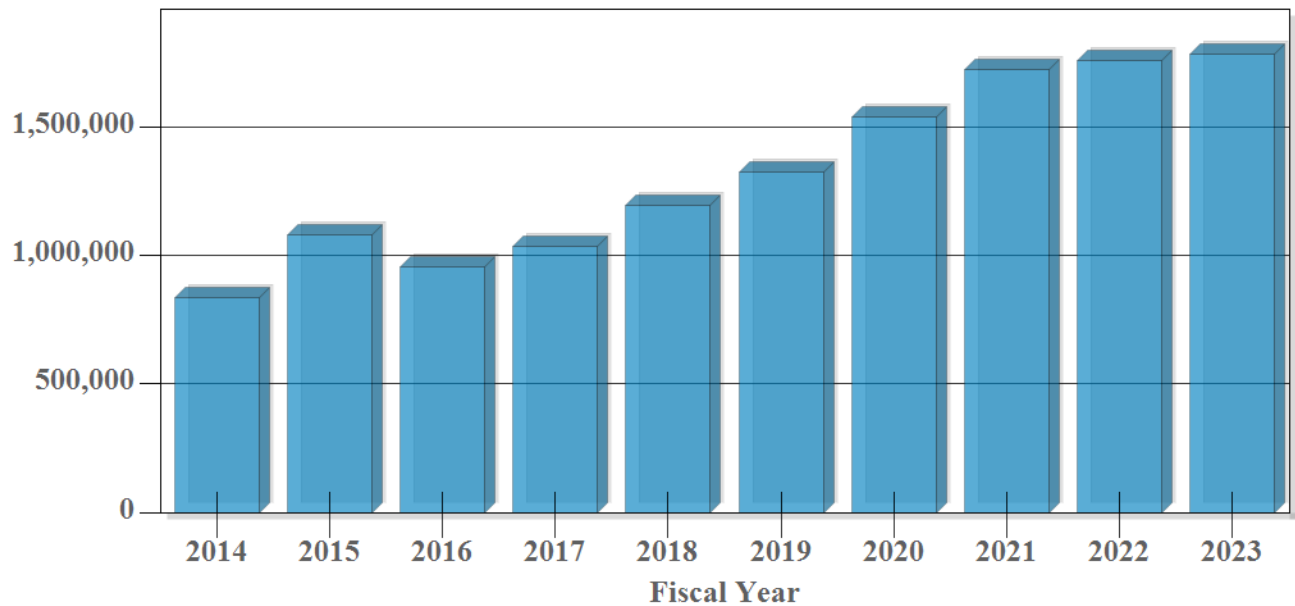
- 1) Original amount levied for the fiscal year
- 2) Includes levy adjustments, penalties, interest and subsequent year tax collections

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
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
2022	1,759,305	837,383	920,109	199,454	160,833	80,433	108,336	4,237	223,931	4,294,021
2023	1,783,189	916,922	1,008,212	229,178	157,804	48,725	92,231	4,893	241,984	4,483,138

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
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 %
2022	6.50 %	0.30 %	0.10 %	0.10 %	0.90 %	0.25 %	0.10 %	0.10 %	0.80 %	0.01 %	0.84 %	10.00 %
2023	6.50 %	0.30 %	0.10 %	0.10 %	0.90 %	0.35 %	0.10 %	0.10 %	0.80 %	0.01 %	0.84 %	10.10 %

Source: City of University Place, Budgets 2014-2023

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

TABLE 13

Industry	2023 Tax Liability	Percentage of Levy	2014 Tax Liability	Percentage of Levy
Retail Trade	\$ 1,783,189	39.78 %	\$ 834,377	29.76 %
Contracting	1,008,212	22.49 %	1,043,529	37.21 %
Services	916,922	20.45 %	403,291	14.38 %
Transportation, Communication, Utilities	229,178	5.11 %	165,136	5.89 %
Finance, Insurance, Real Estate	92,231	2.06 %	88,272	3.15 %
Wholesale	157,804	3.52 %	95,020	3.39 %
Manufacturing	48,725	1.09 %	36,009	1.28 %
Government	4,893	0.11 %	39,996	1.43 %
Other	241,984	5.40 %	98,489	3.51 %
Total	<u>\$ 4,483,138</u>	<u>100.00 %</u>	<u>\$ 2,804,119</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
2014	44,645,000	1,155,599	5,495,000	-	-	51,295,599	1.71 %	3.71 %	1,633
2015	43,355,000	964,334	5,345,000	-	-	49,664,334	1.57 %	3.59 %	1,566
2016	40,425,000	773,096	5,190,000	-	-	46,388,096	1.36 %	3.23 %	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	332,460	-	-	-	45,087,460	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	0.70 %	1.91 %	1,177
2022	39,480,000	-	-	-	-	39,480,000	0.56 %	1.86 %	1,115
2023	37,555,000	-	-	-	-	37,555,000	0.54 %	N/A	1,056

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
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 %	0.00 %	-
2022	-	-	0.00 %	0.00 %	-
2023	-	-	0.00 %	0.00 %	-

Source: City of University Place, ACFR 2014-2023

Pierce County Assessor/Treasurer

1) Note: 2023 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	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2014	31,420	3,006,817,787	44,645,000	-	44,645,000	1.48%	1,420.91
2015	31,720	3,159,537,693	43,355,000	-	43,355,000	1.37%	1,366.80
2016	32,230	3,409,933,671	40,425,000	-	40,425,000	1.19%	1,254.27
2017	32,610	3,801,950,766	39,255,000	-	39,255,000	1.03%	1,203.77
2018	32,820	4,238,209,289	38,045,000	4,043	38,040,957	0.90%	1,159.08
2019	33,090	4,643,905,624	44,755,000	240,064	44,514,936	0.96%	1,345.27
2020	33,310	5,167,407,710	43,070,000	240,064	42,829,936	0.83%	1,285.80
2021	35,100	5,937,366,645	41,310,000	239,364	41,070,636	0.69%	1,170.10
2022	35,420	7,081,173,954	39,480,000	239,517	39,240,483	0.55%	1,107.86
2023	35,580	6,892,212,903	37,555,000	239,743	37,315,257	0.54%	1,048.77

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 2024 tax levy.

City of University Place, WA
Computation of Direct and Overlapping Debt
December 31, 2023

TABLE 16

	(a) Gross General Obligation Debt Outstanding	(b) Percentage Applicable to City	Amount Applicable to University Place
Direct Debt			
City of University Place	\$ 37,555,000	100.00 %	\$ 37,555,000
Overlapping Debt			
West Pierce Fire and Rescue	-	36.29 %	-
Pierce County	134,350,000	3.82 %	5,132,170
Tacoma School District No. 10	850,140,000	2.13 %	18,107,982
University Place School District No. 83	18,265,000	93.73 %	17,119,785
Clover Park School District No. 400	111,230,730	0.005 %	5,562
Steilacoom Historical School District No. 1	-	0.105 %	-
Port of Tacoma	121,831,000	3.82 %	4,653,944
Pierce County Rural Library District	-	5.55 %	-
Total overlapping debt	\$ 1,235,816,730		\$ 45,019,443
Total Direct and Overlapping Debt	\$ 1,273,371,730	6.48 %	\$ 82,574,443

a) Total general obligation bonds outstanding on December 31, 2023

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

City of University Place, WA
Computation of Limitation of Indebtedness
December 31, 2023

TABLE 17

Total Taxable Property Value (Assessed at 100% taxes payable in 2023)	\$ 6,892,212,903
General Purpose Indebtedness	
Non-Voted General Purpose Indebtedness and Capital Leases (Councilmanic)	
Legal Limit 1.5% of Total Taxable Property Value	103,383,194
Less: outstanding debt	(37,555,000)
Less: contracts payable	-
Less: excess of debt with a vote	-
Add: available assets	239,743
Remaining Non-Voted Debt Capacity - General Purposes	\$ 66,067,937
Total General Purpose Indebtedness with a 3/5 Vote of the People (includes non-voted)	
Legal Limit 2.5% of Total Taxable Property Value	172,305,323
Less: indebtedness incurred - non-voted	(37,555,000)
Less: outstanding debt - voted	-
add: available assets	239,743
Total Remaining Debt Capacity - General Purposes	\$ 134,990,066
Utility Purpose Indebtedness	
Indebtedness for Utility Purposes with a 3/5 Vote of the People	
Legal Limit 2.5% of Total Taxable Property Value	172,305,323
Less: outstanding debt	-
Less: contracts payable	-
Add: available assets	-
Remaining Debt Capacity - Utility Purposes	\$ 172,305,323
Open Spaces and Parks Facilities Indebtedness	
Indebtedness for Open Spaces and Parks Facilities with 3/5 Vote of the People	
Legal Limit 2.5% of Total Taxable Property Value	172,305,323
Less: outstanding debt	-
Less: contracts payable	-
Add: available assets	-
Remaining Debt Capacity - Open Spaces and Parks Facilities	\$ 172,305,323
Summary	
Total indebtedness allowable	
Legal Limit 7.5% of Total Taxable Property Value	516,915,968
Less: indebtedness incurred - general purposes	(37,555,000)
Less: indebtedness - utility purposes	-
Less: indebtedness incurred - open spaces and parks facilities	-
Add: Assets available	239,743
Remaining Debt Capacity	\$ 479,600,711
Legal Debt Margin to the Debt Limit (%)	92.78 %
Total Net Debt Applicable to the Debt Limit (%)	7.27 %

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>
2014	75,170,445	46,679,216	\$ 28,491,229
2015	78,988,442	45,128,999	33,859,443
2016	85,248,642	41,964,348	43,284,294
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
2022	177,029,349	39,480,000	137,549,349
2023	172,305,323	37,555,000	\$ 134,750,323

Table 17 Identifies Individual Debt Limits by Category for 2024

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)
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	\$ 57,004,972,000	\$ 61,580	36.4	5,661	4.8 %
2022	35,420	\$ 55,630,100,000	\$ 59,986	37.4	5,637	5.3 %
2023	35,580	\$ -	\$ -	-	-	- %

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: 2023 data not yet available

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

TABLE 20

Employer	Ranking 2023	Employees 2023	% of Total Employees	Ranking 2014	Employees 2014
University Place School District	1	615	27.42%	1	514
Virginia Mason Franciscan Health(1)	2	244	10.88%	2	283
Fred Meyer Stores	3	250	11.15%	3	247
West Pierce Fire & Rescue	4	226	10.08%	10	51
University Place Care Center(1)(2)	5	198	8.83%	N/A	N/A
Charles Wright Academy	6	170	7.58%	6	133
Whole Foods	7	165	7.36%	N/A	N/A
Kemper Sports	8	150	6.69%	8	120
Safeway	9	115	5.13%	7	125
Pierce County Public Works Sewer Utilities(2)	10	110	4.90%	N/A	N/A
Total Employees		2,243			1,473

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>
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	7.75	3.50	49.98
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
2022	2.00	2.00	11.30	14.00	13.65	8.55	4.50	56.00
2023	2.68	2.00	10.63	14.27	14.50	10.28	4.00	58.36

Source: City of University Place Budgets 2014-2023

Total does not include Council Members or contract Police Officers

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

TABLE 22

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
Building Permits Issued	822	752	925	1,284	972	1,047	924	1,101	1,126	941
Police										
Part 1 Crimes*	815	824	936	959	837	794	969	895	1,129	1,026
DUI Arrests	51	53	28	34	35	22	8	6	10	27
Other Traffic Arrests	154	132	143	162	113	112	68	23	34	61
Fire**										
Emergency Medical Responses	9,128	10,545	11,260	11,616	12,092	13,513	12,771	14,187	14,151	14,096
Fire Responses	286	448	384	410	1,089	1,667	1,913	2,065	2,007	2,161
Other	4,593	4,465	4,236	3,881	3,139	1,470	1,446	1,520	1,563	1,552

* 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
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	16,020,916	26,100	217,025,685	4,377,244	293,765,898
2022	56,729,642	16,250,564	26,100	218,218,598	4,769,799	295,994,703
2023	56,214,380	16,393,211	26,100	220,867,741	6,904,294	300,405,726

Source: City of University Place ACFR 2014-2023.

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

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